

PRELIMINARY OFFICIAL STATEMENT DATED JULY 31, 2026

NEW ISSUES – BOOK ENTRY ONLY

RATINGS: S&P: “AA-” (stable outlook)

Moody’s: “Aa3” (stable outlook)

See “RATINGS” herein



UAB MEDICINE FINANCE AUTHORITY

\$127,600,000*
Revenue Bonds
Series 2026A

\$101,120,000*
Revenue Bonds
Series 2026C
(Forward Delivery)

Issuer of the Bonds. The UAB Medicine Finance Authority (the “Authority”) is issuing its \$127,600,000* Revenue Bonds, Series 2026A (the “Series 2026A Bonds”) and its \$101,120,000* Revenue Bonds, Series 2026C (Forward Delivery) (the “Series 2026C Bonds”, and together with the Series 2026A Bonds, the “Bonds”) to provide financing for the benefit of UAB Medicine Enterprise, an Alabama nonprofit corporation (“UABME”), and the other members of the Obligated Group described herein. Proceeds of the Bonds will be used by the Obligated Group to (i) refund or refinance certain debt issued by the Authority for the benefit of the Obligated Group and (ii) pay costs of issuance of the Bonds. See “THE PLAN OF FINANCE”.

Authorizing Documents. Each series of Bonds is being issued by the Authority pursuant to a separate trust indenture (collectively, the “Bond Indentures”), between the Authority and Regions Bank (in its separate capacity as trustee for the Bonds, the “Bond Trustee”). Each Bond Indenture is a multi-modal indenture that authorizes various Interest Rate Modes for the respective series of Bonds. Both series of Bonds are being issued initially in the Fixed Rate Mode described herein.

Source of Payment. The Bonds of each series are limited obligations of the Authority payable solely out of the Trust Estate established under the respective Bond Indenture, which includes (a) payments to be made under the loan agreement for each series (collectively, the “Loan Agreements”) between UABME and the Authority and the promissory note issued by UABME to the Authority under each Loan Agreement (collectively, the “Notes”), (b) payments to be made under a related obligation for each series of Bonds (collectively, the “Series 2026 Master Indenture Obligations”) issued pursuant to the Master Indenture described herein and (c) money and investments from time to time on deposit in the funds and accounts established under the related Bond Indenture. The Bonds will not be general obligations of the Authority, and are not debts or obligations of the State of Alabama. See “SOURCE OF PAYMENT AND SECURITY”.

Pricing Terms; Payment Dates; Redemption. Pricing information for the Bonds, including principal maturities, interest rates, payment dates and redemption information, is shown on the inside cover and the immediately succeeding pages of this Official Statement.

Form and Date of Delivery. The Bonds are being issued under the book entry system maintained by The Depository Trust Company (“DTC”). The Series 2026A Bonds are expected to be delivered on or about September 1, 2026. The Series 2026C Bonds are expected to be delivered on or about December 2, 2026. For a discussion of the delayed delivery of the Series 2026C Bonds, certain conditions to the Underwriters’ obligation to purchase the Series 2026C Bonds, and certain risks to purchasers of beneficial interests in the Series 2026C Bonds resulting from the delayed delivery, see “FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS” herein.

Redemption and Tender for Purchase. The Bonds are subject to redemption prior to maturity as herein described. See “THE BONDS – Redemption Prior to Maturity”.

Legal Opinions. Maynard Nexsen PC, Birmingham, Alabama, has served as bond counsel with respect to the Bonds and will deliver an opinion with respect to each series of Bonds in substantially the forms included in Appendix J. In connection with the issuance of the Bonds, Maynard Nexsen PC has also served as special counsel to the Obligated Group. Certain legal matters will be passed upon for the members of the Obligated Group by a member of the Office of Counsel for the UA System and for the Underwriters by their counsel, Bradley Arant Boult Cummings LLP, Birmingham, Alabama.

Tax Status. In the opinion of bond counsel, under existing law, interest on the Bonds (i) will not be included in gross income of the holders for purposes of federal income taxation and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions of bond counsel will address these aspects of the tax status of the Bonds and should be read in their entirety for a complete understanding of the scope of the opinions and the conclusions expressed. It is also the opinion of bond counsel that, under existing law, interest on the Bonds is exempt from income taxation by the State of Alabama. For a more complete description of such opinions of Bond Counsel, see “TAX STATUS” herein and APPENDIX J – “FORMS OF APPROVING OPINION OF BOND COUNSEL”.

Risk Factors. For a description of certain risk factors involved in an investment in the Bonds, see “RISK FACTORS”.

Underwriters. The Bonds are being purchased from the Authority by

BOFA SECURITIES

J.P. MORGAN

RAYMOND JAMES

WELLS FARGO SECURITIES

The date of this Official Statement is August __, 2026

* Preliminary; subject to change.

\$127,600,000*
UAB Medicine Finance Authority
Revenue Bonds
Series 2026A

PRICING INFORMATION

\$ _____ SERIAL BONDS

Maturity (September 1)	Principal Amount	Interest Rate	Price	Yield	Initial CUSIP Number

\$ _____ TERM BONDS

Delivery Date:	The Series 2026A Bonds will be dated as of the date of their initial delivery. The Series 2026A Bonds are expected to be delivered on or about September 1, 2026.
Authorized Denominations:	The Series 2026A Bonds may be issued in denominations of \$5,000 or any integral multiple thereof.
Interest Payment Dates:	Interest on the Series 2026A Bonds is payable on March 1 and September 1 of each year, beginning March 1, 2027.
Record Date:	The Record Date for interest payments on the Series 2026A Bonds is the 15 th day of the month (whether or not a Business Day) next preceding each interest payment date.
Principal Payment Dates:	The Series 2026A Bonds are scheduled to mature on September 1 in the years and amounts as shown above.
Redemption Prior to Maturity:	The Series 2026A Bonds are subject to optional, extraordinary optional and scheduled mandatory redemption prior to maturity as herein described. See “THE BONDS – Redemption Prior to Maturity”.
Mandatory Tender for Purchase:	The Series 2026A Bonds are subject to mandatory tender for purchase only in connection with a conversion to another Interest Rate Mode. Conversion to another Interest Rate Mode is permitted only when the Series 2026A Bonds are subject to optional redemption at par. See “THE BONDS – Mandatory Tender for Purchase”.

* Preliminary; subject to change.

\$101,120,000*
UAB Medicine Finance Authority
Revenue Bonds
Series 2026C
(Forward Delivery)

PRICING INFORMATION

\$_____ **SERIAL BONDS**

Maturity (September 1)	Principal Amount	Interest Rate	Price	Yield	Initial CUSIP Number

\$_____ **TERM BONDS**

Delivery Date:	The Series 2026C Bonds will be dated as of the date of their initial delivery. The Series 2026C Bonds are expected to be delivered on or about December 2, 2026. See “FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS” herein.
Authorized Denominations:	The Series 2026C Bonds may be issued in denominations of \$5,000 or any integral multiple thereof.
Interest Payment Dates:	Interest on the Series 2026C Bonds is payable on March 1 and September 1 of each year, beginning March 1, 2027.
Record Date:	The Record Date for interest payments on the Series 2026C Bonds is the 15 th day of the month (whether or not a Business Day) next preceding each interest payment date.
Principal Payment Dates:	The Series 2026C Bonds are scheduled to mature on September 1 in the years and amounts as shown above.
Redemption Prior to Maturity:	The Series 2026C Bonds are subject to optional, extraordinary optional and scheduled mandatory redemption prior to maturity as herein described. See “THE BONDS – Redemption Prior to Maturity”.
Mandatory Tender for Purchase:	The Series 2026C Bonds are subject to mandatory tender for purchase only in connection with a conversion to another Interest Rate Mode. Conversion to another Interest Rate Mode is permitted only when the Series 2026C Bonds are subject to optional redemption at par. See “THE BONDS – Mandatory Tender for Purchase”.

* Preliminary; subject to change.

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USE OF THIS OFFICIAL STATEMENT

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Obligated Group or the Underwriters. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Obligated Group since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

The CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for a particular series or maturity of Bonds will remain the same after the date of issuance and delivery of the Bonds. None of the Authority, UABME (or any other member of the Obligated Group), the Bond Trustee, Bond Counsel, or the Underwriters assumes any responsibility for the accuracy of such numbers.

The Authority has not reviewed or approved, and does not represent or warrant in any way, the accuracy or completeness of any of the information set forth in this Official Statement, including the appendices hereto other than the statements set forth under the captions "INTRODUCTION," "THE AUTHORITY" and "LITIGATION" (insofar as such information relates to the Authority). The Authority makes no representation hereunder whatsoever as to the creditworthiness of UABME or the other members of the Obligated Group or the ability of UABME or the other members of the Obligated Group to pay the principal and interest on the Bonds. No member of the board of directors, officer, director, agent, member or employee of the Authority or of any member of the Obligated Group shall be personally liable for any obligations of the Authority relating to the issuance of the Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement: the Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or with any state securities commission.

OFFICIAL STATEMENT

Regarding

UAB MEDICINE FINANCE AUTHORITY

\$127,600,000*
Revenue Bonds
Series 2026A

\$101,120,000*
Revenue Bonds
Series 2026C
(Forward Delivery)

INTRODUCTION

This Official Statement provides certain information for use in connection with the offering of the following series of bonds (collectively, the “Bonds”) being issued by UAB Medicine Finance Authority (the “Authority”): (i) \$127,600,000* Revenue Bonds, Series 2026A (the “Series 2026A Bonds”) and (ii) \$101,120,000* Revenue Bonds, Series 2026C (Forward Delivery) (the “Series 2026C Bonds”).

Purpose of Financing. The Bonds are being issued to provide financing for the benefit of UAB Medicine Enterprise, an Alabama nonprofit corporation (“UABME”), and the other members of the Obligated Group. Proceeds of the Bonds will be used to (i) refund or refinance certain debt of the Obligated Group and (ii) pay costs of issuance of the Bonds. See “THE PLAN OF FINANCE”.

The Bonds are being issued to refund all or a portion of the Series 2016B Bonds, Series 2017B1 Bonds and Series 2017B2 Bonds described herein. The amount of Series 2016B Bonds, Series 2017B1 Bonds and Series 2017B2 Bonds to be refunded will depend on market conditions at the time of pricing of the Bonds. The Bonds will be issued only if UABME determines that it is advantageous to refund some or all of the Series 2016B Bonds, Series 2017B1 Bonds and Series 2017B2 Bonds. The Bonds may be issued in a single series of bonds or in the two series of bonds described in this Preliminary Official Statement. The final Official Statement will reflect the final plan of finance determined at pricing and will describe the series, terms and purpose of any Bonds issued.

Forward Delivery of Series 2026C Bonds. The Series 2026C Bonds are expected to be delivered pursuant to a forward delivery arrangement on or about December 2, 2026 (the “2026C Settlement Date”) in order to refund all or a portion of the Series 2017B Bonds (defined herein) in a “current refunding” as authorized by the Internal Revenue Code of 1986, as amended (the “Code”). The issuance of the Series 2026C Bonds is contingent upon, among other things, the receipt by the Authority of the approving opinion of Bond Counsel dated the 2026C Settlement Date in substantially the form set forth in APPENDIX J hereto, the delivery of certain documents, certificates and legal opinions, and the satisfaction of other conditions as described herein. UABME has agreed to update the portions of this Official Statement for which it is responsible to the extent necessary to assure its accuracy and completeness as of the Settlement Date and to provide the same to prospective purchasers of the Series 2026C Bonds on or prior to the 2026C Settlement Date. For a discussion regarding the forward delivery of the Series 2026C Bonds, including certain risks in connection with the delivery of the Series 2026C Bonds, see “RISK FACTORS – Forward Delivery of the Series 2026C Bonds” and “FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS”.

BY PLACING AN ORDER WITH THE UNDERWRITERS FOR THE PURCHASE OF THE SERIES 2026C BONDS, EACH PURCHASER OF SUCH BONDS ACKNOWLEDGES AND AGREES THAT THE SERIES 2026C BONDS ARE SOLD ON A “FORWARD” BASIS, AND THAT THE PURCHASER IS OBLIGATED TO ACCEPT DELIVERY OF AND PAY FOR THE SERIES 2026C BONDS ON THE 2026C SETTLEMENT DATE SUBJECT TO THE ABILITY OF THE UNDERWRITERS TO TERMINATE THEIR OBLIGATION TO PURCHASE THE SERIES 2026C BONDS UNDER CERTAIN CIRCUMSTANCES AS PROVIDED IN THE FORWARD DELIVERY

* Preliminary; subject to change.

BOND PURCHASE AGREEMENT FOR THE SERIES 2026C BONDS. THE UNDERWRITERS CAN WAIVE CONDITIONS TO SUCH DELIVERY AND WAIVE SUCH ABILITY TO TERMINATE THEIR OBLIGATION TO PURCHASE THE SERIES 2026C BONDS IN THEIR SOLE DISCRETION, WITHOUT THE CONSENT OR APPROVAL OF THE PURCHASERS.

Trust Indentures. The Series 2026A Bonds will be issued pursuant to a Trust Indenture (Series 2026A), dated September 1, 2026 (the “Series 2026A Bond Indenture”), between the Authority and Regions Bank, as trustee (in such capacity, the “Bond Trustee”). The Series 2026C Bonds will be issued pursuant to a Trust Indenture (Series 2026C), dated December 1, 2026 (the “Series 2026C Bond Indenture”), between the Authority and the Bond Trustee. Each Bond Indenture is a multi-modal indenture that authorizes various Interest Rate Modes for the series of Bonds issued thereunder. The Series 2026A Bond Indenture and Series 2026C Bond Indenture are collectively referred to herein as the “Bond Indentures.”

Each of the Bond Indentures provides for different Interest Rate Modes respecting the Bonds issued thereunder. The Bonds are being issued initially in the Fixed Rate Mode. No attempt is made in this Official Statement to describe other possible Interest Rate Modes under the Bond Indentures. In the event Bonds are purchased as described herein and remarketed in a different Interest Rate Mode, this Official Statement will be supplemented or a new Official Statement will be prepared to describe such Interest Rate Mode.

Loan Agreements. The proceeds of the Series 2026A Bonds will be loaned to UABME pursuant to a Loan Agreement (Series 2026A), dated September 1, 2026 (the “Series 2026A Loan Agreement”), between the Authority and UABME. The proceeds of the Series 2026C Bonds will be loaned to UABME pursuant to a Loan Agreement (Series 2026C), dated December 1, 2026 (the “Series 2026C Loan Agreement”), between the Authority and UABME. Pursuant to the Loan Agreements, UABME will agree to make payments at times and in amounts sufficient to pay debt service on the Bonds. As evidence of its loan payment obligations, UABME will issue a separate promissory note (each, a “Note”) in favor of the Authority pursuant to each Loan Agreement. UABME’s payment obligations under the Loan Agreements will be a full faith and credit obligation of UABME. The Series 2026A Loan Agreement and Series 2026C Loan Agreement are collectively referred to herein as the “Loan Agreements.”

Master Indenture and the Obligated Group. The Obligated Group described below has entered into a Master Trust Indenture dated October 1, 2016, as heretofore amended and supplemented (the “Master Indenture”), between the Obligated Group and Regions Bank, as trustee (the “Master Trustee”). The current members of the Obligated Group, referred to in the Master Indenture and this Official Statement as the “Obligated Group”, include the following entities: (1) UABME, (2) The Board of Trustees of the University of Alabama (the “UA Board”), acting through its University of Alabama at Birmingham (“UAB”) operating division on behalf of University Hospital (“University Hospital”), (3) University of Alabama Health Services Foundation, P.C. (“HSF”), (4) UAB Callahan Eye Hospital Authority (“CEH”), (5) UAB St. Vincent’s Health System Authority (“UAB STV Authority”), (6) St. Vincent’s Birmingham (“UAB STV Birmingham”), (7) St. Vincent’s East (“UAB STV East”), (8) St. Vincent’s Blount (“UAB STV Blount”), (9) St. Vincent’s Chilton, LLC (“UAB STV Chilton”), and (10) St. Vincent’s St. Clair, LLC (“UAB STV St. Clair”). See APPENDIX A for additional information about the Obligated Group.

The Master Indenture permits other parties to become members of the Obligated Group under certain circumstances, and permits members of the Obligated Group to be released from their obligations under the Master Indenture under certain circumstances. See APPENDIX I for a copy of the Master Indenture.

Master Indenture Obligations. The Master Indenture permits the issuance of notes or obligations (“Master Indenture Obligations”) by the Obligated Group to evidence or secure indebtedness or other payment obligations of the Obligated Group. The liability of the Obligated Group members, other than UA Board, for the payment of the Master Indenture Obligations is a full faith and credit general obligation liability. **The liability of UA Board under the Master Indenture is limited to the assets and revenues of University Hospital.**

When the Bonds are issued, the Obligated Group will issue (i) its Series 2026A Master Indenture Obligation (the “Series 2026A Master Indenture Obligation”) as evidence of and security for UABME’s loan repayment obligations with respect to the Series 2026A Bonds and (ii) its Series 2026C Master Indenture Obligation (the “Series 2026C Master Indenture Obligation”) as evidence of and security for UABME’s loan repayment obligations with respect to the Series 2026C Bonds. The Series 2026A Master Indenture Obligation and the Series 2026C Master Indenture Obligation are referred to collectively herein as the “Series 2026 Master Indenture Obligations.” The

holders of the Series 2026 Master Indenture Obligations and the holders of all other Master Indenture Obligations issued under the Master Indenture will be entitled to the equal and proportionate benefit of the Master Indenture. See “SOURCE OF PAYMENT AND SECURITY”. See also APPENDIX I for a copy of the Master Indenture.

Limited Obligation of the Authority; Trust Estates. Each series of Bonds will be a limited obligation of the Authority payable solely out of payments by UABME under the related Loan Agreement and Note, and payments by the Obligated Group pursuant to the related Series 2026 Master Indenture Obligation. The Bonds will not be general or full faith and credit obligations of the Authority. The Bonds will be limited obligations of the Authority payable solely out of the sources identified in the Bond Indentures. The Bonds are not obligations or debts of the State of Alabama (the “State”).

Each Bond Indenture will establish a trust estate (each, a “Trust Estate”) that will be pledged and assigned to the Bond Trustee for the related series of Bonds. Each Trust Estate includes (i) the Authority’s rights under the related Loan Agreement, Note and Series 2026 Master Indenture Obligation, and (ii) money and investments in the funds and accounts established under such Bond Indenture. Each Trust Estate will be held by the Bond Trustee for the equal and proportionate benefit of the holders of the related Bonds. See “SOURCE OF PAYMENT AND SECURITY – Source of Payment”.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE FROM THE TRUST ESTATE PLEDGED THERETO UNDER THE RELATED BOND INDENTURE. THE STATE HAS NOT PLEDGED ITS FAITH AND CREDIT OR TAXING POWER TO THE PAYMENT OF THE AMOUNTS DUE ON THE BONDS. THE AUTHORITY DOES NOT HAVE ANY TAXING POWER.

Bondholders’ Risks. Investment in the Bonds involves a certain degree of risk. See “RISK FACTORS” for a description of those risks. Investment in the Series 2026C Bonds involve certain additional considerations and risks. See “FORWARD DELIVERY CONSIDERATIONS RELATED TO THE SERIES 2026C BONDS” below.

Series 2026B Bonds. Simultaneously with the issuance of the Series 2026A Bonds, the Authority intends to issue its \$100,000,000* Revenue Bonds, Series 2026B (the “Series 2026B Bonds”). The Series 2026B Bonds will be issued as variable rate bonds pursuant to a multi-modal bond indenture and the proceeds will be loaned to UABME pursuant to a loan agreement. The Series 2026B Bonds are being offered pursuant to a separate official statement. When the Series 2026B Bonds are issued, the Obligated Group will issue a separate Master Indenture Obligation as evidence of and security for UABME’s loan repayment obligations with respect to the Series 2026B Bonds. The Bonds and the Series 2026B Bonds will not be treated as a single issue for federal income tax purposes.

Continuing Disclosure. To assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12, UABME, on behalf of the Obligated Group, will covenant and agree for the benefit of the holders of the Bonds to provide certain financial information and operating data and to give notices of certain events. See “CONTINUING DISCLOSURE” herein and in APPENDIX L hereto.

Other Information. This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice. The proposed forms of the Continuing Disclosure Agreements are attached to this Official Statement as APPENDIX L. Copies of the Bond Indentures, the Loan Agreements, the Notes, the Master Indenture and the Series 2026 Master Indenture Obligations are available upon request from, and upon payment of a reasonable copying charge to, the Bond Trustee. All statements herein are qualified in their entirety by reference to the complete terms of such documents. All references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Bond Indentures.

The foregoing Introduction contains only a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement.

* Preliminary, subject to change.

DEFINITIONS

This section contains the definition of terms frequently used in this Official Statement. APPENDIX H and APPENDIX I contain additional definitions used in this Official Statement.

“Authorized Denominations” means denominations of \$5,000 and any integral multiple thereof.

“Bond Indentures” means, collectively, the Series 2026A Bond Indenture and the Series 2026C Bond Indenture.

“Bonds” means, collectively, the Series 2026A Bonds and the Series 2026C Bonds offered by this Official Statement.

“Bond Trustee” means Regions Bank, an Alabama banking corporation, and its successors and assigns, in its capacity as trustee under each Bond Indenture.

“Business Day” means any day other than a Saturday, a Sunday, or a day on which the Bond Trustee is authorized to be closed under general law or regulation applicable in the place where the Bond Trustee performs its obligations under the Bond Indentures.

“Enabling Law” means Section 16-17A-1 *et seq.* of the Code of Alabama 1975.

“Financing Documents” means the Bond Indentures, the Loan Agreements, the Notes, the Master Indenture, the Master Indenture Supplement and the Series 2026 Master Indenture Obligations.

“Authority” means UAB Medicine Finance Authority, an Alabama public corporation.

“Loan Agreements” means, collectively, the Series 2026A Loan Agreement and the Series 2026C Loan Agreement.

“Notes” means, collectively, the Series 2026A Note and the Series 2026C Note.

“Obligated Group” means UABME and all other entities that are part of the Obligated Group under the Master Indenture. The current members of the Obligated Group as of the date of issuance of the Bonds are identified in the Introduction to this Official Statement and in APPENDIX A. The Master Indenture permits the addition and withdrawal of members of the Obligated Group. See APPENDIX I for a copy of the Master Indenture.

“Series 2026 Master Indenture Obligations” means, collectively, the Series 2026A Master Indenture Obligation and the Series 2026C Master Indenture Obligation.

“Series 2026A Bond Indenture” means that certain Trust Indenture (Series 2026A) dated September 1, 2026, between the Authority and the Bond Trustee, relating to the Series 2026A Bonds.

“Series 2026A Bonds” means the Authority’s \$127,600,000* Revenue Bonds, Series 2026A offered by this Official Statement.

“Series 2026A Loan Agreement” means that certain Loan Agreement (Series 2026A), dated September 1, 2026, between the Authority and UABME, relating to the Series 2026A Bonds.

“Series 2026A Master Indenture Obligation” means the Master Indenture Obligation issued under the Master Indenture to evidence and secure UABME’s obligations with respect to payment of the Series 2026A Note.

* Preliminary; subject to change.

“Series 2026A Note” means the promissory note issued by UABME pursuant to the Series 2026A Loan Agreement to evidence UABME’s payment obligations under the Series 2026A Loan Agreement with respect to the Series 2026A Bonds.

“Series 2026C Bond Indenture” means that certain Trust Indenture (Series 2026C) dated December 1, 2026, between the Authority and the Bond Trustee, relating to the Series 2026C Bonds.

“Series 2026C Bonds” means the Authority’s \$101,120,000* Revenue Bonds, Series 2026C (Forward Delivery) offered by this Official Statement.

“Series 2026C Loan Agreement” means that certain Loan Agreement (Series 2026C), dated December 1, 2026, between the Authority and UABME, relating to the Series 2026C Bonds.

“Series 2026C Master Indenture Obligation” means the Master Indenture Obligation issued under the Master Indenture to evidence and secure UABME’s payment obligations with respect to payment of the Series 2026C Note.

“Series 2026C Note” means the promissory note issued by UABME pursuant to the Series 2026C Loan Agreement to evidence UABME’s payment obligations under the Series 2026C Loan Agreement with respect to the Series 2026C Bonds.

“Master Indenture” means the Master Trust Indenture dated October 1, 2016, between the Obligated Group and the Master Trustee, as heretofore amended and supplemented and as further supplemented by the Master Indenture Supplement, which authorizes the Series 2026 Master Indenture Obligations.

“Master Indenture Obligations” means all obligations issued under the Master Indenture.

“Master Indenture Supplement” means the Eighth Supplemental Indenture (Series 2026 Obligations) dated September 1, 2026 between UABME, on its own behalf and on behalf of all other Obligated Group members, and the Master Trustee, authorizing the issuance of the Series 2026A Master Indenture Obligation and the Series 2026C Master Indenture Obligation.

“Master Trustee” means Regions Bank, an Alabama banking corporation, and its successors and assigns, in its capacity as trustee under the Master Indenture.

“Pledged Revenues” means revenues pledged and assigned by the Obligated Group pursuant to the Master Indenture. See the definition of “Pledged Revenues” in APPENDIX I – “THE MASTER INDENTURE”.

“Trust Estate” means, with respect to each series of Bonds, the trust estate established under the related Bond Indenture.

THE UAB MEDICINE OBLIGATED GROUP

Certain information with respect to the members of the Obligated Group and their financial condition, operations and properties is included as APPENDICES A through G to this Official Statement.

THE AUTHORITY

The Authority is a public corporation organized under the laws of the State of Alabama, including in particular Act No. 2016-201 enacted at the 2016 Regular Session of the Legislature of Alabama, which is known as the University Authority Act of 2016 (the “*Enabling Law*”). UA Board authorized the incorporation of the Authority; however, UA Board is liable for payment of the Bonds solely in its capacity as a member of the Obligated Group and, further, only to the extent that it has pledged the revenues and assets of University Hospital under the Master Indenture. See “SOURCE OF PAYMENT AND SECURITY – The Master Indenture.”

Directors of the Authority are elected by the governing body of UA Board and serve without compensation.

The Enabling Law authorizes the Authority to, among other things, issue its bonds to provide financing for the benefit of nonprofit corporations or governmental entities such as UABME and the other members of the Obligated Group. The Authority is a facilitator of bond financings for the members of the Obligated Group, promising to pay only out of payments made by the Obligated Group member that benefits from the financing or from collateral or security provided by that member. The Authority does not operate or manage any health care facilities for its own account and is not the beneficial owner or operator of any health care facilities. The Authority does not receive any tax proceeds.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to each series of the Bonds and to the related Bond Indenture for a more detailed description of such provisions. Capitalized terms used in this section and not defined herein are used with the meanings assigned to them in the related Bond Indenture. The discussion herein is qualified by such reference. See APPENDIX H hereto.

Pricing Information and Interest Rates

See the pricing terms on the inside cover pages of this Official Statement for principal maturities, interest rates and payment dates for the Bonds. The Bonds will be subject to redemption prior to maturity. See “THE BONDS – Redemption Prior to Maturity”.

Each series of Bonds is being issued initially in the Fixed Rate Mode. The Bonds have the respective fixed rates specified on the inside cover pages of this Official Statement. The applicable fixed rates will remain in effect until the respective maturity dates specified on the inside cover pages for such Bonds, unless such Bonds are redeemed or converted to another Interest Rate Mode.

Conversion of Interest Rate Modes

Each Bond Indenture is a multi-modal indenture that authorizes various Interest Rate Modes for the related series of Bonds. The initial Interest Rate Mode for each series of Bonds is described above.

On any date when a series of Bonds is subject to optional redemption at par, UABME may convert the Interest Rate Mode on that series of Bonds to another Interest Rate Mode. **This Official Statement does not purport to describe the terms of the Bonds in any Interest Rate Mode other than the Fixed Rate Modes in which the Bonds are being initially issued.** However, the terms and conditions for conversion of the Interest Rate Modes are set forth in the forms of the Bond Indentures attached as APPENDIX H. If any Bond is converted to another Interest Rate Mode, such Bond is subject to mandatory tender for purchase on the conversion date. Such Bond may be remarketed to holders in the new Interest Rate Mode. All Bonds of a series must bear interest in the same Interest Rate Mode, but Bonds of different series may be in different Interest Rate Modes.

If Bonds are converted to another Interest Rate Mode, a separate official statement or remarketing circular will be prepared and distributed to prospective purchasers of such Bonds describing the new Interest Rate Mode and other information with respect to such Bonds.

Date, Form of Bonds and Denominations

Each series of Bonds will be dated as of the date of initial delivery and will be issuable in Authorized Denominations, as provided in each Bond Indenture. The Series 2026A Bonds are expected to be delivered through DTC on September 1, 2026. The Series 2026C Bonds are expected to be delivered on or about December 2, 2026 (the “2026C Settlement Date”). See “FORWARD DELIVERY CONSIDERATIONS RELATED TO THE SERIES 2026C BONDS” below. The Series 2026C Bonds are expected to be delivered through DTC on the 2026C Settlement Date.

Computation of Interest Accrual

Interest on the Bonds, while the Bonds bear interest in the Fixed Rate Mode, shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each.

Book Entry System

The Bonds are being issued in electronic form under the Book Entry System procedures of The Depository Trust Company (“DTC”). While the Bonds are in the Book Entry System, the method and procedures for payment of the Bonds and matters pertaining to transfers and exchanges of the Bonds will be governed by the rules and procedures of the Book Entry System. If the Book Entry System is discontinued, each of the Bond Indentures contains alternate provisions for the method of payment and for transfers and exchanges. See APPENDIX K for a description of the DTC Book Entry System. See APPENDIX H for the applicable Bond Indentures provisions if the Book Entry System is terminated.

Persons Deemed Holders of Bonds

As to each series of Bonds, while the Book Entry System is in effect, the Bond Trustee will pay interest on the Bonds to DTC, and interest will be distributed to the Bondholders in accordance with the rules and regulations of DTC. The Book Entry System is expected to be in effect until the Bonds are retired. If the Book Entry System is terminated for any series of Bonds, the interest due on any Interest Payment Date with respect to such Bonds will be payable to the holders of record on the Record Date for such Interest Payment Date, which is specified in the Bond Indentures.

Redemption Prior to Maturity

Optional Redemption of Series 2026A Bonds Prior to Maturity. Any Series 2026A Bond that matures after September 1, ____ may be redeemed in whole or in part on any Business Day on or after September 1, ____ at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date.

Scheduled Mandatory Redemption of Series 2026A Bonds. The Series 2026A Bonds are subject to scheduled mandatory redemption as follows:

Mandatory Redemption of Series 2026A Bonds. Subject to credits against scheduled mandatory redemption requirements provided below, Series 2026A Bonds with a stated maturity in _____ and an interest rate of ____% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts as follows, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

Series 2026A Term Bonds Maturing in ____

Redemption Date (September 1)	Principal Amount to be Redeemed

Series 2026A Term Bonds Maturing in ____

Redemption Date (September 1)	Principal Amount to be Redeemed

Not later than the date on which notice of scheduled mandatory redemption is to be given to Holders of Series 2026A Bonds, the Bond Trustee shall select the affected Series 2026A Bonds for scheduled mandatory redemption by lot; provided, however, that the Authority may, upon direction delivered to the Bond Trustee not less than 3 days prior to the date notice of such redemption is to be given to Holders, direct that any or all of the following amounts be credited against the principal amount of Series 2026A Bonds scheduled for redemption on such date: (i) the principal amount of Series 2026A Bonds of the same series, maturity and interest rate delivered by the Authority or standby letter of credit to the Bond Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Series 2026A Bonds of the same series, maturity and interest rate previously redeemed (other than Series 2026A Bonds redeemed pursuant to the provisions requiring scheduled mandatory redemption) and not previously claimed as a credit; and (iii) the principal amount of Series 2026A Bonds of the same series, maturity and interest rate otherwise Defeased and not previously claimed as a credit.

Optional Redemption of Series 2026C Bonds Prior to Maturity. Any Series 2026C Bond that matures after September 1, ____ may be redeemed in whole or in part on any Business Day on or after September 1, ____ at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date.

Scheduled Mandatory Redemption of Series 2026C Bonds. The Series 2026C Bonds are subject to scheduled mandatory redemption as follows:

Mandatory Redemption of Series 2026C Bonds. Subject to credits against scheduled mandatory redemption requirements provided below, Series 2026C Bonds with a stated maturity in ____ and an interest rate of ____% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts as follows, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

Series 2026C Term Bonds Maturing in ____

Redemption Date (September 1)	Principal Amount to be Redeemed

Series 2026C Term Bonds Maturing in _____

Redemption Date (September 1)	Principal Amount to be Redeemed

Not later than the date on which notice of scheduled mandatory redemption is to be given to Holders of Series 2026C Bonds, the Bond Trustee shall select the affected Series 2026C Bonds for scheduled mandatory redemption by lot; provided, however, that the Authority may, upon direction delivered to the Bond Trustee not less than 3 days prior to the date notice of such redemption is to be given to Holders, direct that any or all of the following amounts be credited against the principal amount of Series 2026C Bonds scheduled for redemption on such date: (i) the principal amount of Series 2026C Bonds of the same series, maturity and interest rate delivered by the Authority or UABME to the Bond Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Series 2026C Bonds of the same series, maturity and interest rate previously redeemed (other than Series 2026C Bonds redeemed pursuant to the provisions requiring scheduled mandatory redemption) and not previously claimed as a credit; and (iii) the principal amount of Series 2026C Bonds of the same series, maturity and interest rate otherwise Defeased and not previously claimed as a credit.

Optional Redemption Upon Conversion. If any Bonds are converted to a new Interest Rate Mode, the Bonds will be subject to optional redemption in accordance with the terms of the Bond Indentures relating to the Interest Rate Mode to which the Bonds are converted. See the forms of the Bond Indentures in APPENDIX H hereto.

Optional Redemption Upon Damage, Destruction or Condemnation of Operating Assets. The Bonds may be redeemed in whole or in part on any Business Day at the option of UABME at a redemption price equal to 100% of the principal amount of Bonds to be redeemed plus accrued interest thereon to the redemption date if, and to the extent that, the net proceeds of any insurance or condemnation award resulting from damage, destruction or condemnation of operating assets of UABME exceed the cost of any repairs or replacements to its operating assets which UABME elects to make with such proceeds.

Special Optional Redemption for Remedial Action. If any Bonds are converted to a new Interest Rate Mode and such Bonds are not otherwise subject to optional redemption on terms that would permit remedial action under regulations applicable to tax-exempt bonds, the notice of conversion delivered by UABME pursuant to a Bond Indenture may specify special optional redemption provisions that comply with such remedial action regulations if UABME delivers a Favorable Tax Opinion with such notice.

Exercise of Optional Redemption Rights. If the Loan Agreement has not been terminated, UABME may, on behalf of the Authority, exercise optional redemption rights provided by each Bond Indenture, including without limitation (i) delivery of all notices to the Bond Trustee with respect to such redemption, (ii) the specification of conditions to such redemption, and (iii) the selection of Bonds for redemption. If the related Loan Agreement has been terminated, the Authority may exercise optional redemption rights provided by the applicable Bond Indenture without notice to, or consent of, UABME.

General Provisions Respecting Redemption

Selection of Bonds for Redemption. Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds Outstanding of the same series are to be redeemed, the principal amount, series, maturity and interest rate of Bonds to be redeemed may be specified in the notice of election to redeem, or, in the absence of specification in such notice, shall be selected by the Bond Trustee by lot or by such other method as the Bond Trustee shall deem fair and appropriate; provided, however, that the principal amount of Bonds of each series,

maturity and interest rate to be redeemed may not be larger than the principal amount of Bonds of such series, maturity and interest rate then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds with the same series, maturity and interest rate are to be redeemed, the particular Bonds of such series, maturity and interest rate to be redeemed shall be selected by the Bond Trustee from the Outstanding Bonds of such series, maturity and interest rate then eligible for redemption by lot or by such other method as the Bond Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such series, maturity and interest rate of a denomination larger than the smallest Authorized Denomination.

Notice of Redemption. Notice of redemption shall be given to the affected holders not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to holders through methods established by the rules and regulations of the Book Entry System. If the Book Entry System is not in effect, notice of redemption shall be given to holders by certified mail.

A notice of optional redemption may state that the redemption of Bonds is contingent upon specified conditions, such as receipt of a specified source of funds, or the occurrence of specified events. If the conditions for such redemption are not met, the Authority shall not be required to redeem the Bonds (or portions thereof) identified in such notice, and any Bonds surrendered on the specified redemption date shall be returned to the holders of such Bonds.

Purchase of Bonds in Lieu of Redemption. The Bond Indentures provide that UABME shall have the option to purchase Bonds subject to optional redemption (“Callable Bonds”) in lieu of optional redemption. If a Callable Bond has been called for optional redemption, UABME may exercise its right of purchase by delivery to the Bond Trustee on or prior to the Business Day preceding the optional redemption date of written notice from UABME specifying that the Callable Bonds shall not be redeemed, but instead shall be purchased. Upon delivery of such notice from UABME, the Callable Bonds shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Callable Bonds. UABME’s option to purchase shall be effective whether or not the notice of optional redemption sent to holders indicates that UABME has exercised, or intends to exercise, such option. No further or additional notice to holders shall be required in connection with the purchase in lieu of redemption. The Callable Bonds so purchased (i) shall not be cancelled or retired, but shall continue to be outstanding, (ii) shall be delivered to, or as directed by, UABME, and (iii) shall continue to bear interest at the rate provided for in the applicable Bond Indenture.

FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS

General

The Authority and UABME will enter into a forward delivery bond purchase agreement (the “Forward Delivery Bond Purchase Agreement”) for the Series 2026C Bonds with BofA Securities, Inc. (the “Representative”), as representative of the Underwriters. Subject to the terms of the Forward Delivery Bond Purchase Agreement, each of the Authority and UABME expects the Series 2026C Bonds to be issued and delivered on the 2026C Settlement Date.

Pursuant to the Forward Delivery Bond Purchase Agreement, the Underwriters will agree to purchase the Series 2026C Bonds on the 2026C Settlement Date. An initial closing (the “Initial Closing”) will be held with respect to the 2026C Bonds on or about September 1, 2026. At such time, the conditions for issuance and delayed delivery of the Series 2026C Bonds and payment therefor by the Underwriters are expected to be met, except for the confirmation of certain facts, and the documents, certificates and opinions specified in the Forward Delivery Bond Purchase Agreement the receipt of which is a condition to the delivery of the Series 2026C Bonds will be delivered to be held in escrow (to the extent possible), including the opinion of Bond Counsel respecting the Series 2026C Bonds substantially in the form and to the effect as set forth in Appendix J hereto.

Upon satisfaction of the conditions of the Initial Closing, and subject to compliance with the conditions described below and in the Forward Delivery Bond Purchase Agreement, the Underwriters will be obligated to take delivery of and pay for the Series 2026C Bonds on the 2026C Settlement Date. There will be no delivery of the Series 2026C Bonds or any payment therefor on the date of the Initial Closing.

Each of the Authority and UABME has agreed to keep the disclosure current at all times during the Delayed Delivery Period by supplementing this Official Statement, as necessary. The Underwriters shall file such supplements, if any, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system currently accessible at www.emma.msrb.org.

Series 2026C Bonds Settlement

The Authority and UABME will enter into a forward delivery bond purchase agreement (the "Forward Delivery Bond Purchase Agreement") for the Series 2026C Bonds with BofA Securities, Inc. (the "Representative"), as representative of the Underwriters.

The issuance of the Series 2026C Bonds and the obligation of the Underwriters under the Forward Delivery Bond Purchase Agreement to purchase, accept delivery of and pay for the Series 2026C Bonds on the 2026C Settlement Date (sometimes referred to herein as the "Settlement") are conditioned upon the performance by each of the Authority and UABME of its obligations thereunder, including, without limitation, the delivery of an opinion, dated the 2026C Settlement Date, of Bond Counsel respecting the Series 2026C Bonds substantially in the form respecting the Series 2026C Bonds set forth in Appendix J. The purchase and delivery of the Series 2026C Bonds is further contingent upon (i) the delivery and/or release from escrow of certain certificates and legal opinions, (ii) the Series 2026C Bonds being rated at least investment grade by S&P (hereafter defined) or Moody's (hereafter defined) (each of S&P and Moody's, a "Rating Agency"), and (iii) the satisfaction of other conditions set forth in the Forward Delivery Bond Purchase Agreement as of the 2026C Settlement Date. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the 2026C Settlement Date or the failure by either the Authority or UABME to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the Series 2026C Bonds will be issued unless all of the Series 2026C Bonds are issued and delivered on the 2026C Settlement Date.

The Representative has the right to terminate the Underwriters' obligations under the Forward Delivery Bond Purchase Agreement to purchase, to accept delivery of, and to pay for the Series 2026C Bonds by notifying the Authority and UABME of its election to do so under the circumstances set forth herein and in the Forward Delivery Bond Purchase Agreement.

During the period of time between the date of this Official Statement and the 2026C Settlement Date (the "Forward Delivery Period"), certain information contained in this Official Statement could change in a material respect. Except as described above and below, the Underwriters may not refuse to purchase the Series 2026C Bonds by reason of "general market and credit changes" including, but not limited to, (a) changes in the ratings assigned to the Series 2026C Bonds, so long as the Series 2026C Bonds are rated investment grade by S&P or Moody's, or (b) changes in the financial condition, operations, performance, etc. of the members of the Obligated Group prior to the 2026C Settlement Date.

Agreement of Purchasers of the Series 2026C Bonds

By submitting an order for the Series 2026C Bonds, every person or entity submitting such order (each, a "Purchaser") shall be deemed to have committed to purchase its allotted share of the Series 2026C Bonds (the "Purchased 2026C Bonds").

By submission of its order, the Purchaser confirms that it has reviewed this Official Statement, has considered the risks associated with purchasing the Purchased 2026C Bonds and is duly authorized to purchase the Purchased 2026C Bonds. The Purchaser understands that the Purchased 2026C Bonds are being sold on a "forward" basis, and the Purchaser will purchase and agree to accept delivery of such Purchased 2026C Bonds from the Underwriters on or about the 2026C Settlement Date, pursuant to the Forward Delivery Bond Purchase Agreement.

Upon issuance by the Authority of the Series 2026C Bonds and purchase thereof by the Underwriters, the obligation of the Purchaser to take delivery of the Purchased 2026C Bonds shall be unconditional unless the Representative terminates the Forward Delivery Bond Purchase Agreement prior to the 2026C Settlement Date. The obligations of the Underwriters to accept delivery of and pay for the Series 2026C Bonds on the 2026C Settlement Date shall be subject to the accuracy in all material respects of the representations and warranties on the part of the Authority and UABME contained in the Forward Delivery Bond Purchase Agreement as of its date and as of the 2026C Settlement Date, to the accuracy in all material respects of the statements of the officers and other officials of each of the Authority, UABME and any other members of the Obligated Group, as well as of the other individuals referred to therein, made in any certificates or other documents furnished pursuant to the provisions thereof, to the performance by each of the Authority and UABME of its obligations to be performed thereunder at or prior to the 2026C Settlement Date delivery of, confirming opinions and other instruments, and to the following additional conditions:

(A) On the 2026C Settlement Date, the Series 2026C Bonds, the Forward Delivery Bond Purchase Agreement, the Series 2026C Bonds Indenture, the Series 2026C Bonds Loan Agreement, the Series 2026C Bonds Master Indenture Obligation, the Continuing Disclosure Agreement for the Series 2026C Bonds, and the Note issued in connection with the Series 2026C Bonds (collectively, the “Series 2026C Financing Documents”) shall be in full force and effect, and shall not have been amended, modified or supplemented in any material respect, except as may have been agreed to in writing by the Representative, and there shall have been taken in connection with the issuance of the Series 2026C Bonds and with the transactions contemplated by the Series 2026C Bonds and the Series 2026C Financing Documents, all such actions as, in the opinion of Bond Counsel shall be necessary and appropriate; and

(B) At any time subsequent to the Initial Closing and at or prior to the 2026C Settlement Date, the following events shall not have occurred:

(i) Any Change in Law shall have occurred (defined below);

(ii) The Official Statement, as the same may be amended or supplemented in accordance with the Forward Delivery Bond Purchase Agreement prior to the time of Settlement, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(iii) Bond Counsel does not deliver an opinion on the 2026C Settlement Date respecting the Series 2026C Bonds substantially in the form and to the effect set forth in Appendix J to the Official Statement;

(iv) An event of default (howsoever defined) has occurred and is continuing, technical or otherwise, on the 2026C Settlement Date under any of the Series 2026C Financing Documents or under certain other legal documents; or

(v) A withdrawal or reduction of the assigned ratings such that the Series 2026C Bonds are not rated at least investment grade by S&P or Moody’s (*i.e.*, at least a rating of “BBB-“ by S&P or “Baa3” by Moody’s).

As used herein, “Change in Law” means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the 2026C Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the 2026C Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would (A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the Series 2026C Bonds as provided in the Forward Delivery Bond Purchase Agreement or selling the Series 2026C Bonds or beneficial ownership interests therein to the

public, or (B) as to the Authority, make the issuance, sale or delivery of the Series 2026C Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized), or prevent the issuance of any of the opinions required by the Forward Delivery Bond Purchase Agreement to be delivered at Settlement; provided, however, that such change in or addition to law, legislation, law, rule or regulation or judgment, ruling or order shall have become effective, been enacted, introduced or recommended, been proposed or enacted or been issued as the case may be, after the date of the Forward Delivery Bond Purchase Agreement.

By submission of its order, the Purchaser shall be deemed to acknowledge and agree that it will not be able to withdraw its order and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased 2026C Bonds on the 2026C Settlement Date because of market or credit changes or for any other reason unless the Representative terminates the Forward Delivery Bond Purchase Agreement prior to the 2026C Settlement Date. The Purchaser shall be deemed to acknowledge and agree that it will remain obligated to purchase the Purchased 2026C Bonds in accordance with the terms set forth above even if the Purchaser decides to sell such Purchased 2026C Bonds after the date of this Official Statement.

Additional Risks Related to the Forward Delivery Period

During the Forward Delivery Period, certain information contained in this Official Statement could change in a material respect. Any changes in such information will not permit the Representative to terminate the Forward Delivery Bond Purchase Agreement except as described above or release the Purchasers from their obligation to purchase the Series 2026C Bonds. Purchasers of the Series 2026C Bonds will be subject to the risks (including changes in the financial condition and business operations of any of the members of the Obligated Group prior to Settlement), some of which are described below, and none of which will constitute grounds for Purchasers to refuse to accept delivery of and pay for the Series 2026C Bonds unless the Representative determines that such material changes give rise to its right to termination under the Forward Delivery Bond Purchase Agreement.

In addition to the risks set forth above, Purchasers of the Series 2026C Bonds are subject to certain additional risks, some of which are described below:

Ratings Risk. No assurances can be given that the ratings assigned to the Series 2026C Bonds on the 2026C Settlement Date will not be different from those currently assigned to the Series 2026C Bonds. Issuance of the Series 2026C Bonds and the obligations of the Underwriters under the Forward Delivery Bond Purchase Agreement are not conditioned upon the assignment of any particular ratings to the Series 2026C Bonds or the maintenance of the initial ratings assigned to the Series 2026C Bonds. So long as the Series 2026C Bonds are rated at least investment grade by at least one of the Rating Agencies as of the 2026C Settlement Date, the condition precedent concerning the rating of the Series 2026C Bonds under the Forward Delivery Bond Purchase Agreement will have been satisfied.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market in the Series 2026C Bonds, and no assurances can be given that a secondary market will exist for the Series 2026C Bonds during the Forward Delivery Period. Purchasers of the Series 2026C Bonds should assume that the Series 2026C Bonds will be illiquid throughout the Forward Delivery Period. Should events occur before the Series 2026C Bonds are issued and delivered by the Authority on the 2026C Settlement Date that affect the market value of the Series 2026C Bonds and if a secondary market in the Series 2026C Bonds does not exist, a beneficial owner of Series 2026C Bonds may be unable to re-sell all or a portion of the Series 2026C Bonds held by or on behalf of that beneficial owner.

Market Value Risk. The market value of the Series 2026C Bonds as of the 2026C Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the ratings then assigned to the Series 2026C Bonds, the financial condition of any of the members of the Obligated Group and federal income tax and other laws. The market value of the Series 2026C Bonds as of the 2026C Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series 2026C Bonds and that difference could be substantial. Neither the Authority, the members of the Obligated Group, nor the Underwriters make any representation as to the expected market prices of the Series 2026C Bonds as of the 2026C Settlement Date, and the Authority, the members of the Obligated Group, and the Underwriters may not refuse to deliver and purchase, respectively, the Series 2026C Bonds by reason of general market or credit changes, except as set forth in the Forward Delivery Bond Purchase Agreement. Further, no assurance can be given that the introduction or enactment of any

future legislation will not affect the market prices for the Series 2026C Bonds as of the 2026C Settlement Date or thereafter or not have a materially adverse effect on any secondary market for the Series 2026C Bonds.

Tax Treatment Risk. Subject to the additional conditions of Settlement described under the subsection above entitled “Series 2026C Bonds Settlement” and under “Agreement of Purchasers of the Series 2026C Bonds”, a condition to the Underwriters' obligation to purchase the Series 2026C Bonds under the Forward Delivery Bond Purchase Agreement is the delivery of an opinion of Bond Counsel with respect to the Series 2026C Bonds substantially in the form set forth as Appendix J to this Official Statement. During the Forward Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, delivered or promulgated, or existing law, including regulations adopted pursuant thereto, may be interpreted in a manner that might prevent Bond Counsel from rendering its opinion respecting the Series 2026C Bonds in the form set forth in APPENDIX J to this Official Statement, in which case the Underwriters would not be obligated to pay for and take delivery of the Series 2026C Bonds. Notwithstanding that the enactment of new legislation, new court decisions, the promulgation of new regulations or rulings or reinterpretations of existing law might diminish the value of, or otherwise affect, the exclusion of interest on the Series 2026C Bonds for purposes of federal income taxation, Bond Counsel may still be able to satisfy the opinion requirements for the delivery of the Series 2026C Bonds. In such event, the purchasers would be required to accept delivery of the Series 2026C Bonds. Prospective purchasers of the Series 2026C Bonds are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

SOURCE OF PAYMENT AND SECURITY

Source of Payment

Each series of Bonds constitutes the limited obligation of the Authority payable solely out of the following sources:

- (1) The loan payments by UABME under the Loan Agreement and Note with respect to debt service on a series of Bonds and all rights of the Authority under the related Loan Agreement and Note, except for the right to receive notices, the right to indemnification by UABME, and other rights personal to the Authority.
- (2) The related Series 2026 Master Indenture Obligation with respect to such series of Bonds.
- (3) Any other assets that constitute part of the Trust Estate established under the related Bond Indenture, including money in the funds and accounts established under such Bond Indenture.

Each Loan Agreement and Note requires UABME to make loan payments at times and in amounts sufficient to pay debt service on the related series of Bonds when due. These loan payments are to be deposited in the applicable Debt Service Fund established under the Bond Indentures upon receipt by the Bond Trustee.

Security for Payment of the Bonds

Indenture Funds. The funds and accounts under each Bond Indenture (referred to as the “Indenture Funds”) include the following:

Debt Service Fund. A Debt Service Fund will be established under each Bond Indenture to collect loan payments by UABME and payments on the related Series 2026 Master Indenture Obligation. Payments under the Loan Agreement and Note with respect to debt service on the related Bonds are credited against the amount due under the related Series 2026 Master Indenture Obligation. Amounts in the Debt Service Funds will be used by the Bond Trustee to pay debt service on the related Bonds.

Costs of Issuance Fund. A Costs of Issuance Fund will be established under each Bond Indenture to disburse Bond proceeds for the payment of the costs of issuance of the related Bonds. Money may be withdrawn from the Costs of Issuance Funds for this purpose upon requisition of UABME.

Bond Purchase Fund. A Bond Purchase Fund will be established under each Bond Indenture to collect payments from any remarketing proceeds received from a Remarketing Agent as payment of the Purchase Price of Tendered Bonds and payments from UABME in amounts sufficient to pay the Purchase Price of Tendered Bonds to the extent that funds for payment of such Purchase Price are not obtained from remarketing proceeds. UABME has not appointed a Remarketing Agent for the Bonds, but will appoint one prior to the conversion of any Bond to an Interest Rate Mode that requires a Remarketing Agent to establish the interest rate on such Bond or remarket Bonds pursuant to the provisions of the Bond Indentures.

Acquisition Fund. An Acquisition Fund will be established under each Bond Indenture to disburse any Bond proceeds for the payment of the costs of the capital improvements to the healthcare facilities of the Obligated Group. It is not expected that any Bond proceeds will be deposited in the Acquisition Funds. If any money is deposited in an Acquisition Fund, it may only be withdrawn from such fund for this purpose upon requisition of UABME.

Although each Bond Indenture creates a security interest in the related Indenture Funds, money in the Indenture Funds may be disbursed for the designated purpose of each Indenture Fund. See APPENDIX H for a further description of each Indenture Fund and the terms and conditions for use of money in the Indenture Funds.

Limited Obligations. The Bonds are limited obligations of the Authority, payable solely out of (i) payments to be made pursuant to the Loan Agreement and Note with respect to debt service on the related series of Bonds, (ii) payments by the Obligated Group pursuant to the related Series 2026 Master Indenture Obligation, and (iii) any other assets that constitute part of the related Trust Estate, including money in the funds and accounts established under the Bond Indentures. The Bonds do not constitute general obligations of the Authority; the Authority has not pledged its full faith and credit to the payment of the Bonds. The Bonds are not obligations or debts of the State of Alabama. The Authority does not have any taxing power.

As security for the payment of each series of the Bonds, the Authority has assigned and pledged to the Bond Trustee all right, title and interest of the Authority in and to the Trust Estate established under the related Bond Indenture. Subject to the Bond Trustee's lien related to the payment of compensation, expenses, reimbursements, reasonable security and indemnity provided in the Bond Indentures, this pledge and assignment will convey a first priority security interest in each Trust Estate.

The Loan Agreements, the Notes and the Series 2026 Master Indenture Obligations

Under each of the Loan Agreements, UABME has agreed to make payments to the Bond Trustee in such amounts and at such times as shall be necessary to pay the principal, redemption premium (if any), tender price, and interest on the related Bonds. To evidence its loan payment obligation under each Loan Agreement, UABME will issue and deliver to the Bond Trustee, as assignee of the Authority, the Series 2026A Note and the Series 2026C Note. As security for the loan payment obligations of UABME under the Loan Agreements and the Notes, the Obligated Group will issue the Series 2026 Master Indenture Obligations. Pursuant to the Master Indenture, the members of the Obligated Group have jointly and severally covenanted to promptly pay, or cause to be paid, all amounts due and payable under the Master Indenture as to the Master Indenture Obligations, including the Series 2026 Master Indenture Obligations. For a discussion of limitations inherent in a joint and several obligations under these circumstances, see "RISK FACTORS – Limitations on Source of Payment, Security and Remedies."

The Master Indenture

General. The Master Indenture provides for the issuance of notes or obligations (referred to in the Master Indenture as "Obligations" and herein as "Master Indenture Obligations") to evidence or secure indebtedness of Members of the Obligated Group. The Master Indenture Obligations are joint and several obligations of each Member, subject to the limited source of payment specified in the Master Indenture for UA Board. The Master Indenture Obligations and other payment obligations of UA Board under the Master Indenture are limited obligations payable solely out of the assets and revenues of University Hospital. The Master Indenture Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged. All Master Indenture Obligations are secured on an equal and proportionate basis.

Series 2026 Master Indenture Obligations. UABME will issue the Series 2026 Master Indenture Obligations under the Master Indenture to secure its loan repayment obligations to the Authority under the Loan Agreements and Notes with respect to the Bonds. The Series 2026 Master Indenture Obligations will be issued pursuant to that certain Eighth Supplemental Indenture (Series 2026 Obligations) dated September 1, 2026 (the “Master Indenture Supplement”), between the Obligated Group and the Master Trustee.

The holders of the Series 2026 Master Indenture Obligations and the holders of all other Master Indenture Obligations, whether now outstanding or issued in the future in accordance with the terms of the Master Indenture, are entitled to the equal and proportionate benefit of the Master Indenture. See APPENDIX I – “THE MASTER INDENTURE”.

Pledge of Revenues. Pursuant to the Master Indenture, the members of the Obligated Group have assigned and pledged their Pledged Revenues. See the definition of “Pledged Revenues” in APPENDIX I – “THE MASTER INDENTURE.” In general, Pledged Revenues include gross receipts and accounts receivable from the operation of the Obligated Group’s facilities, but does not include (i) revenues of UA Board derived from any operating division or fund other than University Hospital, (ii) donations or contributions which are restricted for a specific purpose, (iii) appropriations to any Obligated Group member by the State of Alabama, (iv) receivables under governmental reimbursement programs that cannot be pledged as a matter of law, and (v) cash on hand or investments of the Obligated Group that are received by it prior to the exercise of remedies by the Master Trustee after an event of default under the Master Indenture. For a discussion of limitations inherent in a pledge of revenues under these circumstances, see “RISK FACTORS – Limitations on Source of Payment, Security and Remedies.”

Additional Master Indenture Obligations. UABME has previously issued Master Indenture Obligations which are presently outstanding and will remain outstanding following the issuance of the Series 2026 Master Indenture Obligations. See APPENDIX A for additional descriptions of such Master Indenture Obligations. The Master Indenture permits Members of the Obligated Group to issue additional Master Indenture Obligations from time to time under certain circumstances and subject to the terms of the Master Indenture, which Master Indenture Obligations are equally and ratably secured under the Master Indenture with the Series 2026 Master Indenture Obligations and any other Master Indenture Obligations. In addition, the Master Indenture permits the members of the Obligated Group to incur certain other types of indebtedness, including certain guarantees, under the circumstances, and to the extent, permitted by the Master Indenture. See APPENDIX I – “THE MASTER INDENTURE”. The Obligated Group has previously issued Master Indenture Obligations which are secured on a parity under the Master Indenture with the Series 2026 Master Indenture Obligations, and, subject to the terms of the Master Indenture, may issue such additional Master Indenture Obligations in the future.

Simultaneously with the issuance of the Series 2026A Bonds, the Authority will issue its Revenue Bonds, Series 2026B, in the aggregate principal amount of \$100,000,000* (the “*Series 2026B Bonds*”). The Series 2026B Bonds will also be secured by a Master Indenture Obligation (the “*2026B Master Indenture Obligation*”) on a parity with the Series 2026 Master Indenture Obligations, the Outstanding Master Indenture Obligations and Master Indenture Obligations hereafter issued under the Master Indenture. For information related to the Series 2026B Master Indenture Obligation, see “THE PLAN OF FINANCE – Issuance of Series 2026B Bonds”. For additional information about the indebtedness secured by the Outstanding Master Indenture Obligations, see APPENDIX A – “Debt Structure of the Obligated Group – Outstanding Debt”.

Addition and Withdrawal of Members. The Master Indenture allows the addition of new members to the Obligated Group and allows the withdrawal of members from the Obligated Group, subject to conditions specified in the Master Indenture; *provided, however*, UA Board and UAHSF may not withdraw from the Obligated Group unless all Master Indenture Obligations have been paid or defeased. Effective June 30, 2026, UAB STV Authority, UAB STV Birmingham, UAB STV East, UAB STV Blount, UAB STV Chilton and UAB STV St. Clair agreed to become new members of the Obligated Group. For a description of the provisions of the Master Indenture permitting an entity to join or withdraw from the Obligated Group, see the copy of the Master Indenture attached hereto as APPENDIX I.

* Preliminary, subject to change.

The current members of the Obligated Group, as of the date of issuance of the Bonds, are identified in the INTRODUCTION to this Official Statement and in APPENDIX A.

Financial and Operating Covenants. The Master Indenture imposes on the Obligated Group various financial and operating covenants, including (i) a debt service coverage ratio, (ii) restrictions on liens, (iii) restrictions on the disposition of assets, and (iv) restrictions on additional indebtedness. For a description of these covenants, see APPENDIX I – “THE MASTER INDENTURE.”

Limitations on Remedies; Sovereign Immunity of UA Board

The rights of the Bond Trustee, the Master Trustee, the holders of Master Indenture Obligations, and the Holders of the Bonds may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors’ rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases. See also “RISK FACTORS”.

UA Board is entitled to sovereign immunity from most suits, but agents and employees of UA Board may, by mandamus, be compelled to apply those of the Pledged Revenues derived from University Hospital to the payment of the Master Indenture Obligations in accordance with the provisions of the Master Indenture.

THE PLAN OF FINANCE

General

The plan of finance for the Bonds includes the refunding, refinancing or retirement of certain outstanding debt of the Obligated Group and paying costs of issuance of the Bonds. Simultaneously with the issuance of the Series 2026A Bonds, the Authority will issue the Series 2026B Bonds for the benefit of the Obligated Group. Proceeds of the Series 2026B Bonds will provide funds for the acquisition, construction, renovation and installation of various capital projects for the benefit of the Obligated Group (collectively, the “Capital Improvements”). See “Issuance of Series 2026B Bonds” below. The Series 2026B Bonds are being offered pursuant to a separate Official Statement.

Refunding Plan

Series 2016B Bonds. The Authority has previously issued its \$302,530,000 in original principal amount of Revenue Bonds, Series 2016B (the “Series 2016B Bonds”) to provide financing for the benefit of the Obligated Group. The Series 2016B Bonds are currently outstanding in the principal amount of \$279,850,000. The Series 2016B Bonds may be redeemed at the option of UABME on any Business Day on or after September 1, 2026, at a redemption price equal to 100% of the principal amount thereof plus accrued interest. The decision whether to refund any Series 2016B Bonds will depend on market conditions at the time of pricing. If UABME determines it is advantageous to refund some or all of the Series 2016B Bonds, proceeds of the Series 2026A Bonds will be used to retire such Series 2016B Bonds on the date of delivery of the Series 2026A Bonds. If UABME elects to refund any Series 2016B Bonds, when the Series 2026A Bonds are delivered, a portion of the proceeds of the Series 2026A Bonds will be deposited into the Debt Service Fund established under the trust indenture for the Series 2016B Bonds (the “Series 2016B Debt Service Fund”). The cash deposited to the Series 2016B Debt Service Fund will be sufficient to redeem the refunded Series 2016B Bonds on September 1, 2026 at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest.

Series 2017B1 Bonds and Series 2017B2 Bonds. The Authority has previously issued its (i) \$44,810,000 in original principal amount of Revenue Bonds, Series 2017B1 (the “Series 2017B1 Bonds”) and (ii) \$135,545,000 in original principal amount of Revenue Bonds, Series 2017B2 (the “Series 2017B2 Bonds”, and together with the Series 2017B1 Bonds, the “Series 2017 Bonds”) to provide financing for the benefit of the Obligated Group. The Series 2017B1 Bonds are currently outstanding in the principal amount of \$44,810,000. The Series 2017B2 Bonds are currently outstanding in the principal amount of \$135,545,000. The Series 2017 Bonds may be redeemed at the option of UABME on any Business Day on or after March 1, 2027, at a redemption price equal to 100% of the principal amount thereof plus accrued interest. The decision whether to refund any Series 2017 Bonds will depend on market conditions at the time of pricing. If UABME determines it is advantageous to refund some or all of the Series 2017 Bonds, proceeds of the Series 2026C Bonds will be used to defease such Series 2017 Bonds on the date of delivery of

the Series 2026C Bonds. If UABME elects to refund any Series 2017 Bonds, when the Series 2026C Bonds are delivered, a portion of the proceeds of the Series 2026C Bonds will be deposited into an escrow fund and invested in certain U.S. Treasury obligations, State and Local Government Series (commonly called “SLGS”) in accordance with the terms of an Escrow Trust Agreement (the “Escrow Agreement”), to be dated the date of delivery of the Series 2026C Bonds, among the Authority, UABME and Regions Bank, as escrow trustee. The cash and investment securities deposited to the escrow fund will be sufficient to redeem the defeased Series 2017 Bonds on March 1, 2027 at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest. The Series 2026C Bonds, if issued, will not be delivered until December 2, 2026 to avoid an advance refunding of the Series 2017 Bonds as prohibited under current tax law.

Sources and Uses of Funds

The estimated sources and uses of funds for the plan of finance are as follows (rounded to the nearest whole dollar):

Table 1.
Sources and Uses of Funds

Sources of Funds	Series 2026A Bonds	Series 2026C Bonds	Total
Principal amount of Bonds [Net] Original issue [premium/discount]	\$	\$	\$
Total sources	\$	\$	\$
Uses of Funds			
Refunding of Series 2016B Bonds ⁽¹⁾			
Deposit to Escrow Fund for Series 2017 Bonds ⁽¹⁾			
Payment of costs of issuance ⁽²⁾			
Total uses	\$	\$	\$

Note (1): All or a portion of the outstanding Series 2016B Bonds, Series 2017B1 Bonds and Series 2017B2 Bonds may be refunded as part of the plan of finance for the Bonds. The escrow fund for the Series 2017 Bonds will be established on or about December 2, 2026, when the Series 2026C Bonds are issued and delivered. See “FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS”.

Note (2): Includes underwriter’s discount, legal and accounting fees, printing costs, rating agency fees, and other costs of issuance.

Issuance of Series 2026B Bonds

Simultaneously with the issuance of the Series 2026A Bonds, the Authority will issue its Series 2026B Bonds in the aggregate principal amount of \$100,000,000*. The Series 2026B Bonds will be issued pursuant to a Trust Indenture (2026B) dated September 1, 2026 (the “2026B Bond Indenture”) between the Authority and the Bond Trustee. Proceeds of the sale of the Series 2026B Bonds will be loaned to UABME pursuant to a Loan Agreement (Series 2026B) (the “2026B Loan Agreement”) to provide financing for the benefit of UABME and the other members of the Obligated Group. Such proceeds will be used to finance or refinance the costs of a portion of the capital expenditures and special capital projects of the Obligated Group described under APPENDIX A – “FACILITIES AND SERVICES OF THE OBLIGATED GROUP – Capital Projects”. As evidence of its loan repayment obligation, UABME will deliver its promissory note (the “2026B Note”) pursuant to the 2026B Loan Agreement. The obligation of UABME with respect to the 2026B Loan Agreement and 2026B Note is a full faith and credit general obligation of UABME.

* Preliminary, subject to change.

To secure UABME's payment obligations under the 2026B Loan Agreement and the 2026B Note, the Obligated Group will issue the Series 2026B Master Indenture Obligation to Regions Bank, in its capacity as trustee under the 2026B Bond Indenture. The Series 2026B Master Indenture Obligation will be secured under the Master Indenture on parity with the Series 2026 Master Indenture Obligations, the Outstanding Master Indenture Obligations and Master Indenture Obligations hereafter issued under the Master Indenture.

RISK FACTORS

Introduction

The ability of the Obligated Group to make payments on the Bonds when due or the market value of the Bonds may be affected by various risk factors described in this section of the Official Statement as well as in other portions of this Official Statement. The following discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement and the appendices hereto.

Limitations on Source of Payment, Security and Remedies

Limited Source of Payment. The Bonds are limited obligations of the Authority, payable solely out of the respective Trust Estates. The Bonds do not constitute general obligations of the Authority; the Authority has not pledged its full faith and credit to the payment of the Bonds. In addition, the Bonds are not obligations or debts of the State of Alabama.

The Bonds of each series are payable only from the related Trust Estate, which consists primarily of loan payments by UABME pursuant to the related Loan Agreement and the related Note, and payments by the Obligated Group under the related Series 2026 Master Indenture Obligation.

Bankruptcy and Equitable Principles. The enforcement of remedies under the Financing Documents may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases. For example, if a proceeding in bankruptcy is initiated with respect to a member of the Obligated Group, the automatic stay provisions of the federal bankruptcy law may delay or restrict the ability of the Master Trustee to apply Pledged Revenues as provided in the remedy provisions of the Master Indenture.

Possible Limitations on Joint and Several Liability of Obligated Group Members. The joint and several obligation of members of the Obligated Group is in effect a guaranty by each member of the obligations of all other members of the Obligated Group. The state of insolvency, fraudulent conveyance and bankruptcy laws relating to the enforceability of such guarantees is unsettled. Thus, the ability of the Master Trustee to enforce the Master Indenture against any member of the Obligated Group that would be rendered insolvent by the required payment could be subject to challenge. For example, these provisions of law might be applied to preclude a member of the Obligated Group from making payment with respect to a Master Indenture Obligation if the proceeds of the related loan were not received by such member and payment on such Master Indenture Obligation would render such member insolvent. Also, these provisions of law might be applied to preclude a member of the Obligated Group from making a payment with respect to a Master Indenture Obligation if the obligation of such member under such Master Indenture Obligation was incurred without "fair", "valuable" or "fairly equivalent" consideration to such member and payment under such Master Indenture Obligation would render such member insolvent. The standards for determining the fairness or value of consideration and the manner of determining insolvency are not clear and may vary under the federal bankruptcy code, state fraudulent conveyance statutes and applicable judicial decisions.

Limitations on Lien on Pledged Revenues. The Master Indenture creates a pledge and assignment of, or security interest in, Pledged Revenues of the Obligated Group. Enforcement of this security interest is subject to various limitations, including the following:

Perfection of Security Interest. In order for the security interest in Pledged Revenues to be effective in bankruptcy, the security interest must be perfected under the Uniform Commercial Code of the State of Alabama. In general, the security interest in Pledged Revenues is perfected either by possession, for cash and investments, or by filing a financing statement, for accounts receivable and contract rights. Financing

statements have been filed as required by the Uniform Commercial Code with respect to the lien on Pledged Revenues, but must be renewed periodically in order to preserve the perfection of the security interest in accounts and contract rights. The Master Indenture does not provide for, or permit, possession by the Master Trustee of cash proceeds derived from Pledged Revenues unless an event of default exists under the Master Indenture. If no event of default exists, the Master Indenture provides in effect that the cash proceeds of accounts and contract rights may be retained by the Obligated Group members and used for any lawful purpose. In bankruptcy, the security interest of the Master Indenture would not be perfected, or effective, with respect to such cash proceeds in the possession of the Obligated Group.

Assignment of Right to Receive Payments. Enforcement of the right to receive payments under the Medicare and Medicaid programs may be subject to restrictions under federal and state law limiting assignment of payments due to health care providers. Such laws may, in effect, require that payments be made directly to the health care provider rather than a secured party, such as the Master Trustee.

Additional Debt. All Master Indenture Obligations are secured on a parity by the lien on Pledged Revenues. If the Obligated Group incurs additional debt secured by Master Indenture Obligations, the security interest in Pledged Revenues for the benefit of Bondholders will in effect be diluted.

No Mortgage or Security Interest in Assets Other Than Pledged Revenues. Neither the Master Indenture nor any other financing document creates a mortgage on, or security interest in, any hospital or other fixed assets of the Obligated Group. Neither of the Bond Indentures nor the Master Indenture provides for creation of a debt service reserve fund or other similar fund. The only security interest created is in Pledged Revenues.

Hospitals Are Limited Use Facilities. The hospitals and other health care facilities of the Obligated Group, which are the principal operating assets of the Obligated Group, are limited use facilities, suitable primarily for hospital or health care purposes. Consequently, the market for sale or other disposition of such facilities is limited. In the event of a sale of such facilities, whether in a bankruptcy proceeding or otherwise, the number of potential purchasers, and the sale price, may be affected by the limited possible use.

Potential Prior Liens on Assets of the Obligated Group. The Master Indenture permits certain liens or encumbrances, referred to in the Master Indenture as “Permitted Liens,” in favor of other creditors with respect to assets of the Obligated Group. Permitted Liens include mortgage liens on existing facilities of the Obligated Group in certain circumstances. If such a Permitted Lien is created, creditors secured by such liens will have a prior lien with respect to the assets covered by such Permitted Liens. For a description of Permitted Liens, see APPENDIX I – “THE MASTER INDENTURE.”

Master Indenture Does Not Restrict Affiliates of UABME that are not Obligated Group Members. The Master Indenture does not impose limitations or restrictions on the activities of affiliates of UABME that are not members of the Obligated Group. For example, the Master Indenture does not restrict debt of such affiliates and does not restrict the creation of liens on property of such affiliates.

Sovereign Immunity of UA Board. As described above under “SOURCE OF PAYMENT AND SECURITY – Limitations on Remedies; Sovereign Immunity of UA Board”, UA Board is protected under the doctrine of sovereign immunity which may limit certain legal proceedings against UA Board.

Financial Covenants and Debt Management

General. The Master Indenture imposes various financial and operating covenants on the Obligated Group. For a description of those covenants, see APPENDIX I – “THE MASTER INDENTURE.” Currently, the only significant financial and operating covenants of the Obligated Group are those imposed by the Master Indenture. The Obligated Group may in the future incur additional debt that will have additional or more restrictive financial or operating covenants. See “Special Covenants for Provider of Standby BPA” below. Holders of the Bonds may not have the benefit of, or the ability to enforce, or waive, such covenants; however, default under any such covenants could subject the Obligated Group to financial distress, including without limitation possible acceleration of the related

indebtedness, that could affect the Obligated Group's ability to operate its health care facilities and manage its debt portfolio in the normal course of business.

Balloon Debt and Purchase Obligations. Certain members of the Obligated Group have debt with balloon payment obligations. Balloon debt carries refinancing risk and, depending on market conditions, may be prevented from being refinanced prior to the maturity of a balloon payment or may be refinanced at a significantly higher interest rate in the future. For a description of this debt see APPENDIX A.

Special Covenants for Provider of Standby BPA. In connection with the issuance of the Series 2026B Bonds, UABME, on behalf of itself and as Representative of the Obligated Group, is expected to enter into a Standby Bond Purchase Agreement (the "Standby BPA") with JPMorgan Chase Bank, National Association ("JPMorgan Chase") and the Bond Trustee. The Standby BPA may contain various operating and financial covenants of the Obligated Group that may be more restrictive than the corresponding covenants contained in the Master Indenture or grant certain rights that are not included in the Master Indenture. In addition to the security of the Master Indenture and the covenants and rights contained therein, JPMorgan Chase would have the benefit of the covenants and rights, if any, that will be contained in the Standby BPA.

Tax-Exempt Status of Bonds

It is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See "TAX STATUS". Bond counsel is delivering an opinion with respect to certain aspects of the tax status of each series of Bonds. The forms of such opinions are attached to this Official Statement as APPENDIX J and should be read in their entirety for a complete understanding of the scope of the opinions and the conclusions expressed. A legal opinion is only the expression of professional judgment and does not constitute a guaranty with respect to the matters covered. In addition, the opinion of bond counsel speaks only as of its date, and bond counsel does not undertake to advise Bondholders about subsequent developments.

The tax status of the Bonds could be affected by post-issuance events. There are various requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") that must be observed or satisfied after the issuance of the Bonds in order for the Bonds to qualify for, and retain, tax-exempt status. These requirements include use of the proceeds of the Bonds, use of the facilities financed by the Bonds, investment of Bond proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of UABME and the Obligated Group.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Bonds, UABME would be treated as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit process. The initiation of an audit with respect to the Bonds could adversely affect the market value and liquidity of the Bonds, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Bonds.

In addition to post-issuance compliance, a change in law after the date of issuance of the Bonds could affect the tax-exempt status of the Bonds or the effect of investing in the Bonds. For example, Congress could eliminate the exemption for interest on the Bonds, or it could reduce or eliminate the federal income tax, or it could adopt a so-called flat tax.

The Bond Indentures do not provide for the payment of any additional interest or penalty if a determination is made that the Bonds do not comply with the existing requirements of the Internal Revenue Code or if a subsequent change in law adversely affects tax-exempt status of the Bonds or the effect of investing in the Bonds.

Forward Delivery of the Series 2026C Bonds

The Series 2026C Bonds are being issued pursuant to a forward delivery arrangement. It is expected that the Series 2026C Bonds will be issued on or about December 2, 2026. The issuance of the Series 2026C Bonds is contingent upon delivery of certain certificates and legal opinions and the satisfaction of other conditions described

herein and in the forward delivery bond purchase contract for the Series 2026C Bonds. The extended period of time between the date of sale of the Series 2026C Bonds and the 2026C Settlement Date may have significant consequences to the purchasers of the Series 2026C Bonds. The market value of the Series 2026C Bonds on the date of issuance and delivery thereof is unlikely to be the same as, and will likely be greater or less than, the initial offering prices thereof, and such difference may be substantial.

Several factors may adversely affect the market prices of the Series 2026C Bonds, including, but not limited to, a reduction in the ratings on the Series 2026C Bonds between the sale date and the 2026C Settlement Date, a general increase in interest rates for all obligations and other indebtedness, any threatened or adopted change in federal or Alabama tax laws affecting the relative benefits of owning tax-exempt securities like the Series 2026C Bonds instead of other types of investments, such as fully taxable obligations, or any adverse development with respect to the financial condition or operations of UABME and the Obligated Group. No assurance can be given that a secondary market will exist for the Series 2026C Bonds between the sale date and the 2026C Settlement Date or that investors will have the ability to trade the Series 2026C Bonds during the period of time between the date of this Official Statement and the issuance and delivery of the Series 2026C Bonds. Prospective purchasers of the Series 2026C Bonds should assume that sales of the Series 2026C Bonds will not be liquid during such time period.

For a more complete discussion of the forward delivery arrangement with respect to the Series 2026C Bonds, including additional investment considerations with respect to such certificates, See “FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS” herein. As described under “FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS”, the Underwriters may not refuse to purchase the Series 2026C Bonds, and the purchasers may not refuse to accept delivery and pay for the Series 2026C Bonds from the Underwriters by reason of “general market or credit changes”, including but not limited to changes in the ratings on the Series 2026C Bonds or change in the financial condition, operations, performance, properties or prospects of UABME and the other Members of the Obligated Group, except in very limited circumstances described under “FORWARD DELIVERY CONSIDERATIONS RESPECTING THE SERIES 2026C BONDS”.

Health Care Industry Factors

The health care industry is subject to a number of factors that could adversely affect the business prospects of the Obligated Group. Among those factors are the following:

The Health Care Industry is Highly Regulated. The health care industry is highly regulated by the federal and state governments. These laws and regulations relate to areas such as the required delivery of care whether or not patients have the resources for payment, the quality of care and outcomes of health care services provided, excessive re-admission of patients, accuracy of billing and collecting for services rendered, privacy of patients and their health care information, and the relationship between providers and physicians who refer patients to the provider’s health care facilities. For providers organized as charitable organizations under Section 501(c)(3) of the Internal Revenue Code, there are additional laws and regulations that must be satisfied to preserve the tax-exempt status of the Bonds and the Members of the Obligated Group. The cost of compliance is a material portion of the budgets of the Members of the Obligated Group.

Payment Systems. The Obligated Group derives most of its revenues from Medicare, Medicaid, Blue Cross and other third party payor programs. Such programs may provide payment for services rendered to their beneficiaries in an amount that is less than actual costs of providing care. These payment systems are complex, subject to periodic change, and require a high degree of accuracy in the billing and collecting process. Failure to submit accurate billing may result in large financial penalties or claims or disqualification from the program. Penalties or claims may be from governmental authorities, such as the Justice Department and the Office of Inspector General, independent auditing firms under contract with the government, or from private litigants under so-called “qui tam actions”.

Alternate Payment Systems. The Obligated Group currently provides coverage on a capitated basis under some plans. Capitated coverage plans carry increased risk to healthcare systems for the amount and cost of services provided. The payment systems utilized by the Obligated Group for health care services may be expanded to cover additional capitation plans or other coverage programs in which the providers assume the risk of health care services for a defined population.

Managed Care Exposure. Certain health care markets, including many communities in Alabama are strongly impacted by managed care. In those areas, managed care companies have significant influence over the rates, utilization and competition of hospitals and other health care providers. Rate pressure imposed by managed care payors may have a material adverse impact on health care providers, particularly if major purchasers or governmental authorities put increasing pressure on payors to restrain rate increases. In addition, disputes with non-contracted payors are increasing and may result in an inability to collect billed charges from these payors.

Uncompensated Care. Hospital providers across the country continue to see a rise in uncompensated care as a result of adverse economic conditions or other factors that further increase the proportion of patients who are unable to pay fully for their cost of care. The cost of uncompensated care has generally been absorbed by margins generated by contracts with Managed Care Organizations. Increases in contracted reimbursement rates may not be sufficient to fully offset the increased cost of uncompensated care.

Impact of Healthcare Reform. In 2010, Congress adopted extensive health reform legislation commonly referred to as the Affordable Care Act (referred to herein as the “ACA” or “*Healthcare Reform Acts*”). This legislation attempts to extend commercial insurance coverage and Medicaid coverage to many patients not previously covered. The ACA legislation also imposes numerous operating and reporting requirements on health care providers. Implementation of the various ACA initiatives will take several years and will require extensive time and expense.

Further, the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017, repealed the individual mandate of the ACA, which subjected certain individuals to tax penalties for failure to purchase health insurance. The One Big Beautiful Bill Act of 2025 (“OBBBA”), signed into law on July 4, 2025, extends and expands the tax cuts from the Tax Cuts and Jobs Act, including modifications that may materially affect tax-exempt organizations, and includes substantial reforms to Medicare, Medicaid, and Affordable Care Act premium tax credits and eligibility as described herein. In addition to legislative changes, ACA implementation can be significantly impacted by executive branch actions. The effect of such actions could be material.

Since the enactment of the Healthcare Reform Acts, the topic of further health care reform continues to be actively debated by Congress and the courts. Any future health care reform initiatives may subject health care providers to increased compliance requirements, reduced reimbursement for services, increased costs, or a combination of such results. This creates uncertainty and the scope and effect of future legislation or judicial action cannot be predicted, but such future legislation or judicial action could have a material adverse impact on the Health System.

Budgetary Pressure for Medicare and Medicaid Funding. Medicare and Medicaid are government-sponsored programs. Funding for those programs is subject to the legislative process of federal and state governments. The spending policies or deficit reduction initiatives of those governments have resulted in significant reductions in reimbursement for health care services in the past and can be expected to apply pressure on reimbursement for the foreseeable future.

Competition from Other Providers. The health care industry is highly competitive. Construction of new facilities in the Obligated Group’s market can have an adverse effect on utilization of the Obligated Group’s facilities. Payors for health care services, including private insurers, may form “closed” or “narrow” networks or policies that restrict payment for services only to certain providers in a coverage area. Exclusion of the Obligated Group from such networks can have a significant negative impact on utilization at the Health System’s facilities.

Shortage of Clinical Professionals. The health care industry continues to experience significant shortages of physicians, nursing, and other technical personnel. Federal projections indicate substantial registered nurse shortages are expected to persist for the foreseeable future, and industry surveys report elevated vacancy and turnover rates in acute care settings. Various studies predict that physician and nursing shortages will become more acute over time. Hospital operations, patient and physician satisfaction, financial condition and future growth have been and could continue to be negatively affected by physician and nursing and other technical personnel shortages, resulting in material adverse impact to hospitals.

Labor Costs and Disruption. Hospitals are labor intensive. Labor costs, including salary, benefits and other liabilities associated with the workforce, are a significant component of hospital expenses and therefore have

significant impact on hospital operations and financial condition. Hospital workforce costs have increased substantially, with labor expenses now comprising a significant portion of total hospital expenses. Wage pressures have intensified as hospitals compete to recruit and retain nurses, physicians and other staff. Pressure to recruit, train and retain qualified employees is expected to continue.

Government Fraud Enforcement. Fraud in government funded health care programs is a significant concern of federal and state governmental agencies which regulate the Health System's hospitals. The federal government and, to a lesser degree, state governments impose a wide variety of extraordinarily complex and technical requirements intended to prevent over-utilization or excess charges based on economic inducements, misallocation of expenses, overcharging and other forms of fraud in the Medicare and Medicaid programs as well as other state and federally-funded health care programs.

Nearly every aspect of hospital operation and health care delivery is regulated, in some cases by multiple agencies of government. The government periodically conducts widespread investigations covering categories of services or certain accounting or billing practices. In addition, the Healthcare Reform Acts have resulted in provider enrollment screening and enhanced oversight periods for new providers and suppliers.

Violations and Sanctions. Federal or state governments or private "whistleblowers" often pursue aggressive investigative and enforcement actions. The government has a wide array of civil, criminal and monetary penalties which can be imposed for violations, including withholding essential hospital and other health care provider payments from the Medicare or Medicaid programs, or exclusion from those programs. Aggressive investigation and prosecutorial tactics, negative publicity, and threatened penalties of a catastrophic nature can be, and often are, used to force settlements, payment of fines, and impose prospective restrictions that may have a materially adverse impact on hospital and other health care provider operations, financial condition and reputation. These risks are generally uninsured.

Management of the Obligated Group will continue to analyze the ACA and any modified or replacement legislation in order to assess its effects 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 any such legislation.

Fraud and Abuse Provisions. As noted above under "*Government Fraud Enforcement*" and "*Violations and Sanctions*," healthcare providers, including the facilities operated by the Members of the Obligated Group, are under increasing scrutiny relating to their participation in, and reimbursements from, state and federal programs, including Medicare and Medicaid. These statutes include:

- the federal "Anti-Kickback Law" which is a felony criminal statute that prohibits anyone from knowingly and willfully soliciting, receiving, offering or paying for, among other things, a referral (or to induce a referral) for any item or service that may be paid by any federal or state health care program;
- the federal "Stark Law," which prohibits, among other things, the referral by a physician of Medicare/Medicaid patients for certain designated health services to entities with which the referring physician has a financial relationship, unless the relationship fits within a stated statutory or regulatory exception; and
- similar Alabama statutes.

The Anti-Kickback Law and the Stark Law potentially may apply to many common health care transactions between persons and entities with which a hospital or health care system does business. Violations of these laws can be prosecuted either criminally or civilly and may result in substantial fines for each violation, sometimes on a treble basis. Violation or alleged violation of the Anti-Kickback Law or the Stark Law can result in settlements that require multi-million dollar payments and compliance agreements and potentially also exclusion from participation in federal or state health care programs like Medicare and Medicaid.

In the case of the Stark Law, Medicare may deny payment for all services related to a prohibited referral and requires providers to refund the amounts collected from the Medicare program. 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. The federal government is prosecuting violations of the Stark Law under the federal false claims act (“FCA”), based on the argument that claims resulting from an illegal referral arrangement are also false claims.

The Anti-Kickback Law and the Stark Law are very detailed and complex. In addition, 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 FCA 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.

Management of the Obligated Group is not aware of any proceeding or investigation against the Obligated Group in which a violation of the Anti-Kickback Law, Stark Law or other law mentioned above is alleged or suspected by any governmental agency.

HIPAA; HITECH Act; Privacy Requirements. The Health Insurance Portability and Accountability Act of 1996, or HIPAA, adds additional criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. Additionally, other federal laws and state laws address the confidentiality of individuals’ health information. HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds or other assets of a health care benefit program. A health care provider convicted of health care fraud could be excluded from Medicare or Medicaid. HIPAA also addresses the confidentiality of individuals’ health information. Disclosure of certain broadly defined protected health information is prohibited unless expressly permitted under the provisions of the HIPAA statute and regulations or authorized by the patient. Compliance with these rules adds costs and can create potentially unanticipated sources of legal liability.

HIPAA imposes civil monetary penalties for violations and criminal penalties for obtaining or using individually identifiable health information.

Provisions in the Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”), enacted as part of the American Recovery and Reinvestment Act of 2009, increase the maximum civil monetary penalties for violations of HIPAA and grant enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extends the reach of HIPAA beyond “covered entities,” (ii) imposes a breach notification requirement on HIPAA covered entities, (iii) limits certain uses and disclosures of individually identifiable health information, and (iv) restricts covered entities’ marketing communications.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments for the “meaningful use” of certified electronic health record (“EHR”) technology. Hospitals and physicians who have not satisfied the performance and reporting criteria for demonstrating meaningful use of EHR technology will have their Medicare payments significantly reduced.

Security Breaches and Unauthorized Releases of Personal Information. Federal, state and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals’ personal information, including patient health information. Healthcare data breaches continue to increase in frequency and scale, with recent high-profile ransomware attacks on healthcare clearinghouses and payment processors demonstrating the systemic risks posed by cyberattacks on critical healthcare infrastructure. Such attacks can disrupt billing, claims processing, prior authorizations, and other essential operations for extended periods.

Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. Notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. Failure to comply with restrictions on patient privacy or to maintain robust information security

safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a health care provider's reputation and materially adversely affect business operations.

The Members of the Obligated Group have established programs and procedures to comply with HIPAA and the HITECH Act. Management of the Obligated Group is not aware of any pending or threatened claim of violation of either or both of such acts. However, there can be no assurance that no such violation has not occurred or will not occur, and if found that any sanction would not have a material adverse effect on the operation or the financial condition or the results of operations of the Obligated Group.

Trend Toward Large-Deductible Insurance Policies. Coverage provided by insurance is trending toward large deductibles or self-insurance retention for patients, which reduces the required premiums, but increases out-of-pocket expense for the insured. These large deductible policies can be expected to increase the challenge of collecting for services rendered and may result in an increase of bad debt expense for health care providers.

Non-Compliance with Conditions of Participation. The Health System's continued participation in the Medicare and Medicaid programs is dependent upon satisfactory compliance with Conditions of Participation ("COPs") in the Medicare program. COPs are the standards that a health care provider must meet in order to be accredited by CMS to participate in the Medicare and Medicaid programs. Failure to meet these conditions could result in exclusion of the Health System from these programs.

EMTALA. The Emergency Medical Treatment and Active Labor Act ("EMTALA") is a federal civil statute that requires hospitals to conduct a medical screening for emergency conditions and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient. A hospital that violates EMTALA is subject to civil penalties of up to \$105,000 per offense and exclusion from Medicare and Medicaid programs. In addition, a hospital may be liable for any claim by an individual who has suffered harm as a result of a violation of EMTALA. The Obligated Group's management cannot predict the future impact of providing care required by EMTALA.

COVID-19 or Other Public Health Emergencies. The occurrence of a public health emergency, including a widespread outbreak of an infectious disease, including, but not limited to, COVID-19, Ebola, Zika, or H1N1, may put stress on the capacity of all or a part of the Obligated Group's health care facilities, could result in an abnormally high demand for health care services, require that resources be diverted from one part of operations of the Obligated Group to another part, disrupt the supply chain for equipment and supplies necessary for the operation of the Obligated Group's facilities or impair the operation of part or all of the Obligated Group's facilities.

Public health emergencies have historically had significant negative effects on the economy generally as well as direct health care related consequences, including volatility in equity markets and the public markets for the issuance and trading of all securities. The effect of any future public health emergency or crisis on the Obligated Group's operations and finances could be material and cannot be predicted at this time.

Federal and state legislation passed in response to the COVID-19 pandemic created programs to distribute funds through grants or other mechanisms to eligible providers for healthcare related expenses or lost revenues that are attributable to COVID-19. Federal and state authorities are expected to maintain robust audit programs to ensure compliance with the terms and conditions of such funds. Failure to comply with such conditions could result in penalty assessments, fines and other punitive action.

Pressures on the State budget may negatively impact healthcare funding. Many states, including Alabama, face severe financial challenges, including erosion of general fund tax revenues, falling real estate values, slower economic growth and higher unemployment. Shortfalls between state revenues and spending demands, along with balanced budget requirements, have in the past and may in the future result in cutbacks to state-funded healthcare programs such as Medicaid. These economic conditions and the resulting shortfalls are expected to continue in the current fiscal year and may continue in future fiscal years. Since federal payments and the amounts appropriated by the Alabama legislatures for the payment of Medicaid claims have not, historically, been sufficient to reimburse hospitals for their actual costs of providing services to Medicaid patients, the financial challenges facing Alabama may negatively affect Members of the Obligated Group in a number of ways. They may lead to a greater number of indigent patients who are unable to pay for their care and a greater number of individuals who qualify for Medicaid.

They may cause Alabama to seek to generate revenue or reduce expenses by changing eligibility requirements for Medicaid recipients, changing the method of or reducing the amount of payments to hospitals for Medicaid services, delaying actual payments due to hospitals for Medicaid services, increasing the frequency of regulatory investigations, and/or changing the tax-exempt treatment of charitable organizations' income or real estate.

The Obligated Group cannot predict what actions might be taken in future years by the Alabama legislature to address the state's financial challenges. Alabama's actions will likely depend on national and state economic conditions and other factors that are unknown at this time.

Alabama Certificate of Need Legislation. Alabama maintains "certificate of need" legislation to control the levels and types of capital expenditures undertaken and new services provided by health care facilities in Alabama, including the Obligated Group. Approval may be necessary in order for certain major capital expenditures to be made or new services offered. No assurance can be given as to the Obligated Group's ability to obtain future certificate of need approval of projects, including for hospitals and ambulatory surgery centers, and the failure to receive future approvals could have a material adverse effect on the Obligated Group. Although the certificate of need legislation limits the Obligated Group's ability to undertake certain capital expenditures or offer new services, it also limits the ability of other health care providers to do so unless a need exists in the community. Recently, some states have amended their certificate of need laws to reduce or remove the controls imposed on new services, facilities and equipment. If the Alabama certificate of need legislation were to be repealed or significantly modified, this could have a material adverse effect on the Obligated Group.

State Provider Fee Programs. Certain states, including Alabama, have created programs that impose a fee or tax on health care providers, the proceeds of which are intended to be used as a mechanism to generate new in-state funds that can be matched with federal funds so that the state receives additional federal Medicaid funding. The OBBBA restricts and phases down certain Medicaid provider tax and related financing arrangements, which could significantly reduce federal matching funds available to Alabama and may result in substantial reductions in Medicaid reimbursement or increased state costs. The Obligated Group has benefitted overall from the provider fee program, and management of the Obligated Group believes the restrictions in the OBBBA on Alabama's current provider fee program could materially adversely affect the business or financial condition of the Obligated Group.

Antitrust. Enforcement of the antitrust laws against healthcare providers continues to be active, 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. The Federal Trade Commission and Department of Justice continue to closely scrutinize healthcare mergers and acquisitions, with particular focus on hospital consolidation, physician practice acquisitions, and labor market competition. Federal agencies have also increased attention to anti-steering provisions in hospital-payor contracts and noncompete agreements affecting healthcare workers. 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.

From time to time, the Health System 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 Health System 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 those operated by the Health System, 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 under certain circumstances where a competitor suffers business damage.

The ability to consummate mergers, acquisitions or affiliations may also be impaired by the antitrust laws resulting in the inability of the Obligated Group to fulfill its strategic plans. Liability in any of these or other antitrust areas of liability may be substantial, depending on the facts and circumstances of each case.

Other Factors Affecting the Health Care Industry. In addition to the factors discussed above, the following additional factors, among others, may adversely affect the operations of health care providers, including the Obligated Group:

- Increased efforts by insurers, private employers and governmental agencies to limit the cost of hospital services, 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.
- Termination of existing agreements between a provider and employed physicians who render services to the provider's patients, or alteration of referral patterns by independent physicians and physician groups.
- The availability and cost of insurance or self-insurance to protect against malpractice and general liability claims.
- Environmental and hazardous waste disposal regulations.
- Future legislation and regulations affecting the tax-exempt status of 501(c)(3) hospitals or imposing additional requirements on qualification.
- The reduced need for hospitalization or other traditional health care services as a result of medical and other scientific advances.
- Imposition of wage and price controls for the health care industry.
- The availability of or cost of retaining nursing, technical or other health care personnel.
- Reduction in population, increased unemployment or other adverse economic conditions in the market.

Factors Affecting Academic Medical Centers

Academic medical center hospitals, like those operated by the Obligated Group, are subject to certain negative credit factors that do not affect other not-for-profit hospitals. Among those factors are the following:

Special Revenue and Expense Challenges. The research and teaching divisions at academic medical centers often operate at break-even or deficit levels. Funding these missions sometimes requires organizational subsidies that can detrimentally affect the hospital's overall operating performance, and securing federal funding for research has become increasingly competitive among research institutions. National Institutes of Health ("NIH") funding has been the subject of proposed budget reductions, and material cuts to NIH funding could result in fewer research grants and skilled workforce shortages that risk slowing biomedical advancements. The outcome of congressional appropriations and the actual level of NIH funding cannot be predicted, but material reductions in research funding could result in the need for additional financial support of the research enterprise. Fundraising, endowment spending and excess cash generated from patient care can be used to support the non-clinical departments at an academic medical center, but these sources of funding may not be enough to offset the drag on operating funds.

Inordinately High Exposure to Medicaid Patients. Many academic medical centers provide a disproportionate amount of charity care in their communities, which results in high exposure to Medicaid patients and receipt of Disproportionate Share Hospital ("DSH") Payments. Medicaid reimbursement cuts in recent years have disproportionately impacted academic medical centers. Federal DSH allotments are subject to substantial reductions that began in fiscal year 2025 and are expected to continue through fiscal year 2027 before returning to normal levels.

The combination of DSH reductions and OBBBA Medicaid reforms occurring simultaneously creates significant financial pressure on hospitals serving high Medicaid populations.

Medical Education Costs; Negative Reimbursement Pressure from Medicare and Medicaid. Medicare pays for certain costs associated with both direct and indirect medical education (including portions of the salaries of residents and teachers and other overhead costs directly attributable to medical education programs for training residents, nurses and allied health professionals), termed graduate medical education (“GME”) payments and indirect medical education (“IME”) payments. Medicare GME payments represent a significant source of funding for teaching hospitals. The direct and indirect GME reimbursement programs have repeatedly emerged as targets in legislative efforts to reduce the federal budget deficit.

The federal government has proposed a reduction in graduate medical education funding from the United States Department of Health and Human Services’ (“HHS”) Centers for Medicare and Medicaid Services (“CMS”) as one way to address federal budget challenges. Although funding cuts would impact all teaching hospitals with medical residents, academic medical centers would be disproportionately impacted due to higher numbers of residents and greater indirect cost payments for high acuity services performed.

The calculations for both the direct part and the indirect part of Medicare payments for GME includes certain limitations on the number and classification of full-time equivalent residents reimbursed by Medicare. There can be no assurance that payments to the Obligated Group for providing medical education will be adequate to cover the costs attributable to medical education programs for training residents, nurses and allied health professionals. The GME and IME programs are subject to reductions and modifications based on changes to relevant law, and such reductions and modifications could have a material adverse effect on the Obligated Group.

Enforcement Affecting Clinical Research. In addition to increasing enforcement of laws governing payment and reimbursement, the federal government has stepped up enforcement of laws and regulations governing the conduct of clinical trials at hospitals. HHS elevated and strengthened its Office of Human Research Protection, one of the agencies with responsibilities for monitoring federally-funded research. In addition, the NIH significantly increased the number of facility inspections that these agencies perform. The U.S. 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.

Increased Financial Support for Sponsoring University. Academic medical centers are increasingly facing requests for financial transfers to their associated universities to support strategic investments, program development and educational activities. These financial transfers are typically negotiated between the university and the hospital on an annual basis, and immediate needs at the university level could lead to a growing financial subsidy. These payments could adversely affect the academic medical center’s operating performance.

Economic Conditions and Financial Markets

The U.S. economy is unpredictable. Economic downturns and other unfavorable economic conditions have previously impacted the health care industry and health care providers’ operations and financial condition. If general economic conditions worsen as a result of inflation, rising costs, the implementation of tariffs or other economic policy initiatives and/or other causes, the Obligated Group’s financial performance and its liquidity and ability to repay outstanding debt, including debt service on the Bonds, may be adversely affected. Broad economic factors—such as unemployment rates, inflation, interest rate increases or instabilities in consumer demand and consumer spending—could affect the Obligated Group’s patient service volumes and its ability to collect outstanding receivables. Additionally, following the passage of the Inflation Reduction Act of 2022 (the “IRA”) and the implementation of a corporate alternative minimum tax for certain entities, those entities may have less capital to invest in bond markets, and the demand for the Bonds could be adversely impacted.

Other economic conditions that from time to time may adversely affect the Obligated Group’s revenues and expenses, and consequently, its ability to pay debt service on the Bonds, include but are not limited to: (1) an inability to access financial markets on acceptable terms at a desired time, (2) significant investment portfolio losses, (3)

increased business failures and consumer and business bankruptcies, (4) federal and state budget challenges resulting in reduced or delayed Medicare and Medicaid reimbursement, (5) a reduction in the demand for health care services or patient decisions to postpone or cancel elective and non-emergency health care procedures, (6) increased malpractice, casualty and other insurance expenses, (7) reduced availability or affordability of health insurance, (8) a shortage of physician, nursing, or other professional personnel, (9) a shortage of medical supplies and critical care unit beds, (10) increased inflation, interest rates and operating costs, (11) a reduction in the receipt of grants and charitable contributions, (12) unfavorable demographic developments in the Obligated Group's service areas, (13) unavailability of liquidity during periods of economic stress caused by delayed reimbursement or payment, or increased costs of liquidity facilities, or (14) increased competition from other health care institutions.

Like the rest of the country, the Obligated Group has recently experienced significant increases in the costs of goods and services needed by Members of the Obligated Group to operate their facilities, as well as meaningful wage and salary pressures, and any increases in fees to cover these inflationary costs or pressures may be limited by competition and other factors. Supply chain challenges may also negatively impact the Obligated Group's ability to maintain its facilities and construct new facilities. As a result, the Obligated Group may experience delays and increased costs associated with inflation and such supply chain issues.

Emerging Technologies and Innovations

The healthcare industry is experiencing a transformative shift with the advent of emerging technologies such as telemedicine and artificial intelligence ("AI"). These innovations present both opportunities and risks that may adversely affect the operations of health care providers, including the Obligated Group.

Telemedicine. Telemedicine has revolutionized patient care by enabling remote consultations, thereby increasing access to healthcare services, especially in underserved areas. However, it also introduces new risks related to the quality of care, patient privacy, and data security. The reliance on digital platforms for telemedicine necessitates robust cybersecurity measures to protect sensitive patient information from unauthorized access and breaches.

Artificial Intelligence. AI is being increasingly utilized in diagnostics, treatment planning, and patient monitoring. While AI can enhance the accuracy and efficiency of healthcare delivery, it also poses risks related to algorithmic bias, data privacy, and the potential for errors in AI-driven decision-making processes.

Shifting Political Landscape for Health Care in the U.S.

Federal Legislation. The Trump administration's economic, tax and health care policies could have a significant impact on the health care industry and the Members of the Obligated Group. Since taking office in January 2025, President Trump has announced, revised, paused and enacted various executive orders and tariffs which could have wide-reaching economic impact on the health care industry, including increasing the costs of constructing new medical facilities and the costs of medical equipment, pharmaceutical products and supplies.

Shifts in leadership at executive agencies such as HHS, CMS, and the Food and Drug Administration ("FDA"), and the creation of executive commissions such as the Department of Government Efficiency and the Make America Healthy Again Commission, may create uncertainty for health care providers around regulatory priorities, Medicare and Medicaid reimbursement, and other funding upon which providers may rely. As described more herein, OBBBA includes significant reforms to Medicare, Medicaid and Affordable Care Act premium tax credits and eligibility. Such reforms include changes that restrict and phase down certain Medicaid provider tax and related financing arrangements and amend federal requirements for state-directed payments. The implications of these provisions could be far-reaching and may become evident only over time.

The OBBBA also extended and expanded the tax cuts to corporations and individuals provided by the Tax Cuts and Jobs Act of 2017, which were set to expire at the end of 2025. Congress used the budget reconciliation process to extend expiring tax cuts and other Administration priorities, while using reductions in federal health care spending, particularly Medicaid spending, to partially pay for the law. Reductions in the corporate or individual tax rates could also be offset by revenue raisers such as a tax on excess compensation within tax-exempt organizations. The tax reform impacted by OBBBA may materially affect the Obligated Group's operations, financial condition, access to capital or tax-exempt status. It is not possible to predict with any certainty the timing, scope, or impact of implementing guidance, agency interpretation, or any future amendments affecting the foregoing provisions.

Medicaid. Medicaid (Title XIX of the federal Social Security Act) is a health insurance program for certain low-income and needy individuals that is jointly funded by the federal government and the states. It covers over 80 million people, including children, the aged, blind, and/or disabled, and individuals who are eligible to receive federally assisted income maintenance payments. Pursuant to broad federal guidelines, the states and the United States territories (Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands) each (1) establish their own eligibility standards; (2) determine the type, amount, duration, and scope of services; (3) set the payment rates for services; and (4) administer their own programs. Some states operate certain Medicaid programs under a waiver of some of the basic Medicaid requirements. Pursuant to the Medicaid program, the federal government supplements funds provided by the various states for medical assistance to the medically indigent. Payment for such medical and health services is made to hospitals in an amount determined in accordance with procedures and standards established by state law under federal guidelines.

The OBBBA includes substantial reforms to Medicaid that may materially affect the financial condition of health care providers and health systems that rely on Medicaid reimbursement. The Congressional Budget Office estimates that the OBBBA mandates will result in reductions in federal Medicaid funding of over \$1 trillion in the next decade, and it introduces a series of new eligibility, administrative, and cost-sharing requirements, as well as new limits on Medicaid supplemental and directed payments and new Medicaid financing restrictions.

Key provisions of the OBBBA related to Medicaid include mandatory work and community engagement requirements for most non-disabled adults under age 65, more frequent and stringent eligibility redeterminations (potentially requiring renewal every six months for certain beneficiaries), increased copayments for certain Medicaid beneficiaries, restrictions on state financing mechanisms such as provider taxes, limits on state directed payments, and new limitations on Medicaid coverage for certain immigrant populations. These changes are expected to have several material effects on state Medicaid programs and the broader health care delivery system, including: (i) coverage losses and increased uninsured rates, resulting in higher uncompensated care costs for hospitals and health care providers, particularly those serving low-income and rural populations, (ii) increased fiscal pressure on states to maintain current coverage levels, whether through increases in their own contributions or, alternatively, reductions in benefits, provider payments or eligibility, and (iii) adverse effects on the financial condition of hospitals and providers, especially those with a high proportion of Medicaid patients, as a result of reductions in Medicaid enrollment and payments. Recent reports have identified several Alabama hospitals as being at risk of closure due to these Medicaid reforms.

The Medicaid reforms imposed by the OBBBA could have a material adverse effect upon the Members of the Obligated Group's operations and financial results.

Section 340B Drug Pricing Program. Members of the Obligated Group participate in the prescription drug discount program established under Section 340B of the federal Public Health Service Act (the "340B Program"). The 340B Program permits eligible covered entities to purchase certain covered outpatient drugs at discounted prices, subject to registration, enrollment, and ongoing compliance with 340B Program requirements.

Beginning in calendar year 2018, CMS reduced Medicare OPPS reimbursement for certain 340B-acquired drugs from ASP plus 6% to ASP minus 22.5%. The United States Supreme Court subsequently held in *American Hospital Association v. Becerra* that HHS acted unlawfully by reducing those rates without first conducting the required hospital acquisition-cost survey. Following that decision, CMS restored the ASP plus 6% payment rate and adopted a remedy that included approximately \$9.0 billion in lump-sum payments to affected hospitals, together with a prospective 0.5% reduction to OPPS payments for non-drug items and services beginning in calendar year 2026 until CMS recoups an estimated \$7.8 billion.

On April 15, 2025, President Trump issued Executive Order 14273, "Lowering Drug Prices by Once Again Putting Americans First," directing HHS to conduct a hospital outpatient drug acquisition-cost survey and to consider budget-neutral adjustments to align Medicare payment with acquisition cost. CMS finalized and conducted the OPPS Drug Acquisition Cost Survey (the "ODACS") in early 2026 and intends to use the results to inform policymaking beginning with the calendar year 2027 OPPS proposed rule. Any future Medicare payment policy resulting from the ODACS could reduce outpatient drug reimbursement for 340B hospitals or increase compliance costs, which could have a material adverse effect on the Obligated Group.

Recent administrative activity has created additional uncertainty for 340B covered entities. In August 2025, HRSA published notices establishing a 340B Rebate Model Pilot Program. On February 10, 2026, the United States

District Court for the District of Maine vacated and remanded the pilot program in *American Hospital Association v. Kennedy*. HHS is reconsidering whether to implement a 340B rebate model and issued a Request for Information that closed on April 20, 2026. Any future rebate-based model could impose administrative and cash-flow burdens on 340B covered entities and could affect the timing, certainty, and value of 340B discounts.

Future legal, legislative, or administrative changes to the 340B Program could tighten eligibility requirements, restrict contract pharmacy arrangements, impose additional transparency or reporting obligations, change the discount mechanism, or reduce payments related to 340B drugs. In addition, certain drug manufacturers have unilaterally imposed restrictions on 340B pricing for drugs dispensed through contract pharmacies or have required covered entities to submit claims-level data as a condition of receiving 340B discounts; these manufacturer actions have been the subject of federal administrative proceedings and litigation, as well as state legislative and regulatory activity, with uncertain outcomes. Covered entities remain responsible for compliance with 340B Program requirements, including eligibility, duplicate-discount, and diversion rules. Noncompliance may result in corrective action, repayment obligations, removal from the 340B Program, or other adverse consequences. The costs of maintaining compliance systems and processes could have a material adverse effect on the operations or financial condition of the Obligated Group.

Other Potential Risk Factors

Other potential risk factors may also affect the operation, and therefore the revenues, of the Obligated Group and its ability to maintain sufficient operating margins, including, among others: (i) the costs and availability of energy; (ii) the cost and availability of insurance, such as fire and general comprehensive liability and professional liability insurance, that hospitals of similar size and type carry; (iii) uninsured acts of God (including floods and other significant weather events) or punitive damage judgments as to which insurance is not available; (iv) natural or man-made disasters, including bioterrorism-induced epidemics and other terrorist activities; (v) imposition of wage and price controls for the health care industry; (vi) a decrease in population or change in demographics in the service area of the Obligated Group; (vii) an increase in the rate of inflation and difficulties in increasing service charges and other fees, while maintaining the amount and quality of health care services; and (viii) market risk affecting investments of the Obligated Group.

Climate Change and Severe Weather

The Obligated Group's service areas are subject to severe weather, including tornadoes, hurricanes and flooding. The service area may also be subject to the effects of long-term climate change. Severe weather and climate change could adversely affect, among other things, the service areas' water supply, agricultural production, infrastructure, transportation and the health of residents. See the U.S. Environmental Protection Agency's August 2016 statement on climate change in Alabama (the "EPA Statement") at: <https://19january2017snapshot.epa.gov/sites/production/files/2016-09/documents/climate-change-al.pdf>. UABME has no responsibility for the accuracy or completeness of the information in the EPA Statement. Severe weather, flooding and climate change could have a material adverse effect on the ability of UABME to pay debt service on the Bonds.

Ratings on the Bonds

The Bonds have been rated as indicated in "RATINGS". No assurance can be given that the current ratings on the Bonds will be maintained. A reduction or withdrawal of any rating could affect the secondary market price of the Bonds and the liquidity of the investment in the Bonds.

Other Risks

Information Systems. The ability of UABME to price and bill for healthcare services on a timely basis and meet its obligations to protect personal information, depend on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology and regulatory standards. There can be no assurance that efforts to upgrade and expand information systems capabilities, and to protect and enhance these systems, and develop new

systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

The use of electronic media is standard for clinical operations, medical records and order entry functions. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, security, accessibility and integrity of health information. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by healthcare providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and healthcare providers.

Future government regulation and adherence to technological advances could result in an increased need to implement new technology. Such implementation could be costly and is subject to cost overruns and delays in application, which could have a material adverse effect on the Obligated Group.

Cyber Attacks. Despite the implementation of network security measures by the Obligated Group, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. The Federal Bureau of Investigation has expressed concern that health care systems are prime targets for such cyberattacks due to the mandatory transition from paper records to electronic health records and a higher financial payout for medical records in the black market. Health care systems have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of protected health information or other confidential information. Ransomware attacks could hold critical information hostage or could have an adverse effect on the Obligated Group's ability to provide services. Any breach or cyberattack that compromises patient data could result in negative press and substantial fines or penalties for violation of HIPAA or similar state privacy laws.

State Proration

The State appropriates money each year to UAB for operating costs and non-operating cash requirements, including capital expenditures. Part of this annual appropriation is used to defray operating expenses with respect to University Hospital. Because the State is mandated by its constitution to operate with a balanced budget, the State occasionally has reduced its appropriations, through a process known as "proration," when its annual revenues are not expected to meet budgeted appropriations. If proration does occur, UAB will be required to implement various cost-saving measures in order to balance its own budget. Although proration may affect UAB's general budget and may increase the amount of operating expenses for University Hospital payable from Pledged Revenues, the Bonds are not payable from State appropriations.

CONTINUING DISCLOSURE

UABME, on behalf of itself and the other members of the Obligated Group, will enter into a Continuing Disclosure Agreement (each, a "Continuing Disclosure Agreement") relating to each series of Bonds pursuant to the requirements of Rule 15c2-12 ("Rule 15c2-12") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended. The Continuing Disclosure Agreements will be entered into for the benefit of the holders of the Bonds and will obligate the members of the Obligated Group to provide certain information annually and quarterly and to file notice of the occurrence of certain events. The proposed form of Continuing Disclosure Agreement is attached as APPENDIX L.

The Obligated Group was formed in 2016 and does not have audited financial statements prepared on a combined or consolidated basis. APPENDIX B contains unaudited combined financial information for the Obligated Group compiled by management for the fiscal years 2024 and 2025. The Obligated Group does not expect to, and is not required to, deliver audited combined or consolidated financial statements because generally accepted accounting principles (GAAP) currently do not provide standards for combining entities using different accounting principles.

All members of the Obligated Group, other than UAHSF and UABME, are governmental entities whose financial statements are prepared using GASB principles. UAHSF and UABME, both nonprofit corporations, are not governmental entities. The audited financial statements for those entities are prepared using FASB principles.

Included in APPENDICES C-G to this Official Statement are the most recent audited financial statements of UABME, UAHSF, CEH, University Hospital and UAB STV Authority (which includes UAB STV Birmingham, UAB STV East, UAB STV Blount, UAB STV St. Clair and UAB STV Chilton), prepared in accordance with generally accepted accounting principles.

The Obligors are obligated under the Continuing Disclosure Agreements to provide (i) the annual audited financial statements of each member of the Obligated Group and (ii) the unaudited combined financial statements for the Obligated Group compiled by management substantially in the form presented in APPENDIX B. Under certain circumstances described in the Continuing Disclosure Agreements, if audited combined or consolidated financial statements are available for the Obligated Group, then the Obligated Group may elect to provide such audited financial statements in lieu of providing separate audited financial statements for each member of the Obligated Group.

Failure by the Obligated Group to comply with the provisions of the Continuing Disclosure Agreements will not constitute an event of default under the Bond Indentures, the Loan Agreements, the Notes, the Master Indenture, or the related Financing Documents; however, nothing in the Continuing Disclosure Agreements precludes the holder of any Bond from seeking a court order requiring the Obligated Group to comply with its obligations under the Continuing Disclosure Agreements, and the failure to comply will itself be a reportable event under Rule 15c2-12 and the Continuing Disclosure Agreements.

In connection with the prior issuance of its obligations, the Obligated Group has entered into other continuing disclosure agreements under Rule 15c2-12. During the past five years, the Obligated Group has complied with the prior continuing disclosure agreements in all material respects, except as follows: not all filings by the Obligated Group have been linked to all applicable CUSIP numbers via EMMA.

TAX STATUS

General

Under existing law, the tax status of the Bonds will include the following characteristics:

Federal Tax-Exempt Status. Interest on the Bonds will be excluded from gross income for federal income tax purposes, if the Authority, UABME and the other members of the Obligated Group comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income, retroactive to the date of issuance of the Bonds. The Authority, UABME and the other members of the Obligated Group have covenanted to comply with all such requirements.

Federal Tax Preference Treatment. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

State Tax-Exempt Status. Under existing statutes and regulations, interest on the Bonds will be exempt from present State of Alabama income taxation.

Original Issue Discount. The original issue discount in the selling price of a Bond, to the extent properly allocable to each owner of such Bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt Bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals

(i) the issue price of such Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Bond. Purchasers of any Bond at an original issue discount should consult their tax advisers regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

Original Issue Premium. An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the Bond's yield to maturity. As premium is amortized, the purchaser's basis in such Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

See "BONDHOLDERS' RISKS" for a discussion of certain risk factors relating to an investment in the Bonds.

Opinion of Bond Counsel

Maynard Nexsen PC, Birmingham, Alabama, has served as bond counsel to the Authority with respect to the issuance of the Bonds. The opinion of bond counsel for each series of Bonds will address the tax status summarized above and is attached to this Official Statement as APPENDIX J. The opinions should be read in their entirety for a complete understanding of the scope of the opinions and the conclusions expressed.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to a branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

Changes In Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on obligations, such as the Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. 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 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

The proposed form of Approving Opinion of Bond Counsel with respect to each series of Bonds is attached hereto as APPENDIX J.

LEGAL COUNSEL

Maynard Nexsen PC, Birmingham, Alabama, has served as bond counsel (“Bond Counsel”) with respect to the issuance of the Bonds. Bond Counsel will render an opinion with respect to each series of Bonds in substantially the forms attached as APPENDIX J. The opinions of Bond Counsel should be read in their entirety for a complete understanding of the scope of the opinions and the conclusions expressed. Delivery of each series of Bonds is contingent upon the delivery of the related opinion of Bond Counsel.

Bond Counsel has not been engaged nor has it undertaken to review the accuracy, completeness or sufficiency of this Official Statement or any other offering material related to the Bonds, except as may be provided in a supplemental opinion of Bond Counsel to the Underwriters, upon which only they may rely, and which may relate only to certain information contained in this Official Statement regarding (i) the terms of the Bonds and certain of the Financing Documents, to the extent those statements purport to summarize the terms of the Bonds and certain of the Financing Documents, (ii) the security and source of payment for the Bonds, and (iii) the tax-exempt status of the Bonds.

In connection with the issuance of the Bonds, Maynard Nexsen PC has also served as special counsel to the Obligated Group. Certain legal matters will be passed upon for the members of the Obligated Group by a member of the Office of Counsel for the UA System and for the Underwriters by their counsel, Bradley Arant Boult Cummings LLP, Birmingham, Alabama.

INDEPENDENT AUDITORS

The financial statements of (i) UABME, UAHSF, CEH and University Hospital as of September 30, 2025 and 2024 and for the years then ended, included in APPENDICES C–F to this Official Statement, and (ii) UAB STV Authority as of September 30, 2025 and for the period from November 1, 2024 to September 30, 2025, included in APPENDIX G to this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports also included in such appendices. PricewaterhouseCoopers LLP has not performed any procedures relating to this Official Statement.

LITIGATION

There is not now pending or, to the Authority’s knowledge, threatened, any litigation or other proceeding restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization or existence of the Authority or the title of any of the present officials of the Authority to its offices is being contested. There is no litigation or other proceeding pending or, to the Authority’s knowledge, threatened, which in any manner questions the right of the Authority to enter into the Financing Documents to which it is a party or to secure the Bonds in accordance with the Bond Indentures.

For a description of litigation pending against the Obligated Group, see APPENDIX A.

RATINGS

S&P Global Ratings, a division of S&P Global (“S&P”), has assigned a rating of “AA-” (stable outlook) and Moody’s Investor Services, Inc. (“Moody’s”) has assigned a rating of “Aa3” (stable outlook) to the Bonds, based on their assessment of the Obligated Group’s ability to make payments on the Bonds. Any further explanation as to the

significance of these ratings may be obtained only from the respective rating agency. There is no assurance that any such ratings will remain in effect for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, the circumstances so warrant. The above ratings are not recommendations to buy, sell or hold the Bonds. Neither the Authority nor the Underwriters have undertaken any responsibility after the issuance of the Bonds to bring to the attention of the holders of the Bonds any proposed revision or withdrawal. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

BofA Securities, Inc., J.P. Morgan Securities LLC, Raymond James & Associates, Inc. and Wells Fargo Bank, National Association (collectively, the “Underwriters”) have entered into two separate bond purchase agreements with UABME and the Authority, each dated on or about August 11, 2026, pursuant to which the Underwriters have agreed to purchase the Bonds as follows:

- (a) The Underwriters have agreed to purchase the Series 2026A Bonds at a purchase price of \$_____ (which reflects a [net original issue premium/net original issue discount] of \$_____ and underwriting discount of \$_____); and
- (b) The Underwriters have agreed to purchase the Series 2026C Bonds at a purchase price of \$_____ (which reflects a [net original issue premium/net original issue discount] of \$_____ and underwriting discount of \$_____).

The Underwriters may offer the Bonds to certain dealers (including dealers depositing the Bonds in unit investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at a price lower than that offered to the public. The initial public offering price may be changed from time to time by the Underwriters. Under the bond purchase agreement, UABME has agreed to indemnify the Underwriters against certain costs, claims and liabilities, including certain liabilities arising under the Securities Act of 1933.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority and the members of the Obligated Group, for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority, UABME and the other members of the Obligated Group.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL

Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase any Series 2026A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2026A Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Series 2026A Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2026A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2026A Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2026A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

CERTAIN RELATIONSHIPS

The Underwriters and their affiliates are full service financial institutions engaged in various activities, including commercial and investment banking services, financial advisory services and investment management services. Certain of the Underwriters and their affiliates have, from time to time, performed various services for the Authority or UABME or entered into business transactions with the Authority or UABME, for which they received or will receive customary fees and expenses.

Maynard Nexsen PC is serving as bond counsel in connection with the issuance of the Bonds. Maynard Nexsen PC also represents or has represented several members of the Obligated Group, one or more of the Underwriters, the Bond Trustee and the Master Trustee from time to time in connection with matters unrelated to the issuance and sale of the Bonds.

JPMorgan Chase Bank, National Association (“JPMorgan Chase”) is an affiliate of J.P. Morgan Securities LLC, one of the Underwriters of the Bonds. In connection with the issuance of the Authority’s Series 2026B Bonds, JPMorgan Chase Bank will deliver a Standby Bond Purchase Agreement to provide for the purchase of Series 2026B Bonds in the event that Series 2026B Bonds are tendered and not remarketed or for which the proceeds of remarketing have not been timely delivered to the Bond Trustee. J.P. Morgan Securities LLC will serve as the remarketing agent for the Series 2026B Bonds.

MUNICIPAL ADVISOR

The Obligated Group has retained Kaufman, Hall & Associates, LLC (“Kaufman Hall”), Chicago, Illinois, a municipal advisory firm registered with the SEC and the MSRB, as financial advisor in connection with the issuance of the Bonds. Although Kaufman Hall has assisted in the preparation of this Official Statement, Kaufman Hall was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Kaufman Hall has not been engaged in the underwriting or distribution of the Bonds.

VERIFICATION OF CERTAIN MATHEMATICAL COMPUTATIONS

The accuracy of arithmetical computations of the adequacy of the deposit of a portion of the proceeds of the Series 2026C Bonds to pay the principal and accrued interest on the Series 2017B1 Bonds and Series 2017B2 Bonds being refunded on the redemption date thereof will be verified by Causey Demgen & Moore P.C. Such verification shall be based on information provided to Causey Demgen & Moore P.C. by the Underwriters.

MISCELLANEOUS

The summaries and explanations of the provisions of the Bonds and the Financing Documents do not purport to be complete, and reference is made to the pertinent provisions of the Bonds and the Financing Documents for a complete statement of their provisions. Such documents are on file and available for review during regular business hours upon request at the corporate trust offices of the Bond Trustee, Regions Bank, Birmingham, Alabama.

The agreements of the Authority and the Obligated Group with the holders of the Bonds are fully set forth in the Bonds and the Financing Documents, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers, holders or beneficial owners of the Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The attached appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

UABME has reviewed the information contained herein which relates to it and its facilities and operations and has approved all such information for use within the Official Statement.

APPROVAL OF USE OF OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the Authority, UABME and the other Members of the Obligated Group.

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APPENDIX A

The UAB Medicine Obligated Group

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INFORMATION ABOUT THE OBLIGATED GROUP

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THE UAB MEDICINE OBLIGATED GROUP

Introduction

The UAB Medicine Obligated Group (the “Obligated Group”) is comprised of entities that are owned or controlled by, or affiliated with, The Board of Trustees of The University of Alabama (“UA Board”), which is a public corporation and instrumentality of the State of Alabama. UA Board was created by the Constitution of Alabama to manage and control the University of Alabama System, which includes the UAB Heersink School of Medicine (the “School of Medicine”) located on the campus of the University of Alabama at Birmingham (“UAB”). The Obligated Group operates University Hospital, the flagship teaching hospital for physicians affiliated with the School of Medicine, and an array of other hospitals and health care facilities that are part of a statewide health care delivery system.

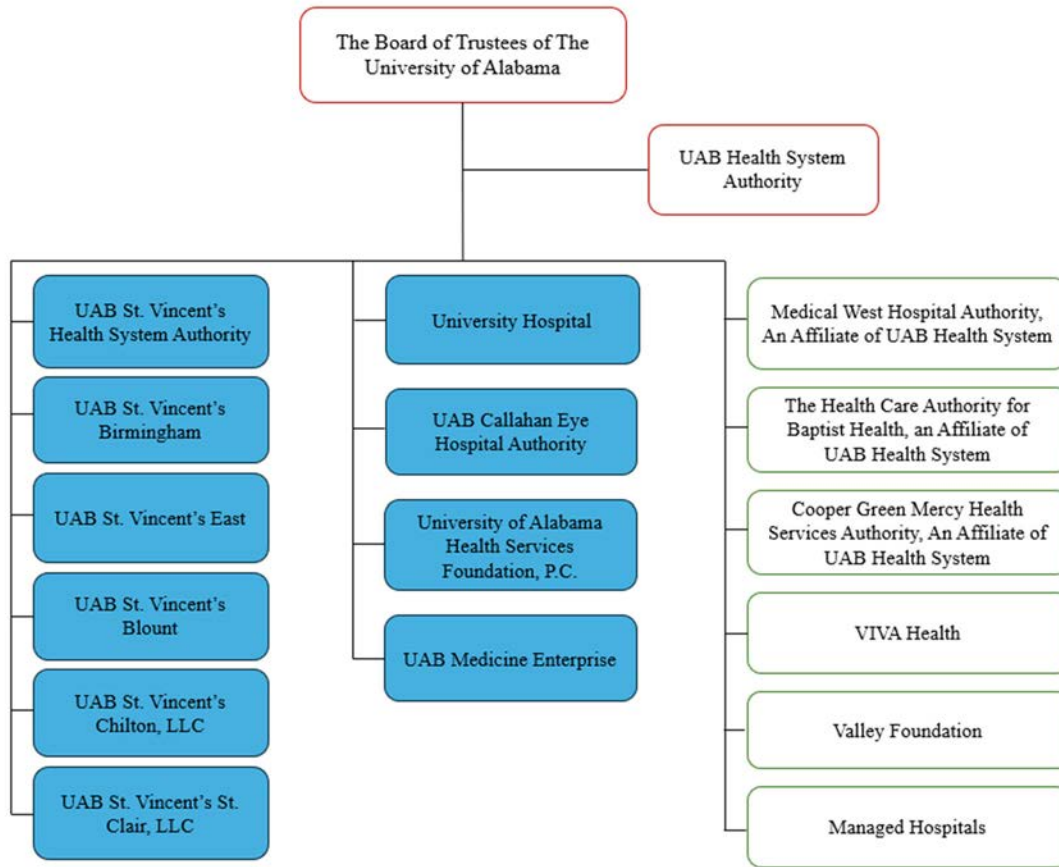
UA Board also owns or controls, or is affiliated with, various other entities that, together with the Obligated Group members, are part of the entire health care delivery system (the “UAB Health System” or the “Health System”) sponsored by UA Board. The entities in the UAB Health System that are not part of the Obligated Group are referred to collectively in this APPENDIX A as the “Non-Obligated Health System Entities.”

The Health System operates 15 hospitals with an additional 123 sites of care. In fiscal year 2025 the Health System provided care to over 1.35 million patients accounting for 138,000 admissions, 545,000 emergency room visits, 2.9 million clinic visits, 12,500 deliveries and 209,000 telehealth patient visits. The System employees 4,500 physicians and 36,100 employees.

The following diagram identifies the Obligated Group members and the Non-Obligated Health System Entities that comprise the UAB Health System. Only the members of the Obligated Group are responsible for payment of the Bonds offered pursuant to this Official Statement. As of September 30, 2025, the Obligated Group accounted for over 72% of total assets and 67% of total revenue of all entities that are part of UAB Health System, which are included in the unaudited combined financial information presented in APPENDIX B and in Tables 8 and 9 herein.

Except for its University Hospital division, UA Board is not a member of the Obligated Group and is not liable for the payment of the Bonds or the debts and other liabilities of the Obligated Group. UAB Health System Authority and the other Non-Obligated Health System Entities identified in the following diagram are not members of the Obligated Group.

Table 1.
UAB Health System and Members of the Obligated Group



Note (1): Obligated Group members are shaded in blue.

Note (2): Non-Obligated Health System Entities are circled in green. For a description of Non-Obligated Health System Entities, see "RELATED ENTITIES".

Members of the Obligated Group

University Hospital. University Hospital is owned by UA Board. It is operated as a separate division of UA Board, but is not a separate legal entity. The operations of University Hospital are accounted for separately and audited. The most recent audited financial statements of University Hospital are attached to this Official Statement as APPENDIX F.

UA Board, as owner of University Hospital, has entered into the Master Indenture on behalf of University Hospital. **While each member of the Obligated Group is jointly and severally liable for the payment of the Bonds and the other liabilities of the Obligated Group, the payment obligation of UA Board pursuant to the Master Indenture is a limited obligation, payable solely out of the assets and revenues of University Hospital. Except for its University Hospital division, which is an Obligated Group member, UA Board is not liable for the payment of the Bonds or the debts and other liabilities of the Obligated Group.**

University Hospital is located on the campus of the University of Alabama at Birmingham. It serves as the primary teaching hospital for physicians affiliated with the School of Medicine. With 1,400 licensed beds, all of which are in operation, University Hospital is one of the largest public hospitals in the United States. For additional information about the facilities and operations of University Hospital, see "FACILITIES AND SERVICES OF THE OBLIGATED GROUP".

Callahan Authority. UAB Callahan Eye Hospital Authority (“Callahan Authority”) is a public corporation organized by UA Board pursuant to the University Authority Act of 2016, Section 16-17A-1 *et seq.* of the Code of Alabama (the “University Authority Act”). Prior to August 1, 2025, the Callahan Authority owned and operated UAB Hospital-Callahan Eye, the primary teaching hospital for physicians affiliated with the School of Medicine who specialize in ophthalmology and related subspecialties. UAB Hospital-Callahan Eye and its related outpatient facilities and clinical office space were acquired from a private nonprofit owner in 1997 by UA Board and UAHSF in a joint venture established pursuant to the Joint Operating Agreement. Ownership of these facilities was later transferred to the Callahan Authority. Since August 1, 2025, the inpatient facilities of UAB Hospital-Callahan Eye, now known as UAB Hospital-Callahan Eye, are operated as part of University Hospital; Callahan Authority continues to operate outpatient facilities. UA Board is the sponsoring university for the Callahan Authority and elects all members of its board of directors.

The operations of the Callahan Authority are accounted for and audited separately. The most recent audited financial statements of the Callahan Authority are attached to this Official Statement as APPENDIX E.

UAB Hospital-Callahan Eye is the only hospital location in Alabama specializing in ophthalmology. For additional information about the facilities and operations of the Callahan Authority see “FACILITIES AND SERVICES OF THE OBLIGATED GROUP”.

UAHSF. University of Alabama Health Services Foundation, P.C. (“UAHSF”) is an Alabama nonprofit professional corporation and a 501(c)(3) organization. UAHSF was organized in 1973 by teaching physicians of the School of Medicine to conduct their clinical practice. An Affiliation Agreement dated May 11, 1981 initially defined the relationship between University Hospital and UAHSF. In 1996 UAHSF and UA Board entered into a Joint Operating Agreement that provided for shared governance and supervision, but not shared revenue. In 2014 University Hospital and UAHSF initiated a “Funds Flow” program that provides for shared revenue. In 2016 UAHSF and UA Board entered into the Master Indenture, which provides for joint and several liability for debt secured by the Master Indenture. Most of the debt of these two entities is now secured by the Master Indenture.

As an independent entity, the operations of UAHSF are accounted for and audited separately. The most recent audited financial statements of UAHSF are attached to this Official Statement as APPENDIX D.

UAHSF employs over 1,800 physicians. In addition to inpatient services at University Hospital and the hospitals of the Obligated Group, UAHSF physicians also provide clinical services at Kirklin Clinic, the primary UAHSF clinic located adjacent to University Hospital, over 25 clinic locations throughout the Birmingham MSA, and at other hospitals that are operated by Non-Obligated Health System Entities, which are described below under “RELATED ENTITIES”. For additional information about the facilities and operations of UAHSF, see “FACILITIES AND SERVICES OF THE OBLIGATED GROUP”.

UABME. UAB Medicine Enterprise (“UABME”) is an Alabama nonprofit corporation and a 501(c)(3) organization. It was organized in 1996 pursuant to the Joint Operating Agreement between UAHSF and UA Board. UA Board and UAHSF are equal members of UABME. The original role of UABME was to manage and supervise the joint operations of the parties, to provide shared governance for those operations, and to provide shared services. Some of that role is now vested in UAB Health System Authority, which is described below under “RELATED ENTITIES”. Most of the senior management of the Obligated Group is employed by UABME.

As an independent entity, the operations of UABME are accounted for and audited separately. The most recent audited financial statements of UABME are attached to this Official Statement as APPENDIX C.

UAB STV Authority. UAB St. Vincent’s Health System Authority (“UAB STV Authority”) is a public corporation organized by UA Board in 2024 pursuant to the University Authority Act. UA Board is the sponsoring university for the UAB STV Authority and elects all members of its board of directors. UAB STV Authority was organized to acquire the membership interest in St. Vincent’s Health System (“STVHS”) from Ascension Health, effective November 1, 2024. STVHS served as the parent organization for a group of entities that owned five hospitals (the “UAB STV Hospitals”) and related health care facilities located in the Greater Birmingham area. The five hospitals that were part of the STVHS system are owned by the following entities that are now also part of the Obligated Group:

**St. Vincent's Birmingham
St. Vincent's East
St. Vincent's Blount
St. Vincent's Chilton, LLC
St. Vincent's St. Clair, LLC**

For additional information about the facilities and services of UAB STV Authority, see "FACILITIES AND SERVICES OF THE OBLIGATED GROUP". For information about the Obligated Group's strategy for the STVHS acquisition, see "STRATEGIC INITIATIVES".

The debt incurred to finance the STVHS membership interest acquisition was guaranteed by the Obligated Group. In June 2026, UAB STV Authority and its five hospitals became members of the Obligated Group. For additional information about this acquisition, see "STRATEGIC INITIATIVES".

The operations of UAB STV Authority are accounted for and audited separately and include the entities that own its five hospitals as well as various other subsidiaries and joint ventures providing outpatient health care services. The most recent audited financial statements of UAB STV Authority are attached to this Official Statement as APPENDIX G.

The Master Trust Indenture

The Obligated Group was organized pursuant to the Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Master Indenture"), between members of the Obligated Group and Regions Bank, as trustee. Members of the Obligated Group are jointly and severally liable for the payment of obligations ("Master Indenture Obligations") issued pursuant to the Master Indenture to secure debt incurred by a member. Master Indenture Obligations are secured by a pledge of revenues by the Obligated Group members. For a description of the Master Indenture and the pledge of revenues, see "SOURCE OF PAYMENT AND SECURITY – The Master Indenture" in the front portion of the Official Statement. A copy of the Master Indenture is attached to this Official Statement as APPENDIX I.

RELATED ENTITIES

UAB Health System Authority and Other Non-Obligated Health System Entities

UAB Health System Authority and the other Non-Obligated Health System Entities identified in this section of APPENDIX A are not members of the Obligated Group. Only the Obligated Group members are responsible for payment of the Bonds offered pursuant to this Official Statement.

UABHSA. UAB Health System Authority ("UABHSA") is a public corporation organized by UA Board in 2020 pursuant to the University Authority Act. UA Board is the sponsoring university for UABHSA. The UABHSA board of directors includes officers and trustees of UA Board, the dean of the School of Medicine, clinical chairs in the School of Medicine, and community members of the UAHSF board of directors. For additional information on the governance of UABHSA and the members of its board of directors, see "GOVERNANCE AND MANAGEMENT".

UABHSA was organized in 2020 to supervise and coordinate the entire UAB Health System, including Non-Obligated Health System Entities as well as the Obligated Group members. UABHSA does not operate any health care facilities. It helps develop strategic initiatives for the Health System, reviews operating and capital budgets and debt management plans for Health System entities, and, under circumstances where UA Board approval is required, UABHSA provides recommendations for approval by UA Board. UA Board generally considers matters related to the Health System only after UABHSA has made a recommendation on the matter.

UAB Medical West. Medical West Hospital Authority, An Affiliate of UAB Health System ("UAB Medical West") is an Alabama public corporation organized by UA Board pursuant to the University Authority Act. UA Board elects all members of its board of directors.

UAB Medical West operates a 200-bed hospital in West Jefferson County, Alabama, as well as a freestanding emergency department and outpatient clinics.

Baptist Montgomery Authority. The Health Care Authority for Baptist Health, An Affiliate of UAB Health System (“Baptist Montgomery Authority”) is an Alabama public corporation organized by UA Board pursuant to the Health Care Authorities Act of 1982, Section 22-21-310 *et seq.* of the Code of Alabama. UA Board is the sponsoring entity. A majority of the board of directors of Baptist Montgomery Authority is elected by UA Board; a minority is elected by Baptist Health, an Alabama nonprofit corporation that was the former owner of the health care facilities of Baptist Montgomery Authority.

Baptist Montgomery Authority operates three acute care hospitals and various related health care facilities in the Montgomery, Alabama area.

Cooper Green Authority. Cooper Green Mercy Health Services Authority, An Affiliate of UAB Health System (“Cooper Green Authority”) is an Alabama public corporation organized by UA Board pursuant to the University Authority Act. UA Board elects all members of its board of directors.

Cooper Green Authority was organized to operate a new outpatient facility serving indigent patients in Jefferson County, Alabama. The operations of Cooper Green Authority are funded in part by a sales tax levied in Jefferson County, Alabama.

Viva Health. Viva Health, Inc. (“Viva”), an Alabama not-for-profit corporation, is a licensed HMO whose purpose is to provide a prescribed range of healthcare services through agreements with primary care physicians, specialty physicians, hospitals, and ancillary service providers to a defined, enrolled population for a fixed, prepaid monthly premium. Viva’s business includes providing commercial health insurance coverage for employers throughout the state of Alabama, including coverage for employees of UAB, UAB Medicine and their various affiliates.

Valley Foundation. The Valley Foundation (“Valley Foundation”) is a not-for-profit organization providing assistance to the School of Medicine in the conduct of its educational, training, and research programs, primarily as they relate to medical and health sciences in Huntsville, Alabama. The Valley Foundation supports and serves UAB in the educational and training programs of the School of Medicine – Huntsville Program and operates and manages the patient care and treatment operations of the School of Medicine – Huntsville Program.

Managed Hospitals. UAB Health System provides certain administrative and management services with three rural hospitals located in Alabama: Russell Medical Center, in Alexander City; Whitfield Regional Hospital, in Demopolis, and J. Paul Jones Rural Emergency Hospital, in Camden. Pursuant to written management agreements, UABME provides consulting, advisory and administrative services to these hospitals in exchange for a management fee.

Academic Affiliates

UA Board has three university campuses: University of Alabama, located in Tuscaloosa, Alabama (“UA”); University of Alabama at Birmingham, located in Birmingham, Alabama (“UAB”), and University of Alabama in Huntsville, located in Huntsville, Alabama (“UAH”). These campuses are not separate entities. The educational facilities of UA, UAB and UAH are owned by UA Board, and each campus is operated as a separate division of UA Board. The operations of each campus are accounted for and audited separately.

The campus of UAB includes the School of Medicine and various other health science schools, including the School of Nursing, the School of Dentistry, the School of Health Professions, the School of Public Health and the School of Optometry. The campus of UAB also includes University Hospital, which is accounted for as a separate fund, or subdivision, of UAB. The operations of University Hospital are included in the financial statements and audit of UAB, but the operations of University Hospital are also accounted for and audited separately.

University Hospital is a member of the Obligated Group, but the university campuses of UA Board (UA, UAB and UAH) are not members of the Obligated Group and are not liable for the debt or other obligations of the Obligated Group.

The School of Medicine educates more than 800 medical students and 1,100 residents and fellows each year across four campuses in Birmingham, Huntsville, Montgomery, and Tuscaloosa. Since 1946, the School of Medicine has trained more than 10,000 physicians. A leader in biomedical discovery, the School of Medicine ranks 28th nationally in National Institutes of Health (NIH) research funding and 12th among public medical schools, with \$256 million in NIH funding and 329 NIH-funded principal investigators. With more than 1,900 full-time faculty members across 27 academic departments, the School of Medicine is dedicated to advancing medical education, pioneering scientific discovery, and improving human health.

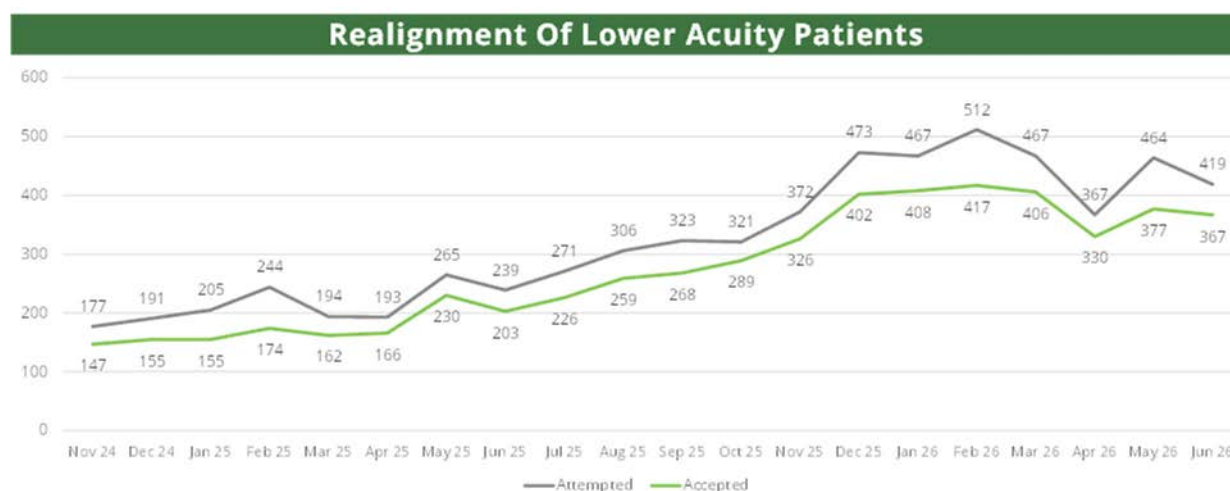
STRATEGIC INITIATIVES

UAB Health System’s strategic mission is “to provide life-changing care” that supports a system-wide care delivery model that aligns the academic medical center, community hospitals, ambulatory services, and physician networks under a coordinated strategy. The Health System’s strategic initiatives and affiliations provide a platform to leverage UAB Medicine’s academic reputation to support the growing needs of the State of Alabama (the “State”) through the development of a health system that supports the vision “to be the leader in improving the lives of all we serve”.

The UAB Health System providers collectively treat patients from every county in Alabama by expanding referral pathways between community and academic settings; expanding access through UAB eMedicine services; providing an advanced state-wide telemedicine platform; increasing ambulatory and outpatient capacity; and creating coordinated service-line strategies.

Through the acquisition of STVHS, UAB Health System has developed a broader mix of inpatient facilities (quaternary, acute community, ambulatory surgery) to tune acuity to cost structure and increase convenience and market share. Clinical integration efforts are focused on transitioning appropriate lower-acuity patients from University Hospital to community facilities, allowing University Hospital to expand capacity for highly specialized tertiary and quaternary services. This approach improves access across the region while optimizing utilization of available inpatient and outpatient capacity throughout the system. Integration provides a platform to leverage University Hospital’s academic reputation and STVHS’s established community footprint.

Since the STVHS acquisition in November 2024, patient transfers from University Hospital to the Health System’s community hospitals have continued to increase, resulting in increased capacity at the academic medical center for higher acuity medical and surgical inpatients.



In addition to the recent STVHS acquisition, the vision is a strong coordinated statewide network that combines academic excellence with local access through affiliations with rural providers. The Health System's rural and statewide affiliation strategy is built around a spectrum of relationship models, ranging from programmatic affiliations to managed hospitals. The common strategic purpose is to expand access to care, strengthen community providers, extend UAB clinical capabilities, improve referral pathways, and support Alabama's broader public-health mission.

GOVERNANCE AND MANAGEMENT OF THE OBLIGATED GROUP

The Board of Trustees of The University of Alabama

The Board of Trustees of The University of Alabama ("UA Board") is a public corporation and instrumentality of the State existing under the provisions of Section 264 of the Constitution of Alabama of 2022, as amended, and Chapter 47 of Title 16 of the Code of Alabama 1975, as amended. UA Board is composed of sixteen trustees: three from the Congressional district in which The University of Alabama (Tuscaloosa) is located; two from each of the six remaining Congressional districts in the State; and one ex-officio, the Governor of Alabama. The current UA Board is composed of the following trustees:

**Table 2.
Trustees of UA Board**

Name	Term End or Ex- Officio	Occupation
The Honorable Kay Ivey, President	Ex-Officio	Governor, State of Alabama
Scott M. Phelps, President Pro Tempore	2028	Vice President & Secretary, Greene Group, Inc.
Mike Brock	2031	Of Counsel, Kirkland & Ellis LLP
Karen P. Brooks	2027	Vice President/Treasurer, Phifer Incorporated
Myla E. Calhoun	2031	President & CEO, Propel Education
Angus R. Cooper III	2030	President, The Cooper Group of Companies
Ronald Gray	2026	CEO, Thompson Gray Inc.
Jeff Gronberg	2029	CEO, deciBel Research
O.B. Grayson Hall, Jr.	2028	Retired Chairman and CEO, Regions Financial Corporation
Barbara Humphrey	2030	Founder and Head Coach, Speed City Summer Track Club; Head Track and Field Coach, Simmons Middle School
W. Davis Malone, III	2028	Chairman of the Board and CEO, MidSouth Bancorporation
Evelyn VanSant Mauldin	2031	Senior Vice President and Legal Counsel, Bank Independent
Harris V. Morrisette	2027	President, China Doll Rice and Beans, Inc./Dixie Lily Foods
J. Steven Roy	2026	Financial Consultant; Former Chief Financial Officer of AAA Cooper Transportation
Kenneth Simon	2027	Of Counsel, Christian & Small
Kenneth L. Vandervoort, M.D.	2029	Orthopedic Surgeon and Partner, Anniston Orthopaedic Associates

UA Board is effectively self-perpetuating. State law provides that the fifteen non-ex-officio trustees are elected by a majority vote of the current UA Board, subject to confirmation by the Alabama Senate. If the Senate rejects an elected trustee, the Senate must elect a new trustee to replace the one it rejected. Non-ex-officio trustees may serve up to three consecutive, full six-year terms.

Under the organizational documents of the Obligated Group members and governance practice within the Obligated Group, UA Board approves strategic initiatives for Obligated Group members, approves operating and capital budgets for Obligated Group members, and approves debt management plans for Obligated Group members. Directors of UAB STV Authority and Callahan Authority are appointed by UA Board. Directors of UAHSF are

appointed pursuant to the organizational documents of UAHSF, but include several ex-officio officers or employees of Obligated Group members. Directors of UABME are officers or employees of Obligated Group members.

UAB Health System Authority

UAB Health System Authority (“UABHSA”) is a public corporation organized by UA Board in 2020 pursuant to the University Authority Act. UA Board is the sponsoring university for UABHSA.

The articles of incorporation of UABHSA provide for up to 19 members of its board of directors. Currently, UABHSA has 17 voting directors and the dean of the School of Nursing, who is a non-voting ex-officio director. The directors are divided into groups as follows:

- (1) Four directors are ex-officio directors based on their office held at UA Board or at an affiliate. The ex-officio directors include:

Chancellor of the University of Alabama System
President of the University of Alabama at Birmingham
Dean of the School of Medicine
President of UAHSF

- (2) Seven trustees of UA Board.
- (3) Two clinical department chairs of the School of Medicine.
- (4) Up to four community members of the UAHSF Board of Directors.

Except for ex-officio directors, all directors are nominated by the Dean of the School of Medicine and the President of UAB and appointed by UA Board for a one-year term and may be removed by UA Board. The current directors of UABHSA are as follows:

**Table 3.
Directors of UABHSA**

Name	Term End or Ex-Officio	Occupation
Ex-officio Directors		
Sid J. Trant	Ex-Officio	Chancellor, University of Alabama System
Ray L. Watts, M.D.	Ex-Officio	President, UAB
Anupam Agarwal, M.D.	Ex-Officio	Dean, the School of Medicine
Cheri Canon, M.D.	Ex-Officio	President, UAHSF
Trustees of UA Board		
Mike Brock	2026	Of Counsel, Kirkland & Ellis LLP
Myla E. Calhoun	2026	President & CEO, Propel Education
Ronald Gray	2026	CEO, Thompson Gray Inc.
Scott M. Phelps	2026	Vice President & Secretary, Greene Group, Inc.
J. Steven Roy	2026	Financial Consultant; Former Chief Financial Officer of AAA Cooper Transportation
Kenneth Simon	2026	Of Counsel, Christian & Small
Kenneth L. Vandervoort, M.D.	2026	Orthopedic Surgeon and Partner, Anniston Orthopaedic Associates
Clinical Department Chairs		
Herbert Chen, M.D.	2026	Chair, Department of Surgery
Mark T. Dransfield, M.D.	2026	Chair, Department of Medicine
Community Members of UAHSF Board		
C.T. Fitzpatrick	2026	Founder, Chairman & CIO, Vulcan Value Partners
William E. Horton	2026	Retired
W. Stancil Starnes	2026	Retired
Carl S. Thigpen	2026	Retired
Non-Voting Ex-officio Member		
Maria Rodriguez Shirey, Ph.D., R.N.	Ex-Officio	Dean, UAB School of Nursing

UABHSA was organized to supervise and coordinate the entire UAB Health System, including Non-Obligated Health System Entities as well as the Obligated Group members. UABHSA does not operate any health care facilities. It helps develop strategic initiatives for the Health System, reviews operating and capital budgets and debt management plans for Health System entities, and, under circumstances where UA Board approval is required, UABHSA provides recommendations for approval by UA Board. UA Board generally considers matters related to the Health System only after UABHSA has made a recommendation on the matter.

Governance of Obligated Group Members

In general, UA Board appoints the directors for all Obligated Group members, except for UAHSF, which is an independent entity with a board of directors elected as provided in its organizational documents, and UABME, whose directors are ex-officio officers or employees of Obligated Group members. Several members of the board of directors of UAHSF are also directors of UABHSA.

Management of Obligated Group

Dawn Bulgarella, Chief Executive Officer (age 62). Ms. Bulgarella holds a master's degree in healthcare administration from UAB and has more than 30 years of leadership experience with the UAB Health System and the

School of Medicine. More recent leadership roles include the Chief Financial Officer, UABHS, and Senior Associate Dean for Finance and Administration of the School of Medicine. She is recognized at the state and national levels as a healthcare expert with appointments to the Alabama Hospital Association Board of Trustees, President-Elect for the Association of American Medical Colleges' Council of Academic Health System Executives, and Vizient's Academic Medical Center CEO Executive Advisory Board.

Janet Hadar, Chief Operating Officer (age 58). In this capacity, Ms. Hadar is responsible for the operations of UAB Health System's hospitals, ambulatory operations, and related corporate functions. She previously served as President and CEO of UNC Hospitals & Clinics in Chapel Hill, NC. She is an experienced health care leader with over 20 years of executive leadership. Ms. Hadar is board certified in healthcare management as a fellow in the American College of Health Care Executives. She received her bachelor's degree in nursing from Villanova University, a master's degree in nursing from the University of Pennsylvania and a master's degree in business administration from Case Western Reserve University.

Susan Jennings, Chief Financial Officer (age 65). Ms. Jennings has over 35 years' experience within the healthcare industry serving in a variety of roles focused on organizational financial health and strategic financial decision-making. Prior to being named CFO of UAB Health System, she served as CFO of University Hospital. Ms. Jennings previously spent 20 years with Ascension Health in Birmingham, Alabama. She is a graduate of UAB and a Certified Public Accountant. She is also a graduate of the Momentum Executive Leadership Program. Ms. Jennings serves on the UAB Educational Foundation Board and the Huntsville Valley Foundation Board as well as several national Academic Medical Center CFO committees.

Cheri L. Canon, MD, President, UAHSF and Chief Physician Executive of UAB Health System (age 58). Prior to this role, Dr. Canon served as Professor and Chair of Radiology at the UAB Heersink School of Medicine. Her career has spanned over 30 years at UAB. She received a Bachelor of Science degree with honors from the University of Texas at Austin and medical degree from the University of Texas Medical Branch in Galveston before coming to UAB for her radiology residency training. She currently serves as the president of the American Board of Radiology.

FACILITIES AND SERVICES OF THE OBLIGATED GROUP

Hospitals

University Hospital. University Hospital is a 1,400-licensed-bed acute care inpatient facility located on the main campus of UAB on the south side of Birmingham, Alabama (the "UAB Campus"). It is the flagship of the UAB Health System and is the primary teaching hospital for the School of Medicine. It is one of the largest teaching hospitals in the United States. Its facilities consist of the UAB Women & Infants Center, the Hazelrigg-Salter Radiation Oncology Center, the North Pavilion Diagnostic and Treatment Center, the UAB Rehabilitation Pavilion, the Center for Psychiatric Medicine, UAB Hospital-Highlands and UAB Hospital-Callahan Eye. University Hospital provides all services generally included in a tertiary care hospital and also provides additional, highly specialized services reflective of its role as part of an academic medical center. These services include the only Level I adult trauma center in central and north Alabama designated by the American College of Surgeons — the longest tenured and highest volume center in the state, an organ and bone marrow transplant center, a burn center, a state-of-the-art heart and vascular center, one of the largest regional neonatal intensive care units ("NICU") in the country and the only Level IV NICU in the State, radiation oncology services, rehabilitation services, a center for psychiatric medicine, and critical care transport services.

UAB Hospital-Callahan Eye ("UAB Hospital-Callahan Eye"). UAB Hospital-Callahan Eye is an additional location of University Hospital specializing in innovative eye care and is one of just a few facilities in the world highlighting advancements in ophthalmology. It is the only eye specialty hospital location in Alabama. UAB Hospital-Callahan Eye provides services related to eye trauma, retinal, vitreal, cornea, cornea transplant, glaucoma, cataract, laser cataract, oculoplastic, orbital reconstruction, and pediatric eye surgeries through its perioperative unit. UAB Hospital-Callahan Eye supports over 15,000 eye surgeries annually and has 17 dedicated operating rooms. It is home to a comprehensive eye research program and the state's only accredited ophthalmology training program. Although additional outpatient services (including dermatology, otolaryngology, surgical oncology, plastics, and oral maxillofacial surgery) are performed in the perioperative unit, the majority of the facility's services are ophthalmology

based. Additionally, it operates the teaching program for the School of Medicine's Department of Ophthalmology and Visual Sciences.

UAB St. Vincent's Birmingham ("STV Birmingham"). STV Birmingham is a 409-bed, acute-care hospital located on the southside of Birmingham within two miles of University Hospital. It features all private rooms in a 647,000 square foot facility. STV Birmingham includes an emergency department and offers a wide range of services including cardiology, oncology, women's and children's services, orthopedics and sports medicine, outpatient surgery and imaging and lab services. Founded by the Daughters of Charity in 1898, the STV Birmingham hospital and medical campus was the flagship facility of the former STVHS.

UAB St. Vincent's East ("STV East"). STV East is a 368-bed, acute-care hospital located off of Interstate 59 in the northeastern portion of Birmingham approximately 10 miles from downtown. Founded in 1946 as East End Memorial Hospital, this facility offers behavioral health, cancer care, cardiovascular services, diagnostic services, diabetes care, endoscopy procedures, primary care, pulmonology, orthopedics and emergency services.

UAB St. Vincent's Chilton ("STV Chilton"). STV Chilton is a 30-bed hospital located in Clanton, Alabama, approximately 50 miles south of the main UAB campus. This hospital was opened in 2016 and is the only inpatient facility in Chilton County, Alabama. STV Chilton provides inpatient and outpatient care, including emergency, medical, surgical and diagnostic services.

UAB St. Vincent's Blount ("STV Blount"). STV Blount is a 25-licensed-bed hospital located in Oneonta, Alabama. The hospital provides an emergency room, intensive care, inpatient and outpatient surgical services and a gastrointestinal lab, among other services. As the only hospital in Blount County, Alabama, it is designated as a Critical Access Hospital by the Centers for Medicare and Medicaid Services ("CMS").

UAB St. Vincent's St. Clair ("STV St. Clair"). STV St. Clair is a 40-bed hospital located near Pell City, Alabama, serving St. Clair County and the surrounding area. Opened in 2011, the hospital offers an array of medical-surgical inpatient and outpatient services, including an emergency room.

Rehabilitation Pavilion

The UAB Rehabilitation Pavilion (the "Rehabilitation Pavilion") is a state-of-the-art inpatient rehabilitation hospital that opened in August of 2025. The 11-story building includes 136 patient beds consisting of 78 rehabilitation beds, 28 neuro acute beds and 30 acute care beds. The facility focuses on neurorehabilitation for patients with stroke, brain injury, spinal cord injury and other conditions. Each floor in the facility has open therapy gyms, private therapy rooms, a day room and a central hub. Services include physical therapy, occupational therapy, speech-language therapy and music therapy. The Spain Rehabilitation Center ("Spain Rehab") is located in the Rehabilitation Pavilion. Spain Rehab is one of the Southeast's leading providers of inpatient and outpatient physical medicine and rehabilitation services. Spain Rehab is the hub for the Health System's Traumatic Brain Injury Model Systems, Spinal Cord Injury Model Systems, and the National Spinal Cord Injury Statistical Data Center. Spain Rehab is designated by CMS as a leader in innovative care and research.

Freestanding Emergency Rooms

Gardendale Freestanding Emergency Department. Located in Gardendale, Alabama approximately 9 miles north of downtown Birmingham, this state-of-the-art facility is equipped to handle most medical emergencies. The freestanding emergency department ("FED") in Gardendale (the "Gardendale FED") includes 13 exam rooms, one trauma room, two procedure rooms and a secure holding area. It is staffed by board-certified emergency physicians, advanced practice providers, registered nurses and other personnel trained in providing emergency care. This facility also includes a full-service pharmacy, on-site laboratory and complete diagnostic imaging services. The Gardendale FED is located adjacent to a medical complex that offers primary and specialty care services and a UAB Callahan Eye clinic.

UAB Medicine St. Vincent's East Freestanding Emergency Department. Located in Trussville, Alabama approximately 15 miles from downtown Birmingham (the "Trussville FED"), this FED provides access to a wide range of specialists, and on-site digital imaging and lab services. The Trussville FED provides 24/7 emergency care

for severe illnesses and injuries, such as heart attack, stroke, concussion, and broken bones. It offers access to a wide range of specialists, including cardiology, surgery, neurology, stroke, and orthopaedic.

Outpatient Facilities

The Kirklin Clinic of UAB Hospital (“Kirklin Clinic”). The Kirklin Clinic is a 455,000-square-foot physician office and outpatient facility located adjacent to University Hospital. The clinic includes offices for treatment of outpatients by UAHSF physicians, various outpatient diagnostic and treatment facilities, lab facilities and outpatient surgery facilities. The Kirklin Clinic provides highly specialized care in approximately three dozen specialties. It is operated as part of University Hospital.

The Whitaker Clinic of UAB Hospital (“Whitaker Clinic”). The Whitaker Clinic is a 65,000-square-foot physician office and outpatient facility located adjacent to The Kirklin Clinic. The clinic has 112 exam rooms and provides services for Primary Care, Rheumatology, Dermatology, Podiatry and other specialists for treatment of outpatients by UAHSF physicians. There are also lab and radiology facilities within the clinic. The Whitaker Clinic is also operated as part of University Hospital. The Whitaker Clinic and the Kirklin Clinic together provide approximately 2 million clinic visits per year.

UAB Women & Infants Center (“Women & Infants Center”). The Women & Infants Center is a state-of-the-art facility dedicated solely to the care of women and infants. It is located on the main University Hospital campus. The state-of-the-art facility offers a comfortable, family-friendly atmosphere and expert medical staff. The Women & Infant’s Center is the only hospital in the state with high-risk maternal and fetal physicians available in-house around the clock and the only Maternity Evaluation Unit. More than 4,340 babies are delivered at this facility each year.

UAB O’Neal Comprehensive Cancer Center at Acton Road (“O’Neal”). This facility is located south of Birmingham along the I-459 corridor. O’Neal offers innovative advanced cancer treatment and specialty care services, including infusion therapy, medical oncology and radiation oncology services. It is undergoing an expansion that will double the clinic’s capacity including extending the lab and adding seven new exam rooms, enabling more than 10,000 additional patient encounters each year, across clinics and the infusion therapy center at the Acton Road location.

Hazelrig-Salter Radiation Oncology Center (“Hazelrig-Salter”). Hazelrig-Salter is a member of the UAB O’Neal Comprehensive Cancer Center and assembles a team of world-renowned professionals in one of the most technologically advanced cancer centers in the U.S. The radiation treatment space provides special features including a children’s play area, specialty rooms for head and neck patients, state-of-the-art linear accelerators and 16-slice computed tomography (“CT”).

UAB Center for Psychiatric Medicine (“CPM”). CPM provides psychiatry, neuropsychiatry, psychotherapy and addiction recovery services to adolescents, adults, geriatrics and families. The facility features 94 specialized inpatient units designed to meet patient needs based on the type or acuity of psychiatric disorder. CPM is located on the main University Hospital campus in Birmingham.

UAB Medicine – The Cancer Center at RMC (“RMC Cancer Center”). The RMC Cancer Center is located in Alexander City, Alabama, approximately 75 miles southeast of Birmingham, Alabama. The RMC Cancer Center ensures that patients in Alexander City and the surrounding region have access to advanced expertise, leading-edge technology, and coordinated specialty care close to home. This collaboration combines compassionate, community-based care with the research-backed excellence of the Health System’s renowned oncology program, offering patients access to the latest cancer treatments, therapies, and clinical protocols.

UAB Medicine St. Vincent’s One Nineteen (“One Nineteen”). One Nineteen is a health and wellness facility that provides specialty care, rehabilitation therapy, and a fitness center. This facility features a full-service, 50,000-square-foot fitness center with exercise equipment, classes, indoor saline lap pool and personal trainers and instructors. Other services offered at this location include heart care, orthopedics, women’s health, diagnostic outpatient services, laboratory testing and nutrition.

UAB St. Vincent's OrthoSports Tower (the "OrthoSports Tower"). The OrthoSports Tower occupies a 165,680-square-foot building on the UAB St. Vincent's Birmingham campus. Built in 2008, the facility houses specialized outpatient orthopedic care, including physician clinics, surgery suites and diagnostic services.

Birmingham Outpatient Surgery. This facility is located on the campus of St. Vincent's Birmingham and includes 120,000 square feet of same-day surgical care for patients. It utilizes minimally invasive surgery techniques, image-guided and robotic-assisted surgical technology to conduct surgeries such as abdominal surgery, breast surgery and biopsy, gynecologic surgery and women's health procedures, plastic and reconstructive surgery and urologic surgery.

Bruno Cancer Center. The Bruno Cancer Center is located on the campus of UAB St. Vincent's Birmingham. This facility offers cancer care in an outpatient setting.

UAB St. Vincent's East Surgery Centers. The campus of UAB St. Vincent's East hosts two surgery centers: (1) OSE Surgery Center is an outpatient surgery center providing surgical services in a variety of specialties, and (2) Birmingham Heart & Vascular Surgery Center provides a range of cardiology and vascular procedures.

Primary Care Centers. UAB offers primary or primary and urgent care at nine clinics throughout the Birmingham metro area, including locations in downtown Birmingham, Hoover, Gardendale and Leeds. UAB St. Vincent's has 11 clinics throughout the Birmingham metro area, including clinics in Blount, Chilton and Shelby Counties.

Physicians and Services

Academic Leadership.

Anupam Agarwal, M.D., Senior Vice President for Medicine and Dean of the School of Medicine. A physician-scientist and academic leader, Dr. Agarwal is also a professor of Medicine and holds the James C. Lee Jr. Endowed Chair. Dr. Agarwal previously held multiple senior leadership roles at UAB, including director of the Division of Nephrology and executive vice dean of the School of Medicine. His contributions have earned election to the American Society for Clinical Investigation, the Association of American Physicians, and Alpha Omega Alpha, and he has served as president of the American Society of Nephrology. A dedicated mentor and educator, Dr. Agarwal has trained numerous students, fellows, and junior faculty and received multiple awards for mentorship and leadership. He is board-certified in Internal Medicine and Nephrology.

Etty (Tika) Benveniste, M.D., Senior Vice Dean of the School of Medicine and Associate Vice President for Medicine and Basic Sciences. Dr. Benveniste is an internationally recognized neuroimmunologist and academic leader. She founded UAB's Department of Cell, Developmental, and Integrative Biology and has led major initiatives in research strategy, faculty recruitment, and institutional development. Dr. Benveniste has also held numerous national leadership roles in scientific organizations and advisory boards, helping shape neuroscience research priorities. She previously served as President of the American Society for Neurochemistry and as Chair of the AAMC's Group on Research Advancement and Development (GRAND). She is currently a member of the Scientific Advisory Board for the SONTAG Brain Tumor Foundation, the Chair of the National Multiple Sclerosis Society Scientific Advisory Board, and a member of the Board of Scientific Counselors for the NIH National Cancer Institute. Her career reflects exceptional contributions to scientific discovery, leadership, and mentorship in biomedical research.

Craig Hoesley, M.D., Senior Associate Dean for Medical Education and Chair of the Department of Medical Education at the School of Medicine. A physician-educator and infectious diseases specialist, Dr. Hoesley oversees undergraduate, graduate, and continuing medical education programs across UAB's four medical campuses while maintaining an active clinical practice in infectious diseases. Dr. Hoesley joined the UAB faculty in 1999 and has held multiple leadership roles in medical education, including associate dean for Undergraduate Medical Education and internal medicine clerkship director. An active clinician-scientist, he provides care for individuals living with HIV and transplant recipients with infectious complications, leads HIV prevention research, and has authored more than 67 peer-reviewed publications and textbook chapters.

A nationally recognized leader in medical education, Hoesley has served in key roles with the National Board of Medical Examiners and the National Resident Matching Program, helping shape medical licensure examinations and residency training nationwide.

Physicians and Physician Specialties. As of June 1, 2026, there were approximately 2,520 medical staff members (physicians and dentists) at the Obligated Group's acute care hospitals representing more than 41 different specialties and more than 98 different specialties and subspecialties combined. Of this total number, 1,242 have faculty appointments with the School of Medicine. Many faculty members are nationally recognized physicians providing some of the most specialized quaternary care in the country. The University Hospital medical staff is a closed staff, but some medical staff members have privileges at more than one Obligated Group hospital. Approximately 94% of the medical staff physicians are Board certified. In addition, approximately 1,150 residents and fellows affiliated with the School of Medicine provide patient care, working under the supervision of attending faculty physicians.

Employed Physicians. Many of the physicians who practice at the Obligated Group's facilities are employed by UAHSF, which is an independent, private nonprofit professional corporation and a 501(c)(3) organization. It employs an estimated 1,800 physicians. In general, these physicians have dual employment. They teach and perform research through the School of Medicine, and they provide clinical services through UAHSF. University Hospital and its clinical facilities have a closed staff, which, with few exceptions, requires a faculty appointment at the School of Medicine and employment at UAHSF. UAB Medicine Employment Authority employs approximately 80 physicians who work in the UAB STV Hospitals. The remaining physicians who have privileges to practice at the UAB STV Hospitals are generally independent community providers who retain private practices independently or with a group but maintain medical privileges to treat patients at the UAB STV Hospitals and related facilities.

Capital Projects

Completed Major Projects. The Obligated Group has focused on completing several major projects in the past year. The Rehabilitation Pavilion opened in August 2025. The total cost of construction for this facility was \$175 million. For additional information about the UAB Rehabilitation Pavilion, see "FACILITIES AND SERVICES OF THE OBLIGATED GROUP – Rehabilitation Pavilion". In February 2026, operations commenced at the UAB Offsite Sterile Reprocessing Center (the "ORC"), which is a dedicated medical device reprocessing facility that handles the decontamination, assembly and sterilization of soiled surgical instruments. The ORC is designed to support the surgical operations of the UAB Health System and was constructed for a total cost of \$16.7 million. During fiscal year 2025, the Obligated Group also replaced outdated OR lights, booms and video systems in its surgical suites in the North Pavilion and UAB Hospital-Highlands facilities at a total cost of \$23.6 million. UAB Hospital replaced infusion pumps for \$11.3 million which are currently being deployed. UAB Hospital is currently replacing pharmacy medication dispensing system for \$16.8 million. UAB Hospital completed Phase I of surgical robot replacement at both North Pavilion and UAB Hospital-Highlands facilities for \$10.8 million. At UAB St. Vincent's facilities, capital projects of \$23 million included equipment purchases as well as renovations to sustain clinical operations and expand patient access.

Capital Budget. The Obligated Group members have an ongoing capital budget that is updated annually. The Obligated Group currently expects to budget approximately \$150 million per year for routine capital expenditures, including renovation and improvement of existing facilities, acquisition of new or replacement equipment and infrastructure repairs and renovations. Consistent with this expectation, the capital budget includes estimated expenditures of approximately \$377 million in the aggregate for routine capital improvements during fiscal years 2026 through 2029.

From time to time the Obligated Group also considers capital projects for special approval, which typically is granted only after an internal review process that includes analysis of the related business plan and a determination that the project is consistent with the overall mission and strategy of the UAB Health System. Depending on the expected timing for the project, special projects may be approved and completed between budget cycles or may be included in the capital budget for the following fiscal year.

Long-term capital spending is projected at just over \$1.0 billion for fiscal years 2026 through 2029, including close to \$300 million annually over this period. The most significant capital spend in fiscal years 2026 and 2027 is

the system-wide implementation of a new electronic health record system. Long-term capital projects are focused primarily on ambulatory care settings, expansion of the cancer center located on the campus of University Hospital and modernization of the operating rooms at St. Vincent's Birmingham. Some of the new special projects will require a certificate of need, which the Obligated Group expects to receive in the ordinary course of the regulatory process. Although the Obligated Group does not anticipate opposition from other health care providers to its certificate of need applications, there can be no assurance that approval will be obtained without opposition. The Obligated Group will not allocate proceeds of the Bonds to any project unless and until that project receives certificate of need approval.

Information and Medical Record Systems

UAB Health System is currently implementing the Epic electronic health record platform across its entire network, at a cost of approximately \$380 million. The UAB St. Vincent's entities went live in July 2026, and the remaining UAB Health System entities are expected to go live in February 2027. The Epic platform will unify electronic health records, revenue cycle management and clinical research functions for all UAB Health System entities, including University Hospital, UAB St. Vincent's, Callahan Eye, UAB Medical West and Cooper Green.

Employees and Employee Relations

Employee retention. UAB Health System is comprised of over 36,000 employees. The Health System has grown by nearly 1,000 direct employees from June 2025 to June 2026. UAB Health System has an overall rolling 12-month turnover rate of 18.2% as of June 2026 which aligns with national median benchmarks. For the nine-month period ended June 30, 2026, UAB Health System has seen a positive net hire ratio with new hire volume outpacing terminations.

Contract Labor. Contract labor makes up a small percentage of the Health System's workforce. As of June 30, 2026, the Health System utilized approximately 600 clinical contingency (traveler) professionals across its facilities. In addition, UAB Health System offers a Travel Alternative Program, a direct-hire staffing model that employs clinicians on 12-week contracts to support clinical operations, which had approximately 120 participants as of June 30, 2026.

Awards and Recognitions

University Hospital has continually been ranked as the number one hospital in the State by U.S. News and World Report. It was also named the No. 1 Best Large Employer for 2021 by Forbes magazine, and received a Top Ten Consumer Choice Award from National Research Corp. It is the only Level 1 Trauma Center in central and north Alabama certified by the American College of Surgeons and is the longest tenured and highest volume. Since 2002, University Hospital has received six consecutive Magnet designations by the American Nurses Credentialing Center Magnet Recognition Program, only the 19th program in the world to achieve that status. Its programs in comprehensive stroke, cardiothoracic surgery, neurology and spine and oncology have all been ranked among the nation's best.

FACILITIES AND SERVICES OF RELATED ENTITIES

UAB Health System

Viva Health. Viva Health, Inc. ("Viva"), an Alabama not-for-profit corporation, is a licensed HMO whose purpose is to provide a prescribed range of healthcare services through agreements with primary care physicians, specialty physicians, hospitals, and ancillary service providers to a defined, enrolled population for a fixed, prepaid monthly premium. Viva's business includes providing commercial health insurance coverage for employers throughout the state of Alabama, including coverage for employees of UAB, UAB Medicine and their various affiliates. Viva also provides coverage to Medicare beneficiaries in Alabama through its Medicare Advantage plan. Viva is owned by Triton Health Systems, LLC ("Triton"), which is jointly owned by the UA Board (99%) and the UAB Education Foundation (1%). Triton was formed in 1995 to advance the educational and research missions of UAB and provides annual transfers to the School of Medicine of approximately \$18 million annually. Triton also owns Viva Health Administration, LLC ("Viva Admin"), which operates as a third party administrator for employer

groups in Alabama. Triton also contracts to provide care management services to three Alabama Medicaid Agency Coordinated Health Networks (ACHN): Alabama Care Network Mid-State, Alabama Care Network Southeast and Gulf Coast TotalCare. Triton as a consolidated entity has been profitable since 1999 and continues to target growth in enrollment in both its commercial and Medicare Advantage business lines.

Viva provides healthcare coverage for 26,000 fully-insured commercial and 52,000 Medicare Advantage enrollees with annual premium revenue of approximately \$1.1 billion. Viva Admin covers 26,000 self-insured members with annual administrative services revenue of approximately \$9 million. Triton provides care management services for three ACHN's with approximately 325,000 Medicaid enrollees. Viva is the second largest insurance provider domiciled in the state of Alabama behind Blue Cross Blue Shield of Alabama, which covers over two million enrollees.

UAB Medical West. UAB Medical West is a new state-of-the-art hospital that opened in August 2024. It is located in McCalla, Alabama approximately 25 miles southwest of Birmingham just off of I-459, the southern bypass around the Birmingham metro area. This facility includes a 412,000 square foot, nine-story hospital with 200 beds, a 127,000 square foot, 7-story medical office building ("MOB") and parking deck. Features include a new surgical and endoscopy suite, including robotic surgery and 12 operating rooms, state-of-the-art imaging technology, 38 intensive care beds, emergency department with 30 emergency room beds, eight labor and delivery rooms, two cath labs and eight other procedure rooms. UAB Medical West offers a wide range of services, including advanced wound care, cardiac rehabilitation, diagnostic imaging, geriatric psychiatry, joint replacement, rehab services, robotic surgery and sleep center services. The building is equipped with floor-to-ceiling windows in patient rooms overlooking a pond and walking trails on the hospital grounds.

UAB Medical West also operates six outpatient health centers throughout West Jefferson County and a free-standing emergency room in Hoover.

Baptist Montgomery Authority. Baptist Montgomery Authority is one of the leading providers of health care to residents of central Alabama. The health care system has nearly 60% inpatient market share in its primary service area, with services centering around three acute care facilities. With 432 licensed beds, Baptist Medical Center South is Montgomery's largest healthcare facility and serves as a regional tertiary referral center, providing trauma, cardiac, orthopedic, and neurosurgical services. Baptist Medical Center South is the operator of Crossbridge Behavioral Health, a freestanding psychiatric facility with 60 licensed beds, and the Montgomery Cancer Center and its related entities, which includes oncology infusion and diagnostic imaging services. Baptist Medical Center East is a 176-licensed bed, full-service hospital providing acute care, women's and diagnostic services. Prattville Baptist Hospital is currently licensed for 107 beds and provides emergency, medical, geropsych and surgical services for communities north of the city of Montgomery. Complementary to the hospitals are a diverse array of activities and services provided by employed physicians, UAB Multispecialty Clinic, Montgomery Surgical Center, a free-standing ambulatory surgical center, institute for patient safety and medical simulation, residency teaching programs, hospice services, joint ventures and various disease management programs.

Cooper Green. Cooper Green is a multi-specialty outpatient clinic that provides health care services primarily to the underserved population of Jefferson County. This 210,000-square-foot facility opened in December 2024 and includes MRI imaging space, a retail pharmacy, an urgent care clinic, behavioral health clinic, lab space, dental services clinic, physical, occupational, and speech therapy, and indoor and outdoor therapy spaces. Cooper Green also features new parking facilities.

Other Affiliated and Managed Hospitals.

Russell Medical Center. Russell Medical Center, located in Alexander City, Alabama, founded over 100 years ago to serve employees of Russell Manufacturing and local residents, has grown into one of Alabama's most respected healthcare providers. With 81 beds, 52 active staff physicians, it provides the local community access to over 28 specialties, including oncology, cardiology, gastroenterology, orthopedics, geriatric medicine and primary care. Russell Medical and UAB Medicine have partnered together on the Russell Medical Cancer Center, allowing patients to receive advanced cancer treatment, including both radiation and chemotherapy, close to home.

Whitfield Regional Hospital. Whitfield Regional Hospital, located in Demopolis, Alabama, has 99 licensed beds and serves the western central region of Alabama. It is a level 3 trauma center and designated regional stroke center. It is equipped to provide emergency, medical, surgical, and critical care services. Other services offered include adult and geriatric psychiatry, oncology, addiction recovery, physical and occupational therapy, home health, laboratory, diagnostic imaging, sleep lab, and a wellness center.

J. Paul Jones Hospital. J. Paul Jones Hospital, located in Camden, Alabama, operates as a rural emergency hospital serving Wilcox County. It provides emergency care and a range of outpatient and rural health services for the county, including laboratory and radiology services.

Locations of Health System Hospitals. The following map shows the location of the Health System hospital facilities.

Table 4.
Map of Hospital Facilities



Academic Entities

University Campuses. The University of Alabama System is comprised of three campuses: the University of Alabama (“UA”), the University of Alabama at Birmingham (“UAB”) and the University of Alabama in Huntsville (“UAH”).

UA is the state’s future-ready flagship. UA develops leaders and a workforce for a changing world, advances research and innovation that solve real problems and strengthens communities across Alabama and beyond. UA provides an economic impact to the state of more than \$3.4 billion and holds a global reputation for excellence. Through more than 200 degree programs and 30 research centers, the University leads creative inquiry and discovery that fuels economic growth and opportunity.

Known for its innovative and interdisciplinary approach to education at both the graduate and undergraduate levels, UAB is an internationally renowned research university and academic medical center with more than \$850 million in research expenditures annually, as well as Alabama’s largest employer, with more than 35,000 employees, and has an annual economic impact exceeding \$12.1 billion on the state. The pillars of UAB’s mission include education, research, innovation and economic development, community engagement, and patient care.

UAH is a highly accomplished academic institution and a research intensive university with five programs ranked in the top 25 in the nation for federally-financed research, according to the National Science Foundation. The campus is the anchor tenant in Cummings Research Park, the second largest university-related research park in the United States. UAH fosters a culture of innovation through cutting-edge technology and strong industry partnerships, giving students hands-on experiences for solving real-world problems.

UAB Heersink School of Medicine. The School of Medicine educates more than 800 medical students and 1,100 residents and fellows each year across four campuses in Birmingham, Huntsville, Montgomery, and Tuscaloosa. Since 1946, the School of Medicine has trained more than 10,000 physicians. A leader in biomedical discovery, the School of Medicine’s research enterprise spans from basic science exploration to clinical trial excellence across a broad range of disciplines including neurosciences, immunology, chronic disease, genomic and precision medicine. It is also home to the UAB O’Neal Comprehensive Cancer Center, which was one of the first 8 cancer centers designated by the National Cancer Institute (“NCI”) in 1972. O’Neal remains committed to advancing cancer treatment and prevention through research, clinical care and community engagement and is the only NCI-designated cancer center in the four-state region including Alabama, Mississippi, Louisiana and Arkansas.

Collectively, the School of Medicine is comprised of 1,900 full-time faculty members across 27 academic departments, and is dedicated to advancing medical education, pioneering scientific discovery, and improving human health.

Grants and Research Activities. In total, the School of Medicine secured \$546.8 million in overall research award funding in fiscal year 2025, with 56% of award funding coming from federal sources, including National Institutes of Health (NIH) among others. According to the Blue Ridge Research Institute, the School of Medicine ranks 28th nationally in NIH research funding and 12th among public medical schools, with \$256 million in NIH funding and 329 NIH-funded principal investigators. The School of Medicine translates research and discovery into clinical practice through a robust and growing clinical trials enterprise. Clinical research expenditures totaled more than \$120.7 million in fiscal year 2025, which represents a more than 30% increase from clinical research expenditures in fiscal year 2022, which were \$91.8 million. Established in 2008, the Center for Clinical and Translational Science is one of approximately 60 Clinical and Translational Science Awards (CTSA) nationwide, and has been at the forefront of innovative research aimed at reducing the burden of diseases that disproportionately affect the region.

Other Health Science Schools. In addition to the School of Medicine, the UAB academic health center offers courses of study in six other health science schools: Nursing, Health Professions, Public Health, Joint Health Sciences, Dentistry, and Optometry. With the School of Medicine, these schools enroll over 8,000 students each year, and serves as a pipeline for future employees of the Health System.

DEBT STRUCTURE OF THE OBLIGATED GROUP

Plan of Financing

Use of Bond Proceeds. Proceeds of the Bonds will be used to refinance certain debt of the Members of the Obligated Group and pay certain expenses incurred in connection with the issuance of the Bonds. See “THE PLAN OF FINANCE” in the front part of this Official Statement.

Series 2026B Bonds. Simultaneously with the issuance of the Series 2026A Bonds, the Authority intends to issue its \$100,000,000* Revenue Bonds, Series 2026B (the “Series 2026B Bonds”). Proceeds of the Series 2026B Bonds will be used to finance or refinance the costs of a portion of the capital expenditures and special capital projects of the Obligated Group described under “FACILITIES AND SERVICES OF THE OBLIGATED GROUP – Capital Projects”. See “THE PLAN OF FINANCE – Issuance of Series 2026B Bonds” in the front part of this Official Statement.

Retirement of Series 2024C Bonds. In September 2026, UAB STV Authority intends to use available cash reserves to retire the UAB STV Authority’s \$100,000,000 Taxable Revenue Bonds, Series 2024C (the “Series 2024C Bonds”). The Series 2024C Bonds evidence a loan made to UAB STV Authority by Regions Commercial Equipment Finance, LLC.

Outstanding Debt

After giving effect to the plan of financing for the Bonds, the Obligated Group will have the following debt outstanding:

* Preliminary, subject to change.

Table 5.
Debt of the Obligated Group
(Unaudited)
(dollars in thousands)

	Outstanding Principal Balance ⁽¹⁾	Final Maturity	Secured by Master Indenture
Fixed Rate Debt			
Series 2026A Bonds ^{(2)*}	TBD	_____	Yes
Series 2026C Bonds ^{(2)*}	TBD	_____	Yes
Series 2019B Bonds ⁽³⁾	103,385,000	2048	Yes
Series 2017A1 Bonds ⁽⁴⁾	6,735,000	2027	Yes
Series 2017A2 Bonds ⁽⁵⁾	5,420,000	2027	Yes
Series 2017B1 Bonds ^{(3)*}	44,810,000	2042	Yes
Series 2017B2 Bonds ^{(3)*}	135,545,000	2047	Yes
Series 2016B Bonds ^{(3)*}	274,255,000	2041	Yes
Series 2012A Bonds ⁽⁴⁾	1,641,000	2027	Yes
Subtotal*	<u>\$571,791,000</u>		
Variable Rate Debt			
Series 2026B Bonds ^{(6)*}	\$100,000,000		Yes
Series 2024A Bonds ⁽⁷⁾	290,000,000	2054	Yes
Series 2024B Bonds ⁽⁸⁾	290,000,000	2054	Yes
Subtotal*	<u>\$680,000,000</u>		
Miscellaneous Debt ⁽⁹⁾			
Lease and subscription based information technology agreements (SBITA) obligations – University Hospital	\$63,014,160	2035	No
Financing Leases – UAHSF	1,097,405	2041	No
Lease Obligations Payable – Callahan Eye	1,264,775	2031	No
Lease and SBITA Obligations – UAB St. Vincent's	27,936,196	2032	No
Subtotal	<u>\$93,312,536</u>		
Total Debt*	\$1,345,103,536		

* Preliminary, subject to change.

Note (1): The outstanding principal balances listed are as of December 2, 2026, which is the anticipated date of issuance of the Series 2026C Bonds. On December 2, 2026, the Series 2026A Bonds, the Series 2026B Bonds and the Series 2026C Bonds will all have been issued and delivered. The Finance Authority's Series 2019A Bonds, which are outstanding in the principal amount of \$2,000,000 as of the date of this Official Statement, mature on September 1, 2026 and are, therefore, not included in this table.

Note (2): These are the Bonds being offered pursuant to this Official Statement.

Note (3): The Series 2016B Bonds, Series 2017B1 Bonds, Series 2017B2 Bonds and Series 2019B Bonds are publicly traded bonds issued to provide financing for the benefit of the Obligated Group. All or a portion of the Series 2016B Bonds, Series 2017B1 Bonds and Series 2017B2 Bonds may be refinanced with proceeds of the Bonds, as a part of the plan of financing for the Bonds. See "DEBT STRUCTURE OF THE OBLIGATED GROUP – Plan of Financing".

Note (4): The Series 2012A Bonds and Series 2017A1 Bonds evidence a direct loan for the benefit of University Hospital from Regions Capital Advantage, Inc.

Note (5): The Series 2017A2 Bonds evidence a direct loan for the benefit of UAHSF from Regions Capital Advantage, Inc.

Note (6): The Series 2026B Bonds are being offered pursuant to a separate official statement and will be issued at the same time as the Series 2026A Bonds. See "THE PLAN OF FINANCE – Issuance of Series 2026B Bonds" in the front part of this Official Statement.

Note (7): The Series 2024A Bonds were issued in the index rate mode under a multi-modal indenture and were purchased from the issuer by Bank of America, N.A. The index rate applicable to these bonds is a variable rate equal to SIFMA plus a spread. For additional information about the Series 2024A Bonds, see "Balloon Payment or Purchase Obligations" below.

Note (8): The Series 2024B Bonds were issued in the index rate mode under a multi-modal indenture and were purchased from the issuer by Wells Fargo Municipal Capital Strategies, LLC. The index rate applicable to these bonds is a variable rate equal to SIFMA plus a spread. For additional information about the Series 2024B Bonds, see "Balloon Payment or Purchase Obligations" below.

Note (9): Includes various capital lease and SBITA obligations entered into by the Obligated Group members.

Bridge Financing for Acquisition of St. Vincent's System. In 2024, UA Board formed the UAB STV Authority to acquire the sole corporate membership interest of St. Vincent's Health System from Ascension Health (the "Member Substitution"). The Member Substitution was effective November 1, 2024. On October 29, 2024, UAB STV Authority issued the Series 2024A Bonds, the Series 2024B Bonds and the Series 2024C Bonds (collectively, the "Series 2024 Bonds") to provide financing for (i) the cost of acquisition of the St. Vincent's Health System membership interest, (ii) the costs of capital improvements to the St. Vincent's facilities, (iii) certain working capital, operating expenses and other general expenses of the UAB STV Authority and the St. Vincent's system, and (iv) costs of issuance with respect to the Series 2024 Bonds. The payment of debt service on the Series 2024 Bonds and certain other obligations of UAB STV Authority related thereto were guaranteed by UA Board, UAHSF, UABME and Callahan Authority (collectively, the "Guarantors") pursuant to three separate guaranty agreements (the "Guaranty Agreements"). The Guarantors comprised all the members of the Obligated Group as it existed at the time of the Member Substitution. The obligations of the Guarantors under each Guaranty Agreement are evidenced and secured by a separate Obligation issued pursuant to the Master Indenture. In June 2026, UAB STV Authority and the corporate entities that operate the five St. Vincent's system hospitals became members of the Obligated Group. As described in "DEBT STRUCTURE OF THE OBLIGATED GROUP – The Plan of Finance – Retirement of Series 2024C Bonds", the Series 2024C Bonds are being retired in September 2026 with available cash reserves of UAB STV Authority, and all obligations of the Obligated Group related to such Series 2024C Bonds are expected to be extinguished at such time.

Balloon Payment or Purchase Obligations. Each of the Series 2024A Bonds and the Series 2024B Bonds was issued pursuant to a multi-modal indenture in the Index Rate Mode for an index rate period that ends on November 1, 2027, when the Series 2024A Bonds and the Series 2024B Bonds are subject to mandatory tender and purchase. The Obligated Group expects to satisfy its other purchase obligations through one or more refinancing or remarketing options, including the remarketing of multi-modal bonds in a new interest rate mode or refunding with long-term debt through a public offering or a direct loan from a financial institution. See "Additional Debt" below. There can be no assurance that these options will be available to the Obligated Group when the need arises.

Security for Payment of Outstanding Debt. When the Bonds are issued, all debt of the Obligated Group will be secured by the Master Indenture other than the debt described in Table 5 under "Miscellaneous Debt" (the "Unsecured Obligated Group Debt"). The Unsecured Obligated Group Debt is an unsecured obligation of the Obligated Group member liable for payment of that debt. See APPENDIX H for the terms of the Master Indenture.

Annual Debt Service Requirements. The following table contains estimated annual debt service requirements on all debt of the Obligated Group secured by the Master Indenture that will be outstanding when the Bonds are issued and the plan of finance has been implemented. The table reflects the following assumptions, inclusions and omissions:

Long-term debt secured by Master Indenture. The table includes all long-term debt of the Obligated Group that will be secured by the Master Indenture after the issuance of the Bonds. Excluded from the table are the lease and SBITA obligations of the Obligated Group, which are not secured by the Master Indenture. See Table 5 - "Miscellaneous Debt".

Variable rate debt. Interest on variable rate debt was estimated based on current market conditions.

Purchase Requirements. The principal of long-term debt with purchase requirements is shown as payable on the scheduled maturity date, without giving effect to purchase obligations or expected refinancing. See "DEBT STRUCTURE OF THE OBLIGATED GROUP – Balloon Payment or Purchase Obligations".

Scheduled mandatory redemption requirements. The principal of long-term debt with scheduled mandatory redemption requirements (e.g., term bonds) is shown as payable in accordance with the scheduled mandatory redemption.

The annual debt service requirements in this table do not reflect the calculation of "Maximum Annual Debt Service Requirement" for purposes of the Master Indenture coverage tests. See "Coverage Tests and Debt Incurrence Tests Under Master Indenture" below for a discussion of the Master Indenture coverage tests and the resulting calculation.

Table 6.
Annual Debt Service Requirements on Long-Term Debt

Fiscal Year Ending September 30	Principal		Total Principal Payments*	Estimated Total Interest Payments*	Estimated Total Debt Service*
	Series 2026A and Series 2026C Bonds ^{(1)*}	Other Debt Secured by Master Indenture ⁽²⁾			
2027		\$23,011,000		\$45,014,084	
2028		23,740,000		44,282,127	
2029		24,930,000		43,048,398	
2030		26,025,000		41,974,962	
2031		27,325,000		40,673,712	
2032		28,370,000		39,652,608	
2033		29,785,000		38,187,380	
2034		30,935,000		37,065,981	
2035		47,480,000		35,144,437	
2036		53,740,000		33,075,272	
2037		55,885,000		30,995,914	
2038		58,120,000		28,897,322	
2039		60,455,000		26,670,107	
2040		62,805,000		24,450,989	
2041		65,420,000		21,919,133	
2042		68,140,000		19,351,685	
2043		39,995,000		16,884,097	
2044		41,430,000		15,588,540	
2045		42,935,000		14,199,761	
2046		44,485,000		12,806,586	
2047		46,090,000		11,347,250	
2048		43,985,000		9,845,835	
2049		38,320,000		8,408,438	
2050		39,660,000		7,240,495	
2051		41,045,000		6,021,461	
2052		42,485,000		4,764,878	
2053		43,975,000		3,449,352	
2054		45,510,000		2,101,863	
2055		47,115,000		702,581	
2056		8,595,000		258,145	
Total	\$ _____	\$1,251,791,000	\$ _____	\$664,023,391	\$ _____

* Preliminary, subject to change.

Note (1): These are the Bonds offered pursuant to this Official Statement.

Note (2): Includes the indebtedness described in Table 5, other than the obligations listed under the heading "Miscellaneous Debt". Includes all outstanding principal of the Series 2016B Bonds, Series 2017B-1 Bonds and Series 2017B-2 Bonds, without the effect of any refunding of such bonds. Interest on the obligations under the heading "Variable Rate Debt" in Table 5 has been estimated at 3.00%.

On the date of issuance of the Series 2026A Bonds, the Authority intends to issue its Series 2026B Bonds for the benefit of the Obligated Group. See “DEBT STRUCTURE OF THE OBLIGATED GROUP – The Plan of Finance – Series 2026B Bonds”.

Debt Management Expectations. In the ordinary course of managing its debt portfolio, the Obligated Group expects to meet all of these purchase obligations through one or more refinancing or remarketing options that it customarily employs, the remarketing of multi-modal bonds in a new interest rate mode, or refunding with long-term debt through a public offering or a direct loan from a financial institution. There can be no assurance that these options will be available to the Obligated Group when the need arises.

Debt of Non-Obligated Health System Entities

Certain Non-Obligated Health System Entities have incurred significant outstanding debt, including UAB Medical West, the Baptist Montgomery Authority and the Cooper Green Authority. See “RELATED ENTITIES” herein. The Obligated Group is not responsible for the payment of any outstanding debt incurred by a Non-Obligated Health System Entity.

OPERATING AND FINANCIAL DATA

Operating Statistics

The following table summarizes selected information with respect to utilization of the Obligated Group’s facilities for the periods indicated:

Table 7.
Utilization Statistics

Utilization	Fiscal Year Ended September 30,			Nine Months Ended June 30,	
	2023	2024	2025 ⁽²⁾	2025 ⁽²⁾	2026 ⁽²⁾
Licensed beds	1,313	1,313	2,272	2,185	2,378
Staffed beds	1,189	1,206	1,965	1,953	2,053
Occupancy – University Hospital ⁽¹⁾	92.46%	93.05%	92.18%	92.73%	90.07%
Occupancy – UAB STV Hospitals ⁽¹⁾	-	-	70.20%	70.74%	72.62%
Discharges	53,724	54,589	87,340	64,654	68,485
Bedded Outpatient and Observation Cases	37,990	40,593	76,537	57,914	54,023
Emergency department visits	139,059	146,793	281,472	207,282	231,690
Deliveries	4,108	4,491	7,543	5,747	5,281
Average length of stay	7.96	7.98	6.88	6.90	6.97
Inpatient surgery cases	22,332	22,322	28,799	21,180	21,482
Outpatient surgery cases	33,831	35,389	64,225	46,190	57,517
Total surgery cases	56,163	57,711	93,024	67,370	78,999
Outpatient clinic encounters	1,899,436	1,990,546	2,256,501	1,720,859	1,792,962
Outpatient rehabilitation encounters	14,863	14,714	18,346	13,450	14,570
Outpatient Revenue % to Total	54.33%	55.28%	57.09%	56.70%	57.55%
Medicare Case Mix Index – University Hospital	2.72	2.77	2.91	2.90	2.88
Medicare Case Mix Index – UAB STV Hospitals	-	-	1.92	1.91	1.83
Overall Case Mix Index – University Hospital	2.52	2.52	2.64	2.61	2.65
Overall Case Mix Index – UAB STV Hospitals	-	-	1.75	1.74	1.69

Note (1): Occupancy calculated based on staffed beds.

Note (2): Includes information for the UAB STV Hospitals beginning on November 1, 2024, the date these hospitals were acquired. See “The UAB Medicine Obligated Group – Members of the Obligated Group – UAB STV Authority.”

Financial Statements of the Obligated Group

The reports on the audited financial statements of each Obligated Group member, other than UAB STV Authority, for the fiscal years 2024 and 2025 are included in APPENDICES C–F. The report on the audited financial statements of UAB STV Authority as of September 30, 2025 and for the period from November 1, 2024 to September 30, 2025 is included in APPENDIX G.

The following Table contains unaudited combined financial information for the Obligated Group compiled by management for the three fiscal years ended September 30, 2023, 2024 and 2025 and for the nine-month periods ended June 30, 2025 and 2026. The Obligated Group does not expect to deliver audited combined or consolidated financial statements because generally accepted accounting principles (GAAP) currently do not provide standards for combining entities using different accounting principles. All Members of the Obligated Group are governmental entities whose financial statements are prepared using GASB principles, other than UAHSF and UABME, which are nonprofit corporations. The audited financial statements for UAHSF and UABME are prepared using FASB principles.

The unaudited combined financial information presented below for the Obligated Group for the fiscal year ended September 30, 2025 and for the nine-month periods ended June 30, 2025 and 2026 includes UAB STV Authority, St. Vincent’s Birmingham, St. Vincent’s East, St. Vincent’s Chilton, LLC, St. Vincent’s Blount and St. Vincent’s St. Clair, LLC, beginning on November 1, 2024. For financial reporting purposes, UAB STV Authority’s audit includes Primary Government and Non-Major Component Units. The Primary Government includes the Authority and its blended component units. All entities that own hospitals are considered blended component units. The Primary Government is included in the unaudited combined financial information for the Obligated Group compiled by management in Tables 8 and 9. Under the Master Indenture all entities consolidated with an Obligated Group member for financial reporting purposes are included in computations for covenant compliance. See Section 8.13 of the Master Indenture included in APPENDIX I. Some entities that were subsidiaries of STVHS are considered discretely presented component units of UAB STV Authority under GASB principles and are not consolidated for financial reporting purposes and reflected in Non-Major Component Units in the audit. Accounts of discretely presented component units are not consolidated and therefore are not included in computations for covenant compliance. See the notes to the UAB STV Authority audit for the period ended September 30, 2025 included in APPENDIX G for a description of the discretely presented component units. The Obligated Group does not consider the results of operations of the discretely presented component units to be material for purposes of such computations.

Unless GAAP standards and generally accepted auditing standards are changed to facilitate combined or consolidated financial statements for the Obligated Group, for continuing disclosure purposes under Rule 15c2-12 the Obligated Group will continue to provide annual audited financial statements for each individual member, using the GASB or FASB standards applicable to that member, and the Obligated Group will prepare annual and quarterly unaudited combined or consolidated data substantially similar to Tables 8 and 9 below. See “CONTINUING DISCLOSURE” in the front portion of this Official Statement and the form of Continuing Disclosure Agreement set forth in APPENDIX L.

The financial data for the Obligated Group in Tables 8 and 9 below is a summary of the information in APPENDIX B. This data was compiled by management and is unaudited. The data for the fiscal years ended September 30, 2023, 2024 and 2025 was compiled by management from the audited financial statements of the individual Obligated Group members for such years.

Management of the Obligated Group believes the financial data included in Tables 8 and 9 fairly represents the financial condition and results of operations of the Obligated Group for the periods indicated and that the data included in those tables is consistent with the audited financial statements of the individual members; however, management does not represent that this data is presented in accordance with generally accepted accounting principles (GAAP). As noted above, GAAP currently does not provide for combined or consolidated financial statements for a group of entities using different accounting principles.

Table 8.
Statement of Revenues, Expenses and Changes in Net Position
(in thousands of dollars)

	Fiscal Year Ended September 30,			Nine Months Ended June 30,	
	2023	2024	2025	2025	2026
Operating revenues					
Net patient service revenue	\$3,179,396	\$3,494,999	\$4,471,407	\$3,310,632	\$3,618,444
Common Fund Assessment	9,144	8,725	9,398	1,628	7,172
Capitation revenue	107,127	108,171	104,708	77,653	50,741
Other revenue	667,149	812,192	1,011,995	712,995	853,019
Total operating revenues	3,962,816	4,424,087	5,597,508	4,102,908	4,529,376
Operating expenses					
Salaries, wages, and benefits	1,255,117	1,353,760	1,762,879	1,281,111	1,376,426
Contract Labor - salaries and benefits	794,212	849,678	930,355	681,014	782,276
Supplies and services	1,102,182	1,264,845	1,623,307	1,204,241	1,369,333
Physician and professional fees	215,205	218,007	467,601	328,084	353,107
Allocation of The University of Alabama at Birmingham general and administrative services	40,437	43,204	44,375	38,452	37,091
Payments to UAB Educational Foundation	3,072	3,072	3,072	2,304	2,304
Depreciation	124,875	127,950	175,165	147,618	145,769
Other	326,659	283,658	362,305	244,157	292,588
Total operating expenses	3,771,759	4,144,174	5,369,059	3,926,981	4,358,894
Operating income	191,057	279,913	228,449	175,927	170,482
Nonoperating revenues (expenses)					
State appropriations	43,516	46,287	49,264	36,948	39,262
Net investment income, including change in fair value of investments	226,812	388,278	221,408	64,886	209,080
Interest expense	(25,943)	(25,461)	(48,375)	(34,756)	(35,195)
Equity earnings (losses) from component units and joint ventures	-	-	(30,807)	1,548	(23,229)
Economic relief funds	10,863	-	-	-	-
Other	(2,435)	(13,636)	(2,638)	(3,532)	(1,141)
Income before capital grants and transfers	443,870	675,207	417,301	241,021	359,259
Capital grants and contributions	50,000	-	-	-	-
Transfers to the School of Medicine	(151,076)	(171,623)	(172,560)	(119,142)	(117,109)
Other transfers from UAB and UAB Health System Affiliated Entities (net)	(5,213)	(9,019)	2,474	(3,824)	135
Increase in net position	337,581	494,559	1,576	118,055	242,285
Net position					
Beginning of year	1,762,905	2,100,486	2,477,830	2,477,830	2,726,621
End of year	\$2,100,486	\$2,595,045	\$2,726,621	\$2,595,885	\$2,968,906

Table 9.
Statements of Net Position
(in thousands of dollars)

	As of September 30,			As of June 30,	
	2023	2024	2025	2025	2026
Assets					
Current assets					
Cash and cash equivalents	\$207,580	\$123,779	\$166,787	\$247,936	\$120,071
Short-term investments	856,799	1,008,621	1,086,122	1,004,545	1,179,846
Patient accounts receivable, net of allowance for uncollectible accounts	496,730	544,627	706,389	666,267	747,803
Other receivables	56,953	73,651	103,858	114,120	145,934
Inventories	43,506	53,126	91,661	72,265	89,490
Due from component units and related organizations, net	-	-	43,136	6,553	50,757
Other current assets	82,845	104,149	110,298	122,335	127,876
Total current assets	1,744,413	1,907,953	2,308,251	2,234,021	2,461,777
Noncurrent assets					
Unrestricted cash and investments	968,874	1,214,174	1,221,258	1,179,959	1,259,389
Endowed investments and Trustee held funds	20,220	22,799	24,174	22,588	25,942
Restricted cash and cash equivalents and investments	-	-	165,334	186,461	106,230
Capital assets, net	992,568	1,081,112	1,523,550	1,452,688	1,620,681
Operating leased assets	6,141	15,987	22,668	16,815	21,646
Deferred compensation	171,840	205,402	223,085	204,362	222,948
Investment in Professional Liability Trust Fund	125,056	171,116	183,105	161,759	214,864
Other assets	19,592	16,923	28,672	20,118	30,049
Total noncurrent assets	2,304,291	2,727,513	3,391,846	3,244,750	3,501,749
Total assets	\$4,048,704	\$4,635,466	\$5,700,097	\$5,478,771	\$5,963,526
Deferred Outflow of Resources					
Deferred outflow from debt refundings	\$8,467	\$7,817	\$7,195	\$7,350	\$6,728
Deferred outflows related to pension and OPEB	253,318	279,324	516,634	279,324	516,634
Total deferred outflows of resources	\$261,785	\$287,141	\$523,829	\$286,674	\$523,362
Liabilities					
Current liabilities					
Current installments of long-term debt	\$40,814	\$45,058	\$73,953	\$69,970	\$59,128
Accounts payable and accrued expenses	195,642	245,901	339,254	340,839	399,464
Salaries, wages, and employee benefits payable	119,300	121,548	154,685	137,411	138,836
Due to related parties	5,152	6,749	20,397	16,354	33,364
Due to third party payors, net	56,482	70,067	95,758	73,841	86,315
Total current liabilities	417,482	489,323	684,047	638,415	717,107
Noncurrent liabilities					
Long-term debt, less current installments	697,298	672,353	1,335,300	1,361,307	1,335,893
Other noncurrent liabilities	1,410	592	1,931	191	235
Compensated absences	520	403	5,897	397	-
Deferred compensation payable	171,840	205,402	223,085	204,308	222,973
Operating lease liability	4,594	15,302	25,597	17,922	23,403
Pension liability	529,396	521,142	456,106	521,963	456,106
Other post employment benefits liability	56,702	91,316	453,768	91,711	453,713
Unearned revenue	862	2,807	2,372	2,711	2,079
Total noncurrent liabilities	1,462,622	1,509,317	2,504,056	2,200,510	2,494,402
Total liabilities	\$1,880,104	\$1,998,604	\$3,188,103	\$2,838,925	\$3,211,509
Deferred Inflow of Resources					
Deferred inflows related to pension and OPEB	\$315,157	\$313,830	\$281,500	\$313,830	\$281,501
Deferred inflows related to leases	14,742	15,092	27,702	16,805	24,972
Total deferred inflows of resources	\$329,899	\$328,922	\$309,202	\$330,635	\$306,473
Net Position					
Invested in capital assets, net of related debt	\$193,521	\$265,703	\$261,758	\$172,042	\$347,447
Restricted - Nonexpendable	128	128	6,319	19,607	7,242
Restricted - Expendable	19,378	19,867	34,709	20,297	20,889
Unrestricted	1,887,459	2,309,347	2,423,835	2,383,939	2,593,328
Total net position	\$2,100,486	\$2,595,045	\$2,726,621	\$2,595,885	\$2,968,906

Management Discussion and Analysis

The statement of revenues, expenses and changes in net position in Table 8 presents the extent to which the Obligated Group's overall net position increased or decreased during each year as a result of operations or other reasons. The Obligated Group's operating revenues have experienced consistent growth over the three fiscal years presented and continue with the same positive trend in the first nine months of fiscal year 2026 as compared to the same period for 2025. Effective, November 1, 2024, the Obligated Group includes UAB STV Authority's and its affiliates' results from operations which has also contributed to overall growth.

For the year ended September 30, 2025, the Obligated Group's operating revenues totaled \$5.6 billion, an increase of \$1.2 billion, or 27%, over fiscal year 2024 including growth from the acquisition of UAB STV Authority and its affiliates. The increase from fiscal year 2023 to fiscal year 2024 was \$461 million, or 12%. For the nine months ended June 30, 2026, the Obligated Group's operating revenues totaled \$4.5 billion, an increase of \$426 million, or 10%, over the nine months ended June 30, 2025. Patient service revenues, net of allowances for contractual discounts, charity care and bad debt expense, of \$4.5 billion for the 2025 fiscal year, reflect an increase of \$976 million, or 28%, over fiscal year 2024. Fiscal year 2024 included \$53.2 million in Medicare settlements related to underpayments in the 340B discount drug program related to calendar years 2018-2022. The increase from fiscal year 2023 to fiscal year 2024 was \$316 million, or 10%. For the period ended June 30, 2026, patient service revenue, net of allowances for contractual discounts, charity care and bad debt expense, was \$3.6 billion, an increase of \$308 million, or 9%, over the nine months ended June 30, 2025.

Contributing factors to this favorable trend include volume increases related to growth in providers and sites of service (additional inpatient staffed beds and ambulatory sites), increased acuity at the academic medical center (currently ranked 6th in academic peer group) contract improvements and ongoing revenue cycle improvement activities.

Other revenue for fiscal year 2025 was \$1.0 billion compared to \$812 million and \$667 million in fiscal years 2024 and 2023, respectively. Other revenue for the nine months ended June 30, 2026, was \$853 million, an increase of \$140 million, or 20%, over the nine months ended June 30, 2025. Other revenue includes retail & specialty pharmacy, billing for medical education, home infusion and hotel revenue. Revenues generated through University Hospital's retail pharmacy program account for more than 75% of other revenue, and this program is expected to have continued growth.

Operating expenses totaled \$5.4 billion for the year ended September 30, 2025, an increase of \$1.2 billion, or 30%, over fiscal year 2024. The increase from fiscal year 2023 to fiscal year 2024 was \$372 million, or 10%. Operating expenses totaled \$4.4 billion for the nine months ended June 30, 2026, an increase of \$432 million, or 11%, over the nine months ended June 30, 2025. Increases over the comparative fiscal years as well as nine-month periods were primarily driven by increases in patient volume, the impact of annual salary and market adjustments, contract labor expenses, and inflationary increases in supplies and service costs.

State appropriations to University Hospital totaled \$49 million, \$46 million, and \$43 million for fiscal years 2025, 2024 and 2023, respectively. State appropriations totaled \$39 million for the nine months ended June 30, 2026, an increase of \$2 million over the nine months ended June 30, 2025. Nonoperating revenues (expenses) include net investment income of \$221 million, \$388 million, and \$227 million in fiscal years 2025, 2024 and 2023 respectively. For the nine months ended June 30, 2026, the net investment income, including unrealized losses, totaled \$209 million and net investment income for the nine months ended June 30, 2025, totaled \$65 million. Other nonoperating expenses, including net equity losses from component units, for fiscal years 2025, 2024 and 2023 totaled \$82 million, \$39 million, and \$28 million, respectively. The Obligated Group received \$10.8 million in economic relief funding related to COVID in fiscal year 2023. University Hospital received \$50 million of State funding to support the expansion of the emergency department in fiscal year 2023 and \$5 million to support the implementation of a new electronic medical record system.

Net transfers to UAB, including transfers to the School of Medicine, for fiscal year ended September 30, 2025, were \$170 million, compared to \$181 million and \$156 million for fiscal years 2024 and 2023, respectively. Net transfers for the nine months ended June 30, 2026, totaled \$117 million compared to \$123 million for the nine months ended June 30, 2025. Transfers include Funds Flow and the School of Medicine strategic plan support. The

pre-determined and agreed-upon funding amounts to the School of Medicine are utilized in support of the academic and research missions, which have been successful in the substantial improvement in NIH funding and ranking of the School of Medicine, as well as increased clinical trial expenditures. The Obligated Group's leadership will continue to manage the annual amount of financial support available to the School of Medicine in relation to its priority of ensuring the financial health of the clinical enterprise.

Sources of Revenue

Payments on behalf of certain patients are made to the Obligated Group by the federal government under the Medicare program, by the State under its Medicaid program and by patients or commercial insurance carriers. The following is a summary of sources of revenue for the Obligated Group's hospitals by payor type based on gross patient service revenue.

Table 10.
Sources of Revenue

	Fiscal Year Ended September 30,			Nine Months Ended June 30,	
	2023	2024	2025 ⁽³⁾	2025 ⁽³⁾	2026 ⁽³⁾
Patient Revenue Sources ⁽¹⁾					
Medicare	19.85%	19.19%	18.42%	18.50%	17.82%
Medicare Managed Care	22.40	24.01	27.15	27.17	27.77
Medicaid	13.20	12.37	9.64	9.49	9.02
Commercial	32.50	33.35	35.07	34.98	34.82
Self-pay	5.70	5.08	4.56	4.76	5.24
Other ⁽²⁾	6.35	6.00	5.16	5.10	5.33
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Note (1): Percentages calculated based on gross revenue.

Note (2): Includes Managed Care contracts, worker's compensation, other governmental contracts and other miscellaneous categories.

Note (3): Includes information for the UAB STV Hospitals beginning on November 1, 2024, the date those hospitals were acquired. See "The UAB Medicine Obligated Group – Members of the Obligated Group – UAB STV Authority".

Medicaid accounts for approximately 9.6% of patient revenue of the Obligated Group. University Hospital is designated as a Disproportionate Share Hospital ("DSH") and receives payments under the Medicaid DSH program. Additionally, as participants in the Alabama Medicaid Plan, the Obligated Group hospitals receive supplemental payments based on formulas established by the Alabama Medicaid Agency. The net benefit from these programs for the Obligated Group totaled \$177 million in fiscal year 2024 and with the acquisition of the UAB STV Hospitals effective November 1, 2024, the net benefit was \$253 million in fiscal year 2025. The State has not expanded Medicaid coverage under the Affordable Care Act, and the State's budget for its portion of Medicaid funding, which is essential for matching federal funding of Medicaid, has been under stress for many years. The State's inability to provide stable, predictable funding for its Medicaid program is an ongoing risk for the Obligated Group and other state hospital systems and is an impediment to development of programs, such as regional care organizations, that might make delivery of Medicaid services more cost-effective. See "RISK FACTORS – Health Care Risk Factors" in the front portion of this Official Statement.

Competition in the health insurance market in the State of Alabama is limited. Blue Cross/Blue Shield of Alabama ("Blue Cross") is the dominant provider of health insurance and managed care products in the State and accounted for approximately 38% of the Obligated Group's total net patient revenue and approximately 73% of the Obligated Group's total commercial insurance net patient revenues in fiscal year 2025. The dominant market position of Blue Cross for commercial insurance limits the ability of UAB Medicine to obtain higher reimbursement rates for its services.

Financial Ratios

The following tables contain certain financial ratios for the Obligated Group. The financial information included in the below tables was derived from data compiled by management, is unaudited and includes non-GAAP measures.

Table 11.
Financial Ratios of the Obligated Group
(in thousands of dollars)

	Fiscal Year Ended September 30,			As of
	2023	2024	2025 ⁽¹⁰⁾	June 30, 2026 ⁽¹⁰⁾
Liquidity				
Unrestricted cash and investments	\$2,045,752	\$2,378,324	\$2,504,921	\$2,585,248
Restricted cash and investments	316,280	378,813	571,524	544,042
Total cash and investments	\$2,362,032	\$2,757,137	\$3,076,445	\$3,129,290
Days' cash on hand ⁽¹⁾	195	206	169	162
Total debt ⁽²⁾	\$738,112	\$717,411	\$1,409,253	\$1,395,021
Cash-to-debt ⁽³⁾	277%	332%	178%	185%
Transfers in Support of Research and Teaching⁽⁴⁾				
Transfers to the School of Medicine	\$151,076	\$171,623	\$172,560	
Other transfers to (from) UAB and UAB Health System Affiliated Entities (net)	5,213	9,019	(2,474)	
Total transfers	\$156,289	\$180,642	\$170,086	
Debt Service Coverage				
Income available for debt service ⁽⁵⁾	\$366,993	\$364,844	\$374,521	
Current annual debt service requirement ⁽⁶⁾	\$68,482	\$72,358	\$110,498	
Current annual debt service coverage ⁽⁷⁾	5.36x	5.04x	3.39x	
Historical pro forma maximum annual debt service ⁽⁸⁾	\$86,714	\$86,714	\$86,714	
Historical pro forma maximum annual debt service coverage ⁽⁹⁾	4.23x	4.21x	4.32x	

Note (1): Days' cash on hand is (a) unrestricted cash and investments as of the end of the fiscal year divided by (b) cash operating expenses for that fiscal year / 365. Days' cash on hand for the June 30, 2026 period is (a) unrestricted cash and investments divided by (b) cash operating expenses / 273. Transfers to the School of Medicine and UAB in support of research and teaching are included in expenses.

Note (2): Reflects debt outstanding as of the end of the fiscal year indicated. For pro forma debt after giving effect to the issuance of all of the Bonds, which is anticipated to occur in December 2026, see Table 5.

Note (3): Cash-to-debt is unrestricted cash and investments as a percentage of total debt.

Note (4): Includes recurring transfers to support strategic investments, program development and educational activities. Does not include purchased services.

Note (5): Operating and non-operating income plus depreciation, amortization and interest expense. Unrealized gains and losses on investments are excluded. Transfers to the School of Medicine and UAB in support of research and teaching are included in expenses.

Note (6): Includes actual principal and interest payments during the fiscal year. Does not include optional prepayments or redemptions or debt service refinanced or refunded. Includes principal and interest payments related to financing leases and subscription based information technology agreements.

Note (7): Income available for debt service for the fiscal year divided by current annual debt service coverage requirement for the fiscal year.

Note (8): This is pro forma maximum annual debt service after giving effect to the issuance of the Bonds and assuming that the Series 2026A Bonds and the Series 2026C Bonds are issued in the aggregate principal amount of \$228,720,000 to refund a total of \$234,710,000 in aggregate principal amount of Series 2016B Bonds, Series 2017B-1 Bonds and Series 2017B-2 Bonds. This amount reflects assumed level payments on total debt of the Obligated Group (the amount set out in Table 5 as adjusted in accordance with the assumptions described in the previous sentence) amortized at the Bond Buyer Index rate as of June 30, 2026 (4.96%). This is one of two methods for calculating "Maximum Annual Debt Service" under the Master Indenture.

Note (9): Income available for debt service for the fiscal year indicated divided by pro forma maximum annual debt service (see note 8).

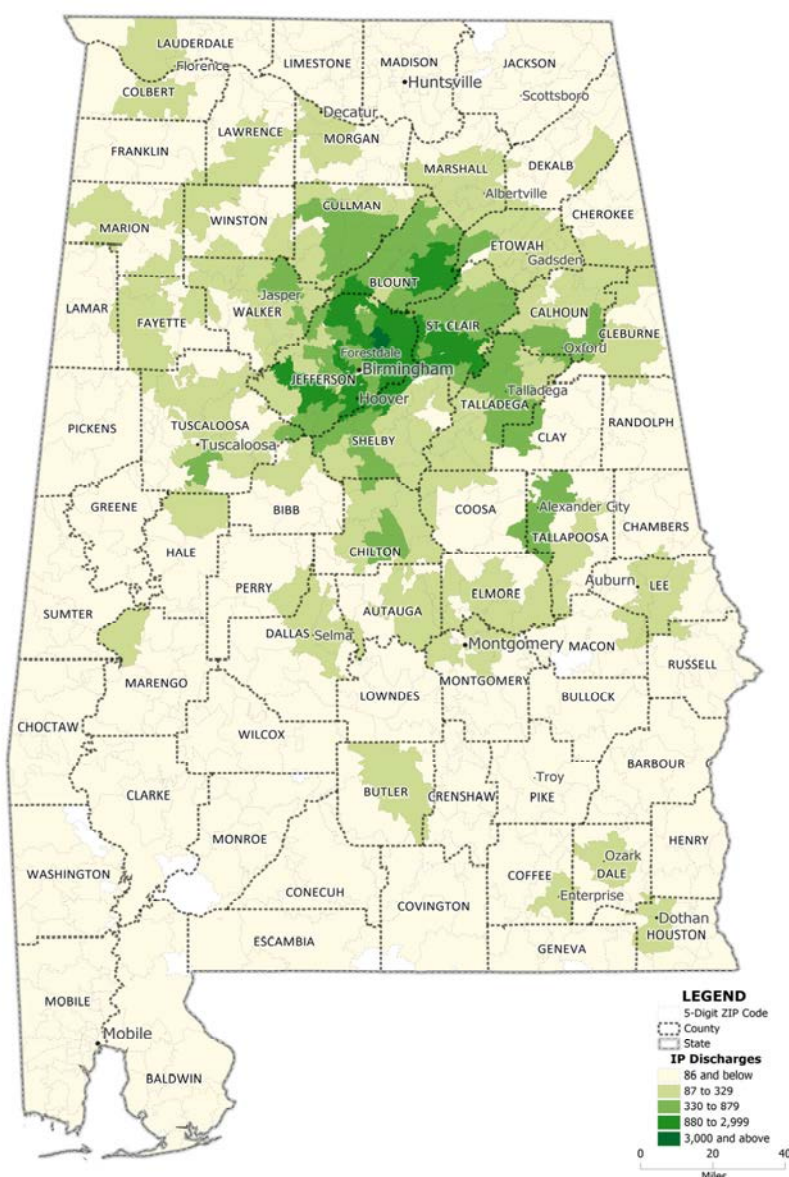
Note (10): Includes UAB STV Hospitals beginning on November 1, 2024, the date those hospitals were acquired.

Market Share

Service Area. The Health System’s service area spans the entirety of the State, with significant concentration in the seven-county Birmingham-Hoover Metropolitan Statistical Area (“Birmingham MSA”). Approximately 96% of inpatients come from Alabama and approximately 50% are from the Birmingham MSA. The Health System’s market share in 2025, based on inpatient discharges, was approximately 48.8% in the Birmingham MSA and approximately 17.0% Statewide. The Health System entities treat patients from every county in the State of Alabama and serve as a regional and national referral source for tertiary and quaternary care.

The following map shows the Obligated Group’s patient origin by zip code for both the MSA and the State of Alabama for fiscal year 2025.

Table 12.
Patient Origin by Zip Code



Competitors. The UAB Health System considers various levels of competition for the clinical health care services it provides and the research and teaching activities of its academic medical center, including (i) competition within the greater Birmingham MSA for services offered by UAB Health System as well as community hospitals or health systems located in the greater Birmingham MSA; (ii) competition within the State and the Southeast region for high-acuity specialized services offered only by significant regional referral centers or academic medical centers; and (iii) competition at the national level with peer academic medical centers for research grants, including NIH funding, and physicians who make significant contributions to the clinical, research and teaching mission of an academic medical center.

The Health System's closest peer academic medical centers (medical centers in the top 25 nationally for NIH funding) are located only in surrounding states, such as Vanderbilt University Medical Center in Nashville, Tennessee and Emory University Medical Center in Atlanta, Georgia, or beyond. The System operates the only Level I trauma center in central and north Alabama and is the only provider in the State for certain highly specialized services, such as burn treatment and certain types of organ transplant, trauma surgery and eye surgery. The Health System also provides the teaching physicians who comprise the staff of Children's Hospital of Alabama, the only hospital in the State dedicated exclusively to pediatric services. Children's Hospital of Alabama is located adjacent to University Hospital and is connected to it by elevated walkways. These factors contribute to a leading market position in the State and may reduce the threat of so-called "narrow network" insurance or managed care programs that might exclude the Health System's services or facilities from coverage.

The primary competitors in the Birmingham MSA market include: (i) Baptist Health Brookwood Hospital, a joint venture between Baptist Health System, Inc. and Orlando Health, Inc., in Birmingham, Alabama, and (ii) Community Health Systems' ("CHS") Grandview Medical Center in Birmingham, Alabama. Together, these hospitals had an estimated 45.3% market share in the Birmingham MSA in 2025. The primary competing regional referral centers elsewhere in the State include: (i) the Huntsville Hospital System ("HHS"), headquartered in Huntsville, Alabama; and (ii) Infirmary Health System ("IHS"), headquartered in Mobile, Alabama. The primary regional referral system in the Montgomery, Alabama area is The Health Care Authority for Baptist Health, which is an affiliate of UAB Health System. See "FACILITIES AND SERVICES OF RELATED ENTITIES – Baptist Montgomery."

The following table summarizes the Health System's Birmingham MSA market share for the periods indicated.

Table 13.
Market Share – Birmingham MSA – All Inpatient Discharges

Hospital	Health System	County	City	Licensed Beds	% of Total Inpatient Discharges Fiscal Year Ended September 30,		
					2023	2024	2025
Obligated Group							
University Hospital	UABHS	Jefferson	Birmingham	1,400	25.1%	25.4%	22.8%
UAB St. Vincent’s ⁽¹⁾	UABHS	See Note (1)	See Note (1)	872	24.0%	22.3%	20.3%
Subtotal				2,272	49.1%	47.7%	43.1%
Non-Obligated Health System Entities							
Medical West Hospital	UABHS	Jefferson	Bessemer	200	4.4%	4.7%	5.7%
Total UAB Health System				200	53.5%	52.4%	48.8%
Competitors							
Grandview Medical Center	CHS	Jefferson	Birmingham	434	16.5%	17.1%	17.6%
Baptist Health Brookwood Hospital	Orlando Health	Jefferson	Birmingham	595	27.1%	27.6%	27.7%
All other Birmingham MSA acute care hospitals					2.9%	3.0%	3.2%
Total Competitors					46.5%	47.7%	48.5%
Total ⁽²⁾					100.0%	100.0%	100.0%

Note (1): Includes STV Birmingham (located in Birmingham, AL), STV Blount (located in Oneonta, AL), STV Chilton (located in Clanton, AL), STV East (located in Birmingham, AL) and STV St. Clair (located in Pell City, AL). These hospitals operate in Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby & Walker Counties. Does not include Children's Hospital of Alabama.

Note (2): Totals may not foot due to rounding.

Source: Alabama Hospital Association (HIDI Data)

Economic and Demographic Data

The Birmingham MSA has experienced population growth that has outpaced the State of Alabama and the United States since 2010, although population growth is projected to moderate through 2030. The Birmingham MSA also has maintained unemployment rates below both the State and national averages in recent years. In addition, the Birmingham MSA reported a higher median household income than both the State and the United States in 2024, while its poverty rate was below the State average and generally consistent with the national rate.

Population. The following table sets forth comparative historical population statistics for the areas listed.

Table 14.
Comparative Population Statistics

	2010	2020	% Change 2010 - 2020	2025 Estimate	2030 Projected	% Change 2025 - 2030
Birmingham MSA ⁽¹⁾	1,061,024	1,180,631	11.3%	1,194,552	1,208,389	1.2%
State of Alabama	4,779,736	5,024,279	5.1%	5,135,592	5,227,133	1.8%
United States	308,745,538	331,449,281	7.4%	339,887,819	347,149,422	2.1%

Note (1): Includes Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby and Walker Counties.

Source: ESRI

Unemployment. The following table sets forth comparative unemployment rates for the areas listed.

Table 15.
Comparative Unemployment Rates

	Annual Average					April 2026 ⁽¹⁾
	2021	2022	2023	2024	2025	
Birmingham MSA ⁽²⁾	3.1%	2.3%	2.3%	2.8%	2.7%	2.4%
State of Alabama	3.4%	2.5%	2.5%	3.0%	2.9%	2.6%
United States	5.3%	3.6%	3.6%	4.0%	4.3%	4.1%

Note (1): Not seasonally adjusted; MSA unemployment rates are preliminary.

Note (2): Includes Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby and Walker Counties.

Source: Alabama Department of Industrial Relations; Bureau of Labor Statistics.

Income and Poverty. The following table shows comparative income and poverty levels for the areas listed.

Table 16.
Income and Poverty for 2024

	Median Household Income	Per Capita Income	Percent Persons in Poverty
Birmingham MSA	\$94,954	\$40,270	12.3%
State of Alabama	\$66,659	\$36,940	15.2%
United States	\$81,604	\$45,256	12.1%

Source: U.S. Census Bureau, 2024 American Community Survey, 1-Year Estimates

MISCELLANEOUS

Investment Policies

Each Obligated Group member has developed its own investment policy and strategy independently of the other Obligated Group members to achieve the financial objectives its management team has established. UA Board is responsible for establishing an investment policy and overseeing the investments for University Hospital and the UAB STV Authority. University Hospital's investment assets are pooled with those of UA Board's three campus operating divisions in three separate investment pools with the objective of matching the time horizon of the expected uses of the funds to the objective of the particular investment pool. UA Board's investment pools include the endowment fund (perpetual time horizon) and the liquidity and capital reserve pool (intermediate to long-term time horizon).

UAHSF actively manages its cash and investments in accordance with a formal investment policy through a board-level investment committee working in conjunction with management. Its assets are not pooled with any other Obligated Group member's for investment purposes. UAHSF's investments are separated into two general categories: short-term and long-term. The short-term investment strategy is to invest primarily in money market accounts, certificates of deposit and one- to three-year government obligations. Long-term investments are invested in a fund (the "Fund") managed by professional investment managers. The Fund's assets are primarily invested in equity securities, and the Fund manager is required to diversify by asset class and within asset classes.

The Callahan Authority and UABME also operate under their own investment policies and strategies. The Callahan Authority invests the majority of its funds in the UA Board's short term liquidity pool. UABME typically invests excess funds in short-term cash equivalents.

Generally speaking, each Obligated Group member employs a conservative investment strategy that maintains appropriate levels of risk. Asset allocations for the Obligated Group members are reflected in the respective audited financial statements included in the appendices.

Insurance and Professional Liability Trust Fund

The Obligated Group members manage risks related to medical malpractice, general liability and employee health care through a combination of self-funded risk pooling arrangements and commercial insurance coverage. The risks are subject to various claim and aggregate limits with excess liability coverage provided by independent insurers.

Professional Liability Trust Fund. University Hospital, UAHSF, the Callahan Authority and UAB STV Authority participate in the University of Alabama Professional Liability Trust Fund ("PLTF"). PLTF uses premiums paid by the contributing entities to pay liabilities arising from performance of certain professional services by employees of these entities. These liabilities are limited to the deductible amounts under certain excess liability insurance policies that work in conjunction with PLTF. If the PLTF is terminated, appropriate provision for payment of claims will be made, and the balance of any remaining assets will be distributed to the contributing entities in accordance with the PLTF plan (based on cumulative contributions).

Other Coverage. The Obligated Group members also participate in self-insurance programs with respect to general liability, employee health insurance and worker's compensation. These programs carry claim and liability limits similar to those provided by commercial insurers for comparable coverage. Substantial coverages with third-party carriers are maintained for potential excess losses under these programs.

Retirement Plans and other Post Employment Benefits

Following is some general information about the different retirement plans and other post-employment benefits available to employees of the Obligated Group members. For a more comprehensive discussion of these plans and other post-employment benefits, including plan descriptions, contribution amounts, pension plan liabilities and expenses, and actuarial assumptions, see the notes to the individual audited financial statements of each of the entities in the Obligated Group included in APPENDICES C – G, respectively.

UABME sponsors a 403(b) Retirement Plan (the "UABME 403(b) Plan") which provides for elective participant deferrals to participant directed investments within the plan. The UABME 403(b) Plan provides nonelective employer contributions of 5% of total salaries for employees who are not eligible for the Tailored Executive Benefit Account Plan ("TEBA"). Participants may elect to defer from 2% to 85% of their annual individual compensation up to the maximum annual individual deferred compensation limit allowed by the Internal Revenue Code ("IRC"). UABME also offers certain of its management employees the TEBA pursuant to Section 457(f) of the IRC to provide a method to encourage such employees to remain employed on a long-term basis and to provide retirement benefits for these employees. The TEBA Plan provides for unused employer provided benefit dollars to be allocated first to the 457(b) plan. Remaining unused employer provided benefit dollars can be contributed to the 403(b) Plan, and remaining unused employer provided benefit dollars would be paid to the employee. UABME also offers certain management employees an additional nonelective employer provided benefit pursuant to Section 457(f) of the IRC.

UAHSF offers a 403(b) Retirement Plan (the "HSF 403(b) Plan"), which provides for elective participant deferrals to participant directed investments within the plan. Eligible employees receive a percentage of eligible compensation as a company contribution from UAHSF in the amount of 13.05% for employees hired before July 1, 2003, and all physicians, or 5% for employees hired on or after July 1, 2003. Participants in the HSF 403(b) Plan become fully vested in the UAHSF contributions after 5 years of employment in which they work at least 1,000 hours per year. UAHSF is the only member of the Obligated Group that offers post-retirement health insurance benefits to participants of a legacy retirement plan who have more than 10 years of service at the age of 60.

UAB Medicine Employment Authority offers a 403(b) Retirement Plan that allows employees to make pre-tax and Roth retirement contributions via payroll deduction. Deferrals automatically begin at 5% pre-tax after the first 30 days of employment. Contributions and investment elections may be changed at any time. Eligible employees will receive a one-to-one match on the first 5% of their contribution up to the IRS annual limit.

UAB Hospital Management, LLC (“UABHM”) employs approximately 81% of the employees who work at University Hospital. UABHM sponsors a voluntary 403(b) retirement plan for eligible employees that allows employees to make pre-tax and Roth retirement contributions. Employees are vested after 3 years of employment. Eligibility for matching is for all full-time and part-time regular, twelve-hour shift, and weekend staff employees who will receive a one-to-one match on the first 5% of their contribution up to the IRS annual limit.

UAB Hospital employees who are not employed by UABHM or by UABME are employed directly by UAB. Eligible employees of UAB participate in the mandatory Teachers’ Retirement System of Alabama (“TRS”), a cost sharing, multiple-employer public retirement system designated as a defined benefit plan. In addition, eligible employees may elect to participate in a voluntary 403(b) defined contribution retirement plan. The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the Code of Alabama 1975, Title 16, Chapter 25 (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Members of TRS are classified as either Tier 1 or Tier 2 plan members, contingent upon if their eligible service began prior to January 1, 2013. Benefits for TRS members vest after 10 years of creditable service.

As previously noted, some employees also participate in a voluntary UA System 403(b) defined contribution plan. All full-time regular monthly employees are eligible to participate from the date of employment. UAB contributes a matching amount of up to 5% of total salaries for participating employees. UAB’s contribution is funded as it accrues and, along with that of the employee, is immediately and fully vested.

Litigation

General. No member of the Obligated Group has any litigation or other proceeding pending or, to its knowledge, threatened against it, except for litigation (a) in which the probable recoveries and the estimated costs and expenses of defense will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total of the reserves held under the applicable self-insurance or shared-risk program or (b) in which an adverse determination would not have a material adverse effect on the operations or the financial condition of the respective Obligated Group member.

University Hospital is an asset of the UAB operating division of UA Board, a state agency that shares the sovereign immunity of the State of Alabama and is, therefore, in the opinion of University Counsel, immune to ordinary tort actions including those based on medical malpractice or general injury to patients. Consequently, while University Hospital and UA Board are sometimes named as defendants in malpractice actions and other actions for injuries arising in University Hospital, they have consistently been dismissed from those lawsuits on the basis of the sovereign immunity doctrine. That doctrine also protects University Hospital and UA Board from vicarious liability arising from the negligence of its employees. University Hospital employees, physicians, and residents named as defendants in their individual capacity are not generally entitled to sovereign immunity. While UA Board is not aware of any impending threat to this doctrine, the Board is a named insured under the terms of a self-insured malpractice liability trust fund and excess insurance purchased from commercial companies.

There are some exceptions to the sovereign immunity doctrine, most notably federal court cases arising under the federal constitution or federal statutes.

CMS Overpayment Claim and Reopened Reports. The Centers for Medicare & Medicaid Services (“CMS”), a federal agency within the U.S. Department of Health and Human Services that administers major public health insurance programs such as Medicare and Medicaid, has determined that UAB Health System inappropriately deducted approximately \$5.8 million in expenses for its 2018 fiscal year related to its Nursing and Allied Health

(“NAHE”) programs, and that UAB Health Services must return a \$5.8 million overpayment to CMS as a result (the “CMS Overpayment Claim”). UAB Health System disagrees with the findings of CMS and has filed an appeal to the Provider Reimbursement Review Board, including a position paper submitted on June 19, 2026, and is awaiting a response.

CMS has also notified UAB Health System that it has reopened UAB Health System’s cost reports to review and update NAHE program costs, allocations and statistics for each of the fiscal years 2013 through 2017 (the “Reopened Reports”). As of the date of this Official Statement, UAB Health System has not received any further information from CMS respecting the Reopened Reports.

UAB Health System maintains reserves to address instances of refunds, reimbursements, or other amounts that could be owed to third party payors. Those reserves are sufficient to cover the CMS Overpayment Claim, and while it is not possible to identify what amount, if any, CMS may allege could be owed by UAB Health System following completion of the Reopened Reports examinations, UAB Health System believes its reserves are adequate to cover any such amount. Even if such reserves are not taken into account, management does not believe that the potential exposure associated with the CMS Overpayment Claim and the Reopened Reports rises to a level of material adverse financial risk to UAB Health System’s financial condition.

Information Technology and Cybersecurity

UAB Health System maintains a comprehensive cybersecurity program featuring a 24/7 internal Security Operations Center (SOC) that continuously monitors and safeguards information systems with industry-leading cybersecurity tools across the organization. This includes Multi-Factor Authentication for all applications, Data Loss Prevention across workstations and networks, 99% Endpoint Detection and Response (EDR) coverage, and Privileged Access Management for key applications. The program is designed to maintain alignment with or surpass the standards specified in NIST 800-53 and NIST CSF HICP. These measures, along with a well-established Vendor Risk Management program, have earned UAB Health System a “Best in Class” designation from third-party assessments conducted in connection with standard risk transfer and mitigation protocols to ensure long-term operational resilience. UAB Health System has not experienced any breaches to its systems that have had a material adverse effect on the financial conditions or operations of UAB Health System.

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APPENDIX B

**Consolidated Unaudited Financial Statements of the Obligated Group
for the fiscal years ended September 30, 2025 and 2024**

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UAB Medicine Obligated Group
Statements of Net Position
September 30, 2025
(in thousands of dollars)

	University Hospital	UAHSF	St. Vincent's	Callahan Eye	UABME	Total Before Eliminations	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 84,373	\$ 42,848	\$ 11,996	\$ 17,506	\$ 10,064	\$ 166,787	\$ -	\$ 166,787
Short-term investments	1,056,847	2,024	10,526	16,725	-	1,086,122	-	1,086,122
Patient accounts receivable, net of allowance for uncollectible accounts	453,707	119,579	128,838	4,265	-	706,389	-	706,389
Note Receivable	50,000	-	-	-	-	50,000	(50,000)	-
Other receivables	70,961	36,929	6,258	7,315	30,324	151,787	(47,929)	103,858
Inventories	68,886	721	21,717	337	-	91,661	-	91,661
Due from component units and related organizations, net	-	-	43,136	-	-	43,136	-	43,136
Other current assets	92,469	10,764	5,177	142	1,746	110,298	-	110,298
Total current assets	1,877,243	212,865	227,648	46,290	42,134	2,406,180	(97,929)	2,308,251
Noncurrent assets								
Unrestricted cash and investments	764,158	446,379	-	-	10,721	1,221,258	-	1,221,258
Endowed investments and trustee held funds	24,174	-	-	-	-	24,174	-	24,174
Restricted cash and cash equivalents and investments	-	-	165,334	-	-	165,334	-	165,334
Capital assets, net	921,299	162,828	334,347	36,808	109,917	1,565,199	(41,649)	1,523,550
Operating leased assets	-	30,060	-	-	-	30,060	(7,392)	22,668
Deferred compensation	-	208,337	-	-	14,748	223,085	-	223,085
Investment in Professional Liability Trust Fund	86,277	96,828	-	-	-	183,105	-	183,105
Notes receivable, less current portion	-	-	-	-	94,631	94,631	(94,631)	-
Other assets	3,343	14,176	11,316	1,248	635	30,718	(2,046)	28,672
Total noncurrent assets	1,799,251	958,608	510,997	38,056	230,652	3,537,564	(145,718)	3,391,846
Total assets	\$ 3,676,494	\$ 1,171,473	\$ 738,645	\$ 84,346	\$ 272,786	\$ 5,943,744	\$ (243,647)	\$ 5,700,097
Deferred Outflow of Resources								
Deferred outflows from debt refundings	\$ 7,195	\$ -	\$ -	\$ -	\$ -	\$ 7,195	\$ -	\$ 7,195
Deferred outflows related to pension and OPEB	516,634	-	-	-	-	516,634	-	516,634
Total deferred outflows of resources	\$ 523,829	\$ -	\$ -	\$ -	\$ -	\$ 523,829	\$ -	\$ 523,829
Liabilities								
Current liabilities								
Current installments of long-term debt	\$ 48,122	\$ 6,160	\$ 10,955	\$ 18,598	\$ 2,000	\$ 85,835	\$ (11,882)	\$ 73,953
Accounts payable and accrued expenses	171,216	86,889	108,464	1,732	22,345	390,646	(51,392)	339,254
Salaries, wages, and employee benefits payable	23,212	103,305	26,070	2,098	-	154,685	-	154,685
Line of Credit	-	-	50,000	-	-	50,000	(50,000)	-
Due to related parties	-	-	8,327	-	13,129	21,456	(1,059)	20,397
Due to third party payors, net	95,758	-	-	-	-	95,758	-	95,758
Total current liabilities	338,308	196,354	203,816	22,428	37,474	798,380	(114,333)	684,047
Note: Due to acquisition on 11/1/2024 St. Vincent's is included for 11 months for year ended 9/30/2025								
Long-term debt, less current installments	474,297	156,489	702,632	3,496	111,258	1,448,172	(112,872)	1,335,300
Other noncurrent liabilities	-	-	1,931	-	-	1,931	-	1,931
Compensated absences	-	-	5,490	407	-	5,897	-	5,897
Deferred compensation payable	-	208,337	-	-	14,748	223,085	-	223,085
Operating lease liability	-	25,345	-	-	-	25,345	252	25,597
Pension liability	456,106	-	-	-	-	456,106	-	456,106
Other post employment benefits liability	433,837	19,931	-	-	-	453,768	-	453,768
Unearned revenue	17,190	-	-	-	2,372	19,562	(17,190)	2,372
Total noncurrent liabilities	1,381,430	410,102	710,053	3,903	128,378	2,633,866	(129,810)	2,504,056
Total liabilities	\$ 1,719,738	\$ 606,456	\$ 913,869	\$ 26,331	\$ 165,852	\$ 3,432,246	\$ (244,143)	\$ 3,188,103
Deferred Inflows of Resources								
Deferred inflows related to pension and OPEB	\$ 281,500	\$ -	\$ -	\$ -	\$ -	\$ 281,500	\$ -	\$ 281,500
Deferred inflows related to leases	16,211	-	11,773	2,347	-	30,331	(2,629)	27,702
Total deferred inflows of resources	\$ 297,711	\$ -	\$ 11,773	\$ 2,347	\$ -	\$ 311,831	\$ (2,629)	\$ 309,202
Net Position								
Invested in capital assets, net of related debt	\$ 389,864	\$ -	\$ (142,820)	\$ 14,714	\$ -	\$ 261,758	\$ -	\$ 261,758
Restricted								
Nonexpendable	154	-	6,165	-	-	6,319	-	6,319
Expendable	20,458	-	14,247	4	-	34,709	-	34,709
Unrestricted	1,772,398	565,017	(64,589)	40,950	106,934	2,420,710	3,125	2,423,835
Total net position	\$ 2,182,874	\$ 565,017	\$ (186,997)	\$ 55,668	\$ 106,934	\$ 2,723,496	\$ 3,125	\$ 2,726,621

Note: Due to acquisition on 11/1/2024 St. Vincent's is included for 11 months for period year 9/30/2025

UAB Medicine Obligated Group
Statements of Revenue, Expenses, and Changes in Net Position
For Year Ended September 30, 2025
(in thousands of dollars)

	University Hospital	UAHSF	St. Vincent's	Callahan Eye	UABME	Total Before Eliminations	Eliminations	Total
Operating revenues								
Net patient service revenue	\$ 2,913,117	\$ 721,442	\$ 794,987	\$ 74,110	\$ -	\$ 4,503,656	\$ (32,249)	\$ 4,471,407
Common fund assessments	-	-	-	-	46,197	46,197	(36,799)	9,398
Capitation revenue	79,775	24,933	-	-	-	104,708	-	104,708
Other revenue	923,767	462,572	35,049	4,426	20,078	1,445,892	(433,897)	1,011,995
Total operating revenues	3,916,659	1,208,947	830,036	78,536	66,275	6,100,453	(502,945)	5,597,508
Operating expenses								
Salaries, wages, and benefits	395,821	965,789	333,743	33,387	34,139	1,762,879	-	1,762,879
Contract labor-salaries and benefits	996,627	-	20,417	1,445	-	1,018,489	(88,134)	930,355
Development fund	-	-	-	-	15,855	15,855	(15,855)	-
Supplies and services	1,334,909	75,554	180,216	32,830	1,043	1,624,552	(1,245)	1,623,307
Physician and professional fees	354,834	-	237,817	-	11,416	604,067	(136,466)	467,601
Allocation of The University of Alabama at Birmingham general and administrative services	44,375	-	-	-	-	44,375	-	44,375
Support services paid to University of Alabama at Birmingham and UAB Health System	-	8,210	-	-	-	8,210	(8,210)	-
Payments to UAB Educational Foundation	-	-	-	-	3,072	3,072	-	3,072
Depreciation	116,248	15,719	43,313	5,763	3,177	184,220	(9,055)	175,165
Other	214,410	119,159	50,933	4,504	19,928	408,934	(46,629)	362,305
Total operating expenses	3,457,224	1,184,431	866,439	77,929	88,630	5,674,653	(305,594)	5,369,059
Operating income (loss)	459,435	24,516	(36,403)	607	(22,355)	425,800	(197,351)	228,449
Nonoperating revenues (expenses)								
State appropriations	49,264	-	-	-	-	49,264	-	49,264
Net investment income, including change in fair value of investments	165,195	43,272	10,357	1,723	3,983	224,530	(3,122)	221,408
Interest expense	(19,024)	(6,138)	(23,138)	(463)	(3,710)	(52,473)	4,098	(48,375)
Equity earnings (losses) from component units and joint ventures	-	-	(30,807)	-	-	(30,807)	-	(30,807)
Other	(828)	(11,351)	10,209	-	(668)	(2,638)	-	(2,638)
Income (loss) before capital grants and transfers	654,042	50,299	(69,782)	1,867	(22,750)	613,676	(196,375)	417,301
Transfers to The University of Alabama at Birmingham School of Medicine	(147,334)	(24,856)	-	(370)	-	(172,560)	-	(172,560)
Transfers (to) from UAB Medicine Enterprise	(210,350)	-	-	-	17,284	(193,066)	195,540	2,474
Other transfers from UAB	1,576	-	-	-	-	1,576	-	1,576
Increase (decrease) in net position	\$ 297,934	\$ 25,443	\$ (69,782)	\$ 1,497	\$ (5,466)	\$ 249,626	\$ (835)	\$ 248,791
Net position								
Beginning of year	1,884,940	539,574	(117,215)	54,171	112,400	2,473,870	3,960	2,477,830
End of year	\$ 2,182,874	\$ 565,017	\$ (186,997)	\$ 55,668	\$ 106,934	\$ 2,723,496	\$ 3,125	\$ 2,726,621

Note: Due to acquisition on 11/1/2024 St. Vincent's is included for 11 months for year ended 9/30/2025

UAB Medicine Obligated Group
Statements of Net Position
September 30, 2024
(in thousands of dollars)

	University Hospital	UAHSF	Callahan Eye Hospital	UABME	Total Before Eliminations	Eliminations	Total
Assets							
Current assets							
Cash and cash equivalents	\$ 57,241	\$ 27,835	\$ 15,051	\$ 23,652	\$ 123,779	\$ -	\$ 123,779
Short-term investments	988,380	4,978	15,263	-	1,008,621	-	1,008,621
Patient accounts receivable, net of allowance for uncollectible accounts	412,797	122,739	9,091	-	544,627	-	544,627
Other receivables	52,510	29,892	1,188	17,186	100,776	(27,125)	73,651
Inventories	49,781	672	2,673	-	53,126	-	53,126
Other current assets	88,758	7,670	1,822	5,899	104,149	-	104,149
Total current assets	1,649,467	193,786	45,088	46,737	1,935,078	(27,125)	1,907,953
Noncurrent assets							
Unrestricted cash and investments	778,624	423,036	-	12,514	1,214,174	-	1,214,174
Endowed investments and trustee held funds	22,799	-	-	-	22,799	-	22,799
Capital assets, net	796,409	172,833	40,039	101,620	1,110,901	(29,789)	1,081,112
Operating leased assets	-	23,423	-	-	23,423	(5,554)	17,869
Deferred compensation	-	191,950	-	13,452	205,402	-	205,402
Investment in Professional Liability Trust Fund	80,614	90,502	-	-	171,116	-	171,116
Notes receivable, less current portion	-	-	-	97,102	97,102	(97,102)	-
Other assets	1,997	13,954	2,106	1,577	19,634	(2,711)	16,923
Total noncurrent assets	1,680,443	915,698	42,145	226,265	2,864,551	(135,156)	2,729,395
Total assets	\$ 3,329,910	\$ 1,109,484	\$ 87,233	\$ 273,002	\$ 4,799,629	\$ (162,281)	\$ 4,637,348
Deferred Outflow of Resources							
Deferred outflows from debt refundings	\$ 7,817	\$ -	\$ -	\$ -	\$ 7,817	\$ -	\$ 7,817
Deferred outflows related to pension and OPEB	279,324	-	-	-	279,324	-	279,324
Total deferred outflows of resources	\$ 287,141	\$ -	\$ -	\$ -	\$ 287,141	\$ -	\$ 287,141
Liabilities							
Current liabilities							
Current installments of long-term debt	\$ 44,790	\$ 8,187	\$ 2,260	\$ 1,260	\$ 56,497	\$ (11,439)	\$ 45,058
Accounts payable and accrued expenses	174,611	73,375	3,665	19,030	270,681	(24,442)	246,239
Salaries, wages, and employee benefits payable	23,769	95,934	1,845	-	121,548	-	121,548
Due to related parties	-	-	-	8,947	8,947	(2,198)	6,749
Due to third party payors, net	69,938	-	129	-	70,067	-	70,067
Total current liabilities	313,108	177,496	7,899	29,237	527,740	(38,079)	489,661
Noncurrent liabilities							
Long-term debt, less current installments	494,744	163,027	21,554	114,514	793,839	(121,486)	672,353
Other noncurrent liabilities	-	-	-	592	592	-	592
Compensated absences	-	-	403	-	403	-	403
Deferred compensation payable	-	191,950	-	13,452	205,402	-	205,402
Operating lease liability	-	20,194	-	-	20,194	(3,348)	16,846
Pension liability	521,142	-	-	-	521,142	-	521,142
Other post employment benefits liability	74,073	17,243	-	-	91,316	-	91,316
Unearned revenue	-	-	-	2,807	2,807	-	2,807
Total noncurrent liabilities	1,089,959	392,414	21,957	131,365	1,635,695	(124,834)	1,510,861
Total liabilities	\$ 1,403,067	\$ 569,910	\$ 29,856	\$ 160,602	\$ 2,163,435	\$ (162,913)	\$ 2,000,522
Deferred Inflows of Resources							
Deferred inflows related to pension and OPEB	\$ 313,830	\$ -	\$ -	\$ -	\$ 313,830	\$ -	\$ 313,830
Deferred inflows related to leases	15,214	-	3,206	-	18,420	(3,328)	15,092
Total deferred inflows of resources	\$ 329,044	\$ -	\$ 3,206	\$ -	\$ 332,250	\$ (3,328)	\$ 328,922
Net Position							
Invested in capital assets, net of related debt	\$ 249,478	\$ -	\$ 16,225	\$ -	\$ 265,703	\$ -	\$ 265,703
Restricted							
Nonexpendable	128	-	-	-	128	-	128
Expendable	19,863	-	4	-	19,867	-	19,867
Unrestricted	1,615,471	539,574	37,942	112,400	2,305,387	3,960	2,309,347
Total net position	\$ 1,884,940	\$ 539,574	\$ 54,171	\$ 112,400	\$ 2,591,085	\$ 3,960	\$ 2,595,045

UAB Medicine Obligated Group
Statements of Revenue, Expenses, and Changes in Net Position
For Period Ended September 30, 2024
(in thousands of dollars)

Operating revenues

Net patient service revenue	\$ 2,708,831	\$ 722,869	\$ 96,690	\$ -	\$ 3,528,390	\$ (33,391)	\$ 3,494,999
Common fund assessments	-	-	-	35,016	35,016	(26,291)	8,725
Capitation revenue	82,459	25,712	-	-	108,171	-	108,171
Other revenue	748,438	390,620	3,683	16,704	1,159,445	(347,253)	812,192
Total operating revenues	3,539,728	1,139,201	100,373	51,720	4,831,022	(406,935)	4,424,087

Operating expenses

Salaries, wages, and benefits	373,270	901,636	46,594	32,260	1,353,760	-	1,353,760
Contract labor-salaries and benefits	928,000	-	1,804	-	929,804	(80,126)	849,678
Development fund	-	-	-	15,415	15,415	(15,415)	-
Supplies and services	1,156,609	70,215	38,391	707	1,265,922	(1,077)	1,264,845
Physician and professional fees	316,656	-	-	14,341	330,997	(112,990)	218,007
Allocation of The University of Alabama at Birmingham general and administrative services	43,204	-	-	-	43,204	-	43,204
Support services paid to University of Alabama at Birmingham and UAB Health System	-	7,249	-	-	7,249	(7,249)	-
Payments to UAB Educational Foundation	-	-	-	3,072	3,072	-	3,072
Depreciation	113,172	15,441	6,423	2,174	137,210	(9,260)	127,950
Other	203,737	107,757	4,787	16,648	332,929	(49,271)	283,658
Total operating expenses	3,134,648	1,102,298	97,999	84,617	4,419,562	(275,388)	4,144,174
Operating income (loss)	405,080	36,903	2,374	(32,897)	411,460	(131,547)	279,913

Nonoperating revenues (expenses)

State appropriations	46,287	-	-	-	46,287	-	46,287
Net investment income, including change in fair value of investments	282,443	102,845	2,495	3,679	391,462	(3,184)	388,278
Interest expense	(19,339)	(6,313)	(523)	(3,754)	(29,929)	4,288	(25,641)
Other	(410)	(12,586)	-	(640)	(13,636)	-	(13,636)
Income (loss) before capital grants and transfers	714,061	120,849	4,346	(33,612)	805,644	(130,443)	675,201
Transfers to The University of Alabama at Birmingham School of Medicine	(143,366)	(27,777)	(480)	-	(171,623)	-	(171,623)
Transfers (to) from UAB Medicine Enterprise	(147,670)	-	-	14,242	(133,428)	129,784	(3,644)
Other transfers to UAB	(5,375)	-	-	-	(5,375)	-	(5,375)
Increase (decrease) in net position	\$ 417,650	\$ 93,072	\$ 3,866	\$ (19,370)	\$ 495,218	\$ (659)	\$ 494,559

Net position

Beginning of year	1,467,290	446,502	50,305	131,770	2,095,867	4,619	2,100,486
End of year	\$ 1,884,940	\$ 539,574	\$ 54,171	\$ 112,400	\$ 2,591,085	\$ 3,960	\$ 2,595,045

APPENDIX C

**Audited Financial Statements of UABME
for the fiscal years ended September 30, 2025 and 2024**

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UAB Medicine Enterprise

Combined Financial Statements

September 30, 2025 and 2024

UAB Medicine Enterprise
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September 30, 2025 and 2024

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Report of Independent Auditors

To the Board of Directors of UAB Medicine Enterprise

Opinion

We have audited the accompanying combined financial statements of UAB Medicine Enterprise (the "Company"), which comprise the combined balance sheets as of September 30, 2025 and 2024, and the related combined statements of operations, of changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the "combined financial statements").

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2025 and 2024, and the results of its operations, changes in 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 6 to the combined financial statements, the Company has entered into significant transactions with related parties. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined 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 Company's ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined 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 auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, 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 Company'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 Company'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.

PricewaterhouseCoopers LLP

Birmingham, Alabama
January 26, 2026

UAB Medicine Enterprise
Combined Balance Sheets
September 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 10,064,049	\$ 23,651,893
Due from related parties	26,470,701	13,684,052
Assets limited as to use	-	4,804,416
Accounts receivable	1,382,751	1,646,275
Notes receivable, current	2,470,845	1,855,915
Other current assets	1,745,681	1,094,561
Total current assets	42,134,027	46,737,112
Assets limited as to use, net of current portion	10,720,590	12,513,611
Property and equipment, net	109,916,513	101,620,152
Deferred compensation and other benefit plan assets	14,748,345	13,451,720
Notes receivable, less current portion	94,630,767	97,101,591
Other noncurrent assets	635,854	1,578,295
Total assets	<u>\$ 272,786,096</u>	<u>\$ 273,002,481</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 2,000,000	\$ 1,260,000
Accounts payable and accrued expenses	22,345,329	19,420,183
Due to related parties	13,128,675	8,947,006
Deferred revenue	2,371,573	2,807,041
Total current liabilities	39,845,577	32,434,230
Deferred compensation and other benefit plan liabilities	14,748,345	13,451,720
Other noncurrent liabilities	-	591,891
Long-term debt, net of current portion	111,258,155	114,124,740
Total liabilities	<u>165,852,077</u>	<u>160,602,581</u>
Net assets		
Net assets without donor restrictions	106,934,019	112,399,900
Total net assets	<u>106,934,019</u>	<u>112,399,900</u>
Total liabilities and net assets	<u>\$ 272,786,096</u>	<u>\$ 273,002,481</u>

The accompanying notes are an integral part of these combined financial statements.

UAB Medicine Enterprise
Combined Statements of Operations
Years Ended September 30, 2025 and 2024

	2025	2024
Revenues, gains, and other support		
Common fund assessments	\$ 46,301,829	\$ 35,016,069
Other revenues	<u>20,077,794</u>	<u>16,703,765</u>
Total revenues, gains, and other support	<u>66,379,623</u>	<u>51,719,834</u>
Expenses		
Salaries and benefits	34,138,681	32,259,495
Development fund and other program expenditures	16,030,797	15,538,714
Supplies and services	1,042,866	706,694
Physician and professional fees	11,416,142	14,341,202
General and administrative	20,331,931	17,047,408
Depreciation and amortization	3,176,887	2,174,309
Interest expense	3,787,336	3,825,940
Payments to UAB Educational Foundation	<u>3,072,000</u>	<u>3,072,000</u>
Total expenses	<u>92,996,640</u>	<u>88,965,762</u>
Operating loss	(26,617,017)	(37,245,928)
Interest income	<u>3,971,687</u>	<u>3,633,390</u>
Excess of expenses over revenues	(22,645,330)	(33,612,538)
Other changes in net assets		
Equity transfers from affiliated entities (net)	<u>17,179,449</u>	<u>14,242,785</u>
Decrease in net assets without donor restrictions	<u>\$ (5,465,881)</u>	<u>\$ (19,369,753)</u>

The accompanying notes are an integral part of these combined financial statements.

UAB Medicine Enterprise
Combined Statements of Changes in Net Assets
Years Ended September 30, 2025 and 2024

Net assets at September 30, 2023	\$ 131,769,653
Excess of expenses over revenues	(33,612,538)
Equity transfers from affiliated entities (net)	<u>14,242,785</u>
Total changes for the year	<u>(19,369,753)</u>
Net assets at September 30, 2024	112,399,900
Excess of expenses over revenues	(22,645,330)
Equity transfers from affiliated entities (net)	<u>17,179,449</u>
Total changes for the year	<u>(5,465,881)</u>
Net assets at September 30, 2025	<u>\$ 106,934,019</u>

The accompanying notes are an integral part of these combined financial statements.

UAB Medicine Enterprise
Combined Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (5,465,881)	\$ (19,369,753)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Equity transfers from affiliated entities	(17,179,449)	(14,242,785)
Depreciation and amortization	3,176,887	2,174,309
Amortization of debt premiums and issuance costs	(866,586)	(877,537)
Changes in assets and liabilities		
Due from related parties	(13,005,754)	(2,693,830)
Accounts receivable	263,524	(369,260)
Other assets	291,322	1,289,880
Accounts payable and accrued expenses	2,344,684	2,940,831
Due to related parties	2,341,979	3,300,437
Deferred revenue	(435,468)	1,944,864
Net cash used in operating activities	<u>(28,534,743)</u>	<u>(25,902,844)</u>
Cash flows from investing activities		
Capital expenditures	(11,484,678)	(6,825,124)
Proceeds from collection of related party notes receivable	1,855,894	1,729,778
Proceeds from collection of related party lease receivable	219,105	1,030,103
Transfer of funds (to)/from University Hospital under terms of loan agreement	<u>1,839,691</u>	<u>(17,475,567)</u>
Net cash used in investing activities	<u>(7,569,988)</u>	<u>(21,540,810)</u>
Cash flows from financing activities		
Principal payments on bonds payable	(1,260,000)	(1,100,000)
Equity transfers from affiliated entities (net)	<u>17,179,449</u>	<u>14,242,785</u>
Net cash provided by financing activities	<u>15,919,449</u>	<u>13,142,785</u>
Net (decrease) in cash and cash equivalents	(20,185,281)	(34,300,869)
Cash, cash equivalents and assets limited as to use		
Beginning of year	<u>40,969,920</u>	<u>75,270,789</u>
End of year	<u>\$ 20,784,639</u>	<u>\$ 40,969,920</u>
The following table reconciles cash and cash equivalents on the combined balance sheets to cash, cash equivalents and assets limited as to use on the combined statement of cash flows.		
Cash and cash equivalents	\$ 10,064,049	\$ 23,651,893
Assets limited as to use, current	-	4,804,416
Assets limited as to use, noncurrent	<u>10,720,590</u>	<u>12,513,611</u>
Total cash and cash equivalents and cash and cash equivalents included in assets limited as to use	<u>\$ 20,784,639</u>	<u>\$ 40,969,920</u>

The accompanying notes are an integral part of these combined financial statements.

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

1. Organization

The Board of Trustees of The University of Alabama ("UA Board"), a public corporation and constitutional instrumentality of the State of Alabama, and the University of Alabama Health Services Foundation, P.C. ("UAHSF"), a separate, not-for-profit corporation that provides healthcare services as a part of the group physician practice plan at The University of Alabama at Birmingham ("the University" or "UAB"), have entered into an agreement to provide for the coordination and management of the existing and any future healthcare delivery operations of the University and UAHSF. The agreement was entered into on October 7, 1996 and has been amended several times. The agreement currently exists as the "Amended and Restated Joint Operating Agreement" ("the JOA"), effective as of October 1, 2022. The JOA provides for, and there has been created, a separate not-for-profit corporation, formerly known as UAB Health System ("the Health System"), that directs and provides the coordination and management of the healthcare entities affiliated with the UA Board and UAHSF, subject to and within the provisions and limitations of the JOA. Effective January 1, 2022, the legal name UAB Health System changed to UAB Medicine Enterprise ("Medicine Enterprise"). The UA Board and the UAHSF are the sole members of Medicine Enterprise.

The operating activities of Medicine Enterprise include UAB departments which report directly to Medicine Enterprise and support clinical services. The financial position and operating results of these departments are combined within the accompanying financial statements.

Operating entities affiliated with Medicine Enterprise ("Affiliated Entities") include the following:

- University of Alabama Hospital (the "Hospital")
- University of Alabama Health Services Foundation, P.C.
- Triton Health Systems, L.L.C.
- The UAB Callahan Eye Hospital Authority
- The Valley Foundation
- The Health Care Authority for Baptist Health, an Affiliate of UAB Health System
- Medical West Hospital Authority, an Affiliate of UAB Health System
- The Health Care Authority of the City of Greenville – L.V. Stabler Hospital
- J. Paul Jones Hospital
- Brian Whitfield Memorial Hospital, an Affiliate of UAB Health System
- Cooper Green Mercy Health Services Authority
- The Russell Hospital Corporation D/B/A Russell Medical Center
- The Health Care Authority of Winfield Alabama D/B/A Northwest Medical Center
- Alabama Physicians Network
- UAB-STV Authority

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

2. Summary of Significant Accounting Policies

Accounting Standards

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities Presentation of Financial Statements. ASC 958-205 requires Medicine Enterprise to present a statement of cash flows and display its activities and net assets in two classes, based on the existence or absence of donor-imposed restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions are those for which use by Medicine Enterprise has been limited by donors to a specific time period or purpose. Medicine Enterprise had no net assets with donor restrictions at September 30, 2025 or 2024.

Cash and Cash Equivalents

Medicine Enterprise considers investments in highly liquid debt instruments with a maturity of three months or less to be cash equivalents (excluding those amounts included in assets limited as to use).

Assets Limited as to Use

Assets limited as to use include cash and cash equivalents designated by Medicine Enterprise's Board of Directors for future support of the research, education, and clinical programs of the healthcare entities affiliated with the University and UAHSF. Medicine Enterprise's Board of Directors retains control of these assets and may, at its discretion, subsequently use the assets for other purposes. The long-term portion of assets limited as to use is not expected to be utilized within the next year or relates to funds set aside to purchase long-term assets. Medicine Enterprise considers all cash and cash equivalents, including those designated as assets limited as to use, to be Level 1 fair value investments.

Medicine Enterprise holds cash that is designated by the Medicine Enterprise Board of Directors for future support of the research, education, and clinical programs of the healthcare entities affiliated with UABHS within "assets limited as to use." Assets limited as to use balances were \$10,720,590 and \$17,318,027 as of September 30, 2025 and 2024, respectively, and have been included within the statement of cash flows in accordance with ASC Topic 230, *Statement of Cash Flows*.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is generally provided using the straight-line method based on the following estimated useful lives:

Buildings	40 years
Leasehold improvements	15 years
Furniture and fixtures	10 years
Computer software and equipment	3 – 5 years
Vehicles	3 – 5 years

Leasehold improvements are amortized using the straight-line method over the shorter of the lease terms or the estimated useful lives of the assets. Such amortization is included in depreciation and amortization in the accompanying combined financial statements.

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

Maintenance, repairs, and minor renewals are charged to expense when incurred; betterments, major renewals, and improvements are capitalized. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts, and the gains and losses on such dispositions are recognized currently.

Revenue

Common fund assessments are established annually by the Board of Directors of Medicine Enterprise for management services provided by Medicine Enterprise to the following operating entities:

- University of Alabama Hospital
- University of Alabama Health Services Foundation, P.C.
- Triton Health Systems, L.L.C.
- The UAB Callahan Eye Hospital Authority
- The Valley Foundation
- UAB-STV Authority

Common fund assessment revenue is recognized monthly as services are provided. Performance obligations are determined based on the nature of the services provided by Medicine Enterprise, and given the nature of common fund assessment revenues; these relate to a specific contractual period of time and are recognized as a single performance obligation.

Other revenue consists primarily of payroll administrative fees, administrative services related to cancer and telehealth. Additionally, other revenue includes grant revenue to fund medical emergency services and training activities. Other revenue is recognized when earned. For other revenues, performance obligations are determined based on the nature of the services provided by Medicine Enterprise, and revenue for performance obligations is satisfied over time. Revenue from these transactions is recognized when obligations under the terms of the respective contract are satisfied. Revenue from these transactions is measured as the amount of consideration Medicine Enterprise expects to receive from those services.

Deferred Revenue

Deferred revenue represents revenue paid in advance for services not yet rendered.

General and Administrative Expenses

General and Administrative expenses represent expenses incurred by Medicine Enterprise in coordinating and managing healthcare services of affiliated entities.

Functional Expenses

Medicine Enterprise functions to provide for the coordination and management of the existing and any future healthcare delivery operations of the University and UAHSF, and therefore all expenses of Medicine Enterprise relate to a single function.

Equity Transfers

Equity transfers from Affiliated Entities are defined as transfers of funding to support Medicine Enterprise operations for which the Affiliated Entities do not receive direct economic benefit. These transfers of funding are made available by the Affiliated Entities to UAB Medicine Enterprise departments. Transfers for which the Affiliated Entities receive services or other benefits are

UAB Medicine Enterprise

Notes to Combined Financial Statements

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recorded as revenue in the accompanying combined statements of operations. Medicine Enterprise received net equity transfers from University of Alabama Hospital of \$17,179,000 and \$14,243,000 in the years ended September 30, 2025 and 2024, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Tax Status

Medicine Enterprise is recognized as exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), whereby only unrelated income is taxable.

Subsequent Events

Management has evaluated subsequent events and their potential effects on these financial statements through January 26, 2026, the date of the financial statement issuance.

3. Property and Equipment

A summary of property and equipment follows:

	2025	2024
Land	\$ 27,296,539	\$ 25,706,170
Leasehold improvements	764,302	764,302
Buildings	87,399,300	79,488,335
Furniture and fixtures	1,130,018	799,190
Computer software and equipment	3,441,299	2,727,562
Vehicles	755,906	447,917
Construction in progress	1,303,061	762,396
Total property and equipment	122,090,425	110,695,872
Less: Accumulated depreciation and amortization	(12,173,912)	(9,075,720)
Net property and equipment	\$ 109,916,513	\$ 101,620,152

Depreciation expense of approximately \$3,177,000 and \$2,174,000 was incurred for the years ended September 30, 2025 and 2024, respectively, and is included in the accompanying combined statements of operations.

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

4. Benefit Plans

Medicine Enterprise sponsors UAB Medicine Enterprise 403(b) Retirement Plan ("the 403(b) Plan"), which provides for elective participant deferrals to participant directed investments within the 403 (b) plan. The 403(b) Plan provides nonelective employer contributions of 5% of total salaries for employees who are not eligible for the Tailored Executive Benefit Account Plan. The 403(b) Plan is a contractual agreement purchased for the participant by Medicine Enterprise; therefore, these investments are not reflected in Medicine Enterprise's combined financial statements. The participants may elect to defer from 2% to 85% of their annual individual compensation up to the maximum annual individual deferred compensation limit within the Internal Revenue Code (IRC), such limit being \$23,500 in calendar year 2025. Participants over the age of 50 are allowed to defer a maximum of \$31,000 in calendar year 2025. Total contributions by employees related to the 403(b) plan were \$4,776,000 and \$4,435,000 for the years ended September 30, 2025 and 2024.

Medicine Enterprise offers certain of its management employees a Tailored Executive Benefit Account Plan ("the EBA Plan") pursuant to Section 457(f) of the IRC to provide a method to encourage such employees to remain employed on a long-term basis and to provide retirement benefits for these employees. The EBA Plan provides for unused employer provided benefit dollars to be allocated first to the 457(b) plan up to a maximum of \$23,500 for the calendar year. Remaining unused employer provided benefit dollars can be contributed to the 403(b) Plan up to a maximum of \$46,500 for the calendar year 2025, and remaining unused employer provided benefit dollars would be paid to the employee. Medicine Enterprise also offers certain management employees an additional nonelective employer provided benefit pursuant to Section 457(f) of the IRC. Medicine Enterprise has recorded the plan assets and liabilities related to the EBA plan, the 457(b) Plan, and the additional 457(f) plan of approximately \$14,748,000 and \$13,452,000 at September 30, 2025 and 2024, respectively, as deferred compensation and other plan assets with directly off-setting liabilities within the accompanying balance sheets. The assets held within these plans consist of mutual funds recorded at fair value. Because the liabilities related to these plans consist of the participants' investment balances, the liabilities recorded equal the fair value of the related assets. Total contributions related to the EBA plan were \$1,336,000 and \$1,154,000 for the years ended September 30, 2025 and 2024. There were no contributions to the additional 457(f) plan for the years ended September 30, 2025 and 2024.

Medicine Enterprise follows Accounting Standards Codification No. 820, *Fair Value Measurement and Disclosures* ("ASC 820"), which is applicable to the assets held within the EBA Plan and included in deferred compensation. ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (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. ASC 820 also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable, or reflect market data obtained from independent sources, in the marketplace, as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or quoted prices in markets that are not active.

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The assets held within the EBA plans are mutual funds and the fair values of the assets are calculated using a market approach and Level 1 inputs based upon quoted prices in active markets as of and for the years ended September 30, 2025 and 2024, except for \$2,520,876 and \$2,843,312 of EBA plan assets held in guaranteed annuity investment accounts as of September 30, 2025 and 2024, respectively, which are measured as Level 3 assets. The inputs to the valuation of these guaranteed annuities are contractual arrangements which stipulate specific, guaranteed annual returns on the investments.

The following depicts the activity of Level 3 assets for the years ended September 30:

	2025	2024
Beginning of year	\$ 2,843,312	\$ 3,145,402
Purchases and interfund transfers in	415,861	255,334
Realized gain	100,615	83,779
Unrealized gain	2,848	22,088
Interfund transfer out and other	(841,760)	(663,291)
End of year	<u>\$ 2,520,876</u>	<u>\$ 2,843,312</u>

5. Long - Term Debt

A summary of long-term debt as of September 30 is as follows:

	2025	2024
Bonds payable, current portion	\$ 2,000,000	\$ 1,260,000
Bonds payable, net of current portion	<u>103,385,000</u>	<u>105,385,000</u>
Total outstanding debt to mature	105,385,000	106,645,000
Bond premium	8,415,886	9,338,266
Bond Underwriter's Discount Costs	(131,054)	(169,454)
Bond issuance costs	<u>(411,677)</u>	<u>(429,072)</u>
Total long-term debt	<u>\$ 113,258,155</u>	<u>\$ 115,384,740</u>

In October 2016, Medicine Enterprise joined three other affiliated entities (the University of Alabama Health Services Foundation, University Hospital, and UAB Callahan Eye Hospital Authority) in the formation of an obligated group through a master trust indenture (the "Obligated Group"). Under the terms of the indenture, each of the participating entities can issue its own debt through a conduit entity, the UAB Medicine Financing Authority, but all members of the Obligated Group are jointly and severally liable for the debt of each entity issued through the Obligated Group.

In June 2019, the UAB Medicine Finance Authority issued \$8,120,000 in Series 2019A Revenue Bonds and \$103,385,000 in Series 2019B Revenue Bonds, the proceeds of which were loaned to

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

UAB Medicine Enterprise pursuant to Series 2019A and Series 2019B loan agreements. The Series 2019A Bonds are due over a period extending through 2026 at an interest rate of 5.00%, and the Series 2019B Bonds are due over a period extending through 2048 with interest rates ranging from 3% to 5%. During 2025 and 2024, Medicine Enterprise paid associated interest cost of approximately \$4,594,000 and \$4,650,000, respectively. UAB Medicine Finance Authority's Revenue Trust Indentures are subject to certain covenants which require the Obligated Group to maintain a debt service coverage ratio of 1.1 times. The Obligated Group is in compliance with all financial covenants as of September 30, 2025.

Concurrently, Medicine Enterprise entered into loan agreements with University Hospital and UAHSF to loan \$77,000,000 and \$10,000,000, respectively, of the 2019A and 2019B bond proceeds for the purpose of financing capital improvement projects. During 2021, the loan agreement with University Hospital was amended, increasing the loan by \$17,654,000 for a total loan amount of \$94,654,000. Medicine Enterprise also entered into a loan agreement with UAB Callahan Eye Hospital Authority to loan \$2,346,000 of the 2019A and 2019B bond proceeds for the purpose of financing capital improvement projects. As of September 30, 2025, \$94,654,000 had been advanced to University Hospital, \$10,000,000 had been advanced to UAHSF and \$2,436,000 had been advanced to CEH. The loans to University Hospital, UAHSF and CEH require those entities to pay principal and interest based on the total committed amounts, rather than advanced amounts, in order to allow Medicine Enterprise to pay principal and interest on the Series 2019 Revenue Bonds when due. At September 30, 2023, Medicine Enterprise recorded the gross amount of the bonds as notes receivable, with \$17,476,000 recorded as due to related parties on the combined balance sheets, representing the amount remaining to be distributed to University Hospital. The September 30, 2023 loan amount was transferred to the Hospital in 2024 and used for capital projects. There are no financial covenants related to the loans of the bond proceeds to University Hospital, UAHSF and CEH.

Maturities on long-term debt are as follows:

Maturities on long-term debt are as follows:	Principal
2026	\$ 2,000,000
2027	2,810,000
2028	2,950,000
2029	3,100,000
2030	3,255,000
Thereafter	91,270,000

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

6. Related Party Transactions

Medicine Enterprise assesses certain of its affiliated operating entities an annual common fund assessment to compensate Medicine Enterprise for the coordination and management of these entities.

Common fund assessments included in revenue for the years ended September 30, 2025 and 2024 for each of Medicine Enterprise's operating entities were as follows:

	2025	2024
University of Alabama Hospital	\$ 20,421,072	\$ 18,497,775
Triton Health Systems, L.L.C.	9,443,280	8,675,418
University of Alabama Health Services Foundation, P.C.	8,210,376	7,248,780
UAB St Vincent's Health System Authority	7,535,000	-
The UAB Callahan Eye Hospital Authority	633,082	545,137
The Valley Foundation	59,019	48,959
	<u>\$ 46,301,829</u>	<u>\$ 35,016,069</u>

Medicine Enterprise rented office space from UAHSF for approximately \$260,000 and \$352,000 for the years ended September 30, 2025 and 2024, respectively. These costs are included in general and administrative expenses in the accompanying combined statements of operations. The lease has been on a month-to-month basis since April 30, 2006.

During 2025 and 2024, Medicine Enterprise received payroll processing fees of approximately \$5,645,000 and \$5,143,000, respectively. Approximately \$4,261,000 and \$4,172,000, respectively, of these amounts were received from the Hospital.

Medicine Enterprise provides development funding to assist in the healthcare operations of UAHSF, the Hospital, and in the research and development operations of UAB. Medicine Enterprise provided development funding of approximately \$16,031,000 and \$15,539,000, during the years ended September 30, 2025 and 2024, respectively.

Medicine Enterprise paid \$3,072,000 to the UAB Educational Foundation during each of the years ended September 30, 2025 and 2024 in recognition of the value of the UAB brand provided to Medicine Enterprise on an ongoing basis.

UAB Medicine Enterprise
Notes to Combined Financial Statements
September 30, 2025 and 2024

Medicine Enterprise had receivables from related entities as follows at September 30, 2025 and 2024:

	2025	2024
University of Alabama Hospital	\$ 7,682,316	\$ 6,602,794
University of Alabama Health Services Foundation, P.C.	2,076,087	1,458,889
Triton Health Systems, L.L.C.	5,584,266	543,307
The UAB Callahan Eye Hospital Authority	85,502	148,197
Medical West Hospital Authority, an Affiliate of UAB Health System	667,574	221,477
The Health Care Authority for Baptist Health, An Affiliate of UAB Health System	415,779	145,910
Brian Whitfield Memorial Hospital, An Affiliate of UAB Health System	3,250,166	1,659,587
The Valley Foundation	4,080	4,079
Russell Medical	26,933	-
University of Alabama at Birmingham	474,859	476,213
RMCCA-L.V. Stabler	1,132,977	1,081,015
Cooper Green Mercy Health Services Authority	322,766	40,601
UAB St. Vincent's Health System Authority	4,747,396	1,301,983
	<u>\$ 26,470,701</u>	<u>\$ 13,684,052</u>

Medicine Enterprise had payables to related entities as follows at September 30, 2025 and 2024:

	2025	2024
University of Alabama Health Services Foundation, P.C.	\$ 1,028,851	\$ 2,669,159
University of Alabama at Birmingham	11,940,235	5,839,140
University of Alabama Hospital	30,349	169,035
Other	129,240	269,672
	<u>\$ 13,128,675</u>	<u>\$ 8,947,006</u>

As described in Note 5, Medicine Enterprise joined three other affiliated entities in the formation of an Obligated Group through a Master Trust Indenture dated October 1, 2016. In October 2016, the Hospital issued \$367,745,000 of debt through the Obligated Group. In May 2017, the Hospital issued \$63,195,000 and UAHSF issued \$174,225,000 of debt through the Obligated Group. Medicine Enterprise would be contingently liable for this debt if the Hospital or UAHSF defaulted on the obligation. However, management of Medicine Enterprise does not consider it likely that the Hospital or UAHSF will default on its obligations, and therefore has not recorded a liability for any portion of that debt. All debt issued by entities within the Obligated Group is subject to certain covenants measured at the Obligated Group level in aggregate; the Obligated Group is in compliance with all financial covenant restrictions.

As described in Note 5, Medicine Enterprise loaned \$77,000,000 of the 2019A and 2019B Revenue bond proceeds to the Hospital and \$10,000,000 to UAHSF during FY 2019. During FY 2021,

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

Medicine Enterprise loaned an additional \$17,654,000 to the Hospital and \$2,346,000 to CEH. During FY 2024, Medicine Enterprise loaned the remaining \$17,475,000 to the Hospital. Medicine Enterprise has recorded \$3,121,000 and \$3,158,000 of interest income related to the bond proceeds allocated to University Hospital, UAHSF and CEH for the years ending September 30, 2025 and 2024, respectively. Medicine Enterprise recorded the \$94,654,000, the \$10,000,000 and the \$2,346,000 amounts as Notes Receivable. As of September 30, 2025, the outstanding balances are \$85,897,000 for University Hospital, \$9,045,000 for UAHSF and \$2,160,000 for CEH.

Medicine Enterprise has entered into affiliation agreements with related parties whereby the UA Board has established Health Care Authorities ("HCAs") for the operation of medical facilities. These include the Medical West Hospital Authority, an Affiliate of Medicine Enterprise, and the Healthcare Authority for Baptist Health. Medicine Enterprise receives payments from these entities based upon the affiliation agreements and is reimbursed for the cost of management services provided under a management services agreement. The payments from these entities based on the affiliation agreements are subsequently transferred to the University of Alabama School of Medicine (UAB SOM) to fund academic and research activities. Payments received by Medicine Enterprise under the affiliation agreements and subsequently transferred to UAB SOM were \$3,644,000 for the year ended September 30, 2024. No payments were received for the year ended September 30, 2025.

On October 21, 2021, Medicine Enterprise received a transfer of \$48,635,716 from the UAB Health System Authority, a related party. These funds were used to purchase the Medical West Hospital Authority main hospital facility located in Bessemer, Alabama for the sales price of \$51,250,000. In conjunction with the sale, the Medical West Hospital Authority leased the facility back from Medicine Enterprise for a period of three years, with annual payments of \$1. The lease may be terminated by either party with 90 days prior written notice.

The Board of Trustees of the University of Alabama for and on behalf of its division the University of Alabama at Birmingham ("UAB") and Ascension Health entered into an Affiliation Agreement dated March 6, 2020, which was amended and restated effective October 1, 2023. The transactions contemplated under the original Affiliation Agreement closed on July 1, 2020. One of the conditions under the Affiliation Agreement was the execution of a Management Agreement between UAB Medicine Enterprise and UAB-SVHS, Inc., and such management agreement was executed on July 1, 2020 by those parties. UAB-SVHS, Inc. is an Alabama nonprofit corporation whose purpose is the management and coordination of clinical assets of UAB and Ascension Health in the Birmingham market in accordance with the Affiliation Agreement. UAB-SVHS, Inc. qualifies as a university affiliate of UAB Health System Authority, an Alabama University Authority sponsored and controlled by UAB.

On October 29, 2024, the UAB St. Vincent's Health System Authority, a newly formed University Authority under the control of the Board of Trustees of the University of Alabama System, issued Series 2024 A, B and C revenue bonds totaling \$680 million for the purchase of the St. Vincent's Health System from Ascension Health effective November 1, 2024. The Obligated Group has guaranteed the Series 2024 A, B and C revenue bonds and Medicine Enterprise is jointly and severally liable for the debt issuance.

Effective December 16, 2019, UAHSF, University Hospital, and Callahan Eye Hospital Authority each entered into a lease agreement with Medicine Enterprise (Lessor) to rent space in the Hoover Medical Office Building, which is owned by Medicine Enterprise. The lease term is ten years, through December 15, 2029, and monthly lease payments are expected to be \$62,000 from UAHSF, \$4,300 from University Hospital and \$5,800 from Callahan Eye Hospital Authority.

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

Medicine Enterprise entered into a five year lease agreement to lease equipment to UAHSF for the Hoover Medical Office project. The lease was recorded as a direct financing lease, and at the end of the lease term (December 31, 2024), the equipment was transferred to UAHSF. The monthly equipment lease payment was \$88,000.

7. Liquidity

The following reflects Medicine Enterprise's financial assets as of the balance sheet date, reduced by amounts not available for general use. Amounts not available include amounts set aside to satisfy certain deferred compensation arrangements.

	2025	2024
Total assets, at year-end	\$ 272,786,096	\$ 273,002,481
Less those unavailable for general expenditures within one year, due to		
Assets whose use is limited	(10,720,590)	(12,513,611)
Property and equipment, net	(109,916,513)	(101,620,152)
Deferred compensation agreements	(14,748,345)	(13,451,720)
Notes receivable, less current portion	(94,630,767)	(97,101,591)
Other current assets - non liquid	(1,745,681)	(1,094,561)
Other noncurrent assets	<u>(635,854)</u>	<u>(1,578,295)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 40,388,346</u>	<u>\$ 45,642,551</u>

8. Commitments and Contingencies

Medicine Enterprise has been named in various legal actions relating to general and professional liability claims. Management estimates that these matters will be resolved without a material adverse effect on Medicine Enterprise's financial position, results of operations, or cash flows.

9. Leases

For new lease agreements entered into, Medicine Enterprise assesses the requirement to recognize a right of use ("ROU") asset and a liability for all leases whose term is more than 12 months at the lease inception date. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, which includes any renewal terms Medicine Enterprise reasonably expects to exercise. Medicine Enterprise also assesses whether certain service arrangements contain embedded leases where the contract conveys the right to use an asset but does not explicitly identify lease arrangements. Incremental borrowing rates reflecting external unsecured borrowing rates are used to approximate secured borrowing rates over similar terms.

Medicine Enterprise is the lessee as part of a long term operating lease of equipment and space. Operating lease expense is recognized on a straight-line basis over the lease. The operating lease right-of-use asset and operating lease liability are reported as separate lines on the balance sheet

UAB Medicine Enterprise

Notes to Combined Financial Statements

September 30, 2025 and 2024

within other assets and other liabilities. The current portion of operating lease liability is reported in accounts payable and accrued expenses on the balance sheet.

Supplemental balance sheet information for leases at September 30 is as follows:

	Balance Sheet Classification	2025	2024
Assets			
Right-of-use Operating	Other noncurrent assets	\$ 635,854	\$ 1,578,295
Liabilities			
Current			
Operating leases	Accounts payable and accrued expenses	591,891	946,047
Noncurrent			
Operating leases	Other noncurrent liabilities	-	591,891

Components of lease expense for the years ended September 30 is as follows:

	2025	2024
Operating lease cost		
Operating lease cost	\$ 985,290	\$ 967,250

Remaining lease term and discount rates at September 30 is as follows:

	2025	2024
Weighted-average remaining lease term (years)		
Operating leases	0.7	1.7
Weighted-average discount rates		
Operating leases	4.0 %	4.0 %

Supplemental cash flow information related to leases for the years ended September 30 is as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 988,896	\$ 978,982
Right of use assets obtained in exchange for lease liabilities		
Operating leases	-	186,727

UAB Medicine Enterprise
Notes to Combined Financial Statements
September 30, 2025 and 2024

Maturities of operating lease liabilities are as follows:

2026	\$	599,466
2027		-
2028		-
2029		-
2030		-
Thereafter		-
Total payments		<u>599,466</u>
Liability lease expense		<u>(7,575)</u>
Repayment of lease liability	\$	<u>591,891</u>

Medicine Enterprise is the lessor as part of space lease agreements with certain related parties to rent space in the Hoover Medical Office Building (Note 6). Future payments under these operating leases at September 30, 2025 are as follows:

Maturities of operating lease payments to be received are as follows:

2026	\$	897,749
2027		906,726
2028		915,794
2029		924,951
2030		195,027
Thereafter		-

Medicine Enterprise recognized operating rent expense during the year related to the leasing of office space. The space rental is executed as a month-to-month lease and qualifies for the short-term lease measurement and recognition exemption under ASC Topic 842. Payments to lease the space totaled \$260,000 and \$352,000 for the years ended September 30, 2025 and 2024, respectively.

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APPENDIX D

**Audited Financial Statements of UAHSF
for the fiscal years ended September 30, 2025 and 2024**

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University of Alabama Health Services Foundation, P.C.

**Financial Statements
September 30, 2025 and 2024**

University of Alabama Health Services Foundation, P.C.

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September 30, 2025 and 2024

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Report of Independent Auditors

To the Management of University of Alabama Health Services Foundation, P.C.

Opinion

We have audited the accompanying financial statements of University of Alabama Health Services Foundation, P.C. (the "Foundation"), which comprise the balance sheets as of September 30, 2025 and 2024 and the related statements of operations and changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2025 and 2024 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Foundation's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US GAAS 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

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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 US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Birmingham, Alabama
January 26, 2026

University of Alabama Health Services Foundation, P.C.
Balance Sheets
September 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 42,848,257	\$ 27,835,490
Short-term investments	2,024,529	4,978,325
Patient accounts receivable, net	119,578,766	122,738,921
Other current assets	48,413,629	38,233,448
Total current assets	<u>212,865,181</u>	<u>193,786,184</u>
Assets limited as to use by board		
Endowments	259,479,649	240,880,376
Other long-term investments	853,548	792,183
By deferred compensation agreements	208,336,629	191,949,902
Total assets limited as to use	<u>468,669,826</u>	<u>433,622,461</u>
Long-term investments	186,045,901	181,362,951
Investment in trust fund	96,827,960	90,502,499
Property and equipment, net	115,557,785	123,587,805
Finance lease property, net	47,270,252	49,245,637
Operating leased assets	30,059,744	23,422,502
Other assets	14,176,656	13,954,418
Total assets	<u>\$ 1,171,473,305</u>	<u>\$ 1,109,484,457</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 6,160,264	\$ 8,187,285
Accounts payable and accrued expenses	190,193,596	169,308,874
Total current liabilities	<u>196,353,860</u>	<u>177,496,159</u>
Long-term debt, less current portion	156,489,174	163,026,950
Deferred compensation payable	208,336,629	191,949,902
Operating lease liabilities, less current portion	25,345,121	20,194,576
Other noncurrent liabilities	19,931,549	17,242,895
Total liabilities	<u>606,456,333</u>	<u>569,910,482</u>
Net assets without donor restrictions	<u>565,016,972</u>	<u>539,573,975</u>
Total liabilities and net assets	<u>\$ 1,171,473,305</u>	<u>\$ 1,109,484,457</u>

The accompanying notes are an integral part of these financial statements.

University of Alabama Health Services Foundation, P.C.
Statements of Operations and Changes in Net Assets
Years Ended September 30, 2025 and 2024

	2025	2024
Revenue		
Patient service revenue	\$ 721,441,550	\$ 722,868,943
Premium revenue	24,932,899	25,712,132
Investment income from deferred compensation assets	21,958,944	32,981,540
Other revenue	440,613,140	357,638,657
Total revenues, gains, and other support	1,208,946,533	1,139,201,272
Expenses		
Salaries and benefits	943,830,237	868,654,095
Additional amounts due to deferred compensation participants	21,958,944	32,981,540
Medical, surgical, and laboratory	73,693,109	68,447,388
Support services paid to UAB Medicine Enterprise	10,093,956	7,689,836
Administrative and general	78,039,512	72,787,303
Depreciation and amortization	15,718,769	15,441,459
Insurance	17,065,874	14,090,632
Rent	10,525,982	9,681,292
Repairs and maintenance	11,643,691	10,757,071
Supplies	1,860,900	1,768,146
Interest	6,137,965	6,313,418
Total expenses	1,190,568,939	1,108,612,180
Income from operations	18,377,594	30,589,092
Other income (expense)		
Investment income	51,344,854	68,537,773
Research grants	(6,226,978)	(7,555,441)
Contributions, primarily to University of Alabama at Birmingham	(25,102,923)	(28,019,152)
Equity in earnings of professional liability trust fund	10,591,216	29,474,732
Other net periodic pension and postretirement costs	307,505	(1,175,739)
Miscellaneous expense	(2,104,486)	(144,066)
Total other income	28,809,188	61,118,107
Excess of revenues and other income over expenses	47,186,782	91,707,199
Other changes in net assets		
Net unrealized (losses) gains on nonequity investments	(17,017,414)	5,139,361
Change in net pension and other postretirement benefit obligations	(4,726,371)	(3,774,632)
Total other changes in net assets	(21,743,785)	1,364,729
Change in net assets without donor restrictions	25,442,997	93,071,928
Net assets		
Beginning of year	539,573,975	446,502,047
End of year	\$ 565,016,972	\$ 539,573,975

The accompanying notes are an integral part of these financial statements.

University of Alabama Health Services Foundation, P.C.
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 25,442,997	\$ 93,071,928
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	15,718,769	15,441,459
(Gain) loss from investment in trust fund	4,226,818	(17,384,245)
Net realized (gains) on sale of property and equipment	(60,949)	(14,768)
Net realized (gains) on sale of investments	(40,399,729)	(17,036,379)
Net unrealized (gains) on equity investments	(5,390,477)	(41,271,681)
Net unrealized (gains) losses on nonequity investments	17,017,414	(5,139,359)
Investment (income) from deferred compensation assets	(21,958,944)	(32,981,540)
Contributions to deferred compensation plan	(7,133,933)	(7,397,833)
Distributions from deferred compensation plan	12,636,417	8,270,440
Other	(740,821)	(740,821)
Changes in assets and liabilities		
Patient accounts receivable, net	3,160,155	(15,004,444)
Other assets	(17,039,661)	(8,505,038)
Accounts payable and accrued expenses	20,884,722	20,710,968
Deferred compensation payable	16,386,727	31,570,507
Other noncurrent liabilities	7,839,197	(867,947)
Net cash provided by operating activities	<u>30,588,702</u>	<u>22,721,247</u>
Cash flows from investing activities		
Capital expenditures	(5,652,411)	(20,210,304)
Contributions to trust fund	(10,552,279)	(5,746,515)
Proceeds from the maturity or sale of investments	148,522,157	74,041,576
Purchases of investments	<u>(142,080,635)</u>	<u>(54,650,650)</u>
Net cash (used in) investing activities	<u>(9,763,168)</u>	<u>(6,565,893)</u>
Cash flows from financing activities		
Principal payments on debt	(7,604,871)	(7,938,726)
Principal payments on finance lease obligations	<u>(219,105)</u>	<u>(1,030,103)</u>
Net cash used in financing activities	<u>(7,823,976)</u>	<u>(8,968,829)</u>
Increase in cash and cash equivalents	13,001,558	7,186,525
Cash and cash equivalents		
Beginning of year	<u>56,121,207</u>	<u>48,934,682</u>
End of year	<u>\$ 69,122,765</u>	<u>\$ 56,121,207</u>
Reconciliation of cash and cash equivalents to the balance sheets		
Cash and cash equivalents	\$ 42,848,257	\$ 27,835,490
Assets limited as to use	17,146,654	18,525,102
Long-term investments	7,003,563	7,566,590
Deferred compensation	<u>2,124,291</u>	<u>2,194,025</u>
Total cash and cash equivalents	<u>\$ 69,122,765</u>	<u>\$ 56,121,207</u>

The accompanying notes are an integral part of these financial statements.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

1. Organization

University of Alabama Health Services Foundation, P.C. (the Foundation) is a not-for-profit organization that was created to coordinate and deliver patient care in a group practice setting within the academic environment of The University of Alabama at Birmingham (UAB). Along with serving as teaching faculty at UAB, the Foundation's physicians are members of the medical staff of University of Alabama Hospital (University Hospital). The Foundation and the University of Alabama System Board of Trustees, acting through UAB, entered into an agreement dated August 1, 1977, amended September 15, 2006, which established a trust known as the University of Alabama Professional Liability Trust Fund (the Trust Fund). The Trust Fund uses contributions from the Foundation and other contributing entities, together with earnings thereon, to pay liabilities arising from performance of certain professional services by employees of these entities. The Foundation and the University of Alabama System Board of Trustees, acting through UAB, entered into an agreement dated October 7, 1996, and an amended and restated agreement dated June 1, 2017 and October 1, 2022 (the Joint Operating Agreement). Under the terms of the agreement, the Foundation and UAB established UAB Medicine Enterprise (formerly known as UAB Health System), to provide common management for their existing health care delivery operations and any future health care delivery operations. The Foundation, the UAB School of Medicine, University Hospital, and UAB Medicine Enterprise (UABME) are collectively referred to as "UAB Medicine".

2. Summary of Significant Accounting Policies

Accounting Standards

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and in accordance with generally accepted accounting principles for health care organizations.

Cash and Cash Equivalents

The Foundation considers investments in highly liquid debt instruments with a maturity of three months or less to be cash equivalents (excluding assets limited as to use).

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors (the Board) for future research, education, and clinical programs (over which the Board retains control and may, at its discretion, subsequently use for other purposes) and deferred compensation assets. Investments included in assets limited as to use are classified on the accompanying balance sheets based on the estimated timing of their intended use.

Investments

Investments in equity and debt securities are measured at fair value in the accompanying balance sheets. Fair value is determined based on quoted market prices, where available. Private equity investments generally take the form of private companies, limited partnerships, or limited liability companies and are carried at estimated fair value. Certificates of deposit are not measured at fair value; however, these instruments are carried at amounts that approximate fair value. Investment income or loss (including realized gains and losses on investments, unrealized gains and losses on equity investments, interest, and dividends) is included in revenues and other income in excess of expenses unless the income or loss is restricted by donor or law. Investment income from deferred compensation assets is recorded as operating income and operating expense. Unrealized gains and losses on debt investments are reported as other changes in net assets.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

Fair Value Measurements

Fair value for financial reporting purposes is the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction between market participants at the measurement date (reporting date). Fair value is based on an exit price in the principal market or most advantageous market in which the reporting entity could transact.

For each asset and liability required to be reported at fair value, management has identified the unit of account and valuation premise to be applied for purposes of measuring fair value. The unit of account is the level at which an asset or liability is aggregated or disaggregated. The valuation premise is a concept that determines whether an asset is measured on a stand-alone basis or in combination with other assets. The Foundation measures its assets and liabilities on a stand-alone basis then aggregates assets and liabilities with similar characteristics for disclosure purposes.

The hierarchy for inputs used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 Valuations based on observable inputs, including quoted prices (other than Level 1) in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatilities, and default rates, and inputs that are derived principally from or corroborated by observable market data.
- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

If the determination of fair value measurement for a particular asset or liability is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability measured.

The techniques used in the valuation of the Foundation's assets and liabilities are noted below.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value of equity investments, corporate obligations, U.S. Government obligations, and certain commingled funds are based on quoted market prices in an active market for identical assets and liabilities as of the reporting date. These assets are categorized within Level 1 of the fair value hierarchy. The degree of judgement exercised in determining fair value is greatest for securities categorized in Level 3. Inputs used in estimating the fair value of Level 3 investments include earnings metrics and a valuation multiple. Assumptions used, due to lack of observable inputs, may significantly impact the fair value of the investment.

The fair value of the hedge and private equity funds are determined using the net asset value as a practical expedient.

Deferred Compensation

The Foundation and certain employees have entered into deferred compensation agreements whereby employees may defer all or a portion of their compensation. The Foundation, directed by the employee, invests the deferred compensation amounts in various types of investments. These investments are reported at fair value in the accompanying balance sheets. Investments of deferred compensation amounts are included in assets limited as to use by deferred compensation agreements in the accompanying balance sheets. The corresponding liability for the deferred compensation assets is recorded as a deferred compensation payable in the accompanying balance sheets.

Property and Equipment and Finance Lease Property

Property and equipment and finance lease property acquisitions are recorded at cost. Depreciation is provided using the straight-line method based on estimated useful lives of 32 to 40 years for buildings, 3 to 10 years for equipment, and 3 to 20 years for building and leasehold improvements. Leasehold improvements are amortized using the straight-line method over the shorter of the lease terms or the estimated useful lives of the assets. Such amortization is included in depreciation and amortization in the accompanying statements of operations and changes in net assets.

Property under finance leases is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the property. Such amortization is included in depreciation and amortization in the accompanying statements of operations and changes in net assets.

Maintenance, repairs, and minor renewals are charged to expense when incurred; betterments, major renewals, and improvements are capitalized. Interest costs, net of any related interest earnings, for certain assets acquired with the proceeds of tax-exempt borrowings are capitalized as a component of the cost of acquiring those assets. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts, and the gains or losses on such dispositions are recognized currently.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. No such impairment charges were recognized during 2025 or 2024.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

Other Assets

Other assets consist primarily of notes receivable and the cash surrender value of life insurance policies of which the Foundation is the beneficiary.

Financing Costs

The Foundation presents bond issuance costs, discounts and premiums as a direct deduction from, or addition to, the face amount of the financing.

Net Assets with Donor Restrictions

Under an Affiliation Agreement with UAB, the Foundation is prohibited from receiving contributions from donors; accordingly, the Foundation has no net assets with donor restrictions.

Statements of Operations and Changes in Net Assets

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues, gains, and other support and expenses. Peripheral or incidental transactions are reported as other income and expenses. The statements of operations and changes in net assets include excess of revenues and other income over expenses. Changes in net assets which are excluded from revenues and other income over expenses, consistent with relevant accounting literature and industry practice, include unrealized gains and losses on debt investments other than trading securities and hedge funds and the change in net pension and other postretirement benefit obligations not included in pension expense.

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Foundation 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. Generally, the Foundation bills the patient 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. See Note 14 for additional information about patient service revenue.

Premium Revenue

The Foundation has agreements with various health maintenance organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the Foundation receives, and recognizes as revenue under its obligation to stand ready to perform patient care services to participants, monthly capitation payments based on the number of each HMO's participants, regardless of services actually performed by the Foundation.

Other Revenue

The Foundation records revenue from activities related to providing other healthcare services as other revenue. This income includes services provided to patients of affiliated entities, rental income from leasing arrangements and other miscellaneous items. Revenue from these transactions is recognized when obligations under the terms of the respective contract are satisfied. Revenue from these transactions is measured as the amount of consideration the Foundation expects to receive from those services.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

Charity Care

The Foundation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Foundation does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenues, gains, and other support in the accompanying statements of operations and changes in net assets. The Foundation maintains records to identify and monitor the level of charity care it provides. The cost of providing charity care to patients is estimated by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients. The Foundation's approximate cost of providing care to indigent patients was \$54,444,000 and \$44,963,000 for the years ended September 30, 2025 and 2024, respectively.

Tax Status

The Foundation is recognized as exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Foundation has adopted the provisions of the Accounting Standards Codification relating to uncertainty in income taxes. This guidance requires entities to assess their uncertain tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. The Foundation has determined that it does not have any positions at September 30, 2025 and 2024, that it would be unable to substantiate. The Foundation has filed its not-for-profit tax returns for all years through September 30, 2024. Years ended September 30, 2022 and subsequent remain subject to audit by taxing authorities.

Use of Estimates

The preparation of financial statements in conformity 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 amount of revenues, gains, and other support and expenses during the reporting period. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

Subsequent Events

Management has evaluated subsequent events and their potential effects on these financial statements through January 26, 2026, the date the financial statements were issued.

3. Other Current Assets

Other current assets consist of the following at September 30:

	2025	2024
Amounts receivable from related parties	\$ 10,643,623	\$ 11,372,540
Amounts receivable from other health care providers	20,059,871	9,601,578
Other miscellaneous receivables	6,225,634	8,918,101
Inventory	720,900	671,561
Prepaid expenses and other assets	10,763,601	7,669,668
	<u>\$ 48,413,629</u>	<u>\$ 38,233,448</u>

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

4. Investments

The carrying values of assets limited as to use and short-term and long-term investments as of September 30 are as follows:

	2025	2024
U.S. Government obligations	\$ 3,598,517	\$ 3,469,056
Corporate obligations – domestic	5,613,007	5,431,715
Certificates of deposit – domestic	3,924,915	3,976,985
Equity securities – domestic	2,186	1,761
Investment in Central Alabama LLC	1,774,912	3,421,920
Pooled investments		
Equity securities – domestic	28,029,786	26,123,266
Cash equivalents	24,150,217	26,091,692
Accrued income	319,772	348,567
Commingled funds		
Equity securities – domestic	69,569,665	71,571,487
Equity securities – international	66,814,163	71,490,092
Equity securities – emerging markets	22,760,292	26,767,092
Fixed income – core bonds	63,214,497	39,853,249
Fixed income – emerging markets	15,020,920	17,383,153
Fixed income – credit opportunities	16,822,897	31,259,570
Real assets	10,743,650	3,012,782
Private equity funds	80,955,823	65,308,806
Hedge funds	35,088,408	32,502,642
Deferred compensation investments		
Cash equivalents	2,124,290	2,194,025
Mutual funds	173,418,279	159,806,628
Equity securities	27,419,825	24,703,823
Corporate obligations	997,132	983,801
Annuity contracts	4,377,103	4,261,625
	<u>\$ 656,740,256</u>	<u>\$ 619,963,737</u>

	2025	2024
Presented in balance sheets as follows		
Short-term investments	\$ 2,024,529	\$ 4,978,325
Assets limited as to use	468,669,826	433,622,461
Long-term investments	<u>186,045,901</u>	<u>181,362,951</u>
	<u>\$ 656,740,256</u>	<u>\$ 619,963,737</u>

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

5. Fair Value Measurements

The Foundation's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy. See Note 2 for a discussion of the Foundation's policies regarding this hierarchy.

The following fair value hierarchy tables present information about the Foundation's assets measured at fair value on a recurring basis as of September 30, 2025 and 2024:

	Fair Value Measurement Using				
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Net Asset Value (NAV) as a Practical Expedient	Value
September 30, 2025					
U.S. Government obligations	\$ 3,598,517	\$ -	\$ -	\$ -	\$ 3,598,517
Corporate obligations – domestic	5,613,007	-	-	-	5,613,007
Certificates of deposit – domestic	3,924,915	-	-	-	3,924,915
Equity securities – domestic	2,186	-	-	-	2,186
Investment in Central Alabama LLC	-	-	1,774,912	-	1,774,912
Commingled funds					
Equity securities – domestic	53,820,813	15,748,852	-	-	69,569,665
Equity securities – international	44,315,381	22,498,782	-	-	66,814,163
Equity securities – emerging markets	22,760,292	-	-	-	22,760,292
Fixed income – core bonds	-	63,214,497	-	-	63,214,497
Fixed income – emerging markets	-	15,020,922	-	-	15,020,922
Fixed income – credit opportunities	-	16,822,897	-	-	16,822,897
Real assets	-	10,743,650	-	-	10,743,650
Pooled investments	52,499,773	-	-	-	52,499,773
Private equity funds	-	-	-	80,955,823	80,955,823
Hedge funds	-	-	-	35,088,408	35,088,408
Deferred compensation investments					
Equity securities – domestic	29,544,115	173,418,280	-	-	202,962,395
Corporate obligations – domestic	997,132	-	-	-	997,132
Annuity Contracts	-	-	4,377,102	-	4,377,102
	<u>\$ 217,076,131</u>	<u>\$ 317,467,880</u>	<u>\$ 6,152,014</u>	<u>\$ 116,044,231</u>	<u>\$ 656,740,256</u>
September 30, 2024					
U.S. Government obligations	\$ 3,469,056	\$ -	\$ -	\$ -	\$ 3,469,056
Corporate obligations – domestic	5,431,715	-	-	-	5,431,715
Certificates of deposit – domestic	3,976,985	-	-	-	3,976,985
Equity securities – domestic	1,760	-	-	-	1,760
Investment in Central Alabama LLC	-	-	3,421,920	-	3,421,920
Commingled funds					
Equity securities – domestic	55,345,456	16,226,031	-	-	71,571,487
Equity securities – international	48,309,561	23,180,531	-	-	71,490,092
Equity securities – emerging markets	26,767,092	-	-	-	26,767,092
Fixed income – core bonds	-	39,853,249	-	-	39,853,249
Fixed income – emerging markets	-	17,383,153	-	-	17,383,153
Fixed income – credit opportunities	-	31,259,570	-	-	31,259,570
Real assets	-	3,012,785	-	-	3,012,785
Pooled investments	52,563,523	-	-	-	52,563,523
Private equity funds	-	-	-	65,308,806	65,308,806
Hedge funds	-	-	-	32,502,642	32,502,642
Deferred compensation investments					
Equity securities – domestic	26,897,848	159,806,628	-	-	186,704,476
Corporate obligations – domestic	983,801	-	-	-	983,801
Annuity Contracts	-	-	4,261,625	-	4,261,625
	<u>\$ 223,746,797</u>	<u>\$ 290,721,947</u>	<u>\$ 7,683,545</u>	<u>\$ 97,811,448</u>	<u>\$ 619,963,737</u>

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

The following table sets forth changes in the fair value of the Foundation's Level 3 investment assets for the years ended September 30, 2025 and 2024:

	2025	2024
Beginning balance	\$ 7,683,545	\$ 7,476,666
Gains (losses) in other changes in net assets	(853,828)	828,023
Sales and payouts	(677,703)	(621,144)
	<u>\$ 6,152,014</u>	<u>\$ 7,683,545</u>

Remaining unfunded commitments for the private equity funds aggregate to \$22 million as of September 30, 2025 and can be called by the fund managers through 2026. The private equity funds are closed-end funds and have remaining lives ranging from 8 to 10 years, over which the Foundation expects to receive distributions from the sales of the underlying investments. There are no unfunded commitments for the Foundation's hedge funds. The table below discloses redemption frequency and notice period for hedge fund assets as of September 30, 2025 and 2024:

Description	2025	2024	Redemption Frequency	Redemption Notice Period
Global equity long/short (a)	\$ 2,876,767	\$ 2,684,766	Quarterly, annually	33-65 days
Event-driven/open mandate (b)	21,648,427	20,994,691	Quarterly, annually	45-90 days
Credit strategies/distressed (c)	<u>10,563,214</u>	<u>8,823,185</u>	Quarterly, annually	65 days
	<u>\$ 35,088,408</u>	<u>\$ 32,502,642</u>		

- a. This category includes investments in hedge funds that invest both long and short in global common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. This category has no investments included as side pocket investments but are restricted to holdbacks of 5% until after completion of the fund's financial statement audit.
- b. This category includes investments in hedge funds that invest in both equities and bonds to profit from economic, political, and government driven events. A majority of the investments are targeted in merger arbitrage, distressed securities, high yield debt, litigation, change of control, regulatory, or legislative changes. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 5% as of September 30, 2025 and 2024, respectively, of the value of the investments in this category cannot be redeemed in the near future because the investments include restrictions that do not allow the return of side holdbacks of 5% or 10% until after completion of the fund's financial statement audit.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

- c. This category includes investments in hedge funds that invest in both equities and bonds to maximize total return through investment in a broad-based distressed securities portfolio, including corporate, real estate, and non-U.S. securities and other mispriced investment opportunities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 1% as of both September 30, 2025 and 2024, of the value of the investments in this category cannot be redeemed in the near future because the investments include restrictions that do not allow the return of side pocket investments for 12 months and do not allow the return of side holdbacks of 10% until after completion of the fund's financial statement audit.

6. Endowments

The Foundation's Board-designated endowments consist of three funds established for a variety of purposes. The Foundation does not have any donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Alabama adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective January 1, 2009. UPMIFA requires the preservation of the purchasing power of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Foundation legal counsel has reviewed the requirements of UPMIFA and determined that because the Affiliation Agreement with UAB prohibits the Foundation from receiving contributions from donors, the Foundation is not impacted by UPMIFA.

The normal spending policy for the General Endowment Fund is to allocate 4.50% of the fund to new research projects, subject to annual recommendation by the Foundation's investment committee to the Board. Expenditures for the Department and Long-term Endowment funds are infrequent in nature and must be approved individually based on a specific need. These spending policies are consistent with the Foundation's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through investment returns. Amounts obligated from the General Endowment Fund are recorded as research grant expense in the accompanying statements of operations and changes in net assets. Such amounts, which were approximately \$6,227,000 and \$7,555,000 in 2025 and 2024, respectively, are paid to the UAB School of Medicine to fund research projects.

The following depicts the activity for the Board-designated endowment funds for the years ended September 30:

	2025	2024
Endowment net assets at beginning of year	\$ 240,880,376	\$ 206,820,093
Interest and dividends	2,434,143	2,157,110
Net realized gain on sales	19,268,821	7,412,306
Investment expenses	(816,768)	(596,418)
Net appreciation	(1,786,923)	25,087,285
Disbursements	(500,000)	-
Endowment net assets at end of year	<u>\$ 259,479,649</u>	<u>\$ 240,880,376</u>

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The following depicts the endowment net asset composition by type of fund as of September 30:

	2025	2024
Board-designated endowments		
General endowment fund	\$ 174,994,849	\$ 162,469,543
Department endowment fund	69,018,155	64,056,150
Long-term endowment fund	<u>15,466,645</u>	<u>14,354,683</u>
	<u>\$ 259,479,649</u>	<u>\$ 240,880,376</u>

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. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term objectives within prudent risk parameters.

7. Property and Equipment

Property and equipment at September 30 are as follows:

	2025	2024
Land	\$ 10,749,474	\$ 10,749,474
Building and improvements	99,942,467	97,792,017
Equipment	52,681,269	72,224,932
Leasehold improvements	42,620,756	44,077,874
Construction-in-progress	<u>111,253</u>	<u>1,722,516</u>
	206,105,219	226,566,813
Less: Accumulated depreciation	<u>90,547,434</u>	<u>102,979,008</u>
Property and equipment, net	<u>\$ 115,557,785</u>	<u>\$ 123,587,805</u>

Depreciation expense of approximately \$13,743,000 and \$12,887,000 associated with the above assets was incurred for the years ended September 30, 2025 and 2024, respectively, and is included in depreciation and amortization expense in the accompanying statements of operations and changes in net assets.

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8. Finance Lease Property, Net

Finance lease assets at September 30 are as follows:

	2025	2024
Land	\$ 18,333,630	\$ 18,333,630
Buildings and improvements	136,746,087	136,771,622
Equipment	<u>35,877,237</u>	<u>41,229,749</u>
	190,956,954	196,335,001
Less: Accumulated amortization	<u>143,686,702</u>	<u>147,089,364</u>
	<u>\$ 47,270,252</u>	<u>\$ 49,245,637</u>

Amortization expense of approximately \$1,975,000 and \$2,554,000 was incurred for the fiscal years ended September 30, 2025 and 2024, respectively.

The Foundation leases an ambulatory patient care facility, The Kirklin Clinic, from the Medical Clinic Board of the City of Birmingham – UAHSF (the Medical Clinic Board). In September 2011, the Foundation entered into a lease agreement with the Medical Clinic Board related to the Medical Clinic Board's issuance of five 35-year bonds due September 1, 2047, totaling \$210.49 million (the Series 2011 bonds) whereby the Foundation's lease payments are equivalent to the aggregate debt service on the bonds. In 2017, the Foundation replaced all amounts previously outstanding under this arrangement with an issuance of bonds through the obligated group (Series 2017A-2 Regions Bonds and Series 2017B-2 Bonds, collectively the "2017 bonds"). Similar to its original structure, the Foundation's lease payments are equivalent to the aggregate debt service on the Series 2017 bonds.

In November 2015, the Foundation entered into a lease agreement with the Medical Clinic Board related to the Medical Clinic Board's issuance of 10-year \$20 million bonds due November 1, 2025, whereby the Foundation's lease payments are equivalent to the aggregate debt service of the bonds. The bonds are held by Regions Capital Advantage, Inc. in "Bank Loan Mode" and bear interest at a rate of 1.95%. The proceeds were used for equipment acquisition and capital improvements.

At the end of the lease term and after payment of the bonds, the Foundation has the option of purchasing The Kirklin Clinic and all other assets purchased by the Medical Clinic Board for \$1.00.

See Note 12, *Long-term Debt*.

9. Leases

The Foundation recognizes a right of use ("ROU") asset and a liability for all leases whose term is more than 12 months at the lease inception date. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, which includes any renewal options the Foundation reasonably expects to exercise. The Foundation assesses whether certain service arrangements contain embedded leases where the contract conveys the right to use an asset does not explicitly identify lease arrangements; examples include information technology, third-party logistics and original equipment

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manufacturers. The Foundation uses incremental borrowing rates which reflect risk-adjusted external unsecured borrowing rates to approximate secured borrowing rates over similar terms.

For certain nonreal estate leases, the portfolio approach is used. The Foundation also has lease agreements with lease and non-lease components, which the Foundation has elected to account for as a single lease component.

Operating lease expense is recognized on a straight-line basis over the lease term. Operating lease assets and operating lease liabilities are reported as separate lines on the balance sheet. The current portion of operating lease liabilities is reported in accounts payable and accrued expenses on the balance sheet.

For finance leases, lease payments are allocated between interest expense and reduction of the liability in accordance with an amortization schedule. The ROU asset is amortized on a straight-line basis over the lease term. Assets acquired under finance leases are recorded in property and equipment, net.

The depreciable life of leasehold improvements and other lease-related assets are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Supplemental balance sheet information for leases at September 30 is as follows:

Classification		2025	2024
Assets			
Operating leases	Operating lease assets	\$ 42,431,727	\$ 30,234,248
Finance leases	Property and equipment	1,284,820	941,202
		<u>43,716,547</u>	<u>31,175,450</u>
Less: Accumulated depreciation		<u>12,731,932</u>	<u>6,991,090</u>
		<u>\$ 30,984,615</u>	<u>\$ 24,184,360</u>
Liabilities			
Current			
Operating leases	Accounts payable and accrued expenses	\$ 5,327,676	\$ 3,486,576
Finance leases	Current portion of long-term debt	41,308	38,442
Noncurrent			
Operating leases	Operating lease liabilities	25,345,121	20,194,576
Finance leases	Long-term debt, less current portion	<u>1,086,612</u>	<u>764,611</u>
		<u>\$ 31,800,717</u>	<u>\$ 24,484,205</u>

Components of lease expense for the year ended September 30 is as follows:

	2025	2024
Operating lease cost		
Operating lease cost	\$ 5,893,137	\$ 4,247,615
Variable lease cost		-
Finance lease cost		
Amortization of leased assets	\$ 59,992	\$ 47,108

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Rent expense for the years ended September 30, 2025 and 2024 was \$10.5 million and \$9.7 million, respectively.

Remaining lease term and discount rates at September 30 is as follows:

	2025	2024
Weighted-average remaining lease term (years)		
Operating leases	6.8	7.8
Finance leases	15.4	16.4
Weighted-average discount rates		
Operating leases	3.0 %	3.0 %
Finance leases	3.0 %	3.0 %

Supplemental cash flow information related to leases for the year ended September 30 is as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 5,597,144	\$ 4,194,973
Operating cash flows from finance leases	34,217	24,546
Finance cash flows from finance leases	30,636	37,307
Right of use assets obtained in exchange for lease liabilities		
Operating leases	\$ 12,501,745	\$ 15,755,622

	2025
Maturities of lease liabilities at September 30,	
One year past year end	\$ 6,640,276
Two years past year end	5,880,228
Three years past year end	5,712,060
Four years past year end	5,164,717
Five years past year end	3,104,435
Thereafter	8,824,109
Total lease payments	35,325,825
Less: Imputed interest	3,525,108
Present value of lease liabilities	<u>\$ 31,800,717</u>

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10. Other Assets

The composition of other assets at September 30 is as follows:

	2025	2024
Insurance cash surrender value	\$ 6,580,499	\$ 6,441,671
Notes receivable – recruited physicians	3,168,753	3,203,612
Other	4,427,404	4,309,135
	<u>\$ 14,176,656</u>	<u>\$ 13,954,418</u>

11. Accounts Payable and Accrued Expenses

The composition of accounts payable and accrued expenses at September 30 is as follows:

	2025	2024
Payroll, payroll taxes and withholdings	\$ 99,411,434	\$ 90,839,897
Accounts payable	71,749,405	62,836,506
Estimated self-insurance medical cost	3,893,318	5,093,659
Due to third-party payors	2,528,954	2,496,884
Deferred revenue	3,314,688	1,404,064
Current liability - operating leases	5,327,676	3,486,576
Estimated workers' compensation cost	1,182,382	1,104,621
Accrued postretirement medical benefit cost	1,244,433	1,160,170
Interest	565,306	578,497
Other accrued expenses	369,000	250,000
Accrued pension cost	607,000	58,000
	<u>\$ 190,193,596</u>	<u>\$ 169,308,874</u>

12. Long-Term Debt

The composition of long-term debt at September 30 is as follows:

	2025	2024	Interest Rate	Remaining Term
Series 2017B-2 bonds	\$ 135,545,000	\$ 135,545,000	Fixed Rates 3.50% - 5.00%	22 Years
Series 2017A-2 regions bonds	10,945,000	16,530,000	Fixed Rate 2.01%	2 Years
Series 2015A regions bank note (Note 8)	363,039	2,534,330	Fixed Rate 1.95%	1 Year
Series 2019 note Payable UABME	9,044,681	9,218,129	Fixed Rates 3.09% - 3.58%	23 Years
Finance lease UABME	-	219,106	Fixed Rate 3.42%	0 Years
Finance leases	1,127,922	803,053	Imputed 3%	14 Years
	<u>157,025,642</u>	<u>164,849,618</u>		
Plus: Unamortized premium	6,314,328	7,086,737		
Less: Unamortized bond issue costs	(690,532)	(722,120)		
	<u>162,649,438</u>	<u>171,214,235</u>		
Less: Current portion of long-term debt	(6,160,264)	(8,187,285)		
	<u>\$ 156,489,174</u>	<u>\$ 163,026,950</u>		

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Obligated Group

In October 2016, the Foundation joined three other affiliated entities (the University Hospital, UAB Callahan Eye Hospital Authority, and UABME) in the formation of an obligated group through a master trust indenture (the "Obligated Group"). The execution of a master trust indenture was approved through an amendment to the Joint Operating Agreement dated November 1, 2016. Under the terms of the indenture, each of the participating entities can issue its own debt through a conduit entity, the UAB Medicine Financing Authority, but all members of the Obligated Group are jointly and severally liable for the debt of each entity issued through the Obligated Group.

In May 2017, the Foundation issued \$174.2 million of debt through the Obligated Group, which resulted in approximately \$187.0 million in net proceeds from the transaction. The proceeds were used to replace previously existing bonds and bank loans. See Note 8, *Finance Lease Property, Net*.

In October 2016 and May 2017, the University Hospital issued a combined \$430.9 million of debt through the Obligated Group. The Foundation would be contingently liable for the University Hospital debt if University Hospital defaulted on the obligation. However, management of the Foundation does not consider it likely that the University Hospital will default on its obligations, and therefore has not recorded a liability for any portion of that debt.

In June 2019, the UAB Medicine Finance Authority issued \$8,120,000 in Series 2019A Revenue Bonds and \$103,385,000 in Series 2019B Revenue Bonds, the proceeds of which were loaned to the UABME pursuant to Series 2019A and Series 2019B loan agreements. Concurrently, the Foundation entered into a loan agreement with UABME to borrow \$10,000,000 of the 2019A and 2019B bond proceeds for the purpose of financing capital improvement projects, of which \$9,044,681 is outstanding as of September 30, 2025. There are no financial covenants related to the loan between the Foundation and UABME.

In October 2024, the UAB St. Vincent's Health System Authority, a newly formed University Authority under the control of the Board of Trustees of the University of Alabama System, issued Series 2024 A, B, and C revenue bonds totaling \$680 million for the purchase of the St. Vincent's Health System from Ascension Health effective November 1, 2024. The Obligated Group has guaranteed the Series 2024 A, B, and C revenue bonds and the Foundation is jointly and severally liable for the debt issuance. However, management of the Foundation does not consider it likely that the UAB St. Vincent's Health System Authority will default on its obligations and therefore has not recorded a liability for any portion of that debt.

Under the terms of the Obligated Group's master trust indenture, the Obligated Group has agreed to certain financial covenants and restrictions. The covenants for the 2017A-2 and 2017B-2 series bond issuances and the UAB Medicine Finance Authority's Revenue Trust Indentures require the Obligated Group to ensure pledged revenues are sufficient for debt service coverage by a ratio of 1.1 times. The Foundation and the Obligated Group are in compliance with all financial covenants as of September 30, 2025.

The Foundation has also agreed to make annual payments of \$75,000 to the City of Birmingham through 2031 in lieu of ad valorem taxes, from which The Kirklin Clinic is exempt under current tax law.

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The Foundation paid certain bond-related fees on the issuance of bonds. The fees are amortized over the term of the bonds and classified as interest expense in the accompanying statements of operations and changes in net assets.

The Foundation's future minimum long-term debt payments (using the September 30, 2025 interest rates), including the City of Birmingham (City) payments, are as follows:

	Principal	Interest	Total
2026	\$ 6,160,264	\$ 6,810,108	\$ 12,970,372
2027	5,756,932	6,692,082	12,449,014
2028	6,366,522	6,575,806	12,942,328
2029	6,432,062	6,266,834	12,698,896
2030	6,497,971	5,954,612	12,452,583
Thereafter	125,811,891	48,051,772	173,863,663
	<u>\$ 157,025,642</u>	<u>\$ 80,351,214</u>	<u>\$ 237,376,856</u>

13. Commitments and Contingencies

The Foundation has been named in various legal actions relating to general and professional liability claims. After consultation with legal counsel, management has indicated its intention to defend these actions, and management estimates that these matters will be resolved without a material adverse effect on the Foundation's financial position, results of operations, or cash flows.

Revenues from the Medicare and Medicaid programs account for a significant portion of the Foundation's patient service revenue. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Foundation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have a material adverse impact on the Foundation.

The Foundation has approximately \$1.5 million committed to complete construction-in-progress projects as of September 30, 2025.

14. Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Foundation 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. Generally, the Foundation bills the patient 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.

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Performance obligations are determined based on the nature of the services provided by the Foundation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. 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 services. The Foundation 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. Performance obligations for outpatient services are generally satisfied over a period of less than one day. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Foundation does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Foundation has elected to apply the practical expedient provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amounts of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These performance obligations are primarily related to inpatient 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 Foundation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Foundation's policies, and/or implicit price concessions provided to uninsured patients. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Foundation also provides services to uninsured patients. The transaction price for both uninsured patients as well as insured patients with deductibles and coinsurance is estimated 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. The Foundation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Foundation determines its estimate of implicit price concessions based on historical collection experience and current market conditions.

Agreements with third-party payors (including Medicare, Medicaid, and Blue Cross; certain commercial insurance carriers; health maintenance organizations; and preferred provider organizations) typically provide for payments at amounts less than established charges. Payments under these arrangements are based on clinical, diagnostic, cost, and other factors depending on the services to be provided by each medical specialty within the Foundation. Revenue from certain third-party reimbursement programs is subject to audit and final determination by the appropriate agencies.

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Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to interpretation. 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 Foundation'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 Foundation. In addition, the contracts the Foundation has with commercial payors also provide for retroactive audit and review of claims.

Cost report settlements under reimbursement agreements with Medicare and Medicaid 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 Foundation's historical experience. Estimated settlements are adjusted in future periods as final settlements are determined. There is a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments arising from a change in the transaction price were not significant in 2025 and 2024.

The composition of patient service revenues by payor and type of service is as follows:

	2025			2024		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patients	\$ 6,217,005	\$ 32,177,095	\$ 38,394,100	\$ 7,083,558	\$ 30,107,212	\$ 37,190,770
Blue Cross	79,399,090	145,757,816	225,156,906	85,789,397	140,131,560	225,920,957
Medicare	57,108,312	106,780,788	163,889,100	59,329,602	98,818,689	158,148,291
Medicaid	58,760,405	45,637,849	104,398,254	68,447,957	49,219,882	117,667,839
Other third-party payors	53,937,349	135,665,841	189,603,190	46,724,096	137,216,990	183,941,086
	<u>\$ 255,422,161</u>	<u>\$ 466,019,389</u>	<u>\$ 721,441,550</u>	<u>\$ 267,374,610</u>	<u>\$ 455,494,333</u>	<u>\$ 722,868,943</u>

The Foundation 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 Foundation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

The Foundation's revenues generally relate to contracts with patients in which performance obligations are to provide health care services to the patients. Revenues are recorded during the period that obligations to provide health care services are satisfied. The contractual relationships with patients, in most cases, also involve a third-party payor.

In October 2005, the Department of Health and Human Services notified the Alabama Medicaid Agency (Medicaid) of its approval of a program to maintain adequate access to specialty physicians. Pursuant to the new program, Medicaid increased the fee schedule for certain services provided by physicians in the State of Alabama (the State). Medicaid notified the Foundation that it qualified under this program and would receive payments based on the new fee schedule. Under this program, the Foundation reimburses University Hospital for intergovernmental transfers of funds to the State made by University Hospital on the Foundation's behalf. The net benefit associated with the Foundation's essential specialty provider designation, estimated to be approximately \$90.9 million and \$85.6 million in 2025 and 2024, respectively, is included in patient service revenue in the accompanying statements of operations and changes in net assets. There can be no assurance that the Foundation will continue to qualify for future participation in this program or that the program will ultimately not be discontinued or materially modified.

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15. Related Party Transactions

One of the primary purposes of the Foundation is to provide a group medical practice for physicians who are members of the regular faculty of UAB. An Affiliation Agreement (the Agreement) documents the relationship between the Foundation and UAB. The Agreement provides, among other things, for leasing of facility space and equipment used for patient care from UAB (approximately \$2,124,000 and \$1,720,000 in 2025 and 2024, respectively) and for certain administrative and support services from UAB, such as purchasing, personnel, security, and telephone (approximately \$2,677,000 and \$2,787,000 for 2025 and 2024, respectively).

Contributions to UAB of approximately \$24,856,000 and \$27,777,000 in 2025 and 2024, respectively, are to the UAB School of Medicine to fund teaching and research activities. UAB purchased various services from the Foundation of approximately \$4,871,234 and \$5,099,000 in 2025 and 2024, respectively, which are recorded in other revenues.

The Foundation purchased various services from University Hospital aggregating approximately \$78,332,000 and \$72,813,000 for the years ended September 30, 2025 and 2024, respectively, and University Hospital purchased various services from the Foundation aggregating approximately \$105,422,000 and \$95,594,000 for the years ended September 30, 2025 and 2024, respectively, which are recorded in other revenues. The Foundation had a net receivable to University Hospital of approximately \$32,000 and net payable of \$1,657,000 at September 30, 2025 and 2024, respectively, resulting from these transactions. These amounts are included in accounts payable and accrued expenses and other current assets in the accompanying balance sheets. Additionally, University Hospital, through UABME, provides mission oriented support to the Foundation for clinical operations (approximately \$193,529,000 and \$126,509,000 for 2025 and 2024, respectively) which are included in other revenues.

In March 2014, the Foundation entered into an agreement with University Hospital, to lease the land and building of The Kirklin Clinic to University Hospital as part of their assumption of operations of the outpatient clinics in The Kirklin Clinic. The initial term of the lease, which is cancellable by either party upon proper written notice and without penalty, is five years, with two automatic five-year renewals thereafter. The lease agreement was renewed effective March 2019 for the first five-year period and March 2024 for the second five-year period. Revenues related to this agreement for the year ending September 30, 2025 and 2024, are approximately \$11,970,000 and \$17,564,000, respectively

During 2008, the Foundation entered into an operating agreement with University Hospital to lease two floors of University Hospital's Women and Infants Center. The Foundation reimbursed approximately \$14,700,000 to University Hospital for the construction costs of this space as they were incurred on a square-footage basis. The lease commenced on February 22, 2010, the date the building was placed into service, with a 90 year lease term. Reimbursed construction costs as well as other leasehold improvements related to the space are included in the accompanying balance sheets as finance lease property.

The Foundation also purchased various services from and provided certain amounts to UABME aggregating approximately \$10,094,000 and \$7,690,000 for the years ended September 30, 2025 and 2024, respectively. UABME provided support payments for various patient care and access initiatives to the Foundation aggregating approximately \$29,603,000 and \$28,021,000 for the years ended September 30, 2025 and 2024, respectively, which are recorded in other revenues. The Foundation had a net payable to UABME of approximately \$2,076,000 and \$1,240,000 at September 30, 2025 and 2024, respectively, resulting from these transactions. These amounts are included in accounts payable and accrued expenses in the accompanying balance sheets.

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As noted in Note 12, the Foundation borrowed \$10,000,000 of UAB Medicine Finance Authority 2019A and 2019B Revenue Bond proceeds from UABME for capital improvement spending. The Foundation owed the Health System approximately \$9,045,000 and \$9,218,000 under this agreement as of September 30, 2025 and 2024, respectively.

The Foundation received premium revenue from VIVA Health, Inc., an HMO owned by UAB, during 2025 and 2024 of approximately \$24,933,000 and \$25,712,000, respectively. At September 30, 2025 and 2024, the Foundation had a payable to VIVA Health, Inc. of approximately \$369,000 and \$250,000, respectively, related to capitation chargeback liabilities. These amounts are included in accounts payable and accrued expenses in the accompanying balance sheets.

Effective December 16, 2019, the Foundation entered into a lease agreement with UABME (Lessor) to rent space in a medical office in Hoover, AL. The lease term is ten years, through December 15, 2029, and monthly lease payments are \$61,000 from the Foundation.

16. Retirement and Other Postretirement Benefits

All Foundation employees who meet certain defined service criteria are eligible to participate in the University of Alabama Health Services Foundation, P.C. 403(b) Retirement Annuity Plan (the Plan). Prior to July 1, 2003, the Plan provided for voluntary elective deferrals and employer matching contributions to employee directed investments within the Plan. Effective July 1, 2003, the Plan was amended and restated such that the employer matching contribution was eliminated and replaced with an employer contribution. For employees hired prior to July 1, 2003, and for all physicians hired after July 1, 2003, the employer contribution was 13.05% of base pay. For all other employees hired after July 1, 2003, the employer contribution was 4.35% of base pay. After an employee completes one year of service, the Foundation makes employer contributions. All employees are fully vested in their elective deferrals vest in 25% of the employer contributions after completing two years of service and, with each additional year of service, vest in an additional 25% such that employees are fully vested after five years of service. The Foundation's contribution is limited to the applicable percentage times the maximum individual compensation limit, within the Internal Revenue Code (such limit being \$350,000 in calendar year 2025 and \$345,000 in calendar year 2024). The total maximum allowable annual contribution, which includes both the employee's elective deferrals and the Foundation's contribution, is also limited by the Internal Revenue Code (such limit being \$70,000 in calendar year 2025 and \$69,000 in calendar year 2024).

The Foundation's contributions to the Plan amounted to approximately \$55,535,000 and \$51,474,000 during 2025 and 2024, respectively. Each participant's investment is a contractual agreement between the employee and the investment company; therefore, these investments are not reflected in the accompanying financial statements.

Employees hired prior to August 16, 1986 are eligible for the Restated Deferred Compensation Plan. Eligible employees may defer all or a portion of their compensation. The Foundation contributed 15% of all amounts deferred by the employee. The Foundation contributed approximately \$153,000 and \$116,000 for the years ended September 30, 2025 and 2024, respectively, which is included in salaries and benefits expense in the accompanying statements of operations and changes in net assets.

Effective October 1, 2003, the Foundation adopted a Section 457(b) Deferred Compensation Plan that allows certain employees to defer up to the maximum individual amount (such limit being \$23,500 and \$23,000 for calendar years 2025 and 2024, respectively) within the Internal Revenue Code.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

Effective October 1, 2022, the Foundation adopted a Section 457(f) Deferred Compensation Plan that offers certain of its management employees a Tailored Executive Benefit Account Plan ("the EBA Plan") pursuant to Section 457(f) of the IRC to provide a method to encourage such employees to remain employed on a long-term basis and to provide retirement benefits for these employees. The Foundation contributed approximately \$3,619,073 for the year ended September 30, 2025, which is included in salaries and benefit expense in the accompanying statements of operations and changes in net assets.

The assets and offsetting liabilities related to the Restated Deferred Compensation Plan and the Section 457(b) and (f) Deferred Compensation Plan were as follows as of September 30:

	2025	2024
Restated deferred compensation plan	\$ 118,050,064	\$ 114,886,085
Section 457(b) deferred compensation plan	86,667,492	74,342,921
Section 457(f) deferred compensation plan	3,619,073	2,720,896
	<u>\$ 208,336,629</u>	<u>\$ 191,949,902</u>

In 1992, certain UAB employees were employed by the Foundation. A commitment was made that the value of retirement benefits these employees would receive from the Foundation would at least be equal to the value of the retirement benefits they would have received at UAB. Effective January 1, 2005, the Board of Directors formally approved the existing noncontributory defined benefit pension plan to pay these benefits, the University of Alabama Health Services Foundation, P.C. Retirement Plan for Select Employees (Select Plan). The Select Plan is subject to the provisions set forth in the Employee Retirement Income Security Act of 1974 (ERISA). The Foundation's funding policy is to contribute amounts necessary to prevent any deficiency in the ERISA Funding Standard Account. The Select Plan was amended, effective August 1, 2006, to more closely reflect the commitment made in 1992.

In addition to providing retirement benefits, the Foundation provides a postretirement medical expense benefit for employees who retire after 25 years of service or age 60 with five years of service (the PRM Plan). This benefit is available to employees not covered under the state teachers' retirement health insurance plan.

The Foundation records as a liability a retirement plan's "projected benefit obligation," which is measured using assumptions as to future compensation levels.

Select Plan

The following tables for the Select Plan set forth the changes in the projected benefit obligation, changes in plan assets, components of net periodic pension cost, and other required information as of and for the years ended September 30, 2025 and 2024 (latest measurement date September 30, 2025).

University of Alabama Health Services Foundation, P.C.
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The components of net periodic pension cost are as follows:

	2025	2024
Service cost	\$ 14,435	\$ 23,830
Interest cost	927,914	1,286,577
Expected return on plan assets	(1,307,787)	(954,182)
Amortization of loss	<u>(1,254,462)</u>	<u>-</u>
Net periodic benefit cost	<u>\$ (1,619,900)</u>	<u>\$ 356,225</u>

The service cost component of net periodic benefit cost has been included in salaries and benefits and the other components have been included in change in other net periodic pension and postretirement costs in the accompanying statements of operations and changes in net assets.

The change in benefit obligation and change in plan assets is as follows:

	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 21,782,567	\$ 23,617,768
Service cost	14,435	23,830
Interest cost	927,914	1,286,577
Plan curtailments	30,481	-
Actuarial loss	(2,924,005)	(1,388,939)
Benefit payments	<u>(1,977,937)</u>	<u>(1,756,669)</u>
Benefit obligation at end of year	<u>17,853,455</u>	<u>21,782,567</u>
Change in plan assets		
Fair value of plan assets at beginning of year	24,106,787	20,450,647
Actual return on plan assets	1,134,307	4,853,536
Employer contributions	-	559,273
Benefit payments	<u>(1,977,937)</u>	<u>(1,756,669)</u>
Fair value of plan assets at end of year	<u>23,263,157</u>	<u>24,106,787</u>
Amount over (under) funded	<u>\$ 5,409,702</u>	<u>\$ 2,324,220</u>

Amounts recognized on the balance sheets at September 30 are as follows:

	2025	2024
Other assets	\$ 6,016,702	\$ 2,382,220
Current liabilities	<u>(607,000)</u>	<u>(58,000)</u>
	<u>\$ 5,409,702</u>	<u>\$ 2,324,220</u>

University of Alabama Health Services Foundation, P.C.
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September 30, 2025 and 2024

The change in funded status is primarily due to plan assets earning returns in excess of previous expectations.

Amounts included in accumulated other changes in net assets are as follows:

	2025	2024
Net loss	<u>\$ 7,300,942</u>	<u>\$ 5,835,360</u>
Total amounts included in accumulated other changes in net assets	7,300,942	5,835,360
Cumulative employer contributions in excess of net periodic pension cost	<u>(1,891,240)</u>	<u>(3,511,140)</u>
Net amount recognized	<u>\$ 5,409,702</u>	<u>\$ 2,324,220</u>

The accumulated benefit obligation for the Select Plan was approximately \$17,823,000 and \$21,783,000 at September 30, 2025 and 2024, respectively.

Other changes in plan assets and benefit obligations recognized in other changes in net assets are as follows:

	2025	2024
Net loss (gain) arising during period	\$ (2,924,005)	\$ (1,388,939)
Amortization of gains and losses	<u>1,254,462</u>	<u>-</u>
Total recognized in other changes in net assets	<u>\$ (1,669,543)</u>	<u>\$ (1,388,939)</u>
Total recognized in net periodic benefit cost and other changes in net assets	\$ (3,085,482)	\$ (4,932,068)

Assumptions used in determining the actuarial present value of the benefit obligation at September 30 are as follows:

	2025	2024
Discount rate	5.15 %	4.81 %
Rate of compensation increase	2.75	2.75
Expected return on plan assets	5.75	4.90
Discount rate for periodic pension cost	4.81	5.79

The discount rate was estimated using the actuary's proprietary yield curve, under which the plan's projected benefit payments are matched against a series of spot rates derived from a market basket of high quality fixed income statements.

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Assumptions regarding future mortality are based on published statistics and mortality tables. The current life expectancies underlying the values of the benefit obligations at September 30 are as follows:

	2025	2024
Life expectancy (in years) for those currently age 65		
Males	20.6	19.7
Females	22.6	22.3
Life expectancy (in years) at age 65 for those currently age 40		
Males	22.5	21.6
Females	24.3	24.1

The following fair value hierarchy table presents information about the Select Plan's assets measured at fair value on a recurring basis as of September 30, 2025 and 2024:

	2025	Quoted Prices in Active Markets Level 1	2024	Quoted Prices in Active Markets Level 1
Assets				
Money market	\$ 22,098	\$ 22,098	\$ 253,742	\$ 253,742
U.S. equities	10,026,373	10,026,373	9,652,929	9,652,929
Institutional prime fund	-	-	-	-
U.S. Government obligations	-	-	-	-
Corporate bonds	13,214,686	13,214,686	8,555,268	8,555,268
U.S. Treasury bonds	-	-	5,644,848	5,644,848
	<u>\$ 23,263,157</u>	<u>\$ 23,263,157</u>	<u>\$ 24,106,787</u>	<u>\$ 24,106,787</u>

The Select Plan does not hold any Level 2 or Level 3 investments.

The Select Plan's long-term target allocation is 45% in U.S. equities, 20% in global equities, and 35% in fixed income. The strategic objective of this plan focuses on long-term capital growth with moderate income. The Select Plan is managed on a total return basis with the return objective set as a reasonable actuarial rate of return on plan assets, net of investment fees. Moderate risk is assumed given the average age of participants and the need to meet the required rate of return.

The Foundation selects the expected long-term rate-of-return-on-assets assumptions in consultation with its investment advisors and actuary. The rate is intended to reflect the average rate of earnings expected to be earned on the funds invested or to be invested to provide plan benefits. Historical performance will be reviewed, especially with respect to real rates of return (net of inflation), for the major asset classes held or anticipated to be held by the trust, and for the trust itself. Undue weight is not given to recent experience that may not continue over the measurement period, with higher significance placed on current forecasts of long-term economic conditions.

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PRM Plan

The following tables for the PRM Plan set forth the changes in the benefit obligation, components of net periodic postretirement benefit cost, and other required information as of and for the years ended September 30, 2025 and 2024 (latest measurement date September 30, 2025):

The components of net periodic postretirement benefit cost are as follows:

	2025	2024
Service cost	\$ 54,343	\$ 26,826
Interest cost	830,688	669,524
Recognized gains or losses	496,142	123,164
Net periodic postretirement benefit cost	<u>\$ 1,381,173</u>	<u>\$ 819,514</u>

The service cost component of net periodic postretirement benefit cost has been included in salaries and benefits and the other components have been included in change in other net periodic pension and postretirement costs in the accompanying statements of operations and changes in net assets.

The change in benefit obligation and change in plan assets is as follows:

	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 18,403,065	\$ 12,055,431
Service cost	54,343	26,826
Interest cost	830,688	669,524
Actuarial gain (loss)	3,048,055	6,494,519
Expected claims less retiree premiums	(1,160,170)	(843,235)
Benefit obligation at end of year	21,175,981	18,403,065
Fair value of plan assets at end of year	<u>-</u>	<u>-</u>
Amount underfunded	<u>\$ (21,175,981)</u>	<u>\$ (18,403,065)</u>

Amounts recognized on the balance sheets at September 30 are as follows:

	2025	2024
Current liabilities	\$ (1,244,433)	\$ (1,160,170)
Other noncurrent liabilities	(19,931,548)	(17,242,895)
	<u>\$ (21,175,981)</u>	<u>\$ (18,403,065)</u>

University of Alabama Health Services Foundation, P.C.
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Amounts included in accumulated other changes in net assets are as follows:

	2025	2024
Net loss	<u>\$ (11,874,042)</u>	<u>\$ (9,322,129)</u>
Total amounts included in accumulated other changes in net assets	(11,874,042)	(9,322,129)
Cumulative employer contributions in excess of net periodic postretirement benefit cost	<u>(9,301,939)</u>	<u>(9,080,936)</u>
Net amount recognized	<u>\$ (21,175,981)</u>	<u>\$ (18,403,065)</u>

Other changes in plan assets and benefit obligations recognized in other changes in net assets are as follows:

	2025	2024
Net gain (loss)	\$ 3,048,055	\$ 6,494,519
Amortization of losses	<u>(496,142)</u>	<u>(123,164)</u>
Total recognized in other changes in net assets	<u>\$ 2,551,913</u>	<u>\$ 6,371,355</u>
Total recognized in net periodic postretirement benefit cost and other changes in net assets	\$ 3,933,086	\$ 7,190,869

The estimated net loss and prior service cost for the PRM plan that will be amortized from accumulated other changes in net assets into net periodic benefit cost over the next fiscal year is \$496,000.

Assumptions used in determining the actuarial present value of the projected benefit obligation at September 30 are as follows:

	2025	2024
Discount rate	5.34 %	4.93 %
Discount rate for periodic postretirement benefit cost	4.93	5.84

Assumptions regarding future mortality are based on published statistics and mortality tables. The current life expectancies underlying the values of the projected benefit obligations at September 30 are as follows:

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

	2025	2024
Life expectancy (in years) for those currently age 65		
Males	19.7	19.7
Females	22.3	22.3
Life expectancy (in years) at age 65 for those currently age 40		
Males	21.6	21.6
Females	24.1	24.1

For measurement purposes, the health care cost trend was 7.78% graded down to 4.00% in 2050 and beyond.

The Foundation expects no contributions to the Select Plan and to contribute approximately \$1,244,000 to the PRM Plan in 2026.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Select Plan	PRM Plan
2026	\$ 2,395,707	\$ 1,244,433
2027	1,706,963	1,244,362
2028	1,429,711	1,271,659
2029	1,402,336	1,334,572
2030	1,374,926	1,357,741
2031-2035	6,357,648	7,273,828
	<u>\$ 14,667,291</u>	<u>\$ 13,726,595</u>

17. Insurance Programs

The Foundation manages risks related to medical malpractice, general liability, and employee health care through a combination of risk pooling arrangements and commercial insurance coverage. The risks are subject to various claims and aggregate limits with excess liability coverage provided by independent insurers. The Foundation participates in the University of Alabama Professional Liability Trust Fund (the Trust Fund).

The Trust Fund uses premiums paid by the Foundation and other contributing entities (including University Hospital), together with earnings thereon, to pay liabilities arising from the performance of certain professional services by employees of these entities.

If the Trust Fund is terminated, appropriate provision for payment of reported claims will be made, and the balance in the Trust Fund will be distributed to the Foundation and University Hospital in accordance with the Trust Fund agreement. The Foundation recorded insurance expense based on an actuarially determined funding requirement in the accompanying statements of operations and changes in net assets related to the Trust Fund of approximately \$14,819,000 and

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

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\$12,084,000 in 2025 and 2024, respectively. The Foundation recognized equity in income (loss) from the Trust Fund of approximately \$10,591,000 and \$29,475,000 for the years ended September 30, 2025 and 2024, respectively. The Trust Fund purchased approximately \$2,440,000 and \$1,721,000 of administrative services from the Foundation for the years ended September 30, 2025 and 2024, respectively.

The condensed balance sheets and income statements of the Trust Fund as of and for the years ended September 30, 2025 and 2024, are as follows (in thousands):

Condensed Balance Sheets

	2025	2024
Pooled investments	\$ 243,776	\$ 279,094
Bank money market fund	54,579	16,889
	<u>\$ 298,355</u>	<u>\$ 295,983</u>
Estimated claims liability	\$ 117,044	\$ 126,661
Total net assets	<u>181,311</u>	<u>169,322</u>
	<u>\$ 298,355</u>	<u>\$ 295,983</u>

Condensed Income Statements

	2025	2024
Premiums	\$ 30,336	\$ 21,790
Total expenses	<u>38,322</u>	<u>24,553</u>
Loss from operations	(7,986)	(2,763)
Investment income	<u>19,976</u>	<u>48,823</u>
Increase (decrease) in net assets	<u>\$ 11,990</u>	<u>\$ 46,060</u>

The Foundation also participates in a self-insurance program with respect to employee health (up to a limit of \$350,000 per contract) and workers' compensation (up to a limit of \$500,000 per occurrence). Substantial coverages with third-party carriers are maintained for potential excess losses under these programs.

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

18. Functional Expenses

The Foundation provides general health care services in a group practice setting to patients within its geographic location. The tables below present expenses by both nature and function for the years ended September 30:

	2025		
	Health Care Services	General and Administrative	Total Expenses
Salaries and benefits	\$ 832,267,714	\$ 111,562,523	\$ 943,830,237
Additional amounts due to deferred compensation participants	21,958,944	-	21,958,944
Medical, surgical, and laboratory	73,693,109	-	73,693,109
Support services paid to UABME	-	10,093,956	10,093,956
Administrative and general	2,700,217	75,339,295	78,039,512
Depreciation and amortization	11,924,046	3,794,723	15,718,769
Insurance	14,819,207	2,246,667	17,065,874
Rent	5,749,979	4,776,003	10,525,982
Repairs and maintenance	3,980,218	7,663,473	11,643,691
Supplies	1,860,900	-	1,860,900
Interest	4,296,575	1,841,390	6,137,965
Total operating expenses	973,250,909	217,318,030	1,190,568,939
Research grants	-	6,226,978	6,226,978
Contributions, primarily to University of Alabama at Birmingham	-	25,102,923	25,102,923
Other net periodic pension and postretirement costs	-	(307,505)	(307,505)
Total nonoperating expenses	-	31,022,396	31,022,396
Total expenses	\$ 973,250,909	\$ 248,340,426	\$ 1,221,591,335

	2024		
	Health Care Services	General and Administrative	Total Expenses
Salaries and benefits	\$ 762,601,590	\$ 106,052,505	\$ 868,654,095
Additional amounts due to deferred compensation participants	32,981,540	-	32,981,540
Medical, surgical, and laboratory	68,447,388	-	68,447,388
Support services paid to UABME	-	7,689,836	7,689,836
Administrative and general	2,525,089	70,262,214	72,787,303
Depreciation and amortization	11,580,733	3,860,726	15,441,459
Insurance	12,084,338	2,006,294	14,090,632
Rent	5,747,523	3,933,769	9,681,292
Repairs and maintenance	3,980,219	6,776,852	10,757,071
Supplies	1,768,146	-	1,768,146
Interest	4,419,393	1,894,025	6,313,418
Total operating expenses	906,135,959	202,476,221	1,108,612,180
Research grants	-	7,555,441	7,555,441
Contributions, primarily to University of Alabama at Birmingham	-	28,019,152	28,019,152
Other net periodic pension and postretirement costs	-	1,175,739	1,175,739
Total nonoperating expenses	-	36,750,332	36,750,332
Total expenses	\$ 906,135,959	\$ 239,226,553	\$ 1,145,362,512

University of Alabama Health Services Foundation, P.C.

Notes to Financial Statements

September 30, 2025 and 2024

The financial statements report certain categories of expenses that are attributable to more than one supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include Salaries and benefits, which are allocated on the basis of the individuals' roles and responsibilities; Administrative and general, which are allocated on the basis of department; Rent, which is allocated on a location-by-location basis; and Repairs and maintenance, which is allocated on a project-by-project basis.

19. Concentrations of Credit Risk

The Foundation maintains cash accounts with various financial institutions which may, at times, exceed federally insured limits. The Foundation has not experienced any losses on such amounts nor does management believe these amounts are exposed to any significant risks.

The Foundation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The approximate mix of accounts receivable from patients and third-party payors was as follows as of September 30:

	2025	2024
Patients	13 %	16 %
Blue Cross	18	18
Medicare	33	30
Medicaid	8	9
Other third-party payors	28	27
	<u>100 %</u>	<u>100 %</u>

20. Liquidity

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use.

	2025	2024
Financial assets, at year-end	\$ 867,580,908	\$ 808,771,596
Less: Those unavailable for general expenditures within one year, due to board designations		
Quasi-endowment funds, primarily for long-term investing, and other	(260,333,197)	(241,672,559)
Deferred compensation agreements	<u>(208,336,629)</u>	<u>(191,949,902)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 398,911,082</u>	<u>\$ 375,149,135</u>

University of Alabama Health Services Foundation, P.C.
Notes to Financial Statements
September 30, 2025 and 2024

The Foundation manages its financial assets for availability when its operating expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments or fixed income securities. Additionally, the Foundation has board-designated quasi-endowments of approximately \$259,480,000 and \$240,880,000 as of September 30, 2025 and September 30, 2024, respectively. Although the Foundation does not intend to spend from its board-designated endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available, if necessary.

21. Cash Flow Information

		2025		2024
Cash paid during the year for interest	\$	6,149,784	\$	6,308,701
Noncash investing and financing activities				
Property and equipment financed through current liabilities	\$	550,086	\$	277,727

22. Subsequent Event

The Foundation determined that there have been no events that have occurred that would require adjustments to our disclosures in the financial statements.

APPENDIX E

**Audited Financial Statements of CEH
for the fiscal years ended September 30, 2025 and 2024**

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UAB Callahan Eye Hospital Authority

**Basic Financial Statements and
Supplemental Information
September 30, 2025 and 2024**

UAB Callahan Eye Hospital Authority
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September 30, 2025 and 2024

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Report of Independent Auditors

To the Management of UAB Callahan Eye Hospital Authority

Opinion

We have audited the accompanying financial statements of UAB Callahan Eye Hospital Authority (the "Authority"), a component unit of The University of Alabama System (a component unit of the State of Alabama), which comprise the statements of net position as of September 30, 2025 and 2024, and the related statements of revenues, expenses and changes in net position, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements" or "basic financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of September 30, 2025 and 2024, and the changes in financial position and 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Authority'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.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 Supplemental Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying combining financial statements as of and for the years ended September 30, 2025 and 2024 (the "supplemental information") on pages 26 through 31 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements are not intended to present, and we do not express an opinion on, the financial position, changes in financial position and cash flows of the individual entities. The supplemental 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 supplemental information, excluding the Board Members and Officials information marked "unaudited," 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 supplemental information, excluding the Board Members and Officials information marked "unaudited," is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Board Members and Officials information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

PricewaterhouseCoopers LLP

Birmingham, Alabama
January 27, 2026

UAB Callahan Eye Hospital Authority

Management's Discussion and Analysis (Unaudited)

September 30, 2025 and 2024

Introduction

The following discussion and analysis provides an overview of the financial position and activities of UAB Callahan Eye Hospital Authority ("CEHA" or "the Authority") as of and for the years ended September 30, 2025 and 2024. This discussion has been prepared by management and should be read in conjunction with CEHA's basic financial statements which begin on page 8, and the notes thereto, which begin on page 11.

CEHA, which was incorporated on October 4, 2017, is an affiliate of the UAB Health System (the "Health System") and prior to this fiscal year was composed of two operating organizations: UAB Callahan Eye Hospital ("CEH") and the University of Alabama Ophthalmology Services Foundation ("OSF"). Effective August 1, 2025, CEH transitioned into a provider-based location of University Hospital as part of a reorganization within the UAB Medicine Enterprise. The reorganization integrated the operations of CEH into the operations of University Hospital and surrendered its 106 licensed beds to the licensed bed capacity of University Hospital. UAB Callahan Eye Hospital Authority ("CEHA") continues as a separate organization operating the ambulatory ophthalmology clinics. Further, the reorganization did not integrate the University of Alabama Ophthalmology Services Foundation ("OSF"), which remains a separate and standalone operating organization under CEHA. As of the effective date, CEH was renamed UAB Hospital – Callahan Eye and will be operated under the same state hospital license as University Hospital, using the same Federal Tax ID number and the same Medicare Certification Number.

The property, business and affairs of the Authority are managed under the direction and authority of its Board of Directors, consisting of 5 directors. The Board of Trustees of the University of Alabama, a constitutionally created public corporation of the State of Alabama ("UA Board") is the authorizing entity of the Authority and retains control over approving its board of directors. The Authority is required to compile its financial statements in accordance with the standards of the Governmental Accounting Standards Board ("GASB").

OSF is a nonprofit corporation organized for the purpose of providing superior patient care in a group practice setting within an academic medical center. Prior to 2015, OSF represented the private clinical practice for the faculty of the Department. On October 1, 2015 OSF and CEHA entered into a provider services agreement (the "PSA") to integrate the ambulatory operations of OSF with the hospital operations of CEHA. Under the terms of the PSA, OSF's fixed assets and related debt were transferred to CEHA through an equity distribution, all non-physician clinical practice employees were transferred onto CEHA's payroll system, and CEHA assumed responsibility for all ambulatory operations. Accordingly, the billing and collecting for professional services provided by OSF physicians in the ambulatory clinics are now managed by CEHA, and CEHA reimburses OSF for those services based on an agreed upon rate. CEHA management believes that the integration of hospital and ambulatory clinic results in better patient care, greater operational efficiency, and better positions the organization for future success within the current healthcare environment.

The Department includes not only clinical faculty but also research faculty. The Department also has an affiliation agreement with a private retinal practice for educational and research collaboration. Excluding affiliated faculty, the department consists of 29 faculty members (17 clinical and 12 research).

OSF, through grants from The EyeSight Foundation of Alabama (ESFA), supports the Department's mission by providing funding for resident and medical student training programs as well as for research (both basic science and clinical) related to diseases of the eye.

UAB Callahan Eye Hospital Authority Management's Discussion and Analysis (Unaudited) September 30, 2025 and 2024

CEHA's main strategic focus during fiscal year 2025 was to successfully integrate the hospital operations of CEH into the operations of University Hospital effective August 1, 2025. Additionally, CEHA focused on continued performance improvement of clinical operations, and expansion and growth of ambulatory clinical practices.

CEHA continues to be motivated by successes in clinical and surgical growth, education, and research breakthroughs. CEHA and the Health System leadership continue to focus on the following:

- Providing appropriate facilities, equipment, and staff to support the development of new ophthalmology treatments and cures for blinding eye disease,
- Recruiting additional ophthalmic specialists while retaining current distinguished physicians and researchers,
- Strengthening clinical and research activities,
- Ensuring the highest quality in ophthalmology graduate medical education and training programs,
- Explicit marketing and development for UAB Callahan Eye Hospital and Callahan Eye Clinics, and
- Philanthropic development

UAB Callahan Eye Hospital Authority
Management's Discussion and Analysis (Unaudited)
September 30, 2025 and 2024

Statement of Net Position

The Statement of Net Position presents the financial position of CEHA at the end of the fiscal year and includes all assets, liabilities and deferred inflows of resources of CEHA. The difference between total assets, total liabilities and deferred inflows – net position – is one indicator of the current financial condition of CEHA, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values, with the exception of capital assets, which are stated at historical costs less allowances for depreciation.

	2025	2024	2023
Current assets	\$ 46,290,252	\$ 45,088,058	\$ 41,319,178
Other assets	1,247,540	2,106,125	609,032
Capital assets, net	<u>36,807,767</u>	<u>40,039,178</u>	<u>43,642,857</u>
Total assets	<u>\$ 84,345,559</u>	<u>\$ 87,233,361</u>	<u>\$ 85,571,067</u>
Current liabilities	\$ 22,427,726	\$ 7,898,345	\$ 9,745,053
Compensated absences	407,457	403,214	519,900
Long-term debt, less current portion	<u>3,496,141</u>	<u>21,553,986</u>	<u>23,814,037</u>
Total liabilities	<u>\$ 26,331,324</u>	<u>\$ 29,855,545</u>	<u>\$ 34,078,990</u>
Deferred inflows of resources	<u>\$ 2,346,686</u>	<u>\$ 3,205,965</u>	<u>\$ 1,187,932</u>
Net position			
Net investment in capital assets	\$ 14,713,587	\$ 16,225,245	\$ 17,175,637
Restricted expendable	3,991	3,991	3,991
Unrestricted	<u>40,949,971</u>	<u>37,942,615</u>	<u>33,124,517</u>
Total net position	<u>\$ 55,667,549</u>	<u>\$ 54,171,851</u>	<u>\$ 50,304,145</u>

From 2024 to 2025, total assets decreased by \$2.9 million, while current assets increased by \$1.2 million. Cash and cash equivalents increased \$2.5 million from 2024 to 2025 due to receipts from patient service revenues offset by payments on accounts payable. Investments increased by approximately \$1.4 million due to changes in fair value throughout 2025 due to favorable market conditions. Patient accounts receivable decreased by approximately \$4.8 million due to the transition of hospital services to University Hospital on August 1, 2025, in addition to the collection of patient service revenues. Other receivables increased by approximately \$4.9 million in 2025 due to an increase in receivables due from University Hospital in relation to the integration. Inventories and prepaid expenses decreased by \$2.4 million and \$0.5 million respectively, due to the integration with University Hospital.

Capital assets, net decreased by \$3.2 million in 2025 from 2024 due to \$2.6 million of capital expenditures, offset by depreciation expense of approximately \$5.8 million. Lease receivables decreased by \$0.9 million.

Total liabilities decreased by approximately \$3.5 million due to the pay down of balances due. In addition, net position increased by approximately \$1.5 million due to 2025 operating results.

From 2023 to 2024, total assets increased by \$1.6 million, which includes a \$3.8 million increase in current assets. Cash and cash equivalents remained consistent from 2023 to 2024 due to receipts

UAB Callahan Eye Hospital Authority

Management's Discussion and Analysis (Unaudited)

September 30, 2025 and 2024

from patient service revenues offset by payments on accounts payable. Investments increased by approximately \$2.4 million due to changes in fair value throughout 2024 due to favorable market conditions. Patient accounts receivable decreased by approximately \$0.6 million consistent with the overall decrease in patient service revenues of \$0.5 million from 2023.

Other assets increased by \$1.5 million in 2024 while Capital assets, net decreased by \$3.6 million in 2024 compared to 2023 due to \$3.1 million of capital expenditures, offset by depreciation expense of approximately \$6.4 million.

Total liabilities decreased by approximately \$4.2 million due to the pay down of balances due. Also contributing to the decrease was a reduction in wages payable due to the mid-year departure of a number of faculty and staff to establish a private ophthalmology practice. In addition, net position increased by approximately \$3.9 million primarily due to 2024 operating results.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the extent to which CEHA's overall net position increased or decreased during the year as a result of operations or from other income sources.

	2025	2024	2023
Net patient service revenue	\$ 74,109,916	\$ 96,690,460	\$ 97,198,128
Other revenue	4,425,704	3,677,072	3,467,948
Total operating revenues	78,535,620	100,367,532	100,666,076
Operating expenses	(78,299,233)	(98,471,265)	(99,017,555)
Operating income	236,387	1,896,267	1,648,521
Nonoperating revenues (expenses)	1,259,312	1,971,439	1,012,781
Increase in net position	\$ 1,495,699	\$ 3,867,706	\$ 2,661,302

Net patient revenues decreased by approximately \$22.5 million during fiscal year 2025 over fiscal year 2024 mainly due to the transition of hospital operations to University Hospital effective August 1, 2025. Operating expenses for CEHA decreased by approximately \$20 million over 2024, also due to integration.

Net patient revenues decreased by approximately \$0.5 million during fiscal year 2024 over fiscal year 2023 due to flat surgical case volumes and decreased ambulatory clinic visits. Operating expenses for CEHA decreased by approximately \$0.6 million over 2023, primarily due to the mid-year departure of a number of faculty and staff to establish a private ophthalmology practice.

Debt Activity

CEH's current debt has a 2.17% tax-exempt interest rate. Interest is due monthly.

UAB Callahan Eye Hospital Authority
Statements of Net Position
September 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 17,506,039	\$ 15,051,273
Investments	16,724,715	15,262,778
Patient accounts receivable, net of allowance for uncollectible accounts of \$6,479,107 and \$8,651,406 as of September 30, 2025 and 2024, respectively	4,265,482	9,090,546
Other receivables	7,315,136	2,376,101
Inventories	337,382	2,673,180
Prepaid expenses	141,498	634,180
Total current assets	46,290,252	45,088,058
Noncurrent assets		
Lease receivable	1,247,540	2,106,125
Capital assets, net	36,807,767	40,039,178
Total assets	<u>\$ 84,345,559</u>	<u>\$ 87,233,361</u>
Liabilities and Net Position		
Current liabilities		
Current portion of long-term debt	\$ 18,598,041	\$ 2,259,947
Accounts payable and accrued expenses	3,787,544	5,464,422
Accrued interest	42,141	44,976
Due to third party payors	-	129,000
Total current liabilities	22,427,726	7,898,345
Noncurrent liabilities		
Compensated absences	407,457	403,214
Long-term debt, less current portion	3,496,141	21,553,986
Total liabilities	<u>\$ 26,331,324</u>	<u>\$ 29,855,545</u>
Deferred inflows of resources		
Lease related	\$ 2,346,686	\$ 3,205,965
Total deferred inflows of resources	<u>\$ 2,346,686</u>	<u>\$ 3,205,965</u>
Net position		
Net investment in capital assets	\$ 14,713,587	\$ 16,225,245
Restricted		
Expendable	3,991	3,991
Unrestricted	40,949,971	37,942,615
Total net position	<u>\$ 55,667,549</u>	<u>\$ 54,171,851</u>

The accompanying notes are an integral part of these financial statements.

UAB Callahan Eye Hospital Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2025 and 2024

	2025	2024
Operating revenues		
Net patient service revenue (net of provision for uncollectible accounts of \$5,961,793 and \$5,600,869 for the years ended September 30, 2025 and 2024, respectively)	\$ 74,109,915	\$ 96,690,460
Grant revenue	506,482	1,182,839
Rental income	2,344,480	1,071,494
Other revenue	<u>1,574,742</u>	<u>1,422,739</u>
Total operating revenues	<u>78,535,619</u>	<u>100,367,532</u>
Operating expense		
Salaries and benefits	34,831,620	47,651,510
Supplies and other	37,704,664	44,396,964
Depreciation and amortization	<u>5,762,949</u>	<u>6,422,791</u>
Total operating expenses	<u>78,299,233</u>	<u>98,471,265</u>
Operating income	236,386	1,896,267
Nonoperating revenues (expenses)		
Investment income, including change in fair value	1,722,200	2,494,862
Interest expense	<u>(462,888)</u>	<u>(523,423)</u>
Increase in net position	1,495,698	3,867,706
Net position		
Beginning of year	<u>54,171,851</u>	<u>50,304,145</u>
End of year	<u>\$ 55,667,549</u>	<u>\$ 54,171,851</u>

The accompanying notes are an integral part of these financial statements.

UAB Callahan Eye Hospital Authority
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Receipts from and on behalf of patients and third-party payors	78,805,980	97,288,839
Payments to employees and related benefits	(34,573,786)	(48,756,098)
Payments to suppliers	(36,807,025)	(45,175,437)
Receipts from grantors	506,482	1,182,839
Receipts from tenants	2,344,480	1,071,494
Other receipts and payments	(3,364,987)	1,977,424
Net cash provided by operating activities	6,911,144	7,589,061
Cash flows from capital and related financing activities		
Purchase of capital assets	(2,531,538)	(2,913,121)
Proceeds from sale of capital assets	-	237,585
Principal payments on long-term debt	(1,719,751)	(2,653,287)
Interest paid on long-term debt	(465,723)	(528,982)
Net cash used in capital and related financing activities	(4,717,012)	(5,857,805)
Cash flows from investing activities		
Increase (decrease) in investments	260,634	(3,110)
Net cash (used in) provided by investing activities	260,634	(3,110)
Net increase in cash and cash equivalents	2,454,766	1,728,146
Cash and cash equivalents beginning of year	15,051,273	13,323,127
Cash and cash equivalents end of year	17,506,039	15,051,273
Reconciliation of operating income to net cash provided by operating activities		
Operating income	236,386	1,896,267
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	5,762,949	6,422,791
Provision for uncollectible accounts	5,961,793	5,600,869
Changes in		
Patient accounts receivable	(1,136,729)	(5,048,731)
Other receivables	(4,940,101)	554,683
Inventories	2,335,798	(311,777)
Prepaid expenses	492,682	(54,114)
Estimated third-party payor settlements	(129,000)	46,241
Accounts payable and accrued expenses	(1,676,877)	(1,400,482)
Compensated absences	4,243	(116,686)
Net cash provided by operating activities	6,911,144	7,589,061

The accompanying notes are an integral part of these financial statements.

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

1. Description of Organization and Summary of Significant Accounting Policies

Organization

Until August 1, 2025, UAB Callahan Eye Hospital Authority (the “Authority”) owned and operated the Callahan Eye Hospital (the “Hospital”) along with its ambulatory clinics. The Hospital, located in Birmingham, Alabama, is an eye care specialty hospital. It provides inpatient, outpatient, emergency, and specialty ophthalmic care services and conducts other business related to clinical care and academic pursuits primarily in the subject matter of eye care and vision sciences. Admitting physicians are primarily practitioners in the local area.

Effective August 1, 2025, and as authorized by board resolutions approved in May 2025, the Hospital transitioned into a provider-based location of University Hospital as part of a reorganization within the UAB Medicine Enterprise. The reorganization integrated the operations of the Hospital into the operations of University Hospital and surrendered its 106 licensed beds to the licensed bed capacity of University Hospital. UAB Callahan Eye Hospital Authority (“CEHA”) continues as a separate organization operating the ambulatory ophthalmology clinics. Further, the reorganization did not integrate the University of Alabama Ophthalmology Services Foundation (“OSF”), which remains a separate and standalone operating organization under CEHA. As of the effective date, CEH was renamed UAB Hospital – Callahan Eye and will be operated under the same state hospital license as University Hospital, using the same Federal Tax ID number and the same Medicare Certification Number. The disposed hospital related operating revenue and expenses that are included in these financial statements through July 31, 2025 total \$62.4 million and \$56.9 million respectively. Effective August 1, 2025 the financial statements exclude all disposed operations of hospital related revenue and expenses.

The UA Board is the authorizing entity of the Authority and retains control over approving its board of directors. Accordingly, the Authority is a component unit of the University of Alabama System (the “System”), which is a component unit of the State of Alabama.

The University of Alabama Ophthalmology Services Foundation (“OSF”) is organized as a not-for-profit entity, which serves as the private clinical employer for the UAB Department of Ophthalmology and Visual Sciences (the “Department”) faculty. OSF, through grants from the EyeSight Foundation of Alabama, also supports the Department’s mission of teaching and research by providing support for resident and medical student training programs and support for research related to diseases of the eye. The Authority is the sole member of OSF. The Eye Foundation, Inc. (the “Foundation”) is an Alabama nonprofit corporation that exists to support CEHA and remains integrated in these financial statements.

Accounting Standards

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (“GASB”), including principles set forth in the *Audit and Accounting Guide for Health Care Organizations* and the *Audit and Accounting Guide for State and Local Governments*, industry audit guides of the American Institute of Certified Public Accountants.

Enterprise Fund Accounting

The Authority utilizes the enterprise fund method of accounting. Revenues and expenses are recognized on the accrual basis.

Prior to August 1, 2025, the Hospital was an operating division of the Authority. Both the Foundation and OSF have been determined to be blended component units of the Authority. All

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

accounts and transactions of the Hospital prior to integration, along with the Foundation and OSF are included in these financial statements. All intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

Cash and Cash Equivalents

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

Investments and Investment Income

The Authority's investments are reported at fair value. The majority of the Authority's investment portfolio is invested in separate investment pools sponsored by the System. Fair value for the investment pools is provided by the System, based on the fair value of the underlying investment securities held by each investment pool. Fair value of the underlying securities held in each investment pool is based on quoted market prices or dealer quotes, where available, or determined using net asset values provided by underlying investment partnerships or companies, which primarily invest in readily marketable securities. Fair value for equity securities, debt securities, mutual funds and U.S. government and agency obligations held by the Authority is determined from quoted market prices or market prices of similar instruments. Investments received by gift are reported at fair value at date of receipt. Investment income, including realized and unrealized gains and losses, is reported as nonoperating revenues (expenses) in the statements of revenues, expenses and changes in net position. Investments are reported in the statement of net position in current assets as short term investments.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or replacement market value.

Capital Assets

Capital assets are recorded at cost if purchased or at acquisition value at the date of donation. Donations or gifts of long-lived assets are reported as contribution revenue within the accompanying statements of revenues, expenses, and changes in net position.

Capital assets are stated at cost less accumulated depreciation. Provisions for depreciation are computed using the straight-line method based on the estimated useful lives of the assets, which are generally ten to twenty-five years for buildings and improvements and an average of five to ten years for equipment.

Additions, improvements, renewals, and expenditures for maintenance that add materially to the productive capacity or extend the life of an asset are capitalized. Other expenditures for maintenance and repairs are charged to operations. Upon retirement or disposal of an asset, the asset and related accumulated depreciation are eliminated. Any gain or loss on such transactions is included in other revenue.

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

Capital assets are reviewed for impairment when service utility has declined significantly and unexpectedly. If such assets are no longer used, they are reported at the lower of carrying value or fair value. If such assets will continue to be used, the impairment loss is measured using a historical cost approach method that best reflects the diminished service utility of the capital asset. No impairment charges were recorded during the fiscal years ended September 30, 2025 and 2024.

Subscription-based information technology arrangements ("SBITAs") are recorded at the estimated present value of future payments, net of amounts paid in advance and direct costs. SBITAs are amortized over the shorter of the lease term or subscription term or the estimated useful life of the asset.

Lease Assets and Liabilities

Consistent with GASB Statement No. 87, *Leases*, the Authority recognizes an intangible right-of-use lease asset ("lease asset") and a lease liability for all leases whose term is more than 12 months at the lease inception date. Lease assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments expected to be made over the lease term, net of amounts paid in advance and direct costs. The lease term includes any renewal options the Authority is reasonably certain to exercise. If the interest rate cannot be readily determined, the Authority uses an incremental borrowing rate which is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Compensated Absences

The GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. CEHA has determined there was no material impact from its adoption of GASB Statement No. 101.

The compensated absences liability balance consists of accrued vacation and accrued sick leave. The accrued vacation time is paid out to the employees upon termination of employment. For employees hired before March 1, 2006, a portion of the accrued sick leave vests after five years with a portion of the leave vesting each year from year six to fifteen. The vested portion of sick leave is paid out upon employee termination when the employee leaves in good standing. The portion of the compensated absences expected to be paid out in the next year is recorded as accounts payable and accrued expenses, a current liability. The amount expected to be paid out in future periods greater than one year is recorded as a noncurrent liability. In accordance with GASB 101, the financial statements include accruals of approximately \$1 million as of both September 30, 2025 and September 30, 2024.

Certain Risk Disclosures

The GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority has determined there was no material impact from its adoption of GASB Statement NO. 102.

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

Financial Reporting Model Improvements

The GASB issued statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Although the Authority has not completed its evaluation of the impact of adoption GASB Statement No. 103, management expects to make certain reclassifications on the Statement of Revenues, Expenses, and Changes in Net Position to conform to new required sections and subtotals created by the standard. For instance, State appropriations will be reclassified from Nonoperating Revenues to a new section titled "Noncapital Subsidies".

Disclosure of Certain Capital Assets

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, as well as additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Authority is evaluating whether there will be any material impact from its adoption of GASB Statement No 104.

Subsequent Events

The GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing the consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Authority is evaluating whether there will be material impact from its adoption of GASB Statement No. 105.

Net Position

Net position of the Authority is classified into the following components:

Net Investment in Capital Assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Expendable

Restricted resources to be used by the Authority subject to externally imposed stipulations that can be fulfilled by action of the Authority pursuant to those stipulations or that expire by the passage of time.

Unrestricted

Unrestricted component of net position consists of the remaining resources that do not meet the definition of net investment in capital assets, or restricted.

Costs of Borrowing

Debt issuance costs are expensed as incurred.

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments (if necessary) due to audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Charity Care

The Authority 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 Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Grant Revenue

The Authority classifies revenue related to grants received for patient care and certain research and education activities as operating revenue since these programs represent components of the Authority's operations and are related to its mission of providing quality patient care and supporting research of diseases to the eye and education and training of resident and medical students. This revenue is recognized as earned during the period specified by the grant agreement.

Rental Income

The Authority leases space in its facilities to certain related parties (Note 11) and to third-party parties engaged in eye care and related services. The lease terms are generally for five years, with renewal options available for an additional five years.

Other Revenue

The Authority records revenue from activities related to providing health care services as other revenue. This revenue includes ancillary, parking deck fees, and other miscellaneous items.

Income Taxes

According to the Internal Revenue Code, the organizational structure of the Authority is exempt from Federal Income tax. This structure is also exempt from state sales tax. OSF is recognized as

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

exempt from federal income tax under section 501(c)(3), whereby only unrelated business income is taxable.

2. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of the corporate failure of the custodian, the investment securities may not be returned. In response to this risk, the Authority continually monitors the financial performance of the custodian for the arrangements below and those detailed in Note 3 to the financial statements.

The Authority has certain deposits which may exceed Federal Depository Insurance Corporation ("FDIC") limits at certain financial institutions. Each financial institution with which the Authority holds deposits must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository ("QPD") under the Security of Alabama Funds Enhancement Act ("SAFE"). The SAFE program requires that each QPD hold collateral for all its public depositories on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss.

3. Investments

The composition of the Authority's investments, by investment type, at September 30, 2025 and 2024, is as follows:

	2025	2024
LCRP	\$ 16,246,452	\$ 14,870,545
Equity securities - common stocks	478,263	392,233
	<u>\$ 16,724,715</u>	<u>\$ 15,262,778</u>

At September 30, 2025 and 2024, \$16,724,715 and \$15,262,778 of the Authority's total investments were classified as Short-term investments on the Statement of Net Position.

The UA Board has the responsibility for the establishment of the investment policy and the oversight of the investments for the System and related entities. In order to facilitate System-wide investment objectives and achieve economies of scale, the Board has established two distinct investment pools based primarily on the projected investment time-horizons for System funds: the Pooled Endowment Fund ("PEF") and the Liquidity and Capital Reserve Pool Fund ("LCRP"); collectively, the "System Pools." Pursuant to Board investment policies, each System or related entity may include all or a portion of their investments within the System-sponsored investment pools. These investment funds are considered "internal" investment pools under GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, with the assets pooled on a market value basis. Separately managed funds that reside with each entity are to be invested consistent with the asset mix of the corresponding System investment pool. The following disclosures relate to both the System Pools, which include the investments of other System entities, other affiliated entities, and the Authority's separately managed funds.

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

The Liquidity and Capital Reserve Pool serves as an investment vehicle to manage operating reserves of the System universities, hospital, and related entities with an investment strategy that matches the duration of reserves to their projected needs. The goals of the pool are to preserve and grow capital, maximize returns without undue exposure to risk, and maintain sufficient liquidity or credit ratings. The pool is invested in a diversified asset mix of liquid, semi-liquid, and illiquid securities. The pool can invest no more than 15% in illiquid assets and must invest no less than 60% in liquid assets as defined by Board Rule 404.

Fair Value Measurements

GASB 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2 Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the assets or liabilities; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Authority's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Authority's own data.

The Authority's investment in the LCRP is not considered to be fair value measurement, but rather a proportionate interest in the net position of the LCRP. Additional disclosures about the LCRP, including the fair value measurement and related leveling of investments within the LCRP, can be found within the financial statements of the University of Alabama at Birmingham as of and for the year ended September 30, 2025.

All of the Authority's equity securities held at September 30, 2025 and 2024 were classified as Level 1.

UAB Callahan Eye Hospital Authority
Notes to Financial Statements
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4. Capital Assets

A summary of capital assets for the years ended September 30, 2025 and 2024 are as follows:

	Balance October 1, 2024	Additions	Transfers/ Retirements	Balance September 30, 2025
Capital assets not being depreciated				
Land	\$ 3,015,386	\$ -	\$ -	\$ 3,015,386
Nondepreciable assets	129,517			129,517
Construction in progress	938,102	351,329	(190,895)	1,098,536
	4,083,005	351,329	(190,895)	4,243,439
Capital assets being depreciated				
Land improvements	130,851			130,851
Buildings and Improvements	66,978,485	316,879		67,295,364
Vehicles	32,968			32,968
Fixed equipment	7,613,922	19,500		7,633,422
Movable equipment	55,045,286	1,382,668	(25,280)	56,402,674
Right-of-use asset	5,919,899		25,851	5,945,750
Total capital assets	139,804,416	2,070,376	(190,324)	141,684,468
Less: Accumulated depreciation for				
Land improvements	122,094	5,648		127,742
Buildings and improvements	47,298,593	1,666,674		48,965,267
Vehicles	32,968	-		32,968
Fixed equipment	5,483,969	234,369		5,718,338
Movable equipment	42,873,838	3,025,548		45,899,386
Right-of-use asset	3,953,776	830,702	(651,478)	4,133,000
Total accumulated depreciation	99,765,238	5,762,941	(651,478)	104,876,701
Capital assets, net	\$ 40,039,178	\$ (3,692,565)	\$ 461,154	\$ 36,807,767

UAB Callahan Eye Hospital Authority
Notes to Financial Statements
September 30, 2025 and 2024

	Balance October 1, 2023	Additions	Transfers/ Retirements	Balance September 30, 2024
Capital assets not being depreciated				
Land	\$ 3,015,386	\$ -	\$ -	\$ 3,015,386
Nondepreciable assets	129,517	-	-	129,517
Construction in progress	239,169	868,752	(169,819)	938,102
	<u>3,384,072</u>	<u>868,752</u>	<u>(169,819)</u>	<u>4,083,005</u>
Capital assets being depreciated				
Land improvements	128,214	2,637	-	130,851
Buildings and Improvements	66,995,480	185,451	(202,446)	66,978,485
Vehicles	32,968	-	-	32,968
Fixed equipment	7,562,687	56,933	(5,698)	7,613,922
Movable equipment	54,067,584	2,032,672	(1,054,970)	55,045,286
Right-of-use asset	6,545,920	-	(626,021)	5,919,899
Total capital assets	<u>138,716,925</u>	<u>3,146,445</u>	<u>(2,058,954)</u>	<u>139,804,416</u>
Less: Accumulated depreciation for				
Land improvements	122,094	-	-	122,094
Buildings and improvements	45,588,057	1,810,261	(99,725)	47,298,593
Vehicles	31,973	995	-	32,968
Fixed equipment	5,246,899	241,863	(4,793)	5,483,969
Movable equipment	40,605,904	3,097,487	(829,553)	42,873,838
Right-of-use asset	3,479,141	1,272,185	(797,550)	3,953,776
Total accumulated depreciation	<u>95,074,068</u>	<u>6,422,791</u>	<u>(1,731,621)</u>	<u>99,765,238</u>
Capital assets, net	<u>\$ 43,642,857</u>	<u>\$ (3,276,346)</u>	<u>\$ (327,333)</u>	<u>\$ 40,039,178</u>

Depreciation expense of capital assets, excluding right-of-use asset, of approximately \$4,932,239 and \$5,151,000 was recognized during the years ended September 30, 2025 and 2024, respectively.

During 2025 and 2024, the Authority acquired approximately \$88,030 and \$25,000 of capital assets that were recorded in accounts payable at each respective year end.

Lease assets reported by the Authority at September 30, 2025 and 2024 consisted of these amounts:

	2025	2024
Buildings and facilities	\$ 1,833,442	\$ 1,879,317
Equipment		<u>11,103</u>
Right-of-use assets, net	<u>\$ 1,833,442</u>	<u>\$ 1,890,420</u>

Amortization expenses on right-of-use assets is recognized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Amortization expense of approximately \$830,702 and \$1,272,000 was recognized on lease assets during the years ended September 30, 2025 and 2024, respectively.

Capital assets acquired through leases were \$0 and \$0 for the years ended September 30, 2025 and 2024, respectively.

UAB Callahan Eye Hospital Authority
Notes to Financial Statements
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Right-of-use assets, net of accumulated amortization for SBITAs totaled approximately \$0 and \$96,000 for the years ended September 30, 2025 and 2024. Amortization expense of approximately \$76,000 and \$92,000 was recognized on assets for SBITAs during the years ended September 30, 2025 and 2024.

5. Long-Term Debt and Other Noncurrent Liabilities

A schedule of the changes in the Authority's long-term debt and noncurrent liabilities for 2025 and 2024 follows:

	Balance October 1, 2024	Additions	Payments	September 30, 2025 Current	September 30, 2025 Noncurrent
Compass mortgage tax exempt loan \$	19,576,444	\$ -	\$ (1,566,708)	\$ 18,009,736	\$ -
Leases payable	1,954,851	686,115	(716,352)	534,132	1,390,482
SBITAs payable	82,115	(25,172)	(56,943)		-
UAB Loan	2,200,523		(40,691)	54,173	2,105,659
Total debt	23,813,933	660,943	(2,380,694)	18,598,041	3,496,141
Other liabilities					
Compensated absences	960,033	2,393,707	(2,383,603)	562,680	407,457
	<u>\$ 24,773,966</u>	<u>\$ 3,054,650</u>	<u>\$ (4,764,297)</u>	<u>\$ 19,160,721</u>	<u>\$ 3,903,598</u>

	Balance October 1, 2023	Additions	Payments	September 30, 2024 Current	September 30, 2024 Noncurrent
Compass mortgage tax exempt loan \$	21,108,676	\$ -	\$ (1,532,232)	\$ 1,566,834	\$ 18,009,610
Leases payable	2,940,270	-	(985,419)	570,307	1,384,544
SBITAs payable	179,825	-	(97,710)	82,115	-
UAB Loan	2,238,449	-	(37,926)	40,691	2,159,832
Total debt	26,467,220	-	(2,653,287)	2,259,947	21,553,986
Other liabilities					
Compensated absences	1,237,858	2,712,785	(2,990,610)	556,819	403,214
	<u>\$ 27,705,078</u>	<u>\$ 2,712,785</u>	<u>\$ (5,643,897)</u>	<u>\$ 2,816,766</u>	<u>\$ 21,957,200</u>

Interest expense of approximately \$0 and \$1,000 was recorded on liabilities related to SBITAs for the years ended September 30, 2025 and 2024, respectively.

In November 2015, the Authority executed a \$32 million direct, tax exempt loan from Compass Mortgage Corporation. Proceeds from the loan were used to refund the 2009 BBVA Compass Bank loan and the BBVA Compass Bank term loan. The funds were also used to finance the Authority's facility and infrastructure improvements. The loan has a 2.17% tax-exempt interest rate, and principal and interest are due monthly. The loan matured in November 2025 and was paid in full before the end of October 2025.

On October 29, 2024, the UAB St. Vincent's Health System Authority, a newly formed University Authority under the control of the Board of Trustees of the University of Alabama, issued Series 2024 A, B, and C revenue bonds totaling \$680 million for the purchase of the St. Vincent's Health System from Ascension Health effective November 1, 2024. The obligated group has guaranteed the Series 2024 A, B, and C revenue bonds and the Authority is jointly and severally liable for the debt issuance.

UAB Callahan Eye Hospital Authority
Notes to Financial Statements
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The future minimum maturities of long-term debt and interest payments (nonlease related), based on the interest rate effective September 30, 2025, are as follows:

	Combined	
	Principal	Interest
Years ending September 30,		
2026	\$ 18,063,908	\$ 132,696
2027	68,526	66,505
2028	69,928	65,093
2029	71,470	63,596
2030	73,074	61,842
Thereafter	<u>1,822,662</u>	<u>641,071</u>
	<u>\$ 20,169,568</u>	<u>\$ 1,030,803</u>

In October 2016, the Authority joined three other affiliated entities (The University of Alabama Hospital, a division of the University of Alabama at Birmingham; The University of Alabama Health Services Foundation, P.C.; and The UAB Medicine Enterprise) in the formation of an obligated group through a master trust indenture. Under the terms of the indenture, each of the participating entities can issue its own debt through a conduit entity, the UAB Medicine Financing Authority, but all members of the obligated group are jointly and severally liable for the debt of each entity issued through the obligated group. In October 2016 and May 2017, the University of Alabama Hospital ("U.A. Hospital") issued a combined \$430.9 million of debt through the obligated group. In May 2017, The University of Alabama Health Services Foundation, P.C. ("HSF") issued \$174.2 million of debt through the obligated group. In June 2019, the UAB Health System issued \$111.5 million of debt through the obligated group. The Authority would be contingently liable for this debt if U.A. Hospital, HSF, or the Health System defaulted on the obligation. However, management of the Authority does not consider it likely that either of these entities will default on its obligations, and therefore has not recorded a liability for any portion of that debt.

The future minimum payments on leases with an initial or remaining noncancelable term in excess of one year are as follows:

	Principal	Interest	Total
Years ending September 30,			
2026	\$ 534,132	\$ 51,706	\$ 585,838
2027	383,534	36,470	420,004
2028	332,148	36,354	368,502
2029	346,681	16,116	362,797
2030	293,720	6,081	299,801
2031-2032	<u>34,399</u>	<u>344</u>	<u>34,743</u>
	<u>\$ 1,924,614</u>	<u>\$ 147,071</u>	<u>\$ 2,071,685</u>

6. Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Authority at September 30, 2025 and 2024 consisted of these amounts:

UAB Callahan Eye Hospital Authority
Notes to Financial Statements
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	2025	2024
Receivable from patients and other insurance carriers	\$ 7,483,501	\$ 12,345,466
Receivable from Medicare	1,527,849	2,372,753
Receivable from Blue Cross	1,173,928	2,324,212
Receivable from Medicaid	559,311	699,521
Total patient accounts receivable	10,744,589	17,741,952
Allowance for uncollectible accounts	(6,479,107)	(8,651,406)
Patient accounts receivable, net	<u>\$ 4,265,482</u>	<u>\$ 9,090,546</u>
Accounts payable and accrued expenses		
Payable to suppliers	\$ 1,689,304	\$ 3,619,772
Payable to employees (including payroll taxes)	2,098,240	1,844,650
Total accounts payable and accrued expenses	<u>\$ 3,787,544</u>	<u>\$ 5,464,422</u>

7. Net Patient Service Revenue

The Authority has agreements with governmental and other third-party payors that provide for reimbursements to the Authority at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Authority's billings at established rates for services and amounts reimbursed by third-party payors.

A summary of the basis of reimbursement with major third-party payors follows:

Medicare

Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Certain defined payments related to Medicare beneficiaries are paid based upon retroactive determination methodologies. The Authority is paid for retroactively determined items at tentative rates with final settlement determined after submission of annual cost reports by the Authority and audits by the Medicare fiscal intermediary. The Authority's Medicare cost reports have been audited and settled by the Medicare fiscal intermediary for all fiscal years through September 30, 2018. Approximately 42% and 47% of the Authority's net patient service revenue was derived from Medicare beneficiaries in 2025 and 2024, respectively.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined daily rates. Outpatient services are reimbursed based on prospectively determined fee schedules. These rates are not subject to retroactive adjustment. Approximately 8% and 6% of the Authority's net patient service revenue was derived from Medicaid beneficiaries in both 2025 and 2024.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Authority believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

Medicaid programs. The estimated Medicare and Medicaid settlements recorded at September 30, 2025 could differ from actual settlements based upon results of the cost report audits.

Changes in the Medicare and Medicaid programs and the reduction of funding levels could have a material adverse impact on the Authority.

Blue Cross

Inpatient services rendered to Blue Cross subscribers are reimbursed at rates per day of hospitalization, based on a cost reimbursement methodology. Outpatient services are also reimbursed under a cost reimbursement methodology. Approximately 30% and 29% of the Authority's net patient service revenue was derived from Blue Cross beneficiaries in 2025 and 2024, respectively.

Other

The Authority has entered into payment agreements with certain health maintenance organizations (including Medicare HMOs), preferred provider organizations, employers, and individuals. The basis for payment to the Authority under these agreements includes prospectively determined rates per day, cost plus established amounts or percentages, and discount off charges.

The composition of net patient service revenue is as follows for the years ended September 30, 2025 and 2024:

	2025	2024
Gross patient service revenue	\$ 255,748,052	\$ 328,698,236
Less: Provision for contractual and other adjustments	(175,676,344)	(226,406,907)
Less: Provision for uncollectible accounts	<u>(5,961,793)</u>	<u>(5,600,869)</u>
Net patient service revenue	<u>\$ 74,109,915</u>	<u>\$ 96,690,460</u>

8. Charity Care

The estimated cost of charity care provided during the years ended September 30, 2025 and 2024 was approximately \$1,307,398 and \$1,662,000, respectively, calculated based on the ratio of total direct and indirect costs to established charges applied to the charges foregone under the charity care policy.

9. Employee Benefit Plan

The Authority, previously The Eye Foundation, Inc., sponsored The Callahan Eye Hospital 403(b) ("403(b) Plan"), a defined contribution savings plan, for the benefit of eligible employees. The plan allowed employees to contribute up to 12% of their compensation to the plan on a tax-deferred basis. The Authority contributed 3% to 6% of compensation as matching contributions based on employee deferral contributions. After the organizational restructure to a health care authority, the 403(b) Plan was converted into a 457(b) plan and a 401(a) plan for the match contributions. During 2025 and 2024 the Authority contributed approximately \$636,972 and \$665,000, respectively, to these plans. Contributions made by the Authority vest 100% beginning after the fourth month of service, for those employees converted from the 403(b) Plan. Contributions for new employees to the 401(a) plan become 100% vested after three years. Employees are 100% vested in their contributions at all times.

UAB Callahan Eye Hospital Authority

Notes to Financial Statements

September 30, 2025 and 2024

The 403(b) Plan and 401(a) Plan contain a provision for nonselective contributions, which will be made by the Authority on behalf of all employees who, as of January 1, 2003, have 20 or more years of service (eligible employees). A nonselective contribution will be made during each plan year equal to 7% of an employee's compensation for eligible employees who have attained age 55 as of January 1, 2003 and completed 1,000 hours of service during the plan year, or 5% of an employee's compensation for all other eligible employees who have completed 1,000 hours of service during the plan year.

OSF sponsors The University of Alabama Ophthalmology 403(b) ("OSF Plan"), a defined contribution savings plan, for the benefit of eligible employees. The OSF Plan allows employees to contribute a percentage of their compensation to the plan on a tax-deferred basis. During 2025 and 2024, employees could contribute up to a maximum of \$23,500 and \$23,000, respectively, to this plan. Employees can contribute to the OSF Plan immediately on date of hire. After one year of continuous service, employees are eligible to receive a three-to-one match on the first 5% of salary contributed by the employee. During 2025 and 2024, OSF contributed approximately \$619,640 and \$1,202,000, respectively, to this plan. Employees are 100% vested in both the employee and employer contributions to the OSF Plan at all times. OSF also sponsors The University of Alabama Ophthalmology Services Foundation 457(b) plan. Faculty members may participate up to the IRS allowed amount. There is no employer match on 457(b) contributions.

10. Related Party Transactions

University Hospital purchased \$2.3 million in inventory and \$0.5 million in prepaid expense from CEHA as of the effective date of integration. As of August 1, 2025, University Hospital entered into an agreement with CEHA to lease the portion of the building in which UAB Hospital - Callahan Eye is located as part of the reorganization. The initial term of the lease, which is cancellable by either party upon proper written notice and without penalty, is five years, with two automatic five-year renewals thereafter. The revenue related to this agreement for the year ended September 30, 2025 is \$0.8 million. The LLC entered into an agreement with CEHA to lease certain personnel to provide services to University Hospital as part of the operations integration. The term of this agreement began on the effective date of the integration and shall end on December 31, 2025, at which point CEHA personnel shall become employees of the LLC. The leased employee expenses related to this agreement for the year ended September 30, 2025 is \$5.1 million. CEHA had a net receivable from University Hospital of approximately \$7.1 million at September 30, 2025.

The Authority received rental income of approximately \$738,817 and \$553,000 during the years ended September 30, 2025 and 2024 from UAB for certain research and administrative office space. The Authority purchases various services and leases certain employees from UAB. For the years ended September 30, 2025 and 2024, the Authority paid approximately \$5,143,798 for these services and employees. In addition, for the years ended September 30, 2025 and 2024, the Authority and OSF paid a combined amount of approximately \$682,311 and \$1,170,000 respectively, for research activities (included in supplies and other expense).

Support From EyeSight Foundation of Alabama

During the years ended September 30, 2025 and 2024, the Authority received grants of approximately \$333,333 and \$1,000,000 from ESFA for purposes of research, education, and indigent care.

Malpractice Insurance

The Authority paid premiums to the Professional Liability Trust Fund (the "PLTF") of approximately \$0 and \$250,000 in 2025 and 2024, respectively.

UAB Callahan Eye Hospital Authority
Notes to Financial Statements
September 30, 2025 and 2024

11. Concentration of Credit Risk

The Authority grants credit to patients, most of whom are local residents. The Authority generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of or is otherwise entitled to receive benefits payable under their health insurance programs, plans, or policies (e.g. Medicare, Medicaid, Blue Cross, preferred provider arrangements and commercial insurance policies). The mix of receivables from patients and third-party payors at September 30, 2025 and 2024 follows:

	2025	2024
Medicare	14 %	13 %
Blue Cross	11	13
Medicaid	5	4
Patients and other third-party payors	70	70
	<u>100 %</u>	<u>100 %</u>

12. Subsequent Event

As part of the integration, all employees of CEHA transitioned employment to University Hospital. Nonexempt employees of CEHA became employed by University Hospital effective December 14, 2025, while exempt employees transitioned effective January 1, 2026. Employees who are directly assigned to OSF operated clinics were subsequently leased back to CEHA from University Hospital under an employee lease agreement. Recognition of salaries related to those clinic employees will be appropriately recorded as salary expense in fiscal year 2026.

Supplemental Information

UAB Callahan Eye Hospital Authority
Combining Statement of Net Position
September 30, 2025

	Eye Foundation, Inc.	Callahan Eye Hospital	University of Alabama Ophthalmology Services Foundation	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 288,001	\$ 16,382,891	\$ 835,147	\$ -	\$ 17,506,039
Investments		16,408,501			16,408,501
Patients accounts receivable, net		4,265,482			4,265,482
Other receivables		7,049,173	265,963		7,315,136
Intercompany receivable			914,743	(914,743)	-
Due from third party payors					-
Inventories		337,382			337,382
Prepaid expenses		141,498			141,498
Total current assets	288,001	44,584,927	2,015,853	(914,743)	45,974,038
Noncurrent assets					
Lease receivable		3,060,290			3,060,290
Capital assets, net		34,995,017			34,995,017
Total assets	\$ 288,001	\$ 82,640,234	\$ 2,015,853	\$ (914,743)	\$ 84,029,345
Liabilities and Net position					
Current liabilities					
Current portion of long-term debt	\$ -	\$ 18,598,041	\$ -	\$ -	\$ 18,598,041
Accounts payable and accrued expenses		3,385,749	401,795		3,787,544
Accrued interest		42,141			42,141
Due to third party payors					-
Intercompany payable		514,743		(514,743)	-
Total current liabilities	-	22,540,674	401,795	(514,743)	22,427,726
Noncurrent liabilities					
Compensated absences		407,457			407,457
Long-term debt, less current portion		3,496,141			3,496,141
Intercompany payable		400,000		(400,000)	-
Total liabilities	\$ -	\$ 26,844,272	\$ 401,795	\$ (914,743)	\$ 26,331,324
Deferred inflows of resources	\$ -	\$ 2,346,686	\$ -	\$ -	\$ 2,346,686
Total deferred inflows of resources	\$ -	\$ 2,346,686	\$ -	\$ -	\$ 2,346,686
Net position					
Net investment in capital assets	\$ -	\$ 14,713,587	\$ -	\$ -	\$ 14,713,587
Restricted expendable	3,991				3,991
Unrestricted	284,010	38,735,690	1,614,057		40,633,757
Total net position	\$ 288,001	\$ 53,449,277	\$ 1,614,057	\$ -	\$ 55,351,335

UAB Callahan Eye Hospital Authority
Combining Statement of Net Position
September 30, 2024

	Eye Foundation, Inc.	Callahan Eye Hospital	Ophthalmology Services Foundation	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 262,053	\$ 14,012,356	\$ 776,864	\$ -	\$ 15,051,273
Investments	-	15,262,778	-	-	15,262,778
Patients accounts receivable, net	-	9,090,546	-	-	9,090,546
Other receivables	-	2,196,376	179,725	-	2,376,101
Intercompany receivable	-	-	705,340	(705,340)	-
Due from third party payors	-	-	-	-	-
Inventories	-	2,673,180	-	-	2,673,180
Prepaid expenses	-	634,180	-	-	634,180
Total current assets	262,053	43,869,416	1,661,929	(705,340)	45,088,058
Noncurrent assets					
Lease receivable	-	2,106,125	-	-	2,106,125
Capital assets, net	-	40,039,178	-	-	40,039,178
Total assets	<u>\$ 262,053</u>	<u>\$ 86,014,719</u>	<u>\$ 1,661,929</u>	<u>\$ (705,340)</u>	<u>\$ 87,233,361</u>
Liabilities and Net position					
Current liabilities					
Current portion of long-term debt	\$ -	\$ 2,259,947	\$ -	\$ -	\$ 2,259,947
Accounts payable and accrued expenses	-	5,105,809	358,613	-	5,464,422
Accrued interest	-	44,976	-	-	44,976
Due to third party payors	-	129,000	-	-	129,000
Intercompany payable	-	305,340	-	(305,340)	-
Total current liabilities	-	7,845,072	358,613	(305,340)	7,898,345
Noncurrent liabilities					
Compensated absences	-	403,214	-	-	403,214
Long-term debt, less current portion	-	21,553,986	-	-	21,553,986
Intercompany payable	-	400,000	-	(400,000)	-
Total liabilities	<u>\$ -</u>	<u>\$ 30,202,272</u>	<u>\$ 358,613</u>	<u>\$ (705,340)</u>	<u>\$ 29,855,545</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ 3,205,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,205,965</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 3,205,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,205,965</u>
Net position					
Net investment in capital assets	\$ -	\$ 16,225,245	\$ -	\$ -	\$ 16,225,245
Restricted expendable	3,991	-	-	-	3,991
Unrestricted	258,062	36,381,237	1,303,316	-	37,942,615
Total net position	<u>\$ 262,053</u>	<u>\$ 52,606,482</u>	<u>\$ 1,303,316</u>	<u>\$ -</u>	<u>\$ 54,171,851</u>

UAB Callahan Eye Hospital Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2025

	Eye Foundation, Inc.	Callahan Eye Hospital	University of Alabama Ophthalmology Services Foundation	Eliminations	Total
Operating revenues					
Net patient service revenue (net of provision for uncollectible accounts)	\$ -	\$ 74,109,916	\$ -	\$ -	\$ 74,109,916
Grant revenue	26,320	146,830	333,332		506,482
Rental income		2,344,480			2,344,480
Other revenue		781,373	7,759,390	(6,966,020)	1,574,743
Total operating revenues	26,320	77,382,599	8,092,722	(6,966,020)	78,535,621
Operating expenses					
Salaries and benefits		27,625,356	7,206,264		34,831,620
Supplies and other		44,094,968	575,716	(6,966,020)	37,704,664
Depreciation and amortization		5,762,949			5,762,949
Total operating expenses	-	77,483,273	7,781,980	(6,966,020)	78,299,233
Operating income (loss)	26,320	(100,674)	310,742	-	236,388
Nonoperating revenues (expenses)					
Investment (loss) income, including change in fair value		1,406,357			1,406,357
Federal economic relief funds					-
Interest expense		(462,888)			(462,888)
Income (loss)	26,320	842,795	310,742	-	1,179,857
Net position					
Beginning of year	262,054	52,606,480	1,303,317	-	54,171,851
End of year	\$ 288,374	\$ 53,449,275	\$ 1,614,059	\$ -	\$ 55,351,708

UAB Callahan Eye Hospital Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2024

	Eye Foundation, Inc.	Callahan Eye Hospital	University of Alabama Ophthalmology Services Foundation	Eliminations	Total
Operating revenues					
Net patient service revenue (net of provision for uncollectible accounts)	\$ -	\$ 96,690,460	\$ -	\$ -	\$ 96,690,460
Grant revenue	22,381	160,458	1,000,000		1,182,839
Rental income	-	1,071,494	-		1,071,494
Other revenue	-	774,022	14,009,590	(13,360,873)	1,422,739
Total operating revenues	22,381	98,696,434	15,009,590	(13,360,873)	100,367,532
Operating expenses					
Salaries and benefits	-	33,775,974	13,875,536		47,651,510
Supplies and other	(6,320)	56,741,558	1,022,599	(13,360,873)	44,396,964
Depreciation and amortization	-	6,422,791	-		6,422,791
Total operating expenses	(6,320)	96,940,323	14,898,135	(13,360,873)	98,471,265
Operating income (loss)	28,701	1,756,111	111,455	-	1,896,267
Nonoperating revenues (expenses)					
Investment (loss) income, including change in fair value	-	2,494,862	-	-	2,494,862
Federal economic relief funds	-	-	-	-	-
Interest expense	-	(523,423)	-	-	(523,423)
Income (loss)	28,701	3,727,550	111,455	-	3,867,706
Net position					
Beginning of year	233,353	48,878,930	1,191,862	-	50,304,145
End of year	\$ 262,054	\$ 52,606,480	\$ 1,303,317	\$ -	\$ 54,171,851

UAB Callahan Eye Hospital Authority
Note to the Other Supplemental Information
September 30, 2025

Other Supplemental Schedule

The accompanying combining information has been prepared for purposes of additional analysis and is not a required part of the basic financial statements. The first three columns represent the information of the three entities that combine to form the UAB Callahan Eye Hospital Authority as described in Note 1 to the financial statements. The fourth column, "Eliminations," represents the elimination of intercompany transactions and balances between the first three columns, which are primarily comprised of intercompany payables and receivables. These eliminations prevent the overstatement of revenues and expenses in the combined totals. The fifth column, "Total," represents the total of the first four columns and agrees to the basic financial statements of the UAB Callahan Eye Hospital Authority.

Other than as described above, the schedules of supplemental combining financial information are prepared in accordance with accounting policies described in the accompanying notes to the basic financial statements. These schedules are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America as a result of the exclusion of all required disclosures, as well as the information included within the "Eliminations" column.

UAB Callahan Eye Hospital Authority
Board Members and Officials (Unaudited)
September 30, 2025

Director/Title	Position	Business	
		Address	Term Expires
S. Dawn Bulgarella, CPA, MSHA UAB Health System	Member	John N. Whitaker Building Suite 402 500 22nd Street South Birmingham, AL 35233	2027
Michael Callahan, MD	Member	700 18th Street South Suite 410 Birmingham, AL 35233	2026
Brian Samuels, MD Chairman, UAB Dept of Ophthalmology	Member	700 18th Street South Suite 601 Birmingham, AL 35233	2027
Anupum Agarwal, MD UAB Health System	Member	Faculty Office Tower, Suite 1203 510 20th Street South	2026
Stephen (Steve) A. Yoder UAB Office of the Provost	Member	AB 1019 1720 2nd Avenue South Birmingham, AL 35294	2026

APPENDIX F

**Audited Financial Statements of University Hospital
for the fiscal years ended September 30, 2025 and 2024**

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University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Financial Statements and Supplementary Schedules September 30, 2025 and 2024

University of Alabama Hospital
(A Fund of The University of Alabama at Birmingham)
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September 30, 2025 and 2024

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Report of Independent Auditors

To the Board of Trustees of The University of Alabama

Opinion

We have audited the accompanying financial statements of The University of Alabama Hospital (the "Hospital"), a fund of The University of Alabama at Birmingham, which is a campus of The University of Alabama System (a component unit of the State of Alabama) which comprise the statements of net position as of September 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as of September 30, 2025 and 2024, and the changes in its financial position 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Hospital and do not purport to, and do not, present fairly the financial position of The University of Alabama at Birmingham, a campus of The University of Alabama System, as of September 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

PricewaterhouseCoopers LLP, 569 Brookwood
Village, Suite 851
Birmingham, AL 35209 +(1) 205 635 0300



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital'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.

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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the accompanying supplemental information for the pension plan and postemployment benefits on pages 56 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

PricewaterhouseCoopers LLP

Birmingham, Alabama
January 26, 2026

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Management's Discussion and Analysis (Unaudited)

September 30, 2025 and 2024

Introduction

This section of University of Alabama Hospital's ("University Hospital" or "UAB Hospital") annual financial report presents a discussion and analysis of the financial position and activities during the year ended September 30, 2025, with comparative information for the year ended September 30, 2024. This discussion has been prepared by management and should be read in conjunction with University Hospital's basic financial statements and related note disclosures. The financial statements, notes, and this discussion are the responsibility of management.

University Hospital is a fund of the University of Alabama at Birmingham ("UAB" or "University") and a part of the UAB Health System. University Hospital is an integral part of an internationally recognized health system. Currently licensed for 1,400 beds, University Hospital provides certain tertiary and quaternary services that are not available elsewhere in the state.

In its 2025 "Best Hospitals" edition, *U.S. News & World Report* ranked five UAB Hospital specialties among the top 50 of their kind in the nation and named UAB Hospital the No. 1 hospital in Alabama. Seven specialties were listed as "high-performing," which is the highest classification for those specialties. The publication also recognized UAB Hospital as high-performing in 19 adult procedures and conditions. *Healthgrades* has recognized UAB Hospital as one of America's 50 Best Hospitals for Cardiac Surgery (2024 & 2025) and presented it with the Outstanding Patient Experience Award (2025), in recognition of its patient-centered focus. For the sixth consecutive time, UAB Hospital was recognized as a Magnet-designated organization by the American Nurses Credentialing Center's Magnet Recognition Program®. Magnet hospitals are honored for excellence in nursing care and patient outcomes. UAB Hospital is Alabama's only Magnet hospital and only the 19th worldwide to receive this designation six consecutive times. The UAB Hospital Emergency Department was the nation's first to attain Level 1 accreditation by the American College of Emergency Physicians, and it has been recertified as a Level I Trauma Center by the American College of Surgeons. In addition, UAB Hospital has been recognized by *Becker's Hospital Review* as one of the 150 Top Places to Work in Healthcare, one of the Top Hospitals with Great Psychiatry and Behavioral Health Programs, and among the Hospitals and Health Systems with Great Oncology Programs. In its 2025 Humanizing Brand Experience survey, independent consulting firm Monigle named UAB Medicine as the No. 2. health care brand in the United States and the No. 1 most trusted health care brand.

Given the outstanding achievements of UAB and UAB Hospital, leadership will continue its efforts to support our mission of providing life-changing care through:

- Strengthening clinical and research activities, including strategic expansion and alignment of clinical services across the care continuum;
- Recruiting additional faculty while retaining our most distinguished physicians and researchers, providing a culture where innovation, dedication, and compassion are valued;
- Investing in appropriate facilities, equipment, and staff support to develop new innovative treatments and cures; and
- Endowing chairs, professorships, fellowships, and scholarships to ensure the highest quality graduate medical education program.

Overview of the Basic Financial Statements

University Hospital's basic financial statements present the financial condition, the results of operations, and cash flows of University Hospital. The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial statements.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Management's Discussion and Analysis (Unaudited)

September 30, 2025 and 2024

Statements of Net Position

The Statement of Net Position presents the financial position of University Hospital at the end of the fiscal year and includes all assets, deferred outflows, liabilities and deferred inflows of University Hospital. The difference between total assets, deferred outflows, total liabilities and deferred inflows – net position – is one indicator of the current financial condition of University Hospital, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values, with the exception of capital assets, which are stated at historical cost less depreciation.

A summary of University Hospital's statement of net position is presented below:

	2025	2024	2023
<i>(in thousands of dollars)</i>			
Current assets	\$ 1,877,243	\$ 1,649,467	\$ 1,474,316
Capital assets, net	921,299	796,409	716,697
Other noncurrent assets	877,952	884,034	687,501
Total assets	\$ 3,676,494	\$ 3,329,910	\$ 2,878,514
Deferred outflows of resources	\$ 523,829	\$ 287,141	\$ 261,785
Current liabilities	\$ 338,308	\$ 313,108	\$ 258,730
Noncurrent liabilities	1,381,430	1,089,959	1,085,218
Total liabilities	\$ 1,719,738	\$ 1,403,067	\$ 1,343,948
Deferred inflows of resources	\$ 297,711	\$ 329,044	\$ 329,061
Net position			
Net investment in capital assets	\$ 389,864	\$ 249,478	\$ 176,345
Restricted	20,612	19,992	19,502
Unrestricted	1,772,398	1,615,470	1,271,443
Total net position	\$ 2,182,874	\$ 1,884,940	\$ 1,467,290

Total assets increased during fiscal year 2025 by approximately \$346.6 million or 10.4%. This increase is primarily made up of a \$27.1 million increase in Cash and cash equivalents, a \$68.5 million increase in Short-term investments, a \$14.5 million decrease in Cash and investments designated for capital expenditures, a \$40.9 million increase in net patient accounts receivable, a \$18.5 million increase in Other receivables, a \$50.0 million increase in Note Receivable related to a revolving loan to UAB St. Vincent's Health System (see note 12), a \$19.1 million increase in Inventories, and a \$124.9 million increase in Capital assets, net. The increases above are attributed to funds from operations, nonoperating revenues, and an increase in capital assets. Total assets increased from fiscal year 2023 to 2024 by approximately \$451.4 million or 15.7%. This increase is primarily made up of a \$148.0 million increase in Short-term investments, a \$187.3 million increase in Cash and investments designated for capital expenditures, a \$33.4 million increase in net patient accounts receivable, a \$79.7 million increase in Capital assets, net, a \$43.2 million decrease in Cash and cash equivalents, a \$22.9 million increase in Investment in Professional Liability Trust Fund and a \$17.5 million decrease in Due from affiliate. The increases above are attributed to funds from operations, nonoperating revenues, and an increase in capital assets. The decrease in the Due from affiliate is related to the distribution of proceeds of the UAB Medicine Finance Authority Series 2019A and 2019B Revenue Bonds.

Capital assets net of related depreciation increased during fiscal year 2025 by approximately \$124.9 million primarily related to depreciable capital additions of \$336.8 million and net construction in progress additions and transfers of \$(94.0) million offset by annual depreciation expense of \$116.2 million. Capital assets net of related depreciation increased during fiscal year 2024 by \$79.7 million primarily related to depreciable capital additions of \$119.2 million and net construction in progress additions and transfers of \$74.3 million offset by annual depreciation expense of \$113.2 million.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Management's Discussion and Analysis (Unaudited)

September 30, 2025 and 2024

Total liabilities increased during fiscal year 2025 by approximately \$316.7 million. Current liabilities increased by \$25.2 million includes a decrease in Accounts payable and accrued expenses of \$3.4 million, an increase in Due to third-party payors of \$25.8 million related to changes in estimated Medicare retroactive settlements. Noncurrent liabilities increased by \$291.5 million, and includes a \$20.4 million decrease in Long-term debt, less current installments, a \$65.0 million decrease in Pension liability, and a \$359.8 million increase in Other post-employment benefits (OPEB) liability related to changes in the net pension and OPEB liability as prescribed by GASB 68 and GASB 75 (see Notes 10 and 11). University Hospital's proportionate share of the net OPEB liability increased due to a significant increase in the underlying OPEB liability at PEEHIP. The total OPEB liability for PEEHIP increased during 2025 due to the impact of certain provisions of the Inflation Reduction Act which went into effect during 2025. These changes significantly increased premiums, which, when combined with other normal actuarial changes, resulted in the fiduciary net position of PEEHIP not being sufficient to cover the total OPEB liability. Then, pursuant to GASB 75, PEEHIP changed the discount rate from a rate equal to the long-term expected rate of return on the plan's investments to be used to finance the payment of benefits to one based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Total liabilities increased during fiscal year 2024 by approximately \$59.1 million. Current liabilities increased by \$54.4 million primarily related to an increase in Accounts payable and accrued expenses of \$30.7 million, an increase in Due to third-party payors of \$13.6 million related to changes in estimated Medicare retroactive settlements. Noncurrent liabilities increased by \$4.7 million, and includes a \$18.7 million decrease in Long-term debt, less current installments, a \$5.2 million decrease in Pension liability, and a \$28.6 million increase in Other post-employment benefits (OPEB) liability related to changes in the net pension and OPEB liability as prescribed by GASB 68 and GASB 75 (see Notes 10 and 11).

Deferred outflows of resources increased by \$236.7 million and Deferred inflows of resources decreased by \$31.3 million during fiscal year 2025, while Deferred outflows of resources increased by \$25.4 million and Deferred inflows of resources remained consistent with the prior year during fiscal year 2024. The changes in deferred outflows from debt refunding are due to annual amortization of the refunding. The changes in the deferred inflows related to leases are due to future lease payments received during the fiscal year to be amortized into revenue in future periods. The changes in deferred outflows and deferred inflows related to the pension and OPEB obligations are due to actuarial changes at the Plan level as reported by Teachers' Retirement System of Alabama ("TRS") and the Alabama Public Education Employee Health Insurance Plan ("PEEHIP"), respectively, along with change in University Hospital's respective proportionate shares thereof. As discussed in Notes 10 and 11, total deferred inflows related to pension and OPEB, net of total deferred outflows related to pension and OPEB at September 30, 2025 of \$235.1 million will be recognized in University Hospital's statements of revenue, expenses, and changes in net position over multiple years, with the impact to the year ended September 30, 2026 estimated to be a net benefit of \$44.0 million.

GASB 68 and 75 require governmental employers participating in multi-employer cost-sharing pension and healthcare benefit plans to recognize liabilities for their proportionate share of the unfunded liability for plans whose actuarial liabilities exceed the plan's net assets. As required by Alabama statute, all eligible employees of a qualifying public educational employer must be a member of the Teacher's Retirement System of Alabama (TRS). As a qualifying employer, University Hospital is required to make certain employer contributions on behalf of its employees participating in TRS's defined benefit pension plan. Additionally, Alabama statutes permitted University Hospital to opt-in to provide its eligible retirees with healthcare benefits through the Public Education Employees' Health Insurance Plan (PEEHIP).

The employer contribution rates for both plans are established annually by TRS and PEEHIP and adopted by the Alabama Legislature. Both the TRS employer contribution rate and the employer's PEEHIP cost for retiree coverage are based upon the actuarial valuations for each plan that are directed by and performed by TRS and PEEHIP, respectively. University Hospital records its share of the collective liabilities, deferred inflows and outflows, and net pension and OPEB expense (benefit) of the Plan and PEEHIP based on audited schedules provided by TRS and PEEHIP. As a participating employer, University Hospital is not involved in establishing the assumptions and methodologies used to estimate the respective balances associated with these plans. Although the liabilities recognized under GASB 68 and 75 meet GASB's definition of a liability within GASB's framework for accounting standards, University Hospital does not believe that the associated recorded liabilities constitute a legal liability for the University Hospital, nor do they open the University Hospital to other claims on its resources.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Management's Discussion and Analysis (Unaudited)

September 30, 2025 and 2024

In fiscal year 2025, net position increased by \$297.9 million to \$2.2 billion primarily due to operating income net of transfers to affiliated entities and nonoperating revenue. In fiscal year 2024, net position increased by \$417.7 million to \$1.9 billion due to operating income net of transfers to affiliated entities and nonoperating revenue.

Statements of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the extent to which University Hospital's overall net position increased or decreased during the year as a result of operations or other reasons.

	2025	2024	2023
<i>(in thousands of dollars)</i>			
Net patient service revenue	\$ 2,913,117	\$ 2,708,831	\$ 2,452,996
Capitation revenue	79,775	82,459	81,358
Other revenue	923,767	748,438	618,549
Total operating revenues	3,916,659	3,539,728	3,152,903
Operating expenses	(3,457,224)	(3,134,648)	(2,860,194)
Operating income	459,435	405,080	292,709
Nonoperating revenues, net	194,607	308,981	191,664
Income before state capital appropriations and transfers	654,042	714,061	484,373
State capital appropriations	—	—	50,000
Change in net position prior to transfers	654,042	714,061	534,373
Net transfers	(356,108)	(296,411)	(246,922)
Increase in net position	\$ 297,934	\$ 417,650	\$ 287,451

As previously discussed, University Hospital is a fund of UAB and a part of the UAB Health System. As such, there are various related party transactions and allocations, including the net transfers above, as outlined in the notes to the basic financial statements (Note 12).

Patient service revenue and capitation revenue, net of allowances for contractual discounts, charity care and provision for uncollectible accounts, was \$3.0 billion, an increase of \$201.6 million, or 7.2%, over fiscal year 2024. The increase was related to higher acuity volume and contract improvements. The increase from fiscal year 2023 to fiscal year 2024 was \$256.9 million, or 10.1%. Contributing factors to this included increased volume and contract improvements, as well as a \$53.2 million in Medicare settlements related to underpayments in the 340B discount drug program for calendar years 2018 through 2022.

Net patient service revenue includes the net settlement and adjustment of established estimates for certain retroactive adjustments. The amounts included resulted in a decrease in net patient service revenue of \$4.6 million for fiscal year 2025 and an increase in net patient service revenue of \$7.3 million for fiscal year 2024.

Other revenue for fiscal year 2025 was \$923.8 million compared to \$748.4 million in fiscal year 2024, a 23.4% increase. Other revenue for fiscal year 2024 was \$748.4 million compared to \$618.5 million in fiscal year 2023, a 21.0% increase. Growth in specialty pharmacy volume contributed to increases in both fiscal years 2025 and 2024.

Operating expenses for fiscal year 2025 were \$3.5 billion compared to \$3.1 billion in fiscal year 2024, a 10.3% increase. This increase is primarily driven by increases in patient volumes, the impact of annual salary adjustments, and annual inflationary increases in supplies and service costs. Operating expenses are \$2.9 billion in fiscal year 2023 and the increase from 2023 to 2024 is attributable to patient volumes, the impact of annual salary adjustments, and annual inflationary increases in supplies and service costs.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Management's Discussion and Analysis (Unaudited)

September 30, 2025 and 2024

Nonoperating revenues, net is a gain of \$194.6 million for fiscal year 2025 and a gain of \$309.0 million for fiscal year 2024, a decrease of \$114.4 million from fiscal year 2024. Net investment income decreased by \$117.2 million, from an investment gain of \$282.4 million in fiscal year 2024 related to a lower increase in investment market value compared to prior year. Nonoperating revenues, net is a gain of \$309.0 million for fiscal year 2024 and a gain of \$191.7 million for fiscal year 2023, an increase of \$117.3 million from fiscal year 2023. Net investment income increased by \$125.6 million, from an investment gain of \$156.9 million in fiscal year 2023 related to increases in investment market value.

State capital appropriations for fiscal year 2023 is comprised of a \$50.0 million appropriation from the State of Alabama related to emergency medicine expansion.

Net transfers during fiscal year 2025 are comprised of transfers to UAB School of Medicine, UAB Medicine Enterprise, and other transfers from UAB for a combined total of \$356.1 million. Net transfers during fiscal year 2024 include transfers to UAB School of Medicine, UAB Medicine Enterprise, and other transfers to UAB which combined for a total of \$296.4 million. Transfers are discretionary on an annual basis.

State appropriations and interest expense are included in nonoperating revenues, net, in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. State appropriations are \$49.3 million, \$46.3 million and \$43.5 million for fiscal years 2025, 2024 and 2023, respectively. Interest expense is \$19.0 million, \$19.3 million and \$19.5 million in fiscal years 2025, 2024 and 2023, respectively.

Debt Activity

In October 2016, University Hospital joined three other affiliated entities in the formation of UAB Medicine Obligated Group through a master trust indenture. The credit ratings for the UAB Medicine Obligated Group are as follows:

- AA- rating affirmed by Standard and Poor's on June 27, 2025.
- Aa3 rating affirmed by Moody's on June 12, 2025.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Statements of Net Position**September 30, 2025 and 2024***(in thousands of dollars)***Assets**

Current assets:

Cash and cash equivalents	\$ 84,373	\$ 57,241
Short-term investments	1,056,847	988,380
Patient accounts receivable, net of allowance for uncollectible accounts of \$126,707 and \$124,752 as of September 30, 2025 and 2024, respectively	453,707	412,797
Note receivable	50,000	—
Other receivables	70,961	52,510
Inventories	68,886	49,781
Other current assets	92,469	88,758
Total current assets	1,877,243	1,649,467

Noncurrent assets:

Cash and investments designated for capital expenditures	764,158	778,624
Endowment investments	24,174	22,799
Capital assets, net	921,299	796,409
Investment in Professional Liability Trust Fund	86,277	80,614
Other noncurrent assets	3,343	1,997
Total noncurrent assets	1,799,251	1,680,443
Total assets	\$ 3,676,494	\$ 3,329,910

Deferred Outflows of Resources

Deferred outflows from debt refunding	7,195	7,817
Pension and OPEB related	516,634	279,324
Total deferred outflows of resources	\$ 523,829	\$ 287,141

Liabilities

Current liabilities:

Current installments of long-term debt	\$ 48,122	\$ 44,790
Accounts payable and accrued expenses	171,216	174,611
Salaries, wages, and employee benefits payable	23,212	23,769
Due to third party payors, net	95,758	69,938
Total current liabilities	338,308	313,108

Noncurrent liabilities:

Long-term debt, less current installments	474,297	494,744
Pension liability	456,106	521,142
Other post-employment benefits liability	433,837	74,073
Unearned revenue	17,190	—
Total noncurrent liabilities	1,381,430	1,089,959
Total liabilities	\$ 1,719,738	\$ 1,403,067

Deferred Inflows of Resources

Pension and OPEB related	281,500	313,830
Leases related	16,211	15,214
Total deferred inflows of resources	\$ 297,711	\$ 329,044

Net Position

Net investment in capital assets	389,864	249,478
Restricted		
Nonexpendable	154	128
Expendable	20,458	19,864
Unrestricted	1,772,398	1,615,470
Total net position	\$ 2,182,874	\$ 1,884,940

The accompanying notes are an integral part of these financial statements.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2025 and 2024**

	2025	2024
<i>(in thousands of dollars)</i>		
Operating revenues		
Net patient service revenue (net of provision for uncollectible accounts of \$207,166 and \$218,986 in 2025 and 2024, respectively)	\$ 2,913,117	\$ 2,708,831
Capitation revenue	79,775	82,459
Other revenue	923,767	748,438
Total operating revenues	<u>3,916,659</u>	<u>3,539,728</u>
Operating expenses		
Salaries, wages, and benefits	395,821	373,270
Contract labor-salaries and benefits	996,627	928,000
Supplies and services	1,334,909	1,156,609
Physician and professional fees	354,834	316,656
Allocation of The University of Alabama at Birmingham general and administrative services	44,375	43,204
Depreciation	116,248	113,172
Other	214,410	203,737
Total operating expenses	<u>3,457,224</u>	<u>3,134,648</u>
Operating income	459,435	405,080
Nonoperating revenues (expenses)		
State appropriations	49,264	46,287
Net investment income, including change in fair value of investments	165,195	282,443
Interest expense	(19,024)	(19,339)
Other	(828)	(410)
Income before transfers and state capital appropriations	654,042	714,061
Transfers to The University of Alabama at Birmingham School of Medicine	(147,334)	(143,366)
Transfers to UAB Medicine Enterprise	(210,350)	(147,670)
Other transfers from (to) The University of Alabama at Birmingham	1,576	(5,375)
Increase in net position	<u>297,934</u>	<u>417,650</u>
Net position		
Beginning of year	1,884,940	1,467,290
End of year	<u>\$ 2,182,874</u>	<u>\$ 1,884,940</u>

The accompanying notes are an integral part of these financial statements.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Statements of Cash Flows**Years Ended September 30, 2025 and 2024**

	2025	2024
<i>(in thousands of dollars)</i>		
Cash flows from operating activities		
Receipts from and on behalf of patients and third-party payors	\$ 3,850,308	\$ 3,506,674
Payments to employees and related benefits	(415,665)	(416,102)
Payments for contract labor	(996,627)	(928,000)
Payments to suppliers and contractors	(1,912,046)	(1,698,538)
Net cash provided by operating activities	<u>525,970</u>	<u>464,034</u>
Cash flows from noncapital financing activities		
State appropriations	49,264	46,287
Private gifts	631	124
Transfers to The University of Alabama at Birmingham School of Medicine	(149,185)	(132,681)
Transfers to UAB Medicine Enterprise	(210,350)	(147,670)
Other transfers to The University of Alabama at Birmingham	(3,351)	(5,375)
Net cash used in noncapital financing activities	<u>(312,991)</u>	<u>(239,315)</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(220,346)	(138,163)
Proceeds from sale of capital assets	253	78
Proceeds from issuance of capital debt	—	17,476
Principal payments of capital debt	(50,086)	(48,784)
Interest payments on capital debt	(19,824)	(20,164)
Net cash used in capital and related financing activities	<u>(290,003)</u>	<u>(189,557)</u>
Cash flows from investing activities		
Interest and dividends on investments	378	386
Cash distributions from (contributions to) equity method investments, net	3,806	(3,490)
Proceeds from sale and maturities of system pooled investments	100,000	—
Purchases of system pooled investments	(26)	(75,300)
Net cash provided by (used in) investing activities	<u>104,158</u>	<u>(78,404)</u>
Net increase (decrease) in cash and cash equivalents	<u>27,134</u>	<u>(43,242)</u>
Cash and cash equivalents		
Beginning of year	<u>57,298</u>	<u>100,540</u>
End of year	<u>\$ 84,432</u>	<u>\$ 57,298</u>

The accompanying notes are an integral part of these financial statements.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Statements of Cash Flows (continued)**Years Ended September 30, 2025 and 2024**

	2025	2024
<i>(in thousands of dollars)</i>		
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents in current assets	\$ 84,373	\$ 57,241
Cash and cash equivalents in cash and investments designated for capital expenditures	59	57
Total cash and cash equivalents	<u>\$ 84,432</u>	<u>\$ 57,298</u>

	2025	2024
<i>(in thousands of dollars)</i>		
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 459,435	\$ 405,080
Adjustments to reconcile operating income to net cash provided by operating activities		
Provision for uncollectible accounts	207,166	218,986
Depreciation	116,248	113,172
Pension expense	29,598	50,795
Changes in operating assets and liabilities		
Patient accounts receivable, net	(248,076)	(252,430)
Inventories and other assets	(86,109)	(36,801)
Accounts payable and accrued expenses	14,715	6,386
Unearned revenue	11,683	—
Pension and OPEB obligations	(4,510)	(54,719)
Due to third-party payors and advances payable	25,820	13,565
Net cash provided by operating activities	<u>\$ 525,970</u>	<u>\$ 464,034</u>

Supplemental noncash activities information

Capital assets acquired included in accounts payable	\$ 15,796	\$ 27,678
Capital assets acquired through leases	8,315	17,932
Capital assets acquired through SBITAs	26,328	19,531
Reinvested investment distributions	50,532	31,118
Increase in fair value of investments	114,284	250,940

The accompanying notes are an integral part of these financial statements.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Notes to Financial Statements

September 30, 2025 and 2024

1. Basis of Presentation

The University of Alabama at Birmingham ("UAB") is one of three campuses of The University of Alabama System (the "System"), which is governed by its Board of Trustees of the University of Alabama (the "Board"). The University of Alabama Hospital (the "University Hospital") is a fund of UAB. University Hospital is a 1,400 bed medical facility which provides medical care to patients in Alabama and also serves as a quaternary care referral center to patients from throughout the United States and other countries. The majority of the medical staff of University Hospital is a closed staff requiring faculty affiliation with UAB.

The accompanying financial statements represent only the accounts of University Hospital, which are accounted for within the proprietary funds of UAB. UAB follows the body of accounting and reporting guidance applicable to public colleges and universities in the preparation of its entity-wide financial statements. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), statements issued by the Governmental Accounting Standards Board ("GASB"), and the accounting and reporting guidelines set forth in the American Institute of Certified Public Accountants' Audit and Accounting Guides *Health Care Organizations* and *State and Local Governments*. Since University Hospital is a fund of UAB, its accounting policies are substantially consistent with those of UAB. University Hospital is not a separate legal entity from UAB and therefore management is not required to and has not performed a going concern analysis at the University Hospital level. Classification of certain assets and liabilities in University Hospital's separate financial statements may differ from classifications utilized by UAB.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The estimates susceptible to significant changes include those used in determining the allowance for contractual adjustments and uncollectible accounts, valuation of investments, allowance for self-insurance, estimated amounts due to or from third-party payors, and reserves for general and professional liability claims. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

Enterprise Fund Accounting

University Hospital utilizes the enterprise fund method of accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the University Hospital considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, including restricted cash and cash equivalents. Cash equivalents representing assets of the University Hospital's endowment, investments designated for capital expenditures (including unspent bond proceeds) and other long-term investments are included in noncurrent assets.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or net realizable value.

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Notes to Financial Statements

September 30, 2025 and 2024

Investments and Investment Income

University Hospital's investments are reported at fair value. The majority of University Hospital's investment portfolio is invested in two separate investment pools managed by the System: the Pooled Endowment Fund and the Liquidity and Capital Reserve Pool Fund. Fair value for the investment pools is provided by the System, based on the fair value of the underlying investment securities held by each investment pool. Fair value of the underlying securities held in each investment pool is based on quoted market prices or dealer quotes, where available, or determined using net asset values provided by underlying investment partnerships or companies. Fair value for equity securities, debt securities, mutual funds and U.S. government and agency obligations held by University Hospital is determined from quoted market prices or market prices of similar instruments. Real estate held as investments is reported at fair value based upon appraisals, entry price at the date of donation, and other valuations typically based on management assumptions or expectations. Investments received by gift are reported at fair value at the date of receipt. Net investment income, including gains and losses associated with the increases and decreases in investment values, is reported as nonoperating revenues (expenses) in the statements of revenues, expenses and changes in net position.

Investments are reported in three categories in the statements of net position. Investments recorded as endowment investments are those invested funds that cannot be used to fund current operations and thus are included in noncurrent assets. Investments for capital projects represent the investment of cash to fund future capital projects and are included in noncurrent assets. Short-term investments represent investments available for current operations.

Donor Pledges

University Hospital receives gift pledges and bequests of financial support. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges do not meet eligibility requirements and are not recorded as assets until the related gift is received. There were no pledges of private gifts for the years ended September 30, 2025 and 2024.

Capital Assets

Capital assets are recorded at cost, if purchased, or at acquisition value at the date of donation. Leases and Subscription-Based Information Technology Arrangements (SBITA) are recorded at the estimated present value of future payments, net of amounts paid in advance and direct costs. University Hospital computes depreciation for buildings and building improvements (15-50 years) and for fixed equipment systems (3-20 years) using a component method. Depreciation of land improvements (40 years) and inventoried equipment (3-20 years) is computed on a straight-line basis. Assets under leases and SBITAs (2-30 years) are amortized over the shorter of the lease term or subscription term or the estimated useful life of the asset. University Hospital uses guidelines established by the American Hospital Association to assign estimated useful lives to fixed equipment and inventoried equipment. Maintenance and repairs are charged to operations as incurred. Major renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statement of revenues, expenses and changes in net position.

Capital assets are reviewed for impairment when service utility has declined significantly and unexpectedly. If such assets are no longer used, they are reported at the lower of carrying value or fair value. If such assets will continue to be used, the impairment loss is measured using a historical cost approach method that best reflects the diminished service utility of the capital asset. No impairment charges were recorded during fiscal years 2025 or 2024.

Computer software capitalization, which is included as inventoried equipment, includes the costs of software and implementation. Implementation costs include consulting expenses and allocation of internal salaries and fringes for the core implementation team.

Costs of Borrowing

Bond premiums and discounts are deferred and amortized using the straight-line method, which approximates the effective interest rate method, over the term of the related bond issue. Interest costs are expensed as incurred.

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Notes to Financial Statements

September 30, 2025 and 2024

Endowment Spending

The Alabama Uniform Prudent Management of Institutional Funds Act ("UPMIFA") was enacted by the State Legislature and signed into law effective January 1, 2009. UPMIFA prescribes guidelines for the expenditure of donor-restricted endowment funds in the absence of overriding, explicit donor stipulations. Its predecessor, UMIFA, focused on the prudent spending of the net appreciation of the fund. UPMIFA instead focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic-dollar-value threshold, an amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

UPMIFA permits the Board to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. University Hospital's policy is to retain the endowment realized and unrealized appreciation with the endowment after the spending rate distributions in a manner consistent with the standards of prudence prescribed in UPMIFA. The Board approved a spending rate for the fiscal years September 30, 2025 and 2024 of 4.5% of a moving three-year average of the market (unit) value.

Unearned Revenue

Unearned revenue consists of funds received related to future fiscal years that have not yet been earned under the terms of the agreements and, therefore, have not yet been included in the net position.

Compensated Absences

University Hospital accrues annual leave that is attributable to services already rendered by employees, that accumulates, and is more likely than not to be used for time off, paid out, or otherwise settled. University Hospital accrues annual leave at rates based upon length of service and job classification. University Hospital accrues compensatory time based upon job classification and hours worked. These amounts are included in accounts payable and accrued liabilities.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of bond deferred refunding amounts, pension obligations, and OPEB obligations (Trust and UAB Plan). Deferred inflows of resources are composed of pension obligations, OPEB obligations (Trust and UAB Plan), and leases. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to increase pension expense and OPEB expense they are labeled deferred outflows. If they reduce pension expense and OPEB expense they are labeled deferred inflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive Plan members at the beginning of the fiscal year. Deferred refunding represents gains and losses deferred and amortized using the straight-line method, which approximates the effective interest rate method, over the term of the related bond issue. Deferred inflows related to leases are arrangements where University Hospital is the lessor and the initial measurement of the lease receivable is recognized as revenues in a systematic and rational manner over the term of the lease.

Net Position

Net position of University Hospital is classified into the following components:

Net Investment in Capital Assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted

Nonexpendable

Restricted resources subject to externally imposed stipulations that they be maintained permanently by University Hospital. Such resources are included in University Hospital's endowment fund.

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Notes to Financial Statements

September 30, 2025 and 2024

Expendable

Restricted resources used by University Hospital that are subject to externally imposed stipulations that can be fulfilled by action of University Hospital pursuant to those stipulations or that expire by the passage of time.

Unrestricted

Net position that is not subject to externally imposed stipulations. Unrestricted resources may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted resources are designated for medical, academic, and research programs and initiatives and capital programs.

When University Hospital has both restricted and unrestricted resources available to finance a particular program, it is University Hospital's policy to use restricted resources before unrestricted resources.

Income Taxes

UAB is an integral part of the System, which has been recognized as exempt from Federal income tax under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3) and, therefore, related income is generally not subject to Federal or state income taxes. Consistent with that designation, the accompanying financial statements of University Hospital do not reflect any provision for income taxes.

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive revenue adjustments due to future audits, reviews, and investigations by certain third-party payors. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Additionally, according to GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, net patient service revenue is reported net of the provision for uncollectible accounts. During 2025, approximately \$4.6 million is included as a decrease in net patient service revenue representing the net settlement and adjustment of established estimates for certain retroactive adjustments as described above. During 2024, approximately \$7.3 million is included as an increase in net patient service revenue representing the net settlement and adjustment of established estimates for certain retroactive adjustments as described above.

Charity Care

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

Capitation Revenue

University Hospital has an agreement with a related party health maintenance organization ("HMO") to provide medical services to subscribing participants (Note 12). Under this agreement, University Hospital receives monthly capitation payments based on the number of the HMO's participants, regardless of services actually performed by University Hospital.

Other Operating Revenue

University Hospital records income from activities related to providing other services as other revenue. This income includes retail and specialty pharmacy sales, cafeteria sales, hotel revenue, reimbursement for resident costs, and other miscellaneous items.

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Notes to Financial Statements

September 30, 2025 and 2024

Other Operating Expense

University Hospital other expense includes repairs and maintenance, rent, organ procurement, utilities, malpractice insurance and other miscellaneous items.

State Appropriations

University Hospital is appropriated state funds, as allocated from UAB, which are reported as nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position.

Transfers to/From The University of Alabama at Birmingham

Transfers are defined as transfers to/from UAB for which there is no performance or repayment requirement and are recorded as other changes in net position in the statements of revenues, expenses and changes in net position. Transfers for which University Hospital receives/provides services or other benefits are recorded as operating expenses/income in the statements of revenues, expenses and changes in net position.

Reclassification

Certain reclassifications have been made to the 2024 disclosures for Medicare as a percent of net patient service revenue (Note 3), Medicare as a portion of patient accounts receivable (Note 5), and Medicare as a percent of patient accounts receivable (Note 14) to conform to the current year presentation. There was no effect on the previously reported net patient service revenue and patient accounts receivable balances.

3. Net Patient Service Revenue

University Hospital has agreements with governmental and other third-party payors that provide for reimbursement to University Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between University Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

Substantially all acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to the patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, University Hospital is reimbursed for both its direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. University Hospital generally is reimbursed for certain retroactively settled items at tentative rates, with final settlement determined after submission of annual cost reports by University Hospital and audits by the Medicare fiscal intermediary. Revenue from the Medicare program and commercial insurance programs that administer Medicare programs (Medicare HMOs) accounted for approximately 35% and 36% of the Hospital's net patient service revenue for the years ended September 30, 2025 and 2024.

Section 302 of the Tax Relief and Health Care Act of 2006 authorized a permanent program involving the use of third-party recovery audit contractors ("RACs") to identify Medicare overpayments and underpayments made to providers. As of September 30, 2025, University Hospital reported claims in various stages of review based on the requests received by the RACs during the fiscal year. Payment recoveries resulting from RAC reviews are appealable through administrative and judicial processes, and University Hospital intends to pursue the reversal of adverse determinations, where appropriate. University Hospital cannot predict with certainty the impact of the Medicare RAC program on our future results of operations or cash flows.

Blue Cross

Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined per diem rate. Outpatient services are reimbursed at a prospectively determined rate. The method of reimbursement is determined by the procedures that are performed. Revenue from the Blue Cross program accounted for approximately 35% of University Hospital's net patient service revenue for the years ended September 30, 2025 and 2024, respectively.

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Notes to Financial Statements

September 30, 2025 and 2024

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

University Hospital is designated as a Disproportionate Share Hospital (DSH) and receives payments under the Medicaid DSH program. In addition, as a participant in the Alabama Medicaid Plan, University Hospital also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. The net benefit associated with University Hospital's participation in these programs, totaling approximately \$189.7 million and \$174.1 million in 2025 and 2024, respectively, is included in net patient service revenue in the accompanying statement of revenues, expenses and changes in net position. There can be no assurance that University Hospital will continue to qualify for future participation in these programs or that the programs will not ultimately be discontinued or materially modified.

Revenue from the Medicaid program accounted for approximately 13% and 14% of University Hospital's net patient service revenue for the years ended September 30, 2025 and 2024, respectively.

Other

University Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to University Hospital under these agreements includes discounts from established charges and prospectively determined daily and case rates.

The composition of net patient service revenue follows:

	2025	2024
<i>(in thousands of dollars)</i>		
Gross patient service revenue	\$ 13,740,849	\$ 12,583,200
Less: Provision for contractual and other adjustments	(10,620,566)	(9,655,383)
Less: Provision for uncollectible accounts	(207,166)	(218,986)
Net patient service revenue	<u>\$ 2,913,117</u>	<u>\$ 2,708,831</u>

4. Charity Care

University Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated costs of those services, and supplies and equivalent service statistics. The estimated cost of charity care provided during the years ended September 30, 2025 and 2024, was approximately \$66.3 million and \$55.3 million, respectively, calculated based on the ratio of total direct and indirect costs to established charges applied to the charges foregone under the charity care policy.

University of Alabama Hospital

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Notes to Financial Statements

September 30, 2025 and 2024

5. Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by University Hospital at September 30, 2025 and 2024 consisted of these amounts:

	2025	2024
<i>(in thousands of dollars)</i>		
Patient accounts receivable		
Receivable from patients and other insurance carriers	\$ 250,992	\$ 220,035
Receivable from Medicare	137,814	140,641
Receivable from Blue Cross	169,587	158,387
Receivable from Medicaid	22,021	18,486
Total patient accounts receivable	580,414	537,549
Allowance for uncollectible accounts	(126,707)	(124,752)
Patient accounts receivable, net	\$ 453,707	\$ 412,797
Accounts payable and accrued expenses		
Payable to suppliers	\$ 169,701	\$ 173,089
Accrued interest payable	1,515	1,522
Total accounts payable and accrued expenses	\$ 171,216	\$ 174,611

6. Cash and Cash Equivalents

The Board approves, by resolution, all banks or other financial institutions utilized as depositories for UAB funds. Prior to approval, each proposed depository must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository under the Security for Alabama Funds Enhancement Act ("SAFE"). From time to time, the Board may request that the depository provide evidence of its continuing designation as a qualified public depository. The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository ("QPD") is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss.

7. Investments

The Board has the responsibility for the establishment of the investment policy and the oversight of the investments for the System and related entities. In order to facilitate System-wide investment objectives and achieve economies of scale, the Board has established two distinct investment pools based primarily on the projected investment time-horizons for System funds: the Pooled Endowment Fund ("PEF") and the Liquidity and Capital Reserve Pool Fund ("LCRP"); collectively, the "System Pools." Pursuant to Board investment policies, each System or related entity may include all or a portion of their investments within the System-sponsored investment pools. These investment funds are considered "internal" investment pools under GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, with the assets pooled on a market value basis. Separately managed funds that reside with each entity are to be invested consistent with the asset mix of the corresponding System investment pool. The following disclosures relate to both the System Pools, which include the investments of other System entities and other affiliated entities.

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Pooled Endowment Fund

The purpose of the PEF is to pool endowment and similar funds to support the System universities, hospital and related entities in carrying out their respective missions over a perpetual time frame. Accordingly, the primary investment objectives of the PEF are to preserve the purchasing power of the principal and provide a stable source of perpetual financial support to the endowment beneficiaries. To satisfy the long-term rate of return objective, the PEF relies on a total return strategy in which investment returns are achieved through both capital appreciation and natural income. Asset allocation targets are established to meet the return objectives, while providing adequate diversification in order to minimize investment volatility.

Liquidity and Capital Reserve Pool

The LCRP serves as an investment vehicle to manage operating reserves of the System universities, hospital, and related entities with an investment strategy that matches the duration of reserves to their projected needs. The goals of the pool are to preserve and grow capital, maximize returns without undue exposure to risk, and maintain sufficient liquidity for credit ratings. The pool is invested in a diversified asset mix of liquid, semi-liquid, and illiquid securities. The pool can invest no more than 15% in illiquid assets and must invest no less than 60% in liquid assets as defined by Board Rule 404.

Fair Value Measurements

GASB 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that University Hospital has the ability to access.

Level 2 Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the assets or liabilities; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect University Hospital's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University Hospital's own data.

GASB 72 allows for the use of net asset value ("NAV") as a practical expedient for valuation purposes for investments that do not have readily determinable fair value. Investments that use NAV in determining fair value are disclosed separately from the valuation hierarchy as presented herein.

The level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgement by University Hospital's management. University Hospital's management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

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The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to University Hospital management's perceived risk of that investment.

The following is a description of the valuation methods and assumptions used by the University Hospital and the System to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at September 30, 2025. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified as Level 1 of the fair value hierarchy. University Hospital's Level 1 investments primarily consist of investments in mutual funds, exchange traded funds, and both domestic and foreign equity funds.

University Hospital's Level 2 investments consist of mutual funds that are priced or traded at the end of the day.

University Hospital's Level 3 investments primarily consist of very illiquid securities. The inputs or methodologies used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. Valuation techniques utilized by University Hospital are appraisals, entry price at the date of donation, and other valuations typically based on management assumptions or expectations.

The composition of University Hospital investments at September 30, 2025 and 2024 is as follows:

	2025	2024
<i>(in thousands of dollars)</i>		
<i>Portion of System Pooled investments</i>		
Pooled Endowment fund	\$ 24,174	\$ 22,799
LCRP fund	1,820,946	1,766,947
Total portion of System Pooled investments	1,845,120	1,789,746
Total investments	<u>\$ 1,845,120</u>	<u>\$ 1,789,746</u>

At September 30, 2025 and 2024, \$1,056.8 million and \$988.4 million of University Hospital's total investments were classified as Short-term investments on the Statement of Net Position. For the year ending September 30, 2025 and 2024, this included amounts in the LCRP fund. The remaining amounts of the investment portfolio are classified as Cash and investments designated for capital expenditures and Endowment investments on the Statement of Net Position.

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At September 30, 2025 and 2024, the fair value of all investments for the System Pools based on the inputs to value them is summarized as follows:

Pooled Endowment Fund					
2025					
	Level 1	Level 2	Level 3	NAV	Total Fair Value
<i>(in thousands of dollars)</i>					
Receivables					
Accrued income receivables	\$ —	\$ —	\$ —	\$ —	\$ 1,651
Total receivables	—	—	—	—	1,651
Cash equivalents					
Money market funds	109,406	—	—	—	109,406
Total cash equivalents	109,406	—	—	—	109,406
Equities					
U.S. Common stock	201,253	—	—	—	201,253
Foreign stock	40,017	—	—	—	40,017
Total equities	241,270	—	—	—	241,270
Fixed income securities					
U.S. Government obligations	—	16,782	—	—	16,782
Mortgage backed securities	—	33,448	—	—	33,448
Corporate bonds	—	50,451	—	—	50,451
Non-U.S. Bonds	—	6,401	—	—	6,401
Total fixed income securities	—	107,082	—	—	107,082
Commingled funds					
U.S. Equity funds	—	157,976	—	—	157,976
Non-U.S. Equity funds	—	364,627	—	—	364,627
Hedge funds	—	—	—	915,552	915,552
Private equity funds	—	—	2,383	571,680	574,063
Real Asset funds	—	—	1,419	261,571	262,990
Total commingled funds	—	522,603	3,802	1,748,803	2,275,208
Total fund investments	\$ 350,676	\$ 629,685	\$ 3,802	\$ 1,748,803	2,732,966
Total fund assets					2,734,617
Total fund liabilities					—
Total net asset value					\$ 2,734,617

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Pooled Endowment Fund					
2024					
	Level 1	Level 2	Level 3	NAV	Total Fair Value
<i>(in thousands of dollars)</i>					
Receivables					
Accrued income receivables	\$ —	\$ —	\$ —	\$ —	\$ 1,601
Total receivables	—	—	—	—	1,601
Cash equivalents					
Money market funds	81,234	—	—	—	81,234
Total cash equivalents	81,234	—	—	—	81,234
Equities					
U.S. Common stock	234,136	—	—	—	234,136
Foreign stock	84,571	—	—	—	84,571
Total equities	318,707	—	—	—	318,707
Fixed income securities					
U.S. Government obligations	—	18,271	—	—	18,271
Mortgage backed securities	—	29,102	—	—	29,102
Corporate bonds	—	49,944	—	—	49,944
Non-U.S. Bonds	—	6,327	—	—	6,327
Total fixed income securities	—	103,644	—	—	103,644
Commingled funds					
U.S. Equity funds	—	143,552	—	—	143,552
Non-U.S. Equity funds	—	211,604	—	—	211,604
Hedge funds	—	—	—	833,404	833,404
Private equity funds	—	—	2,018	513,428	515,446
Real Asset funds	—	—	2,919	280,206	283,125
Total commingled funds	—	355,156	4,937	1,627,038	1,987,131
Total fund investments	\$ 399,941	\$ 458,800	\$ 4,937	\$ 1,627,038	2,490,716
Total fund assets					2,492,317
Total fund liabilities					(456)
Total net asset value					\$ 2,491,861

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Liquidity and Capital Reserve Pool					
2025					
	Level 1	Level 2	Level 3	NAV	Total Fair Value
<i>(in thousands of dollars)</i>					
Receivables					
Accrued income receivables	\$ —	\$ —	\$ —	\$ —	\$ 11,508
Total receivables	—	—	—	—	11,508
Cash equivalents					
Money market funds	58,721	—	—	—	58,721
Total cash equivalents	58,721	—	—	—	58,721
Equities					
U.S. Common stock	524,119	—	—	—	524,119
Foreign stock	59,730	—	—	—	59,730
Total equities	583,849	—	—	—	583,849
Fixed income securities					
U.S. Government obligations	—	435,673	—	—	435,673
Mortgage backed securities	—	362,288	—	—	362,288
Collateralized mortgage obligations	—	14,824	—	—	14,824
Corporate bonds	—	289,899	—	—	289,899
Non-U.S. bonds	—	72,106	—	—	72,106
Other fixed income assets	—	7,441	—	—	7,441
Total fixed income securities	—	1,182,231	—	—	1,182,231
Commingled funds					
U.S. Equity funds	—	142,800	—	—	142,800
Non-U.S. Equity funds	—	241,608	—	—	241,608
U.S. Bond funds	—	547,769	—	—	547,769
Hedge funds	—	—	—	1,420,047	1,420,047
Real Asset funds	—	—	—	177,486	177,486
Total commingled funds	—	932,177	—	1,597,533	2,529,710
Total fund investments	<u>\$ 642,570</u>	<u>\$ 2,114,408</u>	<u>\$ —</u>	<u>\$ 1,597,533</u>	<u>4,354,511</u>
Total fund assets					<u>4,366,019</u>
Total fund liabilities					<u>—</u>
Total net asset value					<u>\$ 4,366,019</u>

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Liquidity and Capital Reserve Pool					
2024					
	Level 1	Level 2	Level 3	NAV	Total Fair Value
<i>(in thousands of dollars)</i>					
Receivables					
Accrued income receivables	\$ —	\$ —	\$ —	\$ —	\$ 10,640
Total receivables	—	—	—	—	10,640
Cash equivalents					
Money market funds	105,429	—	—	—	105,429
Total cash equivalents	105,429	—	—	—	105,429
Equities					
U.S. Common stock	537,941	—	—	—	537,941
Foreign stock	113,728	—	—	—	113,728
Total equities	651,669	—	—	—	651,669
Fixed income securities					
U.S. Government obligations	—	380,205	—	—	380,205
Mortgage backed securities	—	353,125	—	—	353,125
Collateralized mortgage obligations	—	17,222	—	—	17,222
Corporate bonds	—	275,255	—	—	275,255
Non-U.S. bonds	—	95,358	—	—	95,358
Other fixed income assets	—	9,701	—	—	9,701
Total fixed income securities	—	1,130,866	—	—	1,130,866
Commingled funds					
U.S. Equity funds	—	132,812	—	—	132,812
Non-U.S. Equity funds	—	195,781	—	—	195,781
U.S. Bond funds	—	540,780	—	—	540,780
Hedge funds	—	—	—	1,274,176	1,274,176
Real Asset funds	—	—	—	171,629	171,629
Total commingled funds	—	869,373	—	1,445,805	2,315,178
Total fund investments	\$ 757,098	\$ 2,000,239	\$ —	\$ 1,445,805	4,203,142
Total fund assets					4,213,782
Total fund liabilities					(1,163)
Total net asset value					\$ 4,212,619

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Additional information on fair values, unfunded commitments, remaining life, and redemption for investments measured at the NAV for the System Pools at September 30, 2025 and 2024 is as follows:

Pooled Endowment 2025	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
<i>(in thousands of dollars)</i>					
Hedge funds - absolute return, credit, long/short equities	\$ 915,552	\$ 5,007	No limit	Monthly, Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Private equity - private credit, buyouts, venture, secondary	571,680	329,018	1-15 years	Partnerships ineligible for redemption	Not redeemable
Real assets - natural resources, real estate, infrastructure	261,571	129,560	1-15 years	Partnerships ineligible for redemption	Not redeemable
	<u>\$ 1,748,803</u>	<u>\$ 463,585</u>			

Pooled Endowment 2024	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
<i>(in thousands of dollars)</i>					
Hedge funds - absolute return, credit, long/short equities	\$ 833,404	\$ 18,000	No limit	Monthly, Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Private equity - private credit, buyouts, venture, secondary	513,428	277,411	1-15 years	Partnerships ineligible for redemption	Not redeemable
Real assets - public natural resources	1,278	—	No limit	Monthly and Quarterly	None
Real assets - natural resources, real estate, infrastructure	278,928	103,603	1-15 years	Partnerships ineligible for redemption	Not redeemable
	<u>\$ 1,627,038</u>	<u>\$ 399,014</u>			

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Liquidity and Capital Reserve Pool 2025	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
<i>(in thousands of dollars)</i>					
Hedge funds - absolute return, credit, long/short equities	\$ 1,420,047	\$ 10,014	No limit	Monthly, Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Real assets - public real estate, natural resources, and infrastructure	177,486	—	No limit	Monthly and Quarterly	None
	<u>\$ 1,597,533</u>	<u>\$ 10,014</u>			

Liquidity and Capital Reserve Pool 2024	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
<i>(in thousands of dollars)</i>					
Hedge funds - absolute return, credit, long/short equities	\$ 1,274,176	\$ 36,000	No limit	Monthly, Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Real assets - public real estate, natural resources, and infrastructure	171,629	—	No limit	Monthly and Quarterly	None
	<u>\$ 1,445,805</u>	<u>\$ 36,000</u>			

Investment Risk Factors

Many factors can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed income securities.

Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

Credit Risk

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. Certain fixed income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have significant credit risk.

The investment policy recognizes that credit risk is appropriate in balanced investment pools such as the PEF and LCRP, and the credit quality of underlying fund investments is monitored on an ongoing basis. Fixed income investments within the PEF and LCRP include corporate, mortgage backed, asset backed, collateralized mortgage and U.S. treasury and/or agency bonds. In addition, approximately \$328.5 million and \$283.6 million in the PEF and LCRP, collectively, at September 30, 2025 and 2024, respectively, is invested in unrated fixed income securities, excluding fixed income commingled funds. Fixed income commingled funds and money market funds were approximately \$715.9 million and \$727.4 million in the PEF and LCRP, collectively, at September 30, 2025 and 2024, respectively.

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The credit risk for fixed and variable income securities, for the System Pools, at September 30, 2025 and 2024 is as follows:

	Pooled Endowment Fund		LCRP Fund	
	2025	2024	2025	2024
<i>(in thousands of dollars)</i>				
U.S. government obligations	\$ 16,782	\$ 18,271	\$ 435,673	\$ 380,205
Other U.S. denominated				
AAA	3,940	4,616	62,667	84,783
AA	3,198	2,107	43,371	47,401
A	10,673	15,877	157,391	169,666
BBB	34,803	28,238	163,022	166,297
BB	8,210	8,030	10,158	10,809
B	—	1,059	8,711	11,303
C and <C	—	—	2,169	2,260
Unrated	29,475	25,445	299,069	258,141
Commingled funds				
U.S. bond funds-unrated	—	—	547,769	540,780
Money market funds-unrated	109,406	81,234	58,721	105,430
	<u>\$ 216,487</u>	<u>\$ 184,877</u>	<u>\$ 1,788,721</u>	<u>\$ 1,777,075</u>

At September 30, 2025 and 2024, University Hospital did not hold any investments in these security types outside of the System Pools.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the corporate failure of the custodian, the investment securities may not be returned.

Investment securities in the System Pools are registered in the Board's name by the custodial bank as an agent for the System. Other types of investments (e.g. open-ended mutual funds, money market funds) represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

Credit risk in each investment pool is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in noninvestment grade securities. As of September 30, 2025 and 2024, there was no investment in a single issuer that represents 5% or more of total investments held by any single investment manager of the System Pools except for investments issued by the U.S. government and money market fund investments.

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Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100 basis point (1 percentage point) change in the level of interest rates. It is not a measure of time. The Board does not have a specific policy relative to interest rate risk. As such, there are no restrictions on weighted average maturity for each portfolio as they are managed relative to the investment objectives and liquidity demands of the investors.

The effective durations for fixed or variable income securities, for the System Pools at September 30, 2025 and 2024 are as follows:

	Pooled Endowment Fund		LCRP Fund	
	2025	2024	2025	2024
U.S. government obligations	11.4	12.9	3.2	3.4
Corporate bonds	4.8	4.6	2.8	2.7
Non-US bonds	4.8	4.6	2.8	2.7
Commingled bond funds	—	—	3.6	2.9
Other fixed income	—	—	—	0.1

Investments may also include mortgage pass through securities and collateralized mortgage obligations that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. At September 30, 2025 and 2024, the fair market values of these investments in the System Pools are as follows:

	Pooled Endowment Fund		LCRP Fund	
	2025	2024	2025	2024
<i>(in thousands of dollars)</i>				
Mortgage backed securities	\$ 33,448	\$ 29,102	\$ 362,288	\$ 353,125
Collateralized mortgage obligations	—	—	14,824	17,222
	<u>\$ 33,448</u>	<u>\$ 29,102</u>	<u>\$ 377,112</u>	<u>\$ 370,347</u>

At September 30, 2025 and 2024, University Hospital did not hold any investments in these security types outside of the System Pools.

Mortgage Backed Securities

These securities are issued by the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) and Federal Home Loan Mortgage Association (Freddie Mac) and include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying asset reduce the total expected rate of return.

Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) generate a return based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In a rising interest rate environment, the opposite is true.

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At September 30, 2025 and 2024, the effective durations for these securities held in the System Pools are as follows:

	Pooled Endowment Fund		LCRP Fund	
	2025	2024	2025	2024
Mortgage backed securities	5.9	6.3	2.7	2.7
Collateralized mortgage obligations	—	—	5.7	4.7

Foreign Currency Risk

The strategic asset allocation policy for the PEF and the LCRP includes an allocation to non-United States equity and fixed income securities. Currency hedging of foreign bonds and stocks is allowed under System policy. As of September 30, 2025 and 2024, all foreign investments in the System Pools are denominated in U.S. dollars and are in international commingled funds, which in turn invest in equity securities and bonds of foreign issuers except for foreign stock and non U.S. bond funds denominated in U.S. dollars and held by each of the two pools as disclosed in the previous tables.

Securities Lending

The system permits security lending as a mechanism to augment income. Loans of the securities are required to be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral must equal at least 102% of the current market value of the loaned securities. Securities lending contracts must state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and acceptable investment of the collateral. At September 30, 2025 and 2024, there were no securities on loan from the investment pools.

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A summary of capital assets for the year ended September 30, 2025 follows:

	Balances at October 1, 2024	Additions	Transfers/ Retirements	Balances at September 30, 2025
<i>(in thousands of dollars)</i>				
Capital assets not being depreciated				
Land	\$ 20,813	\$ —	\$ —	\$ 20,813
Construction in progress	135,858	25,580	(119,561)	41,877
	<u>156,671</u>	<u>25,580</u>	<u>(119,561)</u>	<u>62,690</u>
Capital assets being depreciated				
Land improvements	2,506	6	—	2,512
Buildings and improvements	1,051,680	148,472	(448)	1,199,704
Fixed equipment	10,218	—	—	10,218
Movable equipment	731,123	153,710	(27,699)	857,134
Right to use asset - leases	96,098	8,315	(5,847)	98,566
Right to use asset - SBITAs	70,483	26,328	(10,847)	85,964
	<u>1,962,108</u>	<u>336,831</u>	<u>(44,841)</u>	<u>2,254,098</u>
Less: Accumulated depreciation for				
Land improvements	472	61	—	533
Buildings and improvements	682,947	27,031	(396)	709,582
Fixed equipment	10,218	—	—	10,218
Movable equipment	541,865	51,332	(26,302)	566,895
Right to use asset - leases	45,622	16,806	(5,643)	56,785
Right to use asset - SBITAs	41,246	21,018	(10,788)	51,476
Total accumulated depreciation	<u>1,322,370</u>	<u>116,248</u>	<u>(43,129)</u>	<u>1,395,489</u>
Capital assets, net	<u>\$ 796,409</u>	<u>\$ 246,163</u>	<u>\$ (121,273)</u>	<u>\$ 921,299</u>

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A summary of capital assets for the year ended September 30, 2024 follows:

	Balances at October 1, 2023	Additions	Transfers/ Retirements	Balances at September 30, 2024
<i>(in thousands of dollars)</i>				
Capital assets not being depreciated				
Land	\$ 20,813	\$ —	\$ —	\$ 20,813
Construction in progress	61,521	83,389	(9,052)	135,858
	<u>82,334</u>	<u>83,389</u>	<u>(9,052)</u>	<u>156,671</u>
Capital assets being depreciated				
Land improvements	2,381	125	—	2,506
Buildings and improvements	1,032,565	19,115	—	1,051,680
Fixed equipment	10,218	—	—	10,218
Movable equipment	693,585	62,456	(24,918)	731,123
Right to use asset - leases	82,987	17,932	(4,821)	96,098
Right to use asset - SBITAs	59,067	19,531	(8,115)	70,483
	<u>1,880,803</u>	<u>119,159</u>	<u>(37,854)</u>	<u>1,962,108</u>
Less: Accumulated depreciation for				
Land improvements	411	61	—	472
Buildings and improvements	653,254	29,693	—	682,947
Fixed equipment	10,191	27	—	10,218
Movable equipment	518,211	48,036	(24,382)	541,865
Right to use asset - leases	34,347	16,020	(4,745)	45,622
Right to use asset - SBITAs	30,026	19,335	(8,115)	41,246
Total accumulated depreciation	<u>1,246,440</u>	<u>113,172</u>	<u>(37,242)</u>	<u>1,322,370</u>
Capital assets, net	<u>\$ 716,697</u>	<u>\$ 89,376</u>	<u>\$ (9,664)</u>	<u>\$ 796,409</u>

A summary of right of use asset by major classes as of September 30, 2025 and 2024, is as follows:

	2025	2024
<i>(in thousands of dollars)</i>		
Land	\$ 457	\$ 478
Building	28,613	34,698
Equipment	12,700	15,279
Vehicle	11	21
SBITAs	34,488	29,237
Right of use assets, net	<u>\$ 76,269</u>	<u>\$ 79,713</u>

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9. Long-Term Debt

The following is a summary of long-term debt as of September 30, 2025 and 2024:

September 30, 2025	Beginning Balance	New Debt	Principal Repayment	Ending Balance	Current Portion
<i>(in thousands of dollars)</i>					
Direct Borrowings					
Note payable UAB Medicine Enterprise, 3.0% to 5.0% due annually through 2048	\$ 87,539	\$ —	\$ 1,642	\$ 85,897	\$ 2,186
General Receipts Bonds					
Birmingham Hospital Revenue Bonds Series 2012A, 2.57% due annually through 2027	4,797	—	1,557	3,240	1,599
UAB Medicine Financing Authority Revenue Bonds Series 2016B, 3.125% to 5.0% due annually from 2023 through 2041	284,535	—	4,685	279,850	5,595
UAB Medicine Financing Authority Revenue Bonds Series 2017A, 2.13% due annually from 2025 through 2027	18,385	—	5,105	13,280	6,545
UAB Medicine Financing Authority Revenue Bonds Series 2017B, 3.0% to 5.0% due annually from 2028 through 2042	44,810	—	—	44,810	—
Lease and SBITA Obligations					
Leases Obligation, 1.90% to 4.00% due annually through 2047	53,500	8,103	16,679	44,924	14,589
SBITA Obligation, 0.25% to 3.40% due annually through 2030	28,513	26,283	20,418	34,378	17,608
	522,079	34,386	50,086	506,379	48,122
Plus: Unamortized bond premium	17,455	—	—	16,040	—
Total Debt plus unamortized bond premium	\$ 539,534	\$ 34,386	\$ 50,086	\$ 522,419	\$ 48,122

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September 30, 2024	Beginning Balance	New Debt	Principal Repayment	Ending Balance	Current Portion
<i>(in thousands of dollars)</i>					
Direct Borrowings					
Note payable UAB Medicine Enterprise, 3.0% to 5.0% due annually through 2048	\$ 89,069	\$ —	\$ 1,530	\$ 87,539	\$ 1,642
General Receipts Bonds					
Birmingham Hospital Revenue Bonds Series 2012A, 2.57% due annually through 2027	6,313	—	1,516	4,797	1,557
UAB Medicine Financing Authority Revenue Bonds Series 2016B, 3.125% to 5.0% due annually from 2023 through 2041	293,730	—	9,195	284,535	4,685
UAB Medicine Financing Authority Revenue Bonds Series 2017A, 2.13% due annually from 2025 through 2027	18,385	—	—	18,385	5,105
UAB Medicine Financing Authority Revenue Bonds Series 2017B, 3.0% to 5.0% due annually from 2028 through 2042	44,810	—	—	44,810	—
Lease and SBITA Obligations					
Leases Obligation, 1.90% to 4.00% due annually through 2047	51,679	17,855	16,034	53,500	15,736
SBITA Obligation, 0.25% to 3.40% due annually through 2029	29,491	19,530	20,508	28,513	16,065
	533,477	37,385	48,783	522,079	44,790
Plus: Unamortized bond premium	18,915	—	—	17,455	—
Total Debt plus unamortized bond premium	<u>\$ 552,392</u>	<u>\$ 37,385</u>	<u>\$ 48,783</u>	<u>\$ 539,534</u>	<u>\$ 44,790</u>

Maturities and interest on Direct Borrowings, General Receipts Bonds, Leases Payable, and SBITAs for the next five years and in subsequent five-year incremental periods are presented in the tables below:

General Receipts Bonds <i>(in thousands of dollars)</i>			
Year	Principal	Interest	Total
2026	\$ 13,739	\$ 14,250	\$ 27,989
2027	14,781	13,801	28,582
2028	14,770	13,265	28,035
2029	15,755	12,538	28,293
2030	16,640	11,886	28,526
2031–2035	98,050	48,058	146,108
2036–2040	124,815	24,722	149,537
2041–2042	42,630	2,259	44,889
	<u>\$ 341,180</u>	<u>\$ 140,779</u>	<u>\$ 481,959</u>

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Year	Principal	Interest	Total
2026	\$ 2,186	\$ 2,725	\$ 4,911
2027	2,765	2,679	5,444
2028	2,821	2,621	5,442
2029	2,884	2,561	5,445
2030	2,948	2,495	5,443
2031–2035	15,979	11,222	27,201
2036–2040	18,666	8,522	27,188
2041–2045	22,118	5,062	27,180
2046–2048	15,530	1,058	16,588
Total	<u>\$ 85,897</u>	<u>\$ 38,945</u>	<u>\$ 124,842</u>

Lease Obligations *(in thousands of dollars)*

Year	Principal	Interest	Total
2026	\$ 14,590	\$ 1,189	\$ 15,779
2027	11,508	787	12,295
2028	10,828	441	11,269
2029	5,913	148	6,061
2030	1,270	51	1,321
2031–2035	805	64	869
2036–2040	10	—	10
	<u>\$ 44,924</u>	<u>\$ 2,680</u>	<u>\$ 47,604</u>

SBITA Obligations *(in thousands of dollars)*

Year	Principal	Interest	Total
2026	\$ 17,608	\$ 731	\$ 18,339
2027	9,871	361	10,232
2028	4,794	136	4,930
2029	1,894	32	1,926
2030	211	2	213
	<u>\$ 34,378</u>	<u>\$ 1,262</u>	<u>\$ 35,640</u>

The Series 2012A Hospital Revenue Bonds are collateralized by pledged revenues of University Hospital, as defined by University Hospital Revenue Trust Indenture while the Series 2016B, 2017A, and 2017B Hospital Revenue Bonds are collateralized by pledged revenues of University Hospital, as defined by UAB Medicine Finance Authority Revenue Trust Indenture.

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In October 2016, University Hospital joined three other affiliated entities (University of Alabama Health Services Foundation, P.C., the UAB Medicine Enterprise, and UAB Callahan Eye Hospital Authority) in the formation of an obligated group through a master trust indenture (the "Obligated Group"). Under the terms of the indenture, each of the participating entities can issue its own debt through a conduit entity, the UAB Medicine Financing Authority, but all members of the obligated group are jointly and severally liable for the debt of each entity issued through the obligated group.

In October 2016, University Hospital defeased certain indebtedness through the issuance of \$65,215,000 in Series 2016A Bonds and \$302,530,000 in Series 2016B Bonds through the Obligated Group. For this defeasance, funds were deposited in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. The funds from the debt issued were utilized to refund the Birmingham Hospital Revenue Bonds Series 2006A Bonds and Series 2008A Bonds, as well as the Series 2012C Bonds.

In May 2017, University Hospital refunded certain indebtedness through the issuance of \$18,385,000 in Series 2017A Bonds and \$44,810,000 in Series 2017B Bonds through the Obligated Group. The funds from the debt were utilized to refund the Birmingham Hospital Revenue Bonds Series 2012B.

In June 2019, the UAB Medicine Finance Authority issued \$8,102,000 in Series 2019A Revenue Bonds and \$103,385,000 in Series 2019B Revenue Bonds, the proceeds of which were loaned to UAB Medicine Enterprise pursuant to Series 2019A and Series 2019B loan agreements. Concurrently, University Hospital entered into a loan agreement with UAB Medicine Enterprise for \$77,000,000 of the 2019A and 2019B bond proceeds for the purpose of financing capital improvement projects. In January 2021, University Hospital borrowed an additional \$17,654,000 of the 2019A and 2019B bond proceeds from UAB Medicine Enterprise for a total of \$94,654,000. University Hospital initially reflected the full \$94,654,000 on its statement of net position as long-term debt and is currently paying principal and interest on this full amount. There are no financial covenants related to the loan between University Hospital and UAB Medicine Enterprise.

University Hospital's and the UAB Medicine Finance Authority's Revenue Trust Indentures are subject to certain covenants. The covenants for University Hospital's 2012A series issuance require University Hospital to ensure pledged revenues are sufficient for debt service coverage by a ratio of 1.1 times. The covenants for the UAB Medicine Finance Authority's Revenue Trust Indentures require the Obligated Group to ensure pledged revenues are sufficient for debt service coverage by a ratio of 1.1 times. University Hospital and the Obligated Group are in compliance with all financial covenants as of September 30, 2025.

University Hospital has leases for land, buildings, vehicles, and equipment under agreements that extend through 2047. Some leases include one or more options to renew. Leases may also include options to terminate the leases. University Hospital measures the lease liability at the present value of payments expected to be made during the lease term. If the interest rate implicit in the lease cannot be readily determined, University Hospital uses an incremental borrowing rate to discount the lease payments, which is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

University Hospital has subscription-based information technology arrangements (SBITAs) under agreements that extend through 2030. Some SBITAs include one or more options to renew. SBITAs may also include options to terminate the subscription. University Hospital measures the SBITA liability at the present value of payments expected to be made during the subscription term. SBITAs with a term of 12 months or less or those with cumulative undiscounted payments of less than \$2,000 (including option periods) are recognized as operating expense on a straight-line basis over the subscription term. If the interest rate implicit in the SBITA cannot be readily determined, University Hospital uses an incremental borrowing rate to discount the SBITA payments, which is an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the subscription term.

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In October 2024, the UAB St. Vincent's Health System Authority, a newly formed University Authority under the control of the Board of Trustees of the University of Alabama System, issued Series 2024 A,B, and C revenue bonds totaling \$680 million for the purchase of the St. Vincent's Health System from Ascension Health effective November 1, 2024. The Obligated Group has guaranteed the Series 2024 A, B, and C revenue bonds and University Hospital is jointly and severally liable for the debt issuance.

10. Employee Benefits

Eligible employees of University Hospital participate in the mandatory Teachers' Retirement System of Alabama ("TRS"), a cost sharing, multiple-employer public retirement system designated as a defined benefit plan. In addition, eligible employees may elect to participate in a voluntary 403(b) defined contribution retirement plan. Teachers Insurance and Annuity Association ("TIAA") serves as the single recordkeeper and sole vendor for the plan.

General Information About the Pension Plan

Plan Description

The Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Members of TRS are classified as either Tier 1 or Tier 2 plan members, contingent upon if their eligible service began prior to January 1, 2013. Benefits for TRS members vest after 10 years of creditable service. Tier 1 members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or Employees' Retirement System ("ERS") agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 1 members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or ERS agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Act 2022 of the Legislature of 2022 for TRSA provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit.

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Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS on or after October 1, 2019. A TRS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Contributions

Covered Tier 1 members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

University Hospital's contractually required contribution rate for the year ended September 30, 2025, was 13.57% of annual pay for Tier 1 members and 12.60% of annual pay for Tier 2 members. University Hospital's contractually required contribution rate for the year ended September 30, 2024, was 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. The contribution requirements for fiscal years 2025, 2024, and 2023, respectively, were approximately \$33.3 million, \$33.0 million, and \$34.4 million which consisted of \$21.5 million, \$20.7 million, and \$21.6 million from University Hospital and \$11.8 million, \$12.3 million, and \$12.8 million from employees, respectively. University Hospital's contribution was 13.57%, 12.59%, and 12.59% of salaries and wages for covered employees in 2025, 2024, and 2023, respectively. The contribution by employees for fiscal years 2025, 2024, and 2023, was 7.5% of earned compensation.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025 and 2024, the financial statements of University Hospital reflected a liability of \$456.1 million and \$521.1 million, respectively, for its proportionate share of the collective net pension liability, as prescribed by GASB 68. At September 30, 2025, the collective net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. At September 30, 2024, the collective net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. University Hospital's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2024, University Hospital's proportion was 3.506%, which was an increase of 0.241% from its proportion measured as of September 30, 2023. At September 30, 2023, University Hospital's proportion was 3.266%, which was a decrease of 0.121% from its proportion measured as of September 30, 2022.

For the years ended September 30, 2025 and 2024, University Hospital recognized pension expense of \$29.6 million and \$50.8 million, respectively. At September 30, 2025 and 2024, University Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

September 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>(in thousands of dollars)</i>		
Differences between expected and actual experience	\$ 44,224	\$ 2,730
Changes of assumptions	6,825	—
Net difference between projected and actual earnings on pension plan investments	—	62,186
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,549	11,999
Employer contributions subsequent to the measurement date	21,233	—
	<u>\$ 75,831</u>	<u>\$ 76,915</u>
September 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>(in thousands of dollars)</i>		
Differences between expected and actual experience	\$ 41,166	\$ 8,885
Changes of assumptions	12,913	—
Net difference between projected and actual earnings on pension plan investments	31,632	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	953	26,152
Employer contributions subsequent to the measurement date	20,690	—
	<u>\$ 107,354</u>	<u>\$ 35,037</u>

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A total of \$21.2 million is reported as deferred outflows of resources related to pensions resulting from University Hospital contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended September 30:

(in thousands of dollars)

2026	\$	(3,979)
2027		11,054
2028		(15,627)
2029		(13,765)
Thereafter		—

Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Investment rate of return*	7.45 %
Projected salary increases	3.25-5.00%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

Mortality rates were based on the Pub-2010 teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69-74
Beneficiaries	Contingent Survivor - Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.0 %	2.8 %
U.S. Large Stocks	32.0 %	8.0 %
U.S. Mid Stocks	9.0 %	10.0 %
U.S. Small Stocks	4.0 %	11.0 %
International Developed Market Stocks	12.0 %	9.5 %
International Emerging Market Stocks	3.0 %	11.0 %
Alternatives	10.0 %	9.0 %
Real Estate	10.0 %	6.5 %
Cash	5.0 %	1.5 %
TOTAL	100.0 %	

*Includes assumed rate of inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of University Hospital's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table reflects University Hospital's proportionate share of the net pension liability, as prescribed by GASB 68, calculated using the discount rate of 7.45%, as well as what University Hospital's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current rate:

	1% Decrease 6.45%	Current Rate 7.45%	1% Increase 8.45%
(in thousands of dollars)			
University Hospital's proportionate share of collective net pension liability	\$ 634,179	\$ 456,106	\$ 306,219

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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2024. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Defined Contribution Plan

As previously noted, some employees participate in a voluntary 403(b) program, which is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed plus investment earnings. All full-time regular monthly employees are eligible to participate from the date of employment. University Hospital contributes a matching amount of up to 5% of total salaries for participating employees. University Hospital's contributions are funded as they accrue and, along with those of the employee, are immediately and fully vested. University Hospital contributed approximately \$23.3 million and \$20.9 million to the Plan in 2025 and 2024, respectively.

Compensated Absences

During 2025, UAB adopted GASB Statement No. 101, Compensated Absences, which establishes a unified recognition and measurement model for compensated absence liabilities. Certain UAB employees accumulate vacation and sick leave at varying rates depending upon their years of continuous service and their payroll classification, subject to maximum limitations. Upon termination of employment, employees are paid unused accrued vacation at their regular rate of pay up to a designated maximum number of days. Employees are not paid unused accrued sick time upon termination of employment. In accordance with GASB 101, the financial statements include accruals of approximately \$10.6 million and \$10.9 million as of September 30, 2025 and 2024, respectively, for accrued vacation pay and salary-related payments associated with vacation pay.

11. Postemployment Benefits Other Than Pensions (OPEB)

UAB offers other postemployment health care benefits (OPEB) to all employees who officially retire from UAB. Health care benefits are offered through the Alabama Retired Education Employees Health Care Trust Plan with TRS or certain retired employees may elect to continue to participate in UAB's group health plan until they are eligible for Medicare by paying the full cost of the plan premium. TRS offers health care benefits through a cost-sharing multiple-employer defined benefit health care plan administered by the Public Education Employee Health Insurance Plan (PEEHIP). Retired employees age 65 or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and UAB's health care plan becomes the secondary insurer. Despite the availability of the UAB plan, most retirees elect to participate in the PEEHIP with TRS, in which case the retirees pay a portion of the PEEHIP premium, with UAB paying an allocation towards the cost of retiree coverage.

Certain retirees may also elect to continue their basic term life insurance coverage and accidental death and dismemberment insurance up to certain maximum amounts. The retirees pay the full amount of the premiums in such cases. Retirees are not eligible for tuition assistance benefits themselves. However, their unmarried dependent children may qualify in some cases.

PEEHIP

Plan Description

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

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The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A (Act 83-455)* to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. *The Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of \$1,250 per year for individual coverage and \$1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retired members and covered dependents are eligible to enroll in the PEEHIP Supplemental Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan, VIVA Health Plan (offered through the Public Education Employees' Health Insurance Fund (PEEHIF), Marketplace (Exchange) Plans, Alabama State Employees Insurance Board, Local Government Health Insurance Board, Medicaid, ALL Kids, Tricare, or Champus, as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC, and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

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Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2025 and 2024, the financial statements of University Hospital reflected a liability of \$432.6 million and \$72.6 million, respectively for its proportionate share of the collective net OPEB liability under PEEHIP, as prescribed by GASB 75. The collective net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. University Hospital's proportion of collective net OPEB liability was based on a projection of University Hospital's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2024, the University Hospital's proportion was 4.71%, which was an increase of 0.93% from its proportion measured as of September 30, 2023. At September 30, 2024, the University Hospital's proportion was 3.78%, which was an increase of 1.26% from its proportion measured as of September 30, 2023.

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For the year ended September 30, 2025 and 2024, University Hospital recognized OPEB expense of \$27.2 million and OPEB benefit of \$25.5 million, respectively, with no special funding situations. At September 30, 2025 and 2024, University Hospital reported deferred outflows of resources and deferred inflows of resources related to the PEEHIP plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2025		
<i>(in thousands of dollars)</i>		
Differences between expected and actual experience	\$ 198,928	\$ 91,708
Changes of assumptions	146,827	60,110
Net difference between projected and actual earnings on OPEB plan investments	—	10,486
Changes in proportion and differences between Employer contributions and proportionate share of contributions	84,824	39,341
Employer contributions subsequent to the measurement date	9,576	—
Total	<u>\$ 440,155</u>	<u>\$ 201,645</u>
September 30, 2024		
<i>(in thousands of dollars)</i>		
Differences between expected and actual experience	\$ 1,640	\$ 134,249
Changes of assumptions	65,607	84,150
Net difference between projected and actual earnings on OPEB plan investments	2,625	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	94,146	56,421
Employer contributions subsequent to the measurement date	6,990	—
Total	<u>\$ 171,008</u>	<u>\$ 274,820</u>

\$9.6 million reported as deferred outflows of resources related to OPEB resulting from University Hospital's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

(in thousands of dollars)

2026	\$ 48,946
2027	42,124
2028	21,291
2029	37,408
2030	60,782
Thereafter	18,383

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Actuarial Assumptions

The total OPEB liability for the PEEHIP was determined by an actuarial valuation as of September 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Projected Salary Increase ¹	3.25%-5.00%
Long-Term Investment Rate of Return ²	7.00 %
Municipal Bond Index Rate at the Measurement	3.89 %
Municipal Bond Index Rate at the Prior	4.53 %
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2040
Single Equivalent Interest Rate the Measurement	4.32 %
Single Equivalent Interest Rate the Prior	7.00 %
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.75 %
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2033
Medicare Eligible	4.50% in 2033

¹Includes 2.75% wage inflation.

²Compounded annually, net of investment expense, and includes inflation.

**Initial Medicare trend rates are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026 – 2028 negotiation period.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below:

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

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The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2023 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.0 %	4.4 %
U.S. Large Stocks	38.0 %	8.0 %
U.S. Mid Stocks	8.0 %	10.0 %
U.S. Small Stocks	4.0 %	11.0 %
International Developed Market Stocks	15.0 %	9.5 %
Cash	5.0 %	1.5 %
	<u>100.0 %</u>	

* Geometric mean, includes 2.5% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the PEEHIP total OPEB liability at September 30, 2024, was 4.32%. The discount rate used to measure the total OPEB liability at the prior measurement date was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per non-university active member. Approximately, 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2024 and it is assumed that the 9.751% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the \$800 rate will remain flat until, based on budget projections, it increases to \$904 in fiscal year 2026, \$1,114 in fiscal year 2027, and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members are projected through 2122.

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Sensitivity of the University Hospital's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following table reflects University Hospital's proportionate share of the net OPEB liability of the Trust, as prescribed by GASB 75, calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate. A one percent point decrease would change the current healthcare trend rate from 6.75% to 5.75%, the pre-Medicare from 4.50% to 3.50%, the Known Medicare eligible from 4.50% to 3.50%. A one percent point increase would change the current healthcare trend rate from 6.75% to 7.75%, the pre-Medicare from 4.50% to 5.50%, the Known Medicare eligible from 4.50% to 5.50%.

	1% Decrease	Current Healthcare Trend Rate	1% Increase
(in thousands of dollars)			
University Hospital's proportionate share of collective net OPEB liability	\$ 347,959	\$ 432,562	\$ 541,657

The following table reflects University Hospital's proportionate share of the net OPEB liability of the Trust, as prescribed by GASB 75, calculated using the discount rate of 4.32%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
(in thousands of dollars)	3.32%	4.32%	5.32%
University Hospital's proportionate share of collective net OPEB liability	\$ 525,463	\$ 432,562	\$ 358,324

PEEHIP's Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2025. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2024. Additional financial and actuarial information is available at www.rsa-al.gov.

UAB Plan

Plan Description

The UAB plan is considered a single-employer plan which is administered by UAB. The UAB Plan offers its members hospital benefits, major medical benefits, a prescription drug program and a basic term life insurance up to an established maximum policy limit. The health care benefits cover medical and hospitalization costs for retirees and their dependents. The portion of the UAB plan related to health care may be amended by the approval of the President of UAB upon recommendation from the Benefits Committee. The portion of the UAB plan related to the life insurance may be amended by the System.

Benefits Provided

UAB employees can participate in the UAB plan as a retiree if the following conditions are met; retiree has 25 years of creditable service, regardless of age (Tier I only), or retiree has 10 years of service and is 60 years old (62 years old for Tier II), or retiree has 10 years of service and is determined to be disabled by the Social Security Administration or the Teachers' Retirement System of Alabama's Medical Board. These retired UAB employees may elect to continue to participate in UAB plan until they are eligible for Medicare by paying the full cost of the plan premium. Retired employees age 65 or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and UAB plan becomes the secondary insurer. Despite the availability of the UAB plan,

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most retirees elect to participate in the PEEHIP with TRS. The UAB Plan consists of hospital benefits, major medical benefits, a prescription drug program and a basic term life insurance up to an established maximum policy limit.

Employees included in the actuarial valuation include active employees, retirees and disabled employees enrolled in the medical plan and retirees not enrolled in the medical plan with retiree life insurance. The following table summarizes the membership of the UAB Plan as of September 30, 2023, the Valuation Date.

Membership

Inactive employees or beneficiaries currently receiving benefits	38
Inactive members entitled to but not yet receiving benefits	—
Active employees	1,565
Total membership	1,603

Contributions

UAB retired employees make contributions to the plan by making premium payments associated with their selected health plan option. Eligible disabled retirees are responsible for only the employee portion of those premiums and UAB is responsible for the employer portion. All other UAB retirees are responsible for the full premium cost of the plan and in no case does the employer contribute to the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2025 and 2024, University Hospital reported a liability of \$1.3 million and \$1.5 million, respectively for the total OPEB liability (TOL). The TOL is based upon an Entry Age Normal (EAN) actuarial funding method as of valuation date, September 30, 2023. If the valuation date at which the TOL is determined is before the measurement date, the TOL must be rolled forward to the measurement date.

For each of the years ended September 30, 2025 and 2024, University Hospital recognized OPEB benefit related to the UAB plan of \$0.9 million, with no special funding situations. At September 30, 2025 and 2024, University Hospital reported deferred outflows of resources and deferred inflows of resources related to UAB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2025		
(in thousands of dollars)		
Differences between expected and actual experience	\$ 173	\$ 2,042
Changes of assumptions	356	898
Employer contributions subsequent to the measurement period	119	—
Total	\$ 648	\$ 2,940
September 30, 2024		
(in thousands of dollars)		
Differences between expected and actual experience	\$ 98	\$ 2,719
Changes of assumptions	382	1,254
Employer contributions subsequent to the measurement period	482	—
Total	\$ 962	\$ 3,973

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\$0.1 million reported as deferred outflows of resources related to OPEB resulting from University Hospital's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

(in thousands of dollars)

2026	\$	(943)
2027		(873)
2028		(565)
2029		(30)
2030		(16)
Thereafter		16

Actuarial Assumptions

The total OPEB liability for the UAB plan was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Real Wage Growth	0.25 %
Wage inflation	2.75 %
Projected Salary Increases ¹	3.25% - 5.00%
Municipal Bond Index Rate at the Measurement Date	3.89 %
Municipal Bond Index Rate at the Prior Measurement Date	4.53 %
Healthcare Cost Trend Rate	
Pre-Medicare Medical and Prescription Drug (decreasing to an ultimate rate of 4.50% by 2032)	6.75 %

¹Includes 2.75% wage inflation.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below:

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None

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The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2023 valuation were based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2023 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2023 valuation.

The UAB plan does not hold any plan assets, as such, there are no long-term expected rate of return or target allocation presented.

Discount Rate

The discount rate, as defined by Paragraph 155 of GASB 75, is to be a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate (Municipal Bond Index Rate). The Municipal Bond Index Rate used for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index, the S&P High Grade 20-year Municipal Bond Index, and the Bloomberg (Barclays) General Obligation 20-year Muni Bond Index. The rates as of September 30, 2024 were 3.81%, 4.06%, and 3.79% for the Bond Buyer, S&P, and Barclays Municipal Bond Indices, respectively. These three rates resulted in an averaged Municipal Bond Index Rate of 3.89%. This is a change from the Municipal Bond Index Rate of 4.53% as of the Prior Measurement Date.

Sensitivity of the UAB Plan's net OPEB liability to changes in the healthcare cost trend rates

The following table presents the total OPEB Liability of the UAB Plan, calculated using the current healthcare trend rate, as well as what the total OPEB Liability would be if calculated using one percentage point lower or one percentage point higher than the current rate. A one percent point decrease would change the current healthcare trend rate from 6.75% to 5.75% and the pre-Medicare from 4.50% to 3.50%. A one percent point increase would change the current healthcare trend rate from 6.75% to 7.75% and the pre-Medicare from 4.50% to 5.50%.

(in thousands of dollars)	Current Healthcare Trend Rate		
	1% Decrease		1% Increase
University Hospital's total OPEB liability	\$ 1,231	\$ 1,276	\$ 1,323

The following table presents University Hospital's share of the total OPEB Liability of the UAB Plan, calculated using the discount rate of 3.89%, as well as what the total OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

(in thousands of dollars)	Current Discount Rate		
	1% Decrease 2.89%		1% Increase 4.89%
University Hospital's total OPEB liability	\$ 1,333	\$ 1,276	\$ 1,222

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Changes in the Total OPEB Liability

Since the UAB Plan does not meet the definition within paragraph 4 of GASB Statement No 75, University Hospital is disclosing a schedule of changes in the total OPEB liability below:

<i>(in thousands of dollars)</i>	2025
Total OPEB Liability as of September 30, 2024	\$ 1,462
Changes for the year:	
Service Cost*	12
Interest on TOL and Cash Flows	58
Changes in benefit terms	—
Difference between expected and actual experience	97
Changes of assumptions or other inputs	34
Benefit payments	(387)
Other	—
Net changes	(186)
Total OPEB Liability as of September 30, 2025	\$ 1,276

*The service cost include interest for the year.

12. Related Party Transactions

University Hospital and the other divisions of UAB provide a variety of support services to each other. The cost of these services is allocated to the end user on bases which vary according to the service being furnished. These services are paid for by transfers of funds which reduce operating expenses of the unit providing the service and are included in the operating costs of the unit receiving the service. Administrative and purchased services provided by UAB and allocated to and reimbursed by University Hospital during the years ended September 30, 2025 and 2024 were approximately \$44.4 million and \$43.2 million, respectively. In addition, during the years ended September 30, 2025 and 2024, University Hospital transferred approximately \$356.1 million and \$296.4 million, respectively, to UAB to support UAB's academic and medical programs. University Hospital had a net payable to UAB of approximately \$5.5 million and \$11.6 million at September 30, 2025 and 2024, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of net position, respectively.

As noted in Note 9, in June 2019, University Hospital entered into a loan agreement with UAB Medicine Enterprise for \$77,000,000 of the 2019A and 2019B bond proceeds for the purpose of financing capital improvement projects. In January 2021, University Hospital borrowed an additional \$17,654,000 of the 2019A and 2019B bond proceeds from UAB Medicine Enterprise for a total of \$94,654,000. University Hospital initially reflected the full \$94,654,000 on its statement of net position as long-term debt and is currently paying principal and interest on this full amount.

Effective July 1, 2012, all new hires of University Hospital are employed by UAB Hospital Management, LLC ("LLC"), the single member of which is UAB. The LLC offers the employees a voluntary 403(b) retirement plan for eligible employees. The 403(b) is a voluntary, defined-contribution, tax-deferred plan as well as Roth after-tax plan governed by Internal Revenue Code 403(b). Eligible employees can choose TIAA for investments. The LLC matches the individual's contributions up to 5% of gross monthly pay not to exceed the IRS annual compensation limit. The salary cap only applies to employees hired on or after July 1, 1996. Employees are vested in LLC contributions after 3 years of employment with the LLC. Eligibility for matching is for all full-time and part-time regular, twelve-hour shift, and weekend staff employees. Upon the LLC formation, University Hospital employees were given the option to become employees of the LLC. Those University Hospital employees who chose not to transfer to the LLC effective July 2012 may choose to transfer to the LLC at any time in the future. Once employees transfer to the LLC, they may not transfer employment back to University Hospital. For the years ended September 30, 2025 and 2024, respectively, University Hospital purchased \$914.5 million and \$824.6 million in contract labor from the LLC. There were approximately 11,313 employees

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of the LLC at September 30, 2025, and approximately 10,595 employees at September 30, 2024. In addition to the LLC contract labor, for the years ended September 30, 2025 and 2024, respectively, the University Hospital purchased \$29.1 million and \$27.6 million of contract labor from HSF related to provider based clinics.

In the normal course of business, University of Alabama Health Services Foundation, P.C. ("HSF"), a 501(c)(3) organization that provides a group medical practice for physicians who are members of the faculty of the School of Medicine of UAB and serve on University Hospital's medical staff, purchases various services from University Hospital, which aggregated to approximately \$78.3 million and \$72.8 million for the years ended September 30, 2025 and 2024, respectively, and University Hospital purchased various services from HSF, which aggregated to approximately \$105.4 million and \$96.6 million for the years ended September 30, 2025 and 2024, respectively. University Hospital had a net payable to HSF of approximately \$2.1 million at September 30, 2025, and a net receivable from HSF of \$1.6 million at September 30, 2024, which is included in accounts payable and accrued expenses and other receivables in the accompanying statements of net position, respectively.

In March 2014, University Hospital entered into an agreement with HSF, to lease the land and building known as The Kirklin Clinic as part of University Hospital assuming operations of the outpatient clinics in The Kirklin Clinic. The initial term of the lease, which is cancellable by either party upon proper written notice and without penalty, is five years, with two automatic five-year renewals thereafter. The lease agreement was renewed effective March 2019 for the first five-year period and March 2024 for the second five-year period. The expenses related to this agreement for the year ending September 30, 2025 and 2024, is \$11.3 million and \$17.0 million, respectively.

During 2008, University Hospital entered into an operating agreement with HSF whereby HSF would lease two floors of the Women and Infants Center ("WIC"). HSF reimbursed University Hospital for the construction costs of this space as they were incurred on a square-footage basis. Total reimbursements are being amortized as rent revenue on a straight-line basis over a period equal to the 90 year total lease term, commencing on February 22, 2010, the date the building was placed into service. University Hospital received reimbursements from HSF totaling approximately \$14.7 million, of which approximately \$12.0 million and \$12.1 million are included in the accompanying statement of net position as leases related deferred inflows for the years ended September 30, 2025 and 2024, respectively.

The Board and HSF entered into an agreement dated October 7, 1996, amended April 6, 2017, to establish the UAB Medicine Enterprise and to provide common management for both existing and future healthcare delivery operations. In connection with its agreement with UAB Medicine Enterprise, University Hospital partially funded the operations of UAB Medicine Enterprise and its corporate office, charging approximately \$20.4 million and \$18.5 million to other operating expense in fiscal year 2025 and 2024, respectively. University Hospital made equity transfers of approximately \$210.4 million and \$147.7 million to UAB Medicine Enterprise during fiscal year 2025 and 2024, respectively. In addition, UAB Medicine Enterprise periodically makes payments on behalf of University Hospital for which it is reimbursed. University Hospital had a net payable to UAB Medicine Enterprise of approximately \$7.2 million and \$6.4 million at September 30, 2025 and 2024, respectively.

Effective August 1, 2025 and as authorized by board resolutions approved in May 2025, UAB Callahan Eye Hospital ("CEH") transitioned into a provider-based location of University Hospital as part of a reorganization within the UAB Medicine Enterprise. The reorganization integrated the operations of CEH into the operations of University Hospital and added 106 licensed beds to the licensed bed capacity of University Hospital. UAB Callahan Eye Hospital Authority ("CEHA") continues as a separate organization operating the ambulatory ophthalmology clinics. Further, the reorganization did not integrate the University of Alabama Ophthalmology Services Foundation ("OSF"), which remains a separate and standalone operating organization under CEHA. As of the effective date, CEH was renamed UAB Hospital – Callahan Eye and will be operated under the same state hospital license as University Hospital, using the same Federal Tax ID number and the same Medicare Certification Number.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Notes to Financial Statements

September 30, 2025 and 2024

University Hospital purchased \$2.3 million in inventory and \$0.5 million in prepaid expense from CEHA as of the effective date of integration. As of August 1, 2025, University Hospital entered into an agreement with CEHA to lease the portion of the building in which UAB Hospital - Callahan Eye is located as part of the reorganization. The initial term of the lease, which is cancellable by either party upon proper written notice and without penalty, is five years, with two automatic five-year renewals thereafter. The expenses related to this agreement for the year ended September 30, 2025 is \$0.8 million. The LLC entered into an agreement with CEHA to lease certain personnel to provide services to University Hospital as part of the operations integration. The term of this agreement began on the effective date of the integration and shall end on December 31, 2025, at which point CEHA personnel shall become employees of the LLC. The leased employee expenses related to this agreement for the year ended September 30, 2025 is \$4.4 million. University Hospital had a net payable to CEHA of approximately \$7.1 million at September 30, 2025.

In August 2024, the UAB Health System Authority approved the conversion of the current electronic medical record systems for University Hospital and certain other affiliated hospitals and clinics, including UAB St. Vincent's Health System, to a single instance of the EPIC Systems Corporation electronic medical record ("EMR System"). The implementation of the EMR System will be recorded as a single software capital asset by University Hospital, supporting multiple organizations. To fund this implementation, UAB St. Vincent's advances a portion of the total cost incurred to date to support future access and use of the system. Other affiliated entities will enter into a usage fee agreement upon completion and implementation of the system. As of September 30, 2025, University Hospital has recorded deferred revenue of \$17.2 million and \$5.5 million in other receivables related to UAB St. Vincent's future access and use of the asset on the statement of net position.

As noted in Note 9, in October 2024, the UAB St. Vincent's Health System Authority, a newly formed University Authority under the control of the Board of Trustees of the University of Alabama System, issued Series 2024 A,B, and C revenue bonds totaling \$680 million for the purchase of the St. Vincent's Health System from Ascension Health effective November 1, 2024. The Obligated Group has guaranteed the Series 2024 A, B, and C revenue bonds and University Hospital is jointly and severally liable for the debt issuance.

In May 2025, UAB St. Vincent's Health System entered into a revolving loan agreement with University Hospital to borrow up to \$50 million with a maturity date of May 19, 2026. The loan bears no interest as long as any advances drawn are repaid by the maturity date and an event of default does not occur under the agreement. As of September 30, 2025, University Hospital has recorded a note receivable of \$50 million due from UAB St. Vincent's Health System on the statement of net position.

During the years ended, September 30, 2025 and 2024, University Hospital received approximately \$79.8 million and \$82.5 million, respectively, in capitation fees from Triton Health Systems, LLC ("Triton"), a Health Insurance Plan sponsored by UAB.

13. Concentrations of Credit Risk

University Hospital 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 at September 30, 2025 and 2024 follows:

	2025	2024
Blue Cross	35 %	35 %
Medicare	28	31
Medicaid	5	4
Other	32	30
	100 %	100 %

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Notes to Financial Statements

September 30, 2025 and 2024

14. Commitments and Contingencies

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. University Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The estimated Medicare and Medicaid settlements recorded at September 30, 2025, could differ from actual settlements based upon results of the cost report audits discussed in Note 3 to the accompanying financial statements. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have a material adverse impact on University Hospital.

As a fund of UAB and ultimately the Board of Trustees of The University of Alabama, a public corporation, authorized by the state constitution and statutes, University Hospital shares the sovereign immunity of the State of Alabama and is, therefore, in the opinion of UAB legal counsel, immune to ordinary tort actions including those based on medical malpractice of general injury to patients. Consequently, while University Hospital and UAB are sometimes named as defendants in malpractice actions and other actions for injuries arising in University Hospital, they have consistently been dismissed from those lawsuits in the state courts of Alabama on the basis of the sovereign immunity doctrine. That doctrine also protects University Hospital and UAB from vicarious liability arising from the negligence of its employees. While UAB is not aware of any impending threat to this doctrine, UAB is a named insured under the terms of a malpractice liability trust fund and excess insurance purchased from commercial companies (Note 15).

There are some exceptions to the state sovereign immunity doctrine, most notably federal court cases arising under the federal constitution or federal statutes and state court actions against individual employees in their individual or official capacities based on fraudulent activity and willful misconduct or violations of specific constitutional provisions.

15. Risk Management

University Hospital manages risks related to medical malpractice (notwithstanding the discussion in Note 14), general liability, and employee healthcare through a combination of risk pooling arrangements and commercial insurance coverage. The risks are subject to various claims and aggregate limits, with excess liability coverage provided by independent insurers.

University Hospital participates in The University of Alabama Professional Liability Trust Fund (the "PLTF"). The PLTF uses contributions from University Hospital and other contributing entities, together with the earnings thereon, to pay liabilities arising from performance of certain professional services by employees of these entities. These liabilities are limited to the deductible amounts under certain excess liability insurance policies. If the PLTF is terminated, appropriate provision for payment of claims will be made, and the balance of any remaining assets in the PLTF will be distributed to University Hospital in accordance with the PLTF agreement. As such, University Hospital reports its share of the net position of the PLTF as a joint venture investment using the equity method in the accompanying statements of net position. This investment was approximately \$86.3 million and \$80.6 million at September 30, 2025 and 2024, respectively.

University Hospital's share of changes in the PLTF's net assets for the years ended September 30, 2025 and 2024 are included in investment income in the accompanying statements of revenues, expenses and changes in net position. University Hospital's ownership percentage is based on cumulative contributions to the PLTF and approximated 47.12% and 47.11% for the years ended September 30, 2025 and 2024, respectively.

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Notes to Financial Statements

September 30, 2025 and 2024

16. Impact of Recently Issued Accounting Standards

The GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. University Hospital has determined there was no material impact from its adoption of GASB Statement No. 101.

The GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. University Hospital has determined there was no material impact from its adoption of GASB Statement No. 102.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Although the University Hospital has not completed its evaluation of the impact of adoption GASB Statement No. 103, management expects to make certain reclassifications on the Statement of Revenues, Expenses, and Changes in Net Position to conform to new required sections and subtotals created by the standard. For instance, State appropriations will be reclassified from Nonoperating Revenues to a new section titled "Noncapital Subsidies."

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, as well as additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. University Hospital is evaluating whether there will be any material impact from its adoption of GASB Statement No. 104.

The GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing the consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. University Hospital is evaluating whether there will be material impact from its adoption of GASB Statement No. 105.

Required and Other Supplementary Information

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Required Supplementary Information (Unaudited)

September 30, 2025 and 2024

The following required supplementary information is related to University Hospital's participation in the Teachers' Retirement System of Alabama.

Schedule of University Hospital's Proportionate Share of the Net Pension Liability Teachers' Retirement Plan of Alabama

<i>(in thousands of dollars)</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	3.506 %	3.266 %	3.387 %	3.873 %	3.715 %	3.761 %	3.974 %	3.999 %	3.973 %	3.998 %
Employer's proportionate share of the collective net pension liability	\$ 456,106	\$ 521,142	\$ 526,316	\$ 364,835	\$ 459,568	\$ 415,831	\$ 395,101	\$ 393,069	\$ 430,129	\$ 418,378
Employer's covered payroll during the measurement period	\$ 241,976	\$ 245,973	\$ 257,840	\$ 243,646	\$ 245,844	\$ 254,100	\$ 260,632	\$ 271,064	\$ 276,475	\$ 288,320
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	188.49 %	211.87 %	204.12 %	149.74 %	186.93 %	163.65 %	151.59 %	145.01 %	155.58 %	173.89 %
Plan fiduciary net position as a percentage of the total collective pension liability	71.41 %	63.57 %	62.21 %	76.44 %	67.72 %	69.85 %	72.29 %	71.50 %	67.93 %	67.51 %

Schedule of University Hospital's Contributions Teachers' Retirement Plan of Alabama

<i>(in thousands of dollars)</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 21,233	\$ 20,690	\$ 21,141	\$ 22,182	\$ 21,308	\$ 22,393	\$ 22,921	\$ 23,436	\$ 24,176	\$ 25,086
Contributions in relation to the contractually required contribution	\$ 21,233	\$ 20,690	\$ 21,141	\$ 22,182	\$ 21,308	\$ 22,393	\$ 22,921	\$ 23,436	\$ 24,176	\$ 25,086
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employer's covered payroll	\$ 239,646	\$ 241,976	\$ 245,973	\$ 257,840	\$ 243,646	\$ 245,844	\$ 254,100	\$ 260,632	\$ 271,064	\$ 276,475
Contributions as a percentage of covered payroll	8.86 %	8.55 %	8.59 %	8.60 %	8.75 %	9.11 %	9.02 %	8.99 %	8.92 %	9.07 %

Notes to Schedules

University Hospital's covered payroll: The payroll on which contributions to a pension plan are based.

Measurement period for each year presented is the prior fiscal year ending September 30.

For fiscal year 2025, the measurement period is October 1, 2023 – September 30, 2024

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Required Supplementary Information (Unaudited)

September 30, 2025 and 2024

The following required supplementary information is related to University Hospital's participation in the Alabama Retired Education Employees' Health Care Trust (PEEHIP).

Schedule of University Hospital's Proportionate Share of the Net OPEB Liability Alabama Retired Education Employees' Health Care Trust (PEEHIP)

<i>(in thousands of dollars)</i>	2025	2024	2023	2022	2021	2020	2019	2018
Employers' proportion of the net OPEB liability	4.705 %	3.778 %	2.513 %	4.270 %	4.270 %	3.207 %	3.307 %	3.573 %
Employer's proportionate share of the net OPEB liability	\$ 432,562	\$ 72,612	\$ 43,794	\$ 220,647	\$ 277,128	\$ 120,993	\$ 271,781	\$ 265,451
Employer's covered payroll during measurement period	\$ 241,976	\$ 245,973	\$ 257,962	\$ 243,646	\$ 246,945	\$ 255,105	\$ 261,690	\$ 272,219
Employer's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered payroll	178.76 %	29.52 %	16.98 %	90.56 %	112.22 %	47.43 %	103.86 %	97.51 %
Plan fiduciary net position as a percentage of the total OPEB liability	20.41 %	49.42 %	48.39 %	27.11 %	19.80 %	28.14 %	14.81 %	15.37 %

Schedule of University Hospital's Contributions to the Alabama Retired Education Employees' Health Care Trust (PEEHIP)

<i>(in thousands of dollars)</i>	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 9,576	\$ 6,990	\$ 7,136	\$ 6,822	\$ 7,696	\$ 7,816	\$ 7,635	\$ 7,611
Contributions in relation to the contractually required contribution	9,576	6,990	7,136	6,822	7,696	7,816	7,635	7,611
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employer's covered payroll	\$ 239,646	\$ 241,976	\$ 245,973	\$ 257,962	\$ 243,646	\$ 246,945	\$ 255,105	\$ 261,690
Contributions as a percentage of covered payroll	4.00 %	2.89 %	2.90 %	2.64 %	3.16 %	3.17 %	2.99 %	2.91 %

Notes to Schedules

University Hospital's covered payroll: The payroll on which contributions to an OPEB plan are based.

Measurement period for each year presented is the prior fiscal year ending September

For fiscal year 2025, the measurement period is October 1, 2023 – September 30, 2024

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Required Supplementary Information (Unaudited)

September 30, 2025 and 2024

The following required supplementary information is related to the UAB Health Care Plan.

Schedule of Changes in UAB Health Care Plan's Total OPEB Liability

(in thousands of dollars)

	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost as end of year*	\$ 12	\$ 14	\$ 16	\$ 28	\$ 27	\$ 41	\$ 40	\$ 1,851
Interest on TOL and Cash Flows	58	65	46	47	67	374	373	369
Changes in benefit terms	—	—	—	—	—	—	—	(2,677)
Difference between expected and actual experience	97	109	(175)	(557)	(203)	(4,268)	(797)	—
Changes of assumptions or other inputs	34	19	(185)	502	35	(1,998)	(428)	(538)
Benefit payments	(387)	(441)	(26)	(217)	(451)	(715)	(630)	(1,690)
Net changes in Total OPEB Liability	(186)	(234)	(324)	(197)	(525)	(6,566)	(1,442)	(2,685)
Total OPEB Liability - Beginning	1,462	1,696	2,020	2,217	2,742	9,308	10,750	13,435
Total OPEB Liability - Ending	\$ 1,276	\$ 1,462	\$ 1,696	\$ 2,020	\$ 2,217	\$ 2,742	\$ 9,308	\$ 10,750
Covered payroll during measurement period	\$ 239,646	\$ 241,976	\$ 245,973	\$ 257,962	\$ 243,646	\$ 246,945	\$ 255,105	\$ 272,219
Total OPEB Liability as a percentage of covered payroll	0.53 %	0.60 %	0.69 %	0.78 %	0.91 %	1.11 %	3.65 %	3.95 %

*The service cost includes interest for the year.

Notes to Schedules

University Hospital's covered payroll: The payroll on which contributions to an OPEB plan are based.

Measurement period for each year presented is the prior fiscal year ending September 30.

For fiscal year 2025, the measurement period is October 1, 2023 – September 30, 2024

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Board Members and Officials (Unaudited)**September 30, 2025**

Board Member	Title	Address	Term Expires
Gov. Kay Ivey	President	Alabama State Capitol Room N-104 600 Dexter Avenue Montgomery, AL 36130	ex officio
Robert C. "Mike" Brock	Member	Kirkland & Ellis LLP 445 Dexter Avenue, Suite 8085 Montgomery, AL 36104	2025
Karen P. Brooks	Member	Phifer Incorporated P.O. Box 1700 Tuscaloosa, AL 35403	2027
Myla Calhoun	Member	Propel Education 1914 4th Avenue N #200 Birmingham, AL 35203	2025
Angus R. Cooper, III	Member	The Cooper Group P.O. Box 1566 Mobile, AL 36633	2030
Ronald W. Gray	Member	Thompson Gray, Inc 4240 Balmoral Drive S.W., Suite 300 Huntsville, AL 35801	2026
Jeff Gronberg	Member	deciBel Research 325 Bob Heath Drive Huntsville, AL 35806	2029
O.B. Grayson Hall, Jr.	Member	2025 Springstone Circle Leeds, AL 35094	2028
Barbara Humphrey	Member	4209 Woodbine Lane Birmingham, AL 35226	2030
Mr. W. Davis Malone III	Member	MidSouth Bank 2526 West Main Street Dothan, Alabama 36301	2028
Evelyn VanSant Mauldin	Member	Bank Independent P. O. Drawer 5000 Sheffield, AL 35660	2025
Harris V. Morrisette	Member	China Doll/Dixie Lily Foods 100 Jacintoport Boulevard Saraland, AL 36571	2027
Scott M. Phelps	President Pro Tempore	Greene Group, Inc. 1550 McFarland Boulevard North Tuscaloosa, AL 35406	2028
J. Steven Roy	Member	477 Luanne's Way Alexander City, AL 35010	2026
Kenneth O'Neal Simon	Member	Christian Small 505 North 20th Street Suite 1800 Financial Center Birmingham, AL 35203	2027
Kenneth L. Vandervoot, M.D.	Member	Anniston Orthopaedic Associates, P.A. 731 Leighton Avenue, Suite 300 Anniston, AL 36207	2029

University of Alabama Hospital

(A Fund of The University of Alabama at Birmingham)

Board Members and Officials (Unaudited)

September 30, 2025

Board Member	Address
Non-voting Trustees Emeriti	
Paul W. Bryant, Jr.	Greene Group, Inc. P. O. Box 020152 Tuscaloosa, AL 35402
Angus R. Cooper II	The Cooper Group P. O. Box 1566 Mobile, AL 36633
Hon. John H. England, Jr.	43 Woodbine Road Tuscaloosa, AL 35405
Joseph C. Espy, III	Melton, Espy and Williams, P.C. P.O. Drawer 5130 Montgomery, AL 36103
Joseph L. Fine	Fine, Geddie & Associates P. O. Box 138 Montgomery, AL 36101
Andria Scott Hurst	1124 Stony Point Grayson, GA 30017
John D. Johns	Protective Life Corporation 2501 20th Place South Suite 225 Birmingham, AL 35223
Peter L. Lowe, M.A.I.	G. W. Jones & Sons Real Estate Investment Company, Inc. 307 Franklin Street Huntsville, AL 35801
John J. McMahon, Jr.	Ligon Industries, LLC 1927 1st Avenue North; 5th Floor Birmingham, AL 35203
Joe H. Ritch	Sirote & Permutt, P.C. 305 Church Street, Suite 800 Huntsville, AL 35801
Finis E. St. John IV	Shelby Institute for Policy and Leadership Box 870121 611 Capstone Drive Tuscaloosa, AL 35401
Mr. William "Britt" Sexton	Sexton Inc. P. O. Box 369 Decatur, AL 35602
W. Stancil Starnes	416 Club Place Birmingham, AL 35223
Cleophus Thomas, Jr.	1425 Woodstock Avenue Anniston, AL 36207
John Russell Thomas	445 Bear Bryant Point Eclectic, AL 36024
Marietta M. Urquhart	White-Spunner Realty, Inc 3201 Dauphin Street, Suite A Mobile, AL 36606

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APPENDIX G

**Audited Financial Statements of UAB STV Authority
for the fiscal year ended September 30, 2025**

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UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
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Report of Independent Auditors

To the Board of Directors of UAB St Vincent's Health System Authority

Opinions

We have audited the accompanying financial statements of primary government and the non-major component units of UAB St Vincent's Health System Authority (the "Authority"), a member of the University of Alabama System, a component unit of the State of Alabama, which comprise the statement of net position as of September 30, 2025, and the related statements of revenues, expenses and changes in net position and of cash flows for the period from November 1, 2024 to September 30, 2025, including the related notes (collectively referred to as the "financial statements" or "basic financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the primary government and the non-major component units of the Authority as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the period from November 1, 2024 to September 30, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Authority'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 Supplemental Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Other Information

Management is responsible for the other information. The other information comprises The Board of Trustees of the University of Alabama as of September 30, 2025 on page 36, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Birmingham, Alabama
February 5, 2026

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025**

The objective of management's discussion and analysis ("the MD&A") is to help readers of the UAB St. Vincent's Health System Authority ("the Authority")'s financial statements better understand the financial position and operating activities for the short fiscal year beginning November 1, 2024, and ending September 30, 2025. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statements and notes. The financial statements, notes, and this discussion and analysis are the responsibility of management.

History, Mission, and Governance

The Authority was organized in September 2024 as an Alabama public corporation and university authority pursuant to the University Authority Act of 2016 codified at Section 16-17A-1 et seq. of the Code of Alabama (1975). On November 1, 2024, the Authority purchased St. Vincent's Health System ("SVHS") and its subsidiaries from Ascension Health Alliance ("Ascension"). The Authority is considered a standalone special purpose government engaged in only business-type activities. UAB Health System Authority is the sole member of the Authority. The purchase of SVHS provides Alabamians' with better access to high-quality, innovative medical care to foster more sustainable health care in Alabama.

The Authority's mission is to provide life-changing care. With a strong presence in the community, the Authority is committed to sharing best practices and innovations, ensuring that every patient receives the right care, at the right time, in the most appropriate setting. The Authority fosters a collaborative environment that recognizes and appreciates the unique strengths and contributions of each team member. By working together, the Authority ensures the highest standards of care for its patients and continually strives to improve the health of the communities it serves. The Authority operates five hospitals located in Central Alabama as well as the One Nineteen Campus, the Trussville Freestanding Emergency Department, multiple clinics, imaging centers, and other healthcare-based service centers.

The St. Vincent's Birmingham hospital and emergency room provide testing, diagnosis, treatment, and care for the full range of health needs, both medical and surgical. It consists of a 409-bed acute care facility that features all private rooms and provides a wide range of personalized care services. Such specialized services include cardiology, oncology, maternity care, orthopedics/sports medicine, and many more. St. Vincent's Birmingham hospital also has a state-of-the-art robotic surgery program and opened the state's first Heart Valve Clinic.

The Authority is governed by a Board of Trustees appointed by UAB Health System Authority, a body corporate under Alabama Law. The Board of Trustees sets policies; approves operating budgets, facilities, and capital financings; and has oversight responsibility for the Authority and its related organizations.

Overview of the Financial Statements

The Authority's financial report includes three financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles, which establish standards for external financial reporting for public colleges and universities. The statement of net position presents information on all the Authority's assets as well as liabilities and deferred inflows of resources with the difference between the two groups 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 Authority is improving or deteriorating. It also provides the basis for computing the rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Authority.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025**

The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the year. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered its costs through user fees and other charges, profitability, and credit worthiness. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The final basic financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts, cash payments and net changes in cash resulting from operations, noncapital financial activities, capital and related financing activities and investing activities and provides information on the Authority's sources (receipts) and uses (disbursements) of cash for the period along with the change in the balance of cash and cash equivalents.

The notes to the financial statements provide additional information, which is essential to the full understanding of the data provided in the basic financial statements.

The financial statements present financial information for the primary government, which is comprised of the Authority and its blended component units.

The blended component units included within the Authority's financial statements are SVHS; St. Vincent's Birmingham; St. Vincent's East; St. Vincent's Blount; St. Vincent's Chilton; St. Vincent's St. Clair; Universal Health Services; Vincentian Physician Services, LLC; Seton Property Corporation of North Alabama, Inc.; and St. Vincent's Physician Alliance, LLC.

In addition to the blended component units, the Authority also has multiple discretely presented component units, which include Vincentian Ventures of North Alabama, Inc.; Asension Ventures Corporation; Eastside Ventures, Inc.; Occupational Health Clinic, LLC; St. Vincent's Outpatient Surgery Services, LLC; St. Vincent's Sleep Disorder Center, LLC; STV Orthopedics Co-Management, LLC; STVHS OB/GYN Co-Management, LLC; St. Vincent's Ambulatory Health Network, LLC; Central Alabama Orthopedic Surgery Center, LLC; Ascension-Alabama Regent ASC JV, LLC; One Nineteen GI ASC, LLC; and Cotton Exchange of Cullman, LLC. The financial information of the discretely presented component units does not form part of the Authority's MD&A, financial statements, or footnotes. Financial information for the discretely presented component units is presented in a separate column in the Authority's statement of net position and statement of revenues, expenses, and changes in net position. Cash flows information is not presented for discretely presented component units in accordance with generally accepted accounting principles.

The notes to the financial statements provide additional information, which is essential to the full understanding of the data provided in the basic financial statements.

Financial Analysis

The Authority's total net position decreased by \$69.8 million during the short fiscal year ended September 30, 2025. Since the Authority commenced operations during this period, there is no comparative prior period information available to analyze.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025**

The statement of net position presents the financial position of the Authority at the end of the fiscal year, and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources recorded on the full accrual basis of accounting. The change in net position is one indicator of whether the Authority's overall financial condition has improved or worsened.

The Authority's assets, liabilities, deferred inflows and net position are summarized as follows as of September 30, 2025:

**STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025
(In Millions of Dollars)**

Current and other assets	\$ 404.29
Capital assets, net	<u>334.35</u>
Total assets	<u>738.64</u>
Long-term liabilities outstanding	710.05
Other liabilities	<u>203.82</u>
Total liabilities	<u>913.87</u>
Deferred inflows related to leases	<u>11.77</u>
Net investment in capital assets	(142.82)
Restricted	20.41
Unrestricted	<u>(64.59)</u>
Total net position	<u><u>\$ (187.00)</u></u>

The statement of revenues, expenses and changes in net position presents the Authority's results of operations, as well as nonoperating revenues and expenses. Primary components of the Authority's operating revenue sources are patient service revenue, clinic revenue, contract services, and lease revenue. Other significant revenue sources, which are considered nonoperating, as defined by GASB, include private contributions and investment income.

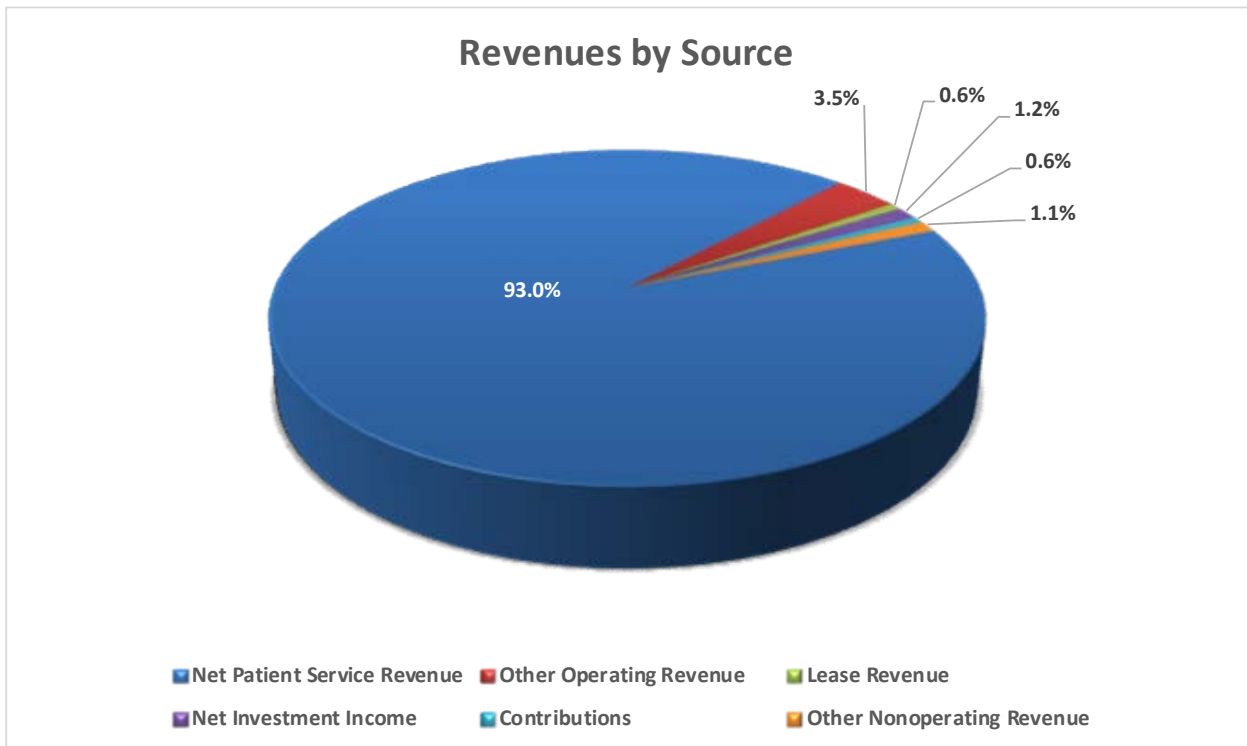
**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025**

The Authority's statement of revenues, expenses, and changes in net position for the year short fiscal year ended September 30, 2025, is summarized as follows:

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SHORT YEAR ENDED SEPTEMBER 30, 2025
(In Millions of Dollars)**

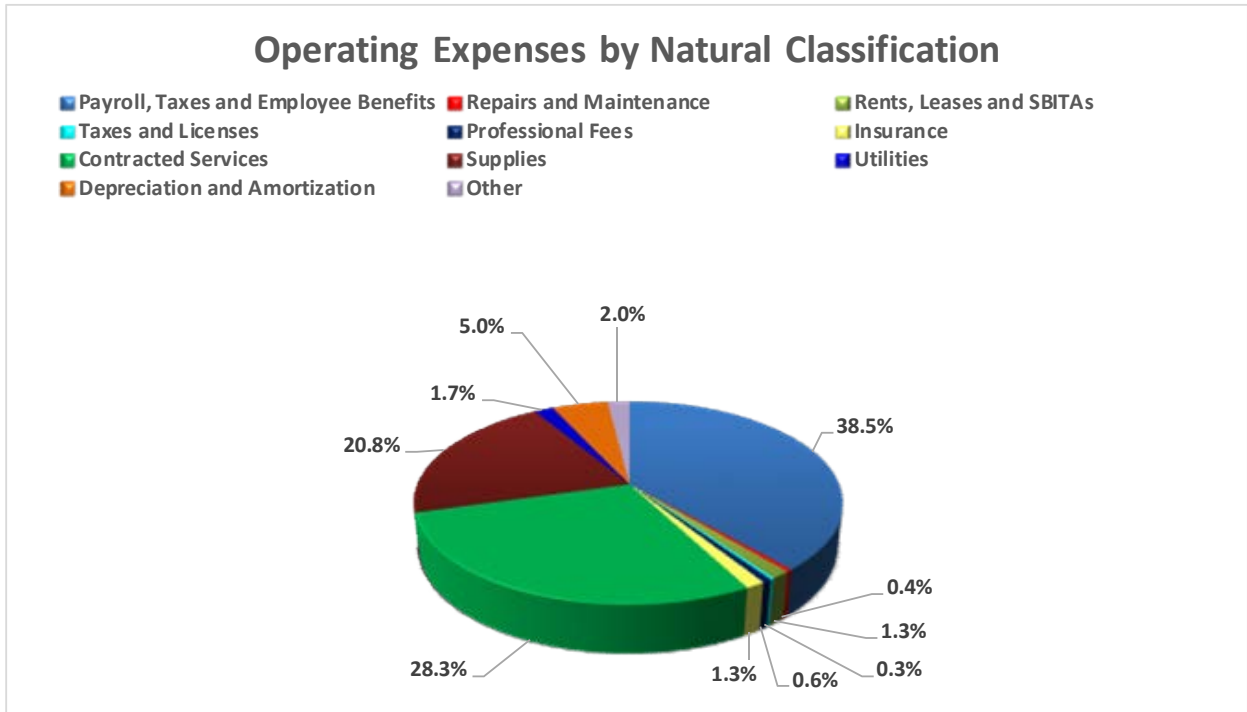
Operating revenues	\$ 830.04
Operating expenses	<u>866.44</u>
Operating loss	(36.40)
Nonoperating revenues	24.45
Nonoperating expenses	<u>(57.83)</u>
Change in net position	<u><u>\$ (69.78)</u></u>

The following chart graphically illustrates the Authority's revenues by source (both operating and nonoperating) for the year ended September 30, 2025:



**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025**

The following chart graphically illustrates the Authority's operating expenses by natural classification for the year ended September 30, 2025:



Capital Asset and Debt Activities

An aspect of the Authority's strategic objectives is an emphasis on the expansion and maintenance of capital assets. The Authority continues to implement its long-range capital plan to modernize its existing infrastructure and strategically invest in new construction. Capital assets include land, buildings, fixed equipment systems, inventoried equipment, furniture, software, right-of-use assets and subscription assets.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025**

The Authority's capital assets are summarized as follows:

**CAPITAL ASSETS
AS OF SEPTEMBER 30, 2025**

Land	\$ 26,402,521
Construction in process	41,301,074
Buildings and improvements	176,782,612
Equipment and furniture	87,387,026
Software and intangibles	26,062
Right-of-use assets	43,232,210
Subscription assets	1,997,937
Less: accumulated depreciation and amortization	<u>(42,782,690)</u>
	<u><u>\$ 334,346,752</u></u>

The Authority reported net capital asset additions of \$46.5 million for the short fiscal year ended September 30, 2025. Construction in process additions totaled \$40.0 million during the current short fiscal year. The most significant capital project in process at September 30, 2025, related to software conversion costs for the electronic medical record ("EMR") system. Additionally, the Authority had multiple information technology related capital projects and various minor construction projects for medical equipment and facilities that are also in process at year-end. See Note 7 for additional information about changes in capital assets.

The Authority's long-term debt consists of revenue bonds, a line of credit, various leases and subscription liabilities and a federal arbitrage rebate liability.

The Authority's long-term debt is summarized as follows:

**LONG-TERM DEBT OUTSTANDING
AS OF SEPTEMBER 30, 2025**

Revenue bonds	\$ 680,000,000
Lease obligations	33,324,303
Subscription liabilities	261,821
Arbitrage rebate payable	<u>1,755,696</u>
	<u><u>\$ 715,341,820</u></u>

The Authority issued variable rate revenue bonds with a face value of \$680 million to finance the purchase of SVHS from Ascension in October 2024. The variable interest rate shall be reset on specified dates based on the credit rating of senior, long-term debt of the entities that entered into the master trust indenture with Regions Bank (the "Obligated Group"), including UAB Medicine Enterprise, the UA Board, University Hospital, University of Alabama Health Services Foundation, P.C., and UAB Callahan Eye Hospital Authority.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025**

All payment obligations under the master indenture are joint and several obligations of the Obligated Group members primarily secured by pledged revenues. As of September 30, 2025, the Authority's total outstanding long-term debt is \$715.3 million. See Note 9 for additional information about changes in long-term debt

The Authority faces significant challenges in a dynamic healthcare sector and volatile economic environment. The demand for healthcare services and the cost of providing them is increasing significantly while the revenues to support these services are diminishing. In addition to cost increases, such as rising salary and benefit costs, the Authority also faces additional costs associated with new technologies, the education and training of healthcare professionals and provision of care for a disproportionate share of the medically underserved in Alabama. In recent years, federal legislation has been enacted to slow future rate increases in Medicare and Medicaid and reduce medical education and disproportionate share funding. Management is committed to staying abreast of pertinent issues, implementing appropriate management actions and continuing to provide quality care for all patients.

These financial statements are prepared to provide a general overview of the UAB St. Vincent's Health System Authority and demonstrate its accountability. Questions concerning any information provided in this report or requests for additional information should be addressed to Finance Department, UAB St. Vincent's Health System Authority, 1130 22nd St. S, Birmingham, AL 35205.

BASIC FINANCIAL STATEMENTS

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government	Non-Major Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,996,352	\$ 3,222,253
Investments	10,525,888	-
Receivables, net	135,096,153	8,028,859
Due from component units and related organizations, net	43,136,416	-
Inventories	21,716,768	49,067
Prepaid items	4,057,518	12,067,576
Other current assets	1,118,672	3,434
Total current assets	227,647,767	23,371,189
Restricted assets		
Cash and cash equivalents	4,937,816	-
Investments	160,395,693	-
Other assets	1,766,278	-
Total restricted assets	167,099,787	-
Other assets		
Receivables, net	9,434,224	1,618,430
Other assets	116,629	-
Investments in joint ventures, net	-	9,110,344
Total other assets	9,550,853	10,728,774
Capital assets		
Non-depreciable	67,703,595	2,800,000
Depreciable, net	266,643,157	10,217,103
Total capital assets	334,346,752	13,017,103
TOTAL ASSETS	738,645,159	47,117,066

See notes to the financial statements.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Primary Government</u>	<u>Non-Major Component Units</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
LIABILITIES		
Current liabilities		
Accounts payable, net	\$ 62,429,155	\$ 330,247
Accrued payroll	11,067,421	3,597,142
Compensated absences	5,959,820	321,912
Accrued insurance liabilities	9,043,439	170,541
Due to primary government and related organizations, net	-	41,477,192
Unearned revenues	529,709	88,479
Investments in component units and joint ventures, net	12,722,181	-
Other accrued expenses and current liabilities	39,687,213	3,008,195
Line of credit	50,000,000	-
Lease obligations	10,826,537	1,383,511
Subscription liabilities	127,971	-
Notes payable	-	640,739
Payable from restricted assets:		
Accrued interest	<u>1,422,669</u>	<u>8,473</u>
Total current liabilities	203,816,115	51,026,431
Noncurrent liabilities		
Compensated absences	5,490,461	296,560
Arbitrage rebate payable	1,755,696	-
Lease obligations	22,497,766	3,947,562
Notes payable	-	1,599,599
Subscription liabilities	133,850	-
Revenue bonds payable	680,000,000	-
Other noncurrent liabilities	<u>175,592</u>	<u>-</u>
Total noncurrent liabilities	<u>710,053,365</u>	<u>5,843,721</u>
TOTAL LIABILITIES	<u>913,869,480</u>	<u>56,870,152</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	<u>11,773,181</u>	<u>724,240</u>
NET POSITION		
Net investment in capital assets	(142,820,464)	5,445,692
Restricted		
Expendable	14,246,501	-
Nonexpendable	6,165,386	-
Unrestricted	<u>(64,588,925)</u>	<u>(15,923,018)</u>
TOTAL NET POSITION	<u>\$ (186,997,502)</u>	<u>\$ (10,477,326)</u>

See notes to the financial statements.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE PERIOD FROM NOVEMBER 1, 2024 TO SEPTEMBER 30, 2025

	<u>Primary Government</u>	<u>Non-Major Component Units</u>
OPERATING REVENUES		
Patient service revenue, net	\$ 794,986,648	\$ 66,440,289
Other operating revenue, net	29,727,949	7,977,052
Lease revenue	5,320,950	1,188,369
Total operating revenues	830,035,547	75,605,710
OPERATING EXPENSES		
Personnel	333,742,984	30,757,014
Contracted services	245,436,851	58,125,878
Supplies	180,216,442	4,164,762
Administrative	12,796,834	18,011,575
Other operating expenses	50,931,994	(653,582)
Depreciation and amortization	43,313,491	2,074,441
Total operating expenses	866,438,596	112,480,088
LOSS FROM OPERATIONS	(36,403,049)	(36,874,378)
NONOPERATING REVENUES (EXPENSES)		
Loss on disposal of capital assets	(2,131,623)	(293,479)
Interest expense	(23,137,989)	(247,031)
Contributions	5,077,431	-
Interest and late fees	673,666	166,550
Investment income, net	10,356,532	-
Equity earnings (losses) from component units and joint ventures	(30,806,549)	2,121,682
Other revenue	8,344,856	4,739,841
Other expenses	(1,755,696)	-
Total nonoperating revenue (expenses)	(33,379,372)	6,487,563
Income (loss) before capital contributions and payments	(69,782,421)	(30,386,815)
CAPITAL CONTRIBUTIONS AND PAYMENTS		
Capital contributions	-	2,800,000
Capital payments to participants	-	(3,396,250)
Total capital contributions and payments	-	(596,250)
CHANGE IN NET POSITION	(69,782,421)	(30,983,065)
NET POSITION AT BEGINNING OF PERIOD	(117,215,081)	20,505,739
NET POSITION AT END OF PERIOD	<u>\$ (186,997,502)</u>	<u>\$ (10,477,326)</u>

See notes to the financial statements.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM NOVEMBER 1, 2024 TO SEPTEMBER 30, 2025

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 709,503,219
Payments to vendors and suppliers	(420,617,333)
Payments to employees	(312,313,615)
Net cash used in operating activities	(23,427,729)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Net transfers to component units	(42,458,830)
Net advances on line-of-credit	50,000,000
Contributions	4,864,795
Other non-operating receipts	9,018,522
Net cash used in non-capital financing activities	21,424,487
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisitions of capital assets	(48,375,025)
Principal repayments on leases and subscription liabilities	(9,954,257)
Interest paid on long-term debt and leases	(21,715,320)
Net cash used in capital and related financing activities	(80,044,602)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(192,779,148)
Proceeds from sales and maturities of investments	53,575,423
Interest and dividends, net	5,444,036
Advances on notes receivables	(27,082)
Capital contributions related to joint ventures	(2,100,000)
Capital payments to participants related to joint ventures	3,431,488
Net cash used in investing activities	(132,455,283)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(214,503,127)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	231,437,295
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 16,934,168

See notes to the financial statements.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM NOVEMBER 1, 2024 TO SEPTEMBER 30, 2025

	Primary Government
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSIST OF	
Cash and cash equivalents	\$ 11,996,352
Restricted cash and cash equivalents	4,937,816
Total cash and cash equivalents	<u>\$ 16,934,168</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Loss from operations	\$ (36,403,049)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation and amortization	43,313,491
Uncollectible accounts	81,446,909
Lease revenue in excess of cash receipts	577,931
Change in assets and liabilities:	
Patient accounts receivable	(212,122,013)
Other receivables	(3,808,927)
Inventories	(4,053,673)
Prepaid items	(3,361,689)
Other assets	12,196,232
Accounts payable	46,230,024
Accrued payroll	9,979,088
Compensated absences	11,450,281
Accrued insurance liabilities	9,043,439
Unearned revenues	529,709
Accrued expenses and other liabilities	21,554,518
Net cash flows from operating activities	<u>\$ (23,427,729)</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS	
Capital assets acquired through issuance of leases and SBITA's	<u>\$ 43,540,381</u>
Arbitrage rebate accrual	<u>\$ (1,755,696)</u>
Increase in fair value of investments	<u>\$ 4,912,496</u>
Equity losses from component units and joint ventures	<u>\$ (30,806,549)</u>

See notes to the financial statements.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. THE AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority

UAB St. Vincent's Health System Authority ("the Authority") was established to account for the operations of St. Vincent's Health System and related organizations. The Authority was organized as a public corporation created pursuant to the University Authority Act of 2016 codified at Section 16-17A-1 et seq of the Code of Alabama (1975). The Authority is a standalone government and is not reported as a component unit of any other entity and is classified as a special purpose government engaged only in business-type activities. The Authority functions to provide for the coordination and management of existing and any future healthcare delivery options, and therefore, all expenses of the Authority relate to a single function.

The Authority was formed for the purpose of purchasing the sole membership interest in St. Vincent's Health System ("SVHS") and related organizations from Ascension Health for a price of approximately \$450.4 million. The entities acquired by the Authority collectively operate five hospitals and certain related businesses, including medical office buildings, diagnostic imaging centers, outpatient care facilities, ambulatory surgery centers, physician clinics and related ancillary healthcare delivery businesses, which includes the operations of multiple joint ventures. The Authority took effective ownership of SVHS on November 1, 2024, which is the commencement date for its operations.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority commenced its operations on November 1, 2024, through its acquisition of SVHS. The amounts presented in these financial statements are for the short fiscal year beginning November 1, 2024 and ending September 30, 2025.

Measurement Focus and Basis of Accounting

The Authority's 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 cash flows.

The Reporting Entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in the GASB Codification. The Authority's component units are discussed in detail in Note 2.

Basis of Presentation

As a special purpose government engaged only in business-type activities, the Authority's basic financial statements are composed of a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. In accordance with the GASB Codification, cash flow information has not been reported for the Authority's discretely presented component units.

Cash and Cash Equivalents

For the statement of cash flows, the Authority considers cash on hand and deposits with financial institutions, including certificates of deposit, as cash and cash equivalents.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Restricted Assets

Certain resources are segregated and classified as restricted assets because their use is limited by applicable trust agreements or debt covenants.

Investments

The Authority's investments consist primarily of various brokerage accounts which invest in money market funds, U.S. Treasury securities, corporate bonds, mutual funds, and alternative investment funds. Investments are reported at fair value. Earnings and losses on investments are recognized as non-operating revenues or expenses.

Patient Accounts Receivable

Receivables from patients, insurance companies and third-party contractual agencies are recorded at regular patient service rates. Most of the Authority's patients are insured by certain third-party insurers (principally Medicare, Medicaid and Blue Cross) based on contractual agreements that generally result in the Authority collecting less than the established charge rates. Final determination of payments under these agreements is subject to review by appropriate authorities. Adequate allowances are provided for doubtful accounts, contractual adjustments and other uncertainties. Uncollectible accounts have historically been within management's expectations. Allowances for doubtful accounts are estimated based on historical write-off percentages and other collection indicators, while contractual allowances are estimated based on the terms of third-party insured contracts. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected.

Inventories

The Authority's inventories consist principally of medical supplies and pharmaceuticals, which are stated at lower of cost or market. Cost is determined using the first-in first-out ("FIFO") method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets

Property and equipment with a cost over \$5,000 and a useful life of more than one year are capitalized at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the capital assets, which are shown below:

Assets	Years
Buildings and improvements	10-40 Years
Equipment and furniture	5-15 Years
Software	3 Years

Donated capital assets are reported at their estimated acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Leases

The Authority recognizes a lease receivable and a deferred inflow of resources for noncancellable leases in which the Authority is the lessor. At the commencement of the lease, the Authority measures the lease receivable at the present value of payments expected to be received during the lease term. The deferred inflow of resources is measured at the initial amount of the lease receivable adjusted for lease payments received at or before the lease commencement date.

In subsequent periods, the lease receivable is reduced by the principal portion of lease payments received and the deferred inflow of resources is recognized as revenue over the life of the lease term. The Authority monitors changes in circumstances that would require remeasurement of lease receivables and deferred inflows of resources.

The Authority recognizes a right-of-use (ROU) asset and a lease liability for noncancellable leases in which the Authority is the lessee. At the commencement of the lease, the Authority measures the lease liability at the present value of expected lease payments to be made during the lease term. The lease asset is measured as the initial amount of the lease liability adjusted for payments made prior to the lease commencement date and any ancillary costs to place the asset into service. The ROU asset is amortized over the shorter of the useful life of the asset or the lease term. In subsequent periods, the lease liability is reduced by the principal portion of lease payments made. The Authority monitors changes in circumstances that would require remeasurement of ROU assets and lease liabilities.

Subscription-Based Information Technology Arrangements ("SBITA's")

The Authority records a subscription asset and a related subscription liability for subscription-based information technology arrangements (SBITA's) at the commencement of the agreement. The subscription liability is measured at the present value of payments expected to be made during the subscription term. The subscription asset is measured at the initial amount of the subscription liability adjusted for any payments made at or before the beginning of the subscription term. The Authority monitors changes in circumstances that would require remeasurement of subscription assets and liabilities.

Joint Ventures

The Authority reports its investments in joint ventures in which it has an equity interest as a single amount in the statement of net position. The initial investment is recorded at cost and is adjusted for changes in the equity interest as calculated in accordance with the joint venture agreement and for any other transactions, such as return of capital. The Authority's share of income or loss from joint ventures is reported as a single amount under nonoperating revenues in the statement of revenues, expenses, and change in net position. Separate financial statements are not available for each of its joint ventures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will 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) until then.

In addition to liabilities, the statement of financial position will 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.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Unearned Revenues

Unearned revenues are reported in connection with resources that have been received but not yet earned.

Compensated Absences

The Authority records a compensated absences liability for leave that 1) can be carried forward to future reporting periods; 2) was earned based on service that the employee has already provided; and 3) is more likely than not to be used, paid, or otherwise settled with the Authority. The compensated absences liability is measured using the pay rates in effect as of the financial statement date, including directly and incrementally associated salary-related employer taxes and benefits. Changes to pay rates will be recognized in future periods as those changes occur. The Authority uses a first-in, first-out (FIFO) flow assumption for calculating the portion of the liability due within one year.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the accompanying financial statements. Bond discounts and premiums are deferred and amortized over the life of the related debt using the effective interest method. Bond issuance costs are expensed as incurred.

For debt refunding transactions, the difference between the reacquisition price of new debt and the net carrying value of the old debt creates a deferred gain/loss from advance refunding of debt. This difference is classified as a deferred outflow/inflow of resources and is amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

Net Position

Net position is classified into three categories: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – component of net position that consists of capital assets, including restricted capital assets, net of accumulated depreciation and amortization reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – component of net position that consists of restricted assets, other than capital assets, reduced by liabilities and deferred inflows of resources related to those restricted assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Restricted net position may be *expendable* or *nonexpendable*. Use of expendable restricted net position can be fulfilled through actions of the Authority or the passage of time. Nonexpendable net position is subject to externally imposed stipulations that must be permanently maintained by the Authority.

- *Unrestricted* – component of net position that is not subject to any externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management.

The Authority considers restricted net position to be used first when both restricted and unrestricted net position is available.

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Operating Revenues and Expenses

The Authority's financial statements distinguish between operating and non-operating activities. Operating activities generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues in accordance with the GASB Codification.

Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, including retroactive revenue adjustments due to revenue audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered.

Charity Care

The Authority accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Authority. In assessing a patient's inability to pay, the Authority utilizes the generally recognized poverty income levels of Alabama but also includes certain cases where incurred charges are significant when compared to income. Charity care is not included in net patient service revenue, as the Authority has no plans to seek collection.

Capital Contributions and Capital Disbursements

Capital contributions are recognized as revenues in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Capital disbursements (payments to participants) are recognized as expenses. Such amounts represent a return of earnings to shareholders or members based on their proportionate share of ownership in the entity.

Income Taxes

As a governmental entity, the Authority is exempt from federal and state income taxes. However, certain component units are registered tax-exempt charities under IRC Section 501(c)(3) or are pass-through entities, in which elements of income and expense are passed through to the shareholders or members. As such, the Authority has not reported any income-tax related amounts in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity 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, liabilities, deferred outflows/inflows of resources, 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.

Implementation of New Accounting Standards

Effective November 1, 2024, the Authority adopted the provisions of GASB Statement ("GASBS") No. 101, *Compensated Absences*. This pronouncement establishes a unified model for recognition and measurement of liabilities associated with compensated absences, including vacation, sick leave and other paid time off. GASBS No. 101 is expected to result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to different types of leave offered by governmental employers.

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As part of the implementation process, the Authority has evaluated whether leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means by assessing relevant factors, such as the Authority's employment policies related to compensated absences; historical information about the use, payment, or forfeiture of compensated absences; and known information that would indicate that historical information may not be representative of future trends or patterns. The Authority has determined that there was no material impact from its adoption of GASBS No. 101.

The GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority has determined there was no material impact from its adoption of GASBS No. 102.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Although the Authority has not completed its evaluation of the impact of the adoption of GASBS No. 103, management expects to make certain reclassifications on the statement of revenues, expenses, and changes in net position to conform to new required sections and subtotals created by the statement.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, as well as additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is evaluating whether there will be any material impact from its adoption of GASBS No. 104.

The GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing the consistency in their application and better meeting the information needs of financial statement users. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Authority is evaluating whether there will be any material impact from its adoption of GASBS No. 105.

Subsequent Events

The Authority has evaluated events and transactions that occurred between September 30, 2025, and February 5, 2026, which is the date the financial statements were issued, for possible recognition or disclosure in the financial statements. On December 31, 2025, the Authority executed an asset purchase agreement with a private healthcare clinic for a purchase price of \$5.0 million.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
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2. COMPONENT UNITS, JOINT VENTURES, AND RELATED ORGANIZATIONS

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, require governmental entities to include in their financial statements, as a component unit, organizations that are legally separate entities for which the primary government is financially accountable. The Authority has evaluated all potential component units for inclusion in the financial reporting entity. Additionally, the Authority has also evaluated whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government.

Blended Component Units

The Authority has identified various entities that are classified as blended component units, as defined in the GASB Codification. The Authority has financial accountability and operational responsibility for each of the blended component units. As blended component units, these entities are, in substance, part of the primary government's operations, even though they are legally separate entities. The blended component units that follow are presented with the primary government and report financial results under principles prescribed by GASB. The Authority's blended component units consist of the following wholly owned subsidiaries: St. Vincent's Health System ("SVHS"); St. Vincent's Birmingham; St. Vincent's East; St. Vincent's Blount; St. Vincent's Chilton; St. Vincent's St. Clair; Universal Health Services; Vincentian Physician Services, LLC; Seton Property Corporation of North Alabama, Inc.; and St. Vincent's Physician Alliance, LLC.

The Authority also has financial accountability for two wholly owned nonprofit public charities that meet the blending requirements set forth in the GASB Codification: UAB St. Vincent's Foundation, Inc. ("the Foundation") and American Sports Medicine Institute, Inc.

As a general rule, the effect of all intercompany transactions and balances between (and among) the Authority and its blended component units have been eliminated from the financial statements.

Discretely Presented Component Units

The Authority has identified various entities that are classified as discretely presented component units in accordance with GASB guidance. A separate column is presented for each major discretely presented component unit and non-major discretely presented component units are reported in the aggregate. The following discretely presented component units are excluded from the primary government's financial reporting, as there is not a financial benefit or burden relationship between the Authority and the component unit, and the Authority does not have operational responsibility for the component units: Vincentian Ventures of North Alabama, Inc.; Asension Ventures Corporation; Eastside Ventures, Inc.; Occupational Health Clinic, LLC; St. Vincent's Outpatient Surgery Services, LLC; St. Vincent's Sleep Disorder Center, LLC; STV Orthopedics Co-Management, LLC; STVHS OB/GYN Co-Management, LLC; St. Vincent's Ambulatory Health Network, LLC; Central Alabama Orthopedic Surgery Center, LLC; Ascension-Alabama Regent ASC JV, LLC; One Nineteen GI ASC, LLC; and Cotton Exchange of Cullman, LLC.

As a general rule, intra-entity transactions between the primary government and its discretely presented component units are considered external transactions under GASB guidance. Therefore, no eliminations have been made between the discretely presented component units and the primary government, including its blended component units.

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In accordance with GASB pronouncements, management has evaluated the nature and significance of each discretely presented component unit in comparison to the primary government and determined that none of the Authority's discretely presented component units are considered "major" discretely presented component units for the year ended September 30, 2025.

Joint Ventures and Related Organizations

The Authority has identified various joint venture entities for which the Authority has a financial interest but is not financially accountable. Because the Authority does not have financial accountability for these entities, they have been excluded from the financial reporting entity. The entities that follow are considered joint ventures for financial reporting purposes: STVHS Cardio Co-Management, LLC; St. Vincent's Home Medical Services, LLC; St. Vincent's P.E.T. Center; Eastside P.E.T. Center; Outpatient Services East, Ltd.; and Bayley 56, LLC.

The Authority's investments in the entities above do not meet the definition of an investment, as defined in the GASB Codification. Specifically, the Authority's equity interest in these entities is not held primarily for the purpose of income or profit. Therefore, these investments in affiliated entities for which the Authority has an equity ownership interest are accounted for using the equity method. The Authority's participation in these joint ventures is not material to the financial statements, either individually or in the aggregate.

3. DEPOSITS

The Authority maintains deposit accounts at financial institutions that participate in the Security for Alabama Funds Enhancement ("SAFE") Program established under Alabama statutory law. The SAFE Program is governed by the provisions contained in Title 41, Chapter 14A, Code of Alabama 1975, as amended, and provides a uniform program for the security of public funds deposited with financial institutions in the State of Alabama that qualify to serve as depositories of public funds. Financial institutions must meet certain requirements to serve as depositories for Alabama public funds and are then known as qualified public depositories ("QPD's").

Under the SAFE Program, all deposits with QPD's are protected by a collateral pool administered by the Alabama State Treasurer's Office. Each QPDs must pledge collateral to secure public deposits. The collateral pledging levels are set by the SAFE Board of Directors. In the event of failure of a QPD, pledged securities serving as collateral would be liquidated by the State Treasurer to indemnify public depositors for losses not covered by the Federal Deposit Insurance Corporation ("FDIC"). As of September 30, 2025, the Authority reported deposits with financial institutions of approximately \$19.3 million.

4. INVESTMENTS

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the time to maturity for an investment, the more sensitive it tends to be to changes in interest rates. The Authority's investment policy does not specifically address interest rate risk. In general, the Authority attempts to match investment maturities with known cash needs and anticipated cash flow requirements in order to manage interest rate risk.

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The Authority's investments and related maturities as of September 30, 2025, are summarized as follows:

	Fair Value	INVESTMENT MATURITIES (YEARS)						
		<1	1-5	5-10	10-15	15-20	20-25	25-30
Investments subject to interest rate risk:								
U.S. Treasury securities	\$ 119,712,261	\$ 57,457,150	\$ 62,092,022	\$ 48,530	\$ -	\$ 35,465	\$ 45,979	\$ 33,115
U.S. Government agency securities	74,179	-	-	11,303	-	-	-	62,876
Corporate bonds	1,318,945	223,022	966,840	120,324	5,532	-	-	3,227
	121,105,385	<u>\$ 57,680,172</u>	<u>\$ 63,058,862</u>	<u>\$ 180,157</u>	<u>\$ 5,532</u>	<u>\$ 35,465</u>	<u>\$ 45,979</u>	<u>\$ 99,218</u>
Investments not subject to interest rate risk:								
Money market funds	31,924,382							
Corporate stock and equities	10,253,730							
Mutual and exchange-traded funds	3,649,434							
Real estate investment funds	1,459,484							
Private equity funds	2,529,166							
Total	\$ 170,921,581							

Credit Risk

Fixed-income securities are subject to credit risk, which is the risk that the issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause the price of the underlying security to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. Certain fixed income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have significant credit risk.

Credit ratings for investments held by the Authority as of September 30, 2025, are summarized as follows:

Investment Type	Ratings
Money market funds	AAAm
U.S. government agency obligations	AA+
Corporate debt	BB - AA

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of investment diversification related to individual issuers. The Authority's investment policy does not limit the amount that may be invested with any one issuer.

Fair Value Measurements

The Authority measures and categorizes its investments using fair value measurement guidelines established by GASB Statement No. 72, *Fair Value Measurement and Application*. The three levels of the fair value hierarchy are described as follows:

- Level 1 – Quoted prices (unadjusted) for identical assets in active markets that the Authority can access at the measurement date.
- Level 2 – Inputs other than quoted prices that are observable for an asset, either directly or indirectly.

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- Level 3 – Unobservable inputs for an asset that are developed using the best information available in the circumstances.

The level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques strive to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to management's perceived risk of that investment.

GASB guidance allows for investments without a readily determinable fair value that meet certain other criteria to be reported at net asset value ("NAV") per share. Investments measured at NAV per share are not categorized within the fair value hierarchy.

Investments measured at fair value as of September 30, 2025, are summarized as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Money market funds	\$ 31,924,382	\$ 31,924,382	\$ -	\$ -	\$ -
Fixed-income securities					
U.S. Treasury securities	119,712,261	119,712,261	-	-	-
U.S. Government Agency obligations	74,179	-	74,179	-	-
Corporate bonds	1,318,945	-	1,318,945	-	-
Total fixed-income securities	121,105,385	119,712,261	1,393,124	-	-
Equity securities					
Corporate stock and equities	10,253,730	10,253,730	-	-	-
Mutual funds and exchange-traded funds	3,649,434	3,649,434	-	-	-
Total equity securities	13,903,164	13,903,164	-	-	-
Private equity investment funds	2,529,166	-	-	-	2,529,166
Real estate investment funds	1,459,484	-	-	-	1,459,484
Total investments measured at fair value	<u>\$ 170,921,581</u>	<u>\$ 165,539,807</u>	<u>\$ 1,393,124</u>	<u>\$ -</u>	<u>\$ 3,988,650</u>

Additional information on fair values, unfunded commitments, remaining life, and redemption for investments measured at the NAV per share for the Authority as of September 30, 2025, is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Remaining Life</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Real estate investment funds	\$ 1,459,484	\$ -	No limit	1 - 67 days	Lock up provisions ranging from none to 12-months
Private equity funds	2,529,166	75,000	No limit - 6 years	10 - 95 days	Lock up provisions ranging from none to 12-months

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5. RECEIVABLES AND PAYABLES

The Authority's receivables as of September 30, 2025, are summarized as follows:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Patient care accounts receivable			
Blue Cross	\$ 128,051,663	\$ -	\$ 128,051,663
Medicare	254,881,528	-	254,881,528
Medicaid	19,481,343	-	19,481,343
Patients and other insurance carriers	122,740,070	-	122,740,070
Subtotal - patient care	525,154,604	-	525,154,604
Pledges	448,101	391,676	839,777
Notes	-	150,000	150,000
Leases	2,198,201	8,997,049	11,195,250
Other	4,194,501	-	4,194,501
Gross receivables	531,995,407	9,538,725	541,534,132
Less: Allowance for doubtful accounts - patient care	(396,316,278)	-	(396,316,278)
Less: Allowance for uncollectible pledges	(166,238)	(42,000)	(208,238)
Less: Allowance for doubtful accounts - notes	-	(62,501)	(62,501)
Less: Allowance for doubtful accounts - other	(416,738)	-	(416,738)
Receivables, net	<u>\$ 135,096,153</u>	<u>\$ 9,434,224</u>	<u>\$ 144,530,377</u>

The Authority's payables and other accrued expenses as of September 30, 2025, are summarized as follows:

Accounts payable to vendors and suppliers	\$ 62,429,155
Accrued expenses and other current liabilities	39,687,213
Accrued interest payable	<u>1,422,669</u>
Total accounts payable, accrued expenses, and other current liabilities	<u>\$ 103,539,037</u>

Leases Receivable

The Authority leases real property to various unrelated parties. The real property is used by the lessees for various purposes but primarily as office space. Under the provisions of GASB Statement No. 87, the Authority is a lessor under 17 real property leases. The remaining lease terms range from one to 62 years, and the discount rate used to calculate the present value of the lease payments is 5.10%, which is the estimated incremental borrowing rate on real property for the lessees.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
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The total amount of inflows recognized and reflected in the financial statements are summarized as follows:

Lease revenue	\$ 2,243,749
Interest	<u>585,604</u>
Total inflows of resources	<u><u>\$ 2,829,353</u></u>

6. HEALTH CARE SERVICES

The Authority has agreements with governmental and other third-party payors that provide for reimbursement at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Authority's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

Substantially all acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to the patient classification systems that are based on clinical, diagnostic, and other factors. Defined pass-through costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology.

The Authority is generally reimbursed for certain retroactively settled items at tentative rates, with final settlement determined after submission of annual cost reports by the Authority and audits by the Medicare fiscal intermediary. The Authority's cost reports have been audited and settled through June 2021.

Laws and regulations governing the Medicare program are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, while noncompliance can incur significant regulatory action, including fines, penalties and exclusion from the Medicare program.

Revenue from the Medicare program and commercial insurance programs that administer Medicare programs ("Medicare HMO's") accounted for approximately 47% of the Authority's net patient service revenue for the short year ended September 30, 2025.

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Blue Cross

Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined per diem rates. Outpatient services rendered to Blue Cross subscribers are reimbursed at a prospectively determined rate. The method of reimbursement is based on the procedures that are performed.

Revenue from the Blue Cross program accounted for approximately 34% of the Authority's net patient service revenue for the short year ended September 30, 2025.

Medicaid

Inpatient hospital services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined per diem rates. The prospectively determined rates are established by the Medicaid agency and are not subject to retroactive adjustment. Outpatient services are reimbursed on a fee schedule, plus cost adjustment expenses. Annually, a copy of the Medicare cost report is submitted to the Medicaid agency to assist in monitoring the program.

Revenue from the Medicaid program accounted for approximately 9% of the Authority's net patient service revenue for the short year ended September 30, 2025.

Other

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

Net Patient Service Revenue

The composition of the Authority's net patient service revenue follows:

Gross patient service revenue	\$ 4,097,858,213
Less: contractual adjustments and collection fees	(3,221,455,820)
Less: provision for uncollectible accounts	<u>(81,415,745)</u>
Patient service revenue, net	<u><u>\$ 794,986,648</u></u>

Charity Care

The Authority accepts all patients, regardless of their ability to pay and maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated costs of those services, and supplies and equivalent service statistics. The estimated cost of charity care provided is \$100.7 million during the short year ended September 30, 2025.

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7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, is summarized as follows:

	Beginning Balance	Increases	Decreases	Adjustments / Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	\$ 27,703,850	\$ -	\$ -	\$ (1,301,329)	\$ 26,402,521
Construction in progress	1,406,340	40,013,040	-	(118,306)	41,301,074
Total capital assets not being depreciated	29,110,190	40,013,040	-	(1,419,635)	67,703,595
Capital assets being depreciated					
Buildings and improvements	176,777,063	2,958,414	(4,372,500)	1,419,635	176,782,612
Equipment and furniture	79,342,022	3,713,805	(2,698,017)	7,029,216	87,387,026
Software and intangibles	2,647,185	-	(2,621,123)	-	26,062
Right-of-use (ROU) assets	-	43,232,210	-	-	43,232,210
Subscription assets	-	1,997,937	-	-	1,997,937
Total capital assets being depreciated	258,766,270	51,902,366	(9,691,640)	8,448,851	309,425,847
Less accumulated depreciation					
Tangible capital assets and software	-	(32,371,327)	7,560,017	(7,029,216)	(31,840,526)
Right-of-use (ROU) assets	-	(10,779,086)	-	-	(10,779,086)
Subscription assets	-	(163,078)	-	-	(163,078)
Total accumulated depreciation	-	(43,313,491)	7,560,017	(7,029,216)	(42,782,690)
Total capital assets being depreciated, net	258,766,270	8,588,875	(2,131,623)	1,419,635	266,643,157
Total capital assets, net	\$ 287,876,460	\$ 48,601,915	\$ (2,131,623)	\$ -	\$ 334,346,752

Construction in Progress

The Authority has various capital projects in progress at year-end. The majority of these projects were undertaken to address system integration requirements, deferred maintenance, and equipment replacement needs. The projects are in varying stages of development and management expects that most of the projects will be completed in the next 2-3 years. As of September 30, 2025, construction in progress assets are comprised of an electronic medical records ("EMR") system conversion project of \$17.2 million; information technology and modernization projects of \$12.1 million; clinical equipment refreshment and replacement projects of \$7.5 million; and projects related to facilities and other deferred maintenance of \$4.5 million.

8. SHORT-TERM DEBT

Short-term debt activity for the year ended September 30, 2025, is summarized as follows:

	Balance at November 1, 2024	Additions	Reductions	Balance at September 30, 2025
Direct Borrowings				
Short-term line of credit	\$ -	\$ 58,000,000	\$ 8,000,000	\$ 50,000,000

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Short-term debt is comprised of a \$50,000,000 line of credit payable to the Board of Trustees of The University of Alabama for the University of Alabama Hospital ("the University Hospital"), a related organization; due in one-lump sum payment at maturity in May 2026. Either party has the option to extend the maturity date for two additional one-year periods upon providing 30 days prior written notice. So long as no event of default has occurred, the loan shall not bear interest. In the event of default, the lender shall be entitled to terminate the agreement, at which point the outstanding balance shall be immediately due and payable within 30 days and shall accrue interest at 1.50% per month. The loan is unsecured and has no subjective acceleration clauses.

9. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended September 30, 2025, is summarized as follows:

	Balance at November 1, 2024	Additions	Reductions	Balance at September 30, 2025	Amounts Due Within One Year
General Receipts Bonds					
Revenue Bonds, Series 2024A	\$ 290,000,000	\$ -	\$ -	\$ 290,000,000	\$ -
Revenue Bonds, Series 2024B	290,000,000	-	-	290,000,000	-
Revenue Bonds, Series 2024C	100,000,000	-	-	100,000,000	-
Total revenue bonds	680,000,000	-	-	680,000,000	-
Other Debt					
Lease obligations	-	43,173,560	9,849,257	33,324,303	10,826,537
Subscription liabilities	-	366,821	105,000	261,821	127,971
Total long-term debt	680,000,000	43,540,381	9,954,257	713,586,124	10,954,508
Arbitrage rebate payable	-	1,755,696	-	1,755,696	-
Compensated absences ¹	5,608,905	5,841,376	-	11,450,281	5,959,820
Total long-term liabilities	<u>\$ 685,608,905</u>	<u>\$ 51,137,453</u>	<u>\$ 9,954,257</u>	<u>\$ 726,792,101</u>	<u>\$ 16,914,328</u>

¹ Additions and reductions are reported on a net basis for compensated absences.

Description of Long-Term Debt Outstanding

General Receipts Bonds

\$290,000,000 UAB St. Vincent's Health System Authority Revenue Bonds, Series 2024A; principal payments due annually commencing in November 2034 through maturity in November 2054; interest due monthly beginning in December 2024. The bonds are tax-exempt and bear interest at a variable rate equal to the Securities Industry and Financial Markets Association ("SIFMA") index rate published each week plus the applicable spread, which ranges from 0.40% to 2.00%. The applicable spread is determined according to the rating then assigned to the senior long-term debt of the entities established under the Master Indenture. These related organizations include the Board of Trustees of the University of Alabama ("the UA Board") acting through its operating division The University of Alabama at Birmingham ("UAB"), UAB Medicine Enterprise, University of Alabama Health Services Foundation, P.C. and UAB Callahan Eye Hospital Authority (collectively, "the Obligated Group").

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

As of September 30, 2025, the index rate plus the applicable spread is 3.10% per annum. The bonds are secured by pledged general obligations of the Authority. The bond proceeds were issued for the purpose of financing the costs of certain capital improvements to the health care facilities of the Authority's affiliates.

\$290,000,000 UAB St. Vincent's Health System Authority Revenue Bonds, Series 2024B; principal payments due annually commencing in November 2034 through maturity in November 2054; interest due monthly beginning in December 2024. The bonds are tax-exempt and bear interest at a variable rate equal to the SIFMA index rate published each week plus the applicable spread, which ranges from 0.40% to 2.00%. The applicable spread is determined according to the rating then assigned to the senior long-term debt of the Obligated Group. As of September 30, 2025, the index rate plus the applicable spread is 3.10% per annum. The bonds are secured by pledged general obligations of the Authority. The bond proceeds were issued for the purpose of financing the costs of certain capital improvements to the health care facilities of the Authority's affiliates.

\$100,000,000 UAB St. Vincent's Health System Authority Revenue Bonds, Series 2024C; principal payments due annually commencing in November 2028 through maturity in November 2034; interest due monthly beginning in December 2024. The bonds are taxable and bear interest at a variable rate equal to the Secured Overnight Financing Rate ("SOFR") published by the Federal Reserve Bank of New York plus the applicable spread, which ranges from 0.45% to 2.00%. The applicable spread is determined according to the unenhanced rating then assigned to the senior long-term debt of the Obligated Group. As of September 30, 2025, the index rate plus the applicable spread is 4.76% per annum. The bonds are secured by pledged general obligations of the Authority. The bond proceeds were issued for the purpose of financing the costs of issuance of the bonds, acquiring the sole membership interest in the Authority, and financing certain working capital, operating and other general expenses of the Authority.

Other Debt

The Authority has acquired the right to use various equipment and real estate with various third parties. The lease liability is measured at the present value of lease payments expected to be remitted during the lease term, including options reasonably certain to be exercised. The remaining lease terms range from 0.25 years to 6.25 years. In circumstances in which the rate implicit in the lease cannot be determined, the Authority uses a discount rate of 4.50%, which is the Authority's estimated incremental borrowing rate. The carrying value of the right-of-use assets and the related amortization can be found in Note 7. In the event of default (non-payment), the lessors may declare all unpaid principal to be immediately due and payable or repossess the leased equipment or real estate. These agreements do not contain any subjective acceleration clauses.

The Authority has three SBITA's with various software vendors. The subscription liability is measured at the present value of subscription payments expected to be remitted to vendors during the subscription term, including options reasonably certain to be exercised. The subscriptions require annual base subscription payments of \$138,781. The discount rate used to calculate the present value of subscription payments was 4.50%, which is the Authority's estimated incremental borrowing rate for software and similar assets. The carrying value of subscription assets and the related amortization can be found in Note 7. In the event of default, the vendors may revoke the Authority's licenses to use the underlying software. These agreements do not contain any subjective acceleration clauses.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The Authority has accrued a liability for its estimated arbitrage rebate payable related to the Series 2024A and 2024B bond proceeds in accordance with the Tax Reform Act of 1986 and subsequent U.S. Treasury regulations. Section 148(f) of the Internal Revenue Code requires that excess earnings on the proceeds of tax-exempt bonds shall be rebated to the U.S. Treasury. The Authority engaged a third-party consultant to calculate the estimated rebate payment due as of September 30, 2025. The rebate payment is due in one lump-sum installment in October 2029.

Amortization of Outstanding Debt

The annual debt service requirements to amortize all debt outstanding as of September 30, 2025, is summarized as follows:

Year Ending September 30,	Revenue Bonds		Leases		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ -	\$ 25,420,000	\$ 10,826,537	\$ 1,297,546	\$ 127,971	\$ 10,810
2027	-	25,420,000	10,689,602	813,186	133,850	4,875
2028	-	25,420,000	7,351,660	357,723	-	-
2029	13,970,000	24,823,947	2,121,856	162,570	-	-
2030	14,725,000	24,076,469	1,255,407	85,594	-	-
2031-2035	86,305,000	107,887,161	1,079,241	39,019	-	-
2036-2040	106,130,000	88,614,690	-	-	-	-
2041-2045	126,740,000	68,048,516	-	-	-	-
2046-2050	151,360,000	43,489,132	-	-	-	-
2051-2055	180,770,000	14,157,792	-	-	-	-
	<u>\$ 680,000,000</u>	<u>\$ 447,357,707</u>	<u>\$ 33,324,303</u>	<u>\$ 2,755,638</u>	<u>\$ 261,821</u>	<u>\$ 15,685</u>

10. RETIREMENT PLANS

Deferred Compensation Plan

The Authority sponsors a 457(b) retirement plan for all employees through an agreement with the UAB St. Vincent's Employment Authority ("UABSVEA"), a related organization. The 457(b) plan is a voluntary, tax-deferred (and Roth after tax) plan governed by the Internal Revenue Code. The plan allows employees to contribute a portion of their salary to a retirement account. The assets are held in trust for the employees' benefit. The plan participants individually select and make changes in funding options, which are made available by the third-party plan administrator. Since participants select the investment fund or funds in which their deferred compensation accounts are invested, the Authority has no liability for investment losses. The Authority's responsibility is to administer the plan properly and to ensure the investment alternatives made available are reasonable. Employees made contributions to the plan of \$650,087 for the year ended September 30, 2025.

**UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Defined Contribution Plan

The Authority sponsors a 403(b) retirement plan for eligible employees through an agreement with the UABSVEA, a related organization. The 403(b) plan is a voluntary, defined contribution, tax-deferred (and Roth after tax) plan governed by the Internal Revenue Code. The plan requires an initial 5.00% payroll contribution by the employee with a 5.00% match by the Authority. Employees are eligible to participate immediately upon commencement of employment and are fully vested after three years of creditable service, including service time with the predecessor employer, Ascension Healthcare. The Plan participants individually select and make changes in funding options, which are made available by the third-party plan administrator. Since participants select the investment fund or funds in which their deferred compensation accounts are invested, the Authority has no liability for investment losses.

The power to establish and amend the plan, including contribution requirements, lies with the UA Board. Contributions made to the plan by employees and by the Authority were \$15,180,210 and \$10,219,435, respectively.

11. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these risks through a combination of self-insurance, risk pooling arrangements, and commercial insurance coverage. The risks are subject to various claims and aggregate limits with excess liability and tail coverage provided by independent insurers.

The Authority purchases commercial general liability insurance coverage from independent insurers.

The Authority is a participant in the UAB Professional Liability Trust Fund ("PLTF"). The PLTF uses premiums paid by participants together with the earnings thereon to cover the liabilities for medical malpractice reported claims, claims that are incurred but not reported and future costs of handling the claims. The liabilities are generally based on present value actuarial calculations discounted at a rate of 2%. If the PLTF is terminated, appropriate provision for payment of reported claims will be made.

The Authority self-insures for claims arising from workers' compensation losses. The liabilities are generally based on actuarial calculations using the statutory limits for , which includes no provision for claims handling costs, costs of excess insurance or any other administrative expense. The Authority has obtained excess coverage which caps its liability at \$250,000 per occurrence. The liability recorded includes estimated settlements for claims reported but not yet settled as of September 30, 2025, as well as, an estimate of claims incurred but not reported.

Changes in the Authority's total self-insured liabilities for workers' compensation for the year ended September 30, 2025, is summarized as follows:

Beginning liability	\$ -
Claims and change in estimates	1,970,000
Claims payments	<u>(182,225)</u>
Accrued self-insurance liabilities	<u><u>\$ 1,787,775</u></u>

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The Authority self-insures for claims arising from medical and prescription drugs. The liabilities are based on actuarial calculations, which use a blending of methods. The estimated liabilities include a 10% margin for claims incurred but not reported and rely on the accuracy of claim and enrollment data provided by Blue-Cross Blue-Shield ("BCBS") Alabama and VIVA Health. For more recent months, where experience is more variable or insufficient to produce credible completion factors, a projection method is used to develop an estimate of ultimate incurred claims per employee per month.

Changes in the Authority's total self-insured liabilities for medical and prescription drugs for the year ended September 30, 2025, is summarized as follows:

Beginning liability	\$ -
Claims and change in estimates	14,796,619
Claims payments	<u>(12,676,202)</u>
Accrued self-insurance liabilities	<u><u>\$ 2,120,417</u></u>

12. CONCENTRATIONS

The Authority grants credit without collateral to 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 as of September 30, 2025, is summarized as follows:

Medicare HMO	30.3%
Medicare	12.8%
Blue Cross and Blue Shield	21.7%
Other third-party payors	16.9%
Managed care	9.7%
Self-pay (uninsured)	<u>8.6%</u>
	<u><u>100.0%</u></u>

13. COMMITMENTS AND CONTINGENCIES

Litigation

The Authority is a party to various claims and assessments arising from its actions in the ordinary course of business. Management does not believe that the ultimate outcome of these actions will have a material adverse effect on the financial statements. However, the settlement of legal actions is subject to inherent uncertainties, and it is possible that such outcomes could differ materially from management's current expectations.

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

14. RELATED PARTIES

The Authority, its component units and other divisions of UAB Health System Authority ("UABHSA") provide a variety of support services to each other in the ordinary course of business. The cost of these services is allocated to the end user on bases which vary according to the service being furnished.

As described in Note 8, the Authority received a \$50 million advance from UABHSA in the form of a revolving line-of-credit agreement. The line-of-credit matures on May 19, 2026. The line-of-credit is noninterest bearing provided that all outstanding principal is repaid prior to the maturity date, and an event of default does not occur, as defined in the agreement. As of September 30, 2025, UABHSA has advanced \$50.0 million to the Authority that is reported as short-term debt in the accompanying financial statements.

As described in Note 9, the Authority issued Series 2024A, 2024B, and 2024C Revenue Bonds in the amount of \$680 million in October 2024. The bond proceeds were primarily used to purchase St. Vincent's Health System ("SVHS") and its affiliates from Ascension Health effective November 1, 2024. In accordance with the bond indentures, several related organizations are jointly and severally liable for the debt. These related organizations include the Board of Trustees of the University of Alabama ("the UA Board") acting through its operating division The University of Alabama Birmingham ("UAB"), UAB Medicine Enterprise, University of Alabama Health Services Foundation, P.C. and UAB Callahan Eye Hospital Authority (collectively "the Obligated Group"). Each series of the 2024 bonds issued bear interest at a variable rate that is directly tied to the rating assigned to the senior long-term debt of the entities that comprise the Obligated Group.

As described in Note 10, The Authority's personnel are employed by UAB St. Vincent's Employment Authority ("UABSVEA"), the sole member of which is UAB. UABSVEA offers voluntary 457(b) and 403(b) retirement plans for eligible employees. As of September 30, 2025, UABSVEA had approximately 4,900 employees, and the Authority paid UABSVEA \$295.9 million for payroll and related taxes during the year ended September 30, 2025.

Through its participation in the self-insured health insurance plan sponsored by UAB, the Authority receives a reimbursement from Triton Health Systems, LLC ("VIVA"), a related organization that is wholly owned by UAB and its affiliates, for rate differentials resulting from favorable commercial contracts. UABHSA has subsidized VIVA's growth by providing it with lower commercial rates than its competitors, which has boosted its sales growth. Each year, UABHSA determines the revenue impact of those favorable rates and is reimbursed for a portion of those subsidies by VIVA. As part of UABHSA, the Authority receives a portion of the reimbursement from VIVA. For the short fiscal year ended September 30, 2025, the Authority received reimbursements for favorable rates totaling \$3.5 million from VIVA.

In August 2024, UABHSA approved the conversion of the current electronic medical record systems for University Hospital, a reportable segment of UAB, and certain other affiliated hospitals and clinics to a single instance of EPIC Systems Corporation electronic medical record software ("EMR System"). The implementation of the EMR System will be recorded as a single software capital asset of University Hospital, supporting multiple organizations. To fund the implementation of the software, the Authority has advanced a portion of the total costs incurred to date to support future access and use of the system. Other affiliated entities will enter into usage fee agreements upon completion and implementation of the EMR System. As of September 30, 2025, the Authority has advanced \$17.2 million to University Hospital representing its share of the software implementation costs.

**THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA (UNAUDITED)
AS OF SEPTEMBER 30, 2025**

The Honorable Kay Ivey, President Ex-Officio
Governor of Alabama

Scott Phelps, President Pro Tempore
Fourth Congressional District

.....

Mike Brock
Second Congressional District

Karen P. Brooks
Seventh Congressional District

Myla E. Calhoun
Sixth Congressional District

Ronald W. Gray
Fifth Congressional District

Jeff Gronberg
Fifth Congressional District

Barbara Humphrey
Seventh Congressional District

W. Davis Malone III
Second Congressional District

Evelyn VanSant Mauldin
Fourth Congressional District

Harris V. Morrisette
First Congressional District

J. Steven Roy
Third Congressional District

Kenneth Simon
Seventh Congressional District

Kenneth Vandervoort, M.D.
Third Congressional District

O.B. Grayson Hall, Jr.
Sixth Congressional District

Angus R. Cooper III
First Congressional District

.....

Trustees Emeriti

Paul Bryant, Jr.

Angus Cooper II

John England, Jr.

Joseph Espy III

Joseph Fine

Andria Hurst

John Johns

Peter Lowe

John McMahon, Jr.

Joe Ritch

William Britt Sexton

W. Stancil Starnes

Finis E. St. John IV

Cleophus Thomas, Jr.

John Thomas

Marietta Urquhart

APPENDIX H

Forms of the Bond Indentures and Loan Agreements

The form of Bond Indenture attached hereto is the form of the Trust Indenture (Series 2026A) to be dated September 1, 2026 between the UAB Medicine Finance Authority and Regions Bank, as bond trustee, relating to the Series 2026A Bonds. The Bond Indenture relating to the Series 2026C Bonds will be substantially similar to the form attached here, with the difference reflecting the different series designation and different obligations to be refunded.

The form of Loan Agreement attached hereto is the form of the Loan Agreement (Series 2026A) to be dated September 1, 2026 between the UAB Medicine Finance Authority and UAB Medicine Enterprise relating to the Series 2026A Bonds. The Loan Agreement relating to the Series 2026C Bonds will be substantially similar to the form attached here, with the difference reflecting the different series designation.

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**TRUST INDENTURE
(Series 2026A)**

Dated September 1, 2026

Between

UAB MEDICINE FINANCE AUTHORITY

and

REGIONS BANK

Relating to the issuance of

**\$ _____
Revenue Bonds, Series 2026A**

by

UAB Medicine Finance Authority

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EXHIBIT 15.1(b)	Directions for Notices

**TRUST INDENTURE
(Series 2026A)**

THIS TRUST INDENTURE (Series 2026A) dated September 1, 2026 is entered into by **UAB MEDICINE FINANCE AUTHORITY**, an Alabama public corporation (the “Authority”), and **REGIONS BANK**, an Alabama banking corporation (the “Trustee”).

Recitals

A. The Authority has duly authorized the issuance of its \$_____ aggregate principal amount of Revenue Bonds, Series 2026A (the “Bonds”) pursuant to this Indenture.

B. UAB Medicine Enterprise, a nonprofit, 501(c)(3) corporation formerly known as UAB Health System (“UAB Medicine”), is a member of the Obligated Group established pursuant to the Master Indenture referred to below and serves as the Obligated Group Representative under the Master Indenture.

C. The Bonds are being issued to provide financing for the benefit of the Members of the Obligated Group. Proceeds of the Bonds will be used for the purpose of refunding the bonds described in **Exhibit 5.4(b)** (the “Refunded Bonds”) that provided financing for the benefit of UAB Medicine and the other Members of the Obligated Group.

D. The proceeds of the Bonds have been loaned by the Authority to UAB Medicine pursuant to a Loan Agreement (Series 2026A) dated September 1, 2026 (the “Loan Agreement”) between the Authority and UAB Medicine. Pursuant to the Loan Agreement UAB Medicine has agreed to make payments at times and in amounts sufficient to pay Debt Service on the Bonds and the Purchase Price of Tendered Bonds. As evidence of its loan payment obligation, UAB Medicine shall issue its promissory note (the “Note”) to the Authority. The obligations of UAB Medicine under the Loan Agreement and the Note are full faith and credit obligations of UAB Medicine for the payment of which its full faith and credit have been pledged.

E. UAB Medicine and certain of its affiliates identified in the Master Indenture Supplement (defined herein) are members of the Obligated Group (the “Obligated Group”) established under that certain Master Trust Indenture dated October 1, 2016, as heretofore amended and supplemented (the “Master Indenture”), between the Obligated Group and Regions Bank, as trustee (the “Master Trustee”). The Obligated Group is authorized to issue obligations (“Master Indenture Obligations”) under the Master Indenture to evidence or secure debt and other obligations of the Obligated Group. The Master Indenture Obligations and all other payment obligations under the Master Indenture are joint and several obligations of the Obligated Group members, subject to the limited source of payment specified in the Master Indenture for The Board of Trustees of The University of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham for the benefit of University Hospital. Except for its University Hospital division, UA Board is not a member of the Obligated Group and is not liable for the payment of the Bonds or the debts and other liabilities of the Obligated Group. The Master Indenture Obligations and other payment obligations of UA Board under the Master Indenture are limited obligations of UA Board payable solely out of assets and revenues of University Hospital. The Master Indenture Obligations and other payment obligations of all other Obligated Group members under the Master Indenture are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged. In addition, the Master Indenture Obligations are secured by the Pledged Revenues (as defined in the Master Indenture).

F. As security for the loan payment obligation of UAB Medicine under the Loan Agreement and the Note, the Obligated Group has issued a Master Indenture Obligation (the “Series 2026A Master Indenture Obligation”) under the Master Indenture.

G. The rights of the Authority under the Loan Agreement, the Note and the Series 2026A Master Indenture Obligation have been assigned to the Trustee pursuant to this Indenture.

H. The Bonds and all other payment obligations under this Indenture are limited obligations of the Authority payable solely out of the Trust Estate established pursuant to the Indenture, which includes (i) payments by UAB Medicine pursuant to the Loan Agreement and Note, (ii) payments by the Obligated Group pursuant to the Series 2026A Master Indenture Obligation, and (iii) money and investments in the funds and accounts established under this Indenture.

I. This Indenture provides for the issuance of the Bonds in various Interest Rate Modes. The Bonds shall be issued initially in the Fixed Rate Mode. The Bonds may, at the option of UAB Medicine, be converted to another Interest Rate Mode in accordance with the terms of this Indenture at any time when the Bonds are subject to optional redemption at par.

J. All things have been done which are necessary to make the Bonds, when executed by the Authority and authenticated and delivered by the Trustee hereunder, the valid obligations of the Authority, and to constitute this Indenture a valid trust indenture for the security of the Bonds, in accordance with the terms of the Bonds and this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

It is hereby covenanted and declared that all the Bonds are to be authenticated and delivered and the property subject to this Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the Authority does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit (except as otherwise expressly provided herein) of all Holders as follows:

ARTICLE 1

**Definitions and Other Provisions
of General Application**

SECTION 1.1 Definitions

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meaning indicated:

“**Acquisition Costs**” means the costs of acquiring, constructing and installing any capital improvements to the health care facilities of the Obligated Group, including without limitation (a) interest accruing on the Bonds for a period not to exceed 3 years, and (b) any rebate due to the United States Treasury with respect to the Bonds pursuant to Section 148(f) of the Internal Revenue Code.

“**Acquisition Fund**” means the fund established pursuant to *Section 9.3*.

“**Act of Bankruptcy**” means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against a person under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

“Affiliate” of any specified person means 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, “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 ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Alternate Rate” means the SIFMA Index plus 100 basis points; provided, however, that the notice of conversion of Bonds to a new Interest Rate Mode may specify a different Alternate Rate for Bonds while such Interest Rate Mode is in effect.

“Applicable Spread”, when used with respect to the Index Rate, means the margin or spread that is added to, or subtracted from, the Designated Index to determine the Index Rate.

“Authority” means UAB Medicine Finance Authority, an Alabama public corporation, until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Authority” means such successor corporation.

“Authorized Denominations” means: (i) for Bonds in the Daily Rate Mode, the Weekly Rate Mode and the Commercial Paper Rate Mode, \$100,000 or any larger amount that is a multiple of \$5,000, and (ii) for Bonds in the Term Rate Mode, the Index Rate Mode, or the Fixed Rate Mode, \$5,000 or any multiple thereof; provided, however, that the notice of conversion of Bonds to a new Interest Rate Mode may specify different Authorized Denominations for the Bonds while such Interest Rate Mode is in effect.

“Authorized Representative of UAB Medicine” means the chief executive officer or the chief financial officer of UAB Medicine or any other officer or agent of UAB Medicine authorized by the governing body of UAB Medicine to act as “Authorized Representative of UAB Medicine” for purposes of the Bond Documents.

“Authorized Representative of the Authority” means the president, the vice president, or any other officer or agent of the Authority authorized by the governing body of the Authority to act as “Authorized Representative of the Authority” for purposes of the Bond Documents.

“Bond Buyer Index” means the “Bond Buyer Revenue Bond Index” rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Authority that is within 30 days prior to the date of such determination; provided, however, that if the Bond Buyer Index is no longer published, the Trustee shall select an alternative index that, in the judgment of the Trustee, is based on criteria reasonably similar to the current Bond Buyer Index.

“Bond Documents” means the Bonds, the Indenture, the Loan Agreement and the Note.

“Bond Payment Date” means each date on which Debt Service is payable on the Bonds, including any date fixed for redemption of Bonds.

“Bond Purchase Fund” means the fund established pursuant to *Section 9.4*.

“Bond Register” means the register or registers for the registration and transfer of Bonds maintained by the Authority pursuant to *Section 4.2(c)*.

“Bonds” means the bonds issued pursuant to this Indenture.

“Book Entry System” means the book entry system maintained by DTC for the ownership, transfer, exchange and payment of debt obligations.

“Business Day” means any day other than a Saturday, a Sunday, or a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its obligations under this Indenture.

“Calculation Agent”, when used with respect to Bonds in the Index Rate Mode, means the Trustee, until a successor Calculation Agent is appointed pursuant to *Section 15.5*.

“Callable Bonds” means Bonds that are subject to optional redemption.

“Commercial Paper Rate Mode” means the Interest Rate Mode in which a Bond bears interest at the CP Rate for each CP Rate Period.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement entered into by the Obligated Group in connection with the issuance of the Bonds.

“Conversion Date” means the day on which the Interest Rate Mode on a Bond is successfully converted from one Interest Rate Mode to another Interest Rate Mode.

“Costs of Issuance” means the expenses incurred in connection with the issuance of the Bonds, including legal, consulting, accounting and underwriting fees and expenses.

“Costs of Issuance Fund” means the fund established pursuant to *Section 9.2*.

“CP Rate”, when used with respect to any Bond in the Commercial Paper Rate Mode, means the fixed interest rate borne by such Bond during the applicable CP Rate Period.

“CP Rate Period”, when used with respect to any Bond in the Commercial Paper Rate Mode, means each period during which such Bond bears interest at a specified CP Rate.

“Credit Enhancement” means an undertaking by a third party to provide security for the payment of Debt Service on the Bonds or the Purchase Price of Tendered Bonds, or both, including without limitation bond insurance, a letter of credit, a standby purchase agreement or any other similar agreement.

“Daily Rate”, when used with respect to any Bond in the Daily Rate Mode, means the variable interest rate borne by such Bond while such Bond is in the Daily Rate Mode.

“Daily Rate Mode” means the Interest Rate Mode in which a Bond bears interest at the Daily Rate.

“Debt Service” means the principal, redemption premium (if any) and interest payable on the Bonds.

“Debt Service Fund” means the fund established pursuant to *Section 9.1*.

“Defaulted Interest” has the meaning assigned in *Section 4.2(l)*.

“Defeased”, when used with respect to Indenture Indebtedness, has the meaning assigned in *Section 14.1*.

“Designated Index” means an index used to determine the Index Rate.

“Direct Lender” means a bank or other financial institution that purchases a Bond to be delivered in Direct Loan Form in accordance with the provisions of *Section 4.6* and, upon transfer of such Bond by the existing Direct Lender to a successor Direct Lender, as provided in *Section 4.6*, means the successor Direct Lender.

“Direct Loan Form” means the form of a Bond delivered to a Direct Lender in accordance with the provisions of *Section 4.6*.

“Direct Payment Agreement” means a direct payment agreement entered into pursuant to *Section 4.6* to facilitate the payment of a Bond in Direct Loan Form.

“DTC” means The Depository Trust Company and its successors and assigns.

“Enabling Law” means Section 16-17A-1 et seq. of the Code of Alabama 1975.

“Event of Default” has the meaning assigned in *Section 11.1*. An Event of Default shall “exist” if an Event of Default shall have occurred and be continuing.

“Extendable Maturity Bond” means any Bond that is eligible for conversion to another Interest Rate Mode and also eligible for extension of its Maturity Date under the terms and conditions of *Section 5.3(b)(14)*.

“Extended Maturity Certificate” means a certificate evidencing UAB Medicine’s election to extend the Maturity Date of a Bond in accordance with the terms and conditions of *Section 5.3(b)(14)*. An Extended Maturity Certificate shall be substantially in the form provided in *Exhibit 5.3(b)(14)*.

“Extended Maturity Date” means a Maturity Date specified in an Extended Maturity Certificate for an Extendable Maturity Bond.

“Failed Conversion” has the meaning assigned in *Section 5.3(c)*.

“Failed Conversion Provisions” means the provisions of *Section 5.3(c)* and *Section 5.3(d)* relating to a Failed Conversion.

“Failed Purchase”, when used with respect to a Soft Tender Bond, means such Soft Tender Bond was not purchased on an Optional Tender Date or a Mandatory Tender Date during a Soft Tender Period.

“Failed Purchase Bond”, when used with respect to a Soft Tender Bond, means such Soft Tender Bond was not purchased on an Optional Tender Date or a Mandatory Tender Date during a Soft Tender Period.

“Failed Purchase Period”, when used with respect to a Soft Tender Bond, means a period beginning on an Optional Tender Date or a Mandatory Tender Date when a Failed Purchase occurs with respect to such Soft Tender Bond and ending on the first to occur of the following: (i) the date when such Soft Tender Bond is purchased, (ii) the date when such Soft Tender Bond is converted to another Interest Rate Mode, (iii) the date when such Soft Tender Bond is redeemed, or (iv) the Maturity Date for such Soft Tender Bond.

“Favorable Tax Opinion” means an Opinion of Counsel stating in effect that the proposed action, together with any other changes with respect to the Bonds made or to be made in connection with such action, will not cause interest on the Bonds to become includible in gross income of the Holders for purposes of federal income taxation.

“Federal Securities” means noncallable, nonprepayable, direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America.

“Financing Participants” means the Authority, UAB Medicine, the Trustee, the Calculation Agent, the Remarketing Agent and the provider of any Credit Enhancement with respect to the Bonds.

“Fitch” means Fitch Ratings, Inc.

“Fixed Rate”, when used with respect to any Bond in the Fixed Rate Mode, means the fixed interest rate borne by such Bond.

“Fixed Rate Mode” means the Interest Rate Mode in which a Bond bears interest at a Fixed Rate.

“Fixed Rate Period”, when used with respect to any Bond in the Fixed Rate Mode, means a period during which such Bond bears interest at the specified Fixed Rate.

“Holder”, when used with respect to a Bond, means (i) if the Book Entry System is in effect, the beneficial owner of such Bond under the rules and regulations of the book Entry System or (ii) if the book Entry System is not in effect, the person in whose name such Bond is registered on the Bond Register.

“Indenture” means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

“Indenture Funds” means any fund or account established pursuant to this Indenture.

“Indenture Indebtedness” means all indebtedness of the Authority at the time secured by this Indenture, including without limitation (a) all Debt Service on the Bonds and (b) all reasonable fees, charges and disbursements of the Trustee for services performed and disbursements made under this Indenture.

“Independent”, when used with respect to any person, means a person who (i) does not have any direct financial interest or any material indirect financial interest in any Financing Participant or any Affiliate of a Financing Participant, (ii) does not serve as a member of the governing body of any Financing Participant or any Affiliate of a Financing Participant, and (iii) is not employed by any Financing Participant or any Affiliate of a Financing Participant.

“Index Rate”, when used with respect to any Bond in the Index Rate Mode, means a variable rate equal to the Designated Index plus or minus the Applicable Spread for the related Index Rate Period.

“Index Rate Mode” means the Interest Rate Mode in which a Bond bears interest at the Index Rate.

“Index Rate Period”, when used with respect to a Bond in the Index Rate Mode, means a period during which such Bond bears interest at the Designated Index and the Applicable Spread for such period.

“Interest Payment Date”, when used with respect to any installment of interest on a Bond, means the date specified in this Indenture as the date on which such installment of interest is due and payable.

“Interest Rate Mode” means an interest rate mode authorized pursuant to *Section 5.2*.

“Loan Agreement” means the Loan Agreement (Series 2026A) dated September 1, 2026 between the Authority and UAB Medicine.

“Loan Payments” means payments by UAB Medicine pursuant to the Loan Agreement with respect to payment of Debt Service on the Bonds.

“Majority Holders” means the Holder or Holders of greater than 50% of the principal amount of all Bonds Outstanding.

“Mandatory Tender” means a required tender of a Bond for purchase pursuant to *Section 6.2*.

“Mandatory Tender Date” means a date on which a Bond is to be purchased pursuant to a Mandatory Tender.

“Master Indenture” means the Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Master Trustee, as heretofore amended and supplemented and as further supplemented by the Master Indenture Supplement, which authorizes the Series 2026A Master Indenture Obligation.

“Master Indenture Obligations” means all obligations issued under the Master Indenture.

“Master Indenture Supplement” means the Eighth Supplemental Indenture (Series 2026 Obligations) dated September 1, 2026 between UAB Medicine, on its own behalf and on behalf of all other Obligated Group members, and the Master Trustee, authorizing the issuance of the Series 2026A Master Indenture Obligation.

“Master Trustee” means Regions Bank, an Alabama banking corporation, and its successors and assigns, in its capacity as trustee under the Master Indenture.

“Maturity Date”, when used with respect to any Bond, means the date specified in this Indenture as the date on which principal of such Bond is due and payable. The Maturity Date for a Bond when issued initially is specified in *Section 5.1(d)*. If a Bond is successfully converted to another Interest Rate Mode and an Extended Maturity Certificate has been delivered with respect to such Bond in accordance with the terms and conditions of *Section 5.3(b)(14)*, the Maturity Date for such Bond shall be the Extended Maturity Date specified in such Extended Maturity Certificate. A Bond’s Maturity Date may be extended more than once in accordance with the terms and conditions of *Section 5.3(b)(14)*.

“Maximum Maturity Date”, when used with respect to an Extendable Maturity Bond, means _____, 20__.

“Maximum Rate” means the lesser of (i) [12]% per annum and (ii) the maximum rate permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc.

“**Note**” means the promissory note delivered by UAB Medicine pursuant to the Loan Agreement to evidence its loan payment obligation.

“**Obligated Group**” means UAB Medicine and the other entities that constitute the Obligated Group under the Master Indenture. The current members of the Obligated Group are identified in the Master Indenture Supplement.

“**Obligor Bonds**” means Bonds registered in the name of (or in the name of a nominee for) the Authority, UAB Medicine, or any Affiliate of the Authority or UAB Medicine. The Trustee may assume that no Bonds are Obligor Bonds unless it has actual notice to the contrary.

“**Office of the Trustee**” means the office of the Trustee for hand delivery of notices, as specified pursuant to *Section 15.1*.

“**Opinion of Counsel**” means an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants, including counsel in the full-time employment of a Financing Participant.

“**Optional Tender**” means tender of a Bond for purchase at the option of the Holder thereof pursuant to *Section 6.1*.

“**Optional Tender Date**” means a date on which a Bond is to be purchased pursuant to an Optional Tender.

“**Outstanding**”, when used with respect to Bonds means, as of the date of determination, all Bonds authenticated and delivered under this Indenture, except:

- (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the Holders of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture; and
- (d) Tendered Bonds for the purchase of which money in the necessary amount has been deposited in the Bond Purchase Fund and is held in trust for the Holders of such Tendered Bonds;

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Obligor Bonds shall be disregarded and deemed not to be Outstanding. Obligor Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Bonds and that if such pledgee was the Holder such Bonds would not be considered Obligor Bonds.

“Post-Default Rate” means a variable rate equal to the Trustee’s prime or base rate plus 2.0% (200 basis points), in each case computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed.

“Proposed Conversion Date” means the day proposed by UAB Medicine for conversion of the Interest Rate Mode on a Bond from one Interest Rate Mode to another Interest Rate Mode.

“Purchase Price”, when used with respect to a Tendered Bond, means 100% of the principal amount of such Bond plus accrued interest to the Tender Date. If the Tender Date for a Tendered Bond is also an Interest Payment Date for such Bond, the interest due on such Date shall not be considered part of the Purchase Price; rather, such interest shall be paid in accordance with the provisions of this Indenture governing regular interest payments.

“Qualified Investments” means:

(a) direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America, including unit investment trusts and mutual funds that invest solely in such obligations,

(b) bonds, debentures, notes or other obligations issued or guaranteed by any federal agency if such obligations are (i) backed by the full faith and credit of the United States of America or (ii) rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency,

(c) money market funds rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency,

(d) certificates of deposit or other bank deposits that are described in one of the following clauses: (i) certificates of deposit or bank deposits issued by, or made with, a bank whose unsecured, long-term obligations are rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency, or (ii) certificates of deposit or bank deposits secured at all times by collateral described in paragraphs (a) and (b) above that is held by the Trustee or by a third party custodian acceptable to the Authority and the Trustee with a perfected first security interest in the collateral,

(e) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC,

(f) investment agreements, including guaranteed investment contracts, repurchase agreements and forward purchase agreements, provided that (i) any securities purchased or held pursuant to such agreement are otherwise Qualified Investments under this Indenture, (ii) the counterparty’s long-term debt obligations are rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency, and (iii) the securities, if purchased, are owned by the Authority or the Trustee and are held by the Trustee or by a third party custodian acceptable to the Authority and the Trustee or, if held as collateral, are held by the Trustee or a third party custodian acceptable to the Authority and the Trustee with a perfected first security interest in such collateral,

(g) commercial paper rated, at the time of purchase, not less than “Prime-1” by Moody’s or not less than “A-1” by S & P, and

(h) bonds or notes issued by any state, county or municipality which are rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency.

For purposes of this definition, rating categories are determined without regard to qualifiers, such as “+” or “1” (for example, ratings of “A-1”, “A-2”, “A-” and “A+” are considered part of the same rating category). Any investment requiring a rating shall be a Qualified Investment if the required rating is applicable on the date such investment is made. If UAB Medicine receives notice from the Trustee that the required rating is no longer applicable to any such investment, or if UAB Medicine has actual knowledge that the required rating is no longer applicable, UAB Medicine shall promptly give instructions for liquidation of such investment and shall give directions for reinvestment of the proceeds of such investment in another investment that is a Qualified Investment.

“Rating Agency” means Moody’s, S & P, Fitch and any other nationally recognized securities rating agency.

“Refunded Bonds” means bonds issued by the Authority that are being refunded through the issuance of the Bonds. The Refunded Bonds are more particularly described in *Exhibit 5.4(b)*.

“Regular Record Date”, when used with respect to the payment of interest on the Bonds, means: (i) with respect to any Bond in the Daily Rate Mode, the Weekly Rate Mode, the Commercial Paper Rate Mode, or the Index Rate Mode, the Business Day immediately prior to each Interest Payment Date for such Bond, and (ii) with respect to any Bond in the Term Rate Mode or the Fixed Rate Mode, the 15th day (whether or not a Business Day) of the month next preceding each Interest Payment Date for such Bond.

“Remarketing Agent” means the entity appointed pursuant to *Section 6.7* to serve as Remarketing Agent under this Indenture, until a successor Remarketing Agent shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Remarketing Agent” means such successor.

“Remarketing Proceeds” means the proceeds of remarketing of Bonds by the Remarketing Agent in accordance with the provisions of *Section 6.4*.

“Reset Date” means the date specified in this Indenture when the interest rate changes on Bonds in the Daily Rate Mode, the Weekly Rate Mode, the Commercial Paper Rate Mode or the Index Rate Mode.

“S & P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies.

“Series 2026A Master Indenture Obligation” means the Master Indenture Obligation issued by the Obligated Group to secure the obligations of UAB Medicine under the Loan Agreement and Note.

“SIFMA Index” means the “USD-SIFMA Municipal Swap Index”, which is an index compiled by the Securities Industry and Financial Markets Association (SIFMA) that is currently published each week. If the USD-SIFMA Municipal Swap Index is no longer published, the Trustee shall select an alternative index that, in the judgment of the Trustee, is based on criteria reasonably similar to the current SIFMA Index criteria.

“Soft Tender” means an Optional Tender or a Mandatory Tender during a Soft Tender Period.

“Soft Tender Bond” means a Bond subject to the Soft Tender Provisions.

“Soft Tender Period” means a period beginning on the first day of an Interest Rate Mode for which the Soft Tender Provisions were elected and ending the first to occur of the following: (i) the last day of such Interest Rate Mode, (ii) the date when all Soft Tender Bonds are converted to another Interest Rate Mode, (iii) the date when all Soft Tender Bonds are redeemed, or (iv) the last Maturity Date for the Soft Tender Bonds.

“Soft Tender Provisions” means the provisions of *Section 6.3* relating to Soft Tender Bonds.

“Special Record Date” for the payment of any Defaulted Interest on the Bonds means a date fixed by the Trustee pursuant to *Section 4.2(l)*.

“Tax Certificate and Agreement” means that certain Tax Certificate and Agreement entered into by the Authority and UAB Medicine in connection with the issuance of the Bonds.

“Tender Date” means an Optional Tender Date or a Mandatory Tender Date, as the case may be.

“Tendered Bonds” means Bonds tendered (or deemed tendered) for purchase pursuant to the Optional Tender or Mandatory Tender provisions of this Indenture.

“Term Rate”, when used with respect to any Bond in the Term Rate Mode, means the fixed interest rate borne by such Bond during the applicable Term Rate Period.

“Term Rate Mode” means the Interest Rate Mode in which a Bond bears interest at a Term Rate.

“Term Rate Period”, when used with respect to any Bond in the Term Rate Mode, means a period during which such Bond bears interest at a specified Term Rate established for such period.

“Trust Estate” shall have the meaning assigned in *Section 3.1*.

“Trustee” means Regions Bank, an Alabama banking corporation, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” means such successor.

“UAB Medicine” means UAB Medicine Enterprise, an Alabama nonprofit corporation, and its successors and assigns.

“Weekly Rate”, when used with respect to any Bond in the Weekly Rate Mode, means the variable interest rate borne by such Bond while such Bond is in the Weekly Rate Mode.

“Weekly Rate Mode” means the Interest Rate Mode in which a Bond bears interest at the Weekly Rate.

SECTION 1.2 General Rules of Construction

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) In the event of any inconsistency between the recitals to this instrument and the defined terms in this Article, or definitions incorporated by reference in this Article, the definitions in this Article, or incorporated by reference in this Article, will prevail.

(c) All accounting terms not otherwise defined herein have the meaning assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application thereof.

(d) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(h) The term “including” means “including without limitation” and “including, but not limited to”.

SECTION 1.3 Effect of Action by Holders

Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority or UAB Medicine in reliance thereon, whether or not notation of such action is made upon such Bond.

SECTION 1.4 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.5 Date of Indenture

The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

SECTION 1.6 Separability Clause

If any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.7 Governing Law

This Indenture shall be construed in accordance with and governed by the laws of the State of Alabama.

SECTION 1.8 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 1.9 Designation of Time for Performance

Except as otherwise expressly provided herein, any reference in this Indenture to the time of day means the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

ARTICLE 2

Source of Payment

SECTION 2.1 Source of Payment of Bonds and Other Obligation

The Bonds and all other payment obligations under this Indenture are limited obligations of the Authority payable solely out of the Trust Estate established pursuant to this Indenture, which includes (i) payments by UAB Medicine pursuant to the Loan Agreement and Note, (ii) payments by the Obligated Group pursuant to the Series 2026A Master Indenture Obligation, and (iii) money and investments in the funds and accounts established pursuant to the Indenture.

SECTION 2.2 Sponsoring Entity Exempt From Liability

The Bonds and any other payment obligations under this Indenture shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against the general credit or taxing powers of, the State of Alabama.

SECTION 2.3 Incorporators, Officers and Directors of the Authority Exempt from Individual Liability

No recourse under or upon any covenant or agreement of this Indenture, or of any Bonds, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer or director of the Authority, or of any successor, either directly or through the Authority, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Bonds issued hereunder are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or director of the Authority or any successor, or any of them, because of the issuance of the Bonds, or under or by reason of the covenants or agreements contained in this Indenture or in any Bonds or implied therefrom.

ARTICLE 3

Security for Payment

SECTION 3.1 Pledge and Assignment

To secure the payment of Debt Service on the Bonds and all other Indenture Indebtedness and the performance of the covenants contained in this Indenture and the Bonds, and to declare the terms and conditions on which the Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Holders thereof, the Authority hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the following property:

(a) **Indenture Funds.** Money and investments from time to time on deposit in, or forming a part of, the Indenture Funds.

(b) **Loan Agreement and Note.** All right, title and interest of the Authority in and to the Loan Agreement and the Note, including all Loan Payments and all other payments by UAB Medicine pursuant to the Loan Agreement and the Note; provided, however, that:

(1) The Authority shall retain the right to reimbursement of its expenses and indemnity payments pursuant to **Sections 3.4** and **5.6** of the Loan Agreement.

(2) The Authority shall retain the right to receive notices and other communications to be sent to it under the Loan Agreement.

(3) Nothing contained in this Indenture shall impair, diminish or otherwise affect the Authority's obligations under the Loan Agreement or impose any of such obligations on the Trustee.

(c) **Series 2026A Master Indenture Obligation.** All right, title and interest of the Authority in and to the Series 2026A Master Indenture Obligation, including all payments by the Obligated Group pursuant to the Series 2026A Master Indenture Obligation and all distributions to the holder of the Series 2026A Master Indenture Obligation of proceeds from the exercise of remedies under the Master Indenture.

(d) **Other Property.** Any and all property of every kind or description which may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the Authority or anyone on its part or with its consent, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the obligations secured hereby and to hold and apply all such property subject to the terms hereof.

TO HAVE AND TO HOLD all such property, rights and privileges (collectively called the "Trust Estate") unto the Trustee and its successors and assigns.

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of the Bonds (without any priority of any such Bond over any other such Bond).

PROVIDED, HOWEVER, that money and investments in the Indenture Funds may be applied for the purposes and on the terms and conditions set forth in this Indenture.

SECTION 3.2 Credit Enhancement

No Credit Enhancement has been provided as of the date of initial delivery of the Bonds. Credit Enhancement may be provided after the date of delivery of the Bonds, subject to the terms and conditions of *Article 17*.

ARTICLE 4

Registration, Transfer, Exchange and Payment of the Bonds

SECTION 4.1 The Book Entry System

(a) Except as otherwise provided in *Section 4.2* or *Section 4.6*, the ownership, transfer, exchange and payment of Bonds shall be governed by the Book Entry System administered by DTC.

(b) While Bonds are in the Book Entry System the following provisions shall govern for purposes of this Indenture and shall supersede any contrary provisions of this Indenture:

(1) DTC shall be the registered holder of the Bonds on the Bond Register maintained by the Trustee pursuant to *Section 4.2(c)*.

(2) Notwithstanding the fact that DTC may hold one or more Bond certificates for purposes of the Book Entry System, the term “Bond” means each separate security credited to a beneficial owner (or entitlement holder) pursuant to the Book Entry System, and the term “Holder” means the person identified pursuant to the Book Entry System as the beneficial owner of the related security.

(3) The terms and limitations of this Indenture with respect to each separate Bond shall be applicable to each separate security credited to a beneficial owner under the Book Entry System.

(4) All payments of Debt Service on the Bonds shall be made by the Trustee through the Book Entry System, and payments by such method shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to such payments.

(5) A tender of a Bond shall be made by the Holder to the Trustee through the Book Entry System.

(c) The Trustee may, in its discretion, discontinue the Book Entry System in accordance with the rules and regulations of the Book Entry System.

(d) If the Book Entry System is discontinued, (i) a physical certificate or physical certificates shall be executed, authenticated and delivered to each beneficial owner, or entitlement holder, under the Book Entry System in accordance with such person’s ownership of Bonds, (ii) such certificates shall be registered in the Bond Register maintained by the Trustee, and (iii) the remaining provisions of this Article shall govern the registration, transfer, exchange and payment of Bonds; provided, however, that if a Bond is in Direct Loan Form, the provisions of *Section 4.6* shall control with respect to such Bond in lieu of *Section 4.2*.

SECTION 4.2 Alternate Provisions Regarding Payment, Registration, Transfer and Exchange of Bonds

(a) If the Book Entry System is discontinued, the provisions of this Section shall control the registration, transfer, exchange and payment of Bonds, except as otherwise provided in *Section 4.6*.

(b) Payment of Debt Service on the Bonds shall be made as follows:

(1) Payment of interest on the Bonds which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Bond Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

(2) Payment of the principal of (and premium, if any, on) the Bonds and payment of accrued interest on the Bonds due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(3) Upon the written request of any Holder, the Trustee shall make payments of Debt Service by wire transfer, provided that (i) such request contains adequate instructions for the method of payment, and (ii) payment of the principal of (and redemption premium, if any, on) such Bonds and payment of the accrued interest on such Bonds due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Bonds to the Trustee.

(c) The Authority shall cause to be kept at the Office of the Trustee a register (herein sometimes referred to as the “Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Authority shall provide for the registration of Bonds and registration of transfers of Bonds entitled to be registered or transferred as herein provided. The Trustee is hereby appointed as agent of the Authority for the purpose of registering Bonds and transfers of Bonds as herein provided.

(d) Upon surrender for transfer of any Bond at the Office of the Trustee, the Authority shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity and interest rate, of any Authorized Denominations and of a like aggregate principal amount.

(e) At the option of the Holder, Bonds may be exchanged for other Bonds of the same maturity and interest rate, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Bonds to be exchanged at the Office of the Trustee. Whenever any Bonds are so surrendered for exchange, the Authority shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Holder making the exchange is entitled to receive.

(f) All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee.

(g) All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Authority and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange.

(h) Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(i) No service charge shall be made for any transfer or exchange of Bonds, but the Authority may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

(j) The Authority shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

(k) Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date.

(l) Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Authority to the persons in whose names such Bonds are registered at the close of business on a special record date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Authority shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Authority shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Bond Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds are registered on such Special Record Date.

(m) Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(n) All Bonds surrendered for payment, redemption, transfer or exchange, shall be promptly cancelled by the Trustee. The Trustee may destroy cancelled certificates. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture.

SECTION 4.3 Trustee as Paying Agent

Debt Service on the Bonds shall be payable on behalf of the Authority by the Trustee, which has been designated as the paying agent of the Authority for purposes of this Indenture.

SECTION 4.4 Payments Due on Non-Business Days

Except as otherwise expressly provided by this Indenture, if any payment on the Bonds is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

SECTION 4.5 Currency for Payment

Payment of Debt Service on the Bonds shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

SECTION 4.6 Bonds in Direct Loan Form

(a) A Bond may be delivered in Direct Loan Form, subject to the following terms and conditions:

(1) If a Bond will be in Direct Loan Form when issued initially, the direction to deliver such Bond in Direct Loan Form will be contained in **Section 5.1**. If a Bond is to be delivered in Direct Loan Form upon conversion to another Interest Rate Mode, the notice of conversion delivered pursuant to **Section 5.3(b)** will contain the direction to deliver such Bond in Direct Loan Form.

(2) A Bond in the Index Rate Mode, the Term Rate Mode or the Fixed Rate Mode may be in Direct Loan Form. A Bond delivered in Direct Loan Form must remain in Direct Loan Form during the entire term of the related Interest Rate Mode.

(3) If a Bond is in Direct Loan Form, any provisions for adjustment of the interest rate upon the occurrence of specified contingencies will be specified (i) in **Section 5.1** if such Bond is issued initially in Direct Loan Form or (ii) in the notice of conversion pursuant to **Section 5.3(b)** if such Bond is being converted to the Index Rate Mode, the Term Rate Mode, or the Fixed Rate Mode.

(4) A Bond in Direct Loan Form will be evidenced by a single physical certificate. The Bond will not be divisible into two or more physical certificates. The provisions regarding Authorized Denominations will not be applicable to a Bond in Direct Loan Form. The Book Entry System shall not be applicable to a Bond in Direct Loan Form, and a Bond in Direct Loan Form shall not have a CUSIP number.

(5) On the delivery date of any Bond delivered in Direct Loan Form the Direct Lender shall deliver to the Authority, the Trustee and UAB Medicine a certificate stating in effect that:

(A) The Direct Lender is purchasing the Bond to evidence and secure a loan to be made for the benefit of UAB Medicine in the ordinary course of its business.

(B) The Direct Lender is purchasing the Bond for its own account and without any present intention of transferring or distributing the Bond or any interest therein.

(C) The Direct Lender has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of owning the Bond.

(D) The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 and is able to bear the economic risks of purchasing the Bond and making a loan for the benefit of UAB Medicine.

(E) If the Direct Lender transfers the Bond it will deliver to the Trustee and UAB Medicine a certificate of the transferee substantially in the form required by this **Section 4.6(a)(5)**.

(6) A Bond in Direct Loan Form shall be registered in the name of the Direct Lender. The provisions of this Indenture for transfer, registration and exchange of Bonds shall be suspended for a Bond in Direct Loan Form. A Direct Lender may transfer the Bond only upon delivery of the following documentation:

(A) The existing Direct Lender shall deliver the outstanding physical certificate evidencing the Bond to the Trustee, together with a statement by the existing Direct Lender (i) identifying the person to whom the Bond has been transferred (the “successor Direct Lender”) and (ii) confirming the outstanding principal amount of the Bond.

(B) The successor Direct Lender shall deliver to the Trustee and UAB Medicine a certificate substantially in the form required pursuant to **Section 4.6(a)(5)**.

On the transfer date the Trustee shall deliver to the successor Direct Lender a single physical certificate in the outstanding principal amount of the Bond.

(7) At the request of the Direct Lender, UAB Medicine and the Trustee shall enter into a Direct Payment Agreement with the Direct Lender that includes the following terms:

(A) Payments of Debt Service on a Bond in Direct Loan Form will be made directly by UAB Medicine to the Direct Lender.

(B) Principal of the Bond will be subject to optional and mandatory redemption as provided in **Section 7.1** or in the notice of conversion with respect to the related Interest Rate Mode; provided, however, that any required notice of redemption shall be given by UAB Medicine on behalf of the Trustee and the Authority directly to the Direct Lender. UAB Medicine shall provide a copy of the redemption notice to the Trustee. If principal of the Bond is redeemed, the Direct Lender shall make a notation of such redemption in its records with respect to the Bond. The Direct Lender shall not be required to surrender the Bond to the Trustee for exchange as a result of the redemption. On the date such Bond is surrendered by the Direct Lender in connection with the conversion to another Interest Rate Mode or on the date of transfer of such Bond to another Direct Lender, the Direct Lender shall confirm the outstanding principal amount of the Bond.

(C) At the request of the Trustee or UAB Medicine, the Direct Lender shall promptly provide information in reasonable detail with respect to all payments of Debt Service received by the Direct Lender on such Bond.

(D) The Trustee shall be entitled to rely conclusively on the provisions of the Direct Payment Agreement, including the representations and warranties contained therein and the information furnished by the Direct Lender to the Trustee pursuant to the Direct

Payment Agreement, without further investigation or inquiry, and shall be completely protected in taking action on the same.

(E) UAB Medicine shall agree to indemnify the Trustee for, and hold the Trustee harmless against, any loss, liability or expense (including reasonable attorneys' fees, costs and expenses) incurred without bad faith or willful misconduct on its part arising out of or in connection with the Trustee's reliance on the terms of the Direct Payment Agreement. Such indemnification shall survive the termination of this Indenture and the Direct Payment Agreement or the sooner resignation or removal of the Trustee.

(F) Such other provisions as the Trustee shall reasonably request for the facilitation or administration of its duties under this Indenture while a Bond is held in Direct Loan Form.

(b) During any period when a Bond is in Direct Loan Form, the provisions of this Section shall supersede any contrary provisions of this Indenture regarding transfer, registration, exchange or payment of the Bond.

(c) If UAB Medicine and the Direct Lender have entered into a credit agreement, loan agreement, continuing covenants agreement or other similar agreement (each a "credit agreement") that provides the terms for extension of credit by the Direct Lender, (i) the default provisions of this Indenture may be amended to provide a cross default for defaults under the credit agreement and (ii) the credit agreement may contain provisions for adjustment of the interest rate upon the occurrence of specified contingencies that are incorporated by reference in *Section 5.1* (for a Bond issued initially in Direct Loan Form) or in a conversion notice delivered pursuant to *Section 5.3(b)*.

ARTICLE 5

Specific Terms for Bonds and Disposition of Proceeds

SECTION 5.1 Specific Title and Terms

(a) **Title and Amount.** The title of the Bonds shall be "Revenue Bonds, Series 2026A". If a Bond is converted to another Interest Rate Mode, a different series designation may be assigned to such Bond (or a group of Bonds) to facilitate identification of such Bond or Bonds in the new Interest Rate Mode. The aggregate principal amount of the Bonds that may be Outstanding is limited to \$_____.

(b) **Authorized Denominations.** The Bonds shall be in Authorized Denominations.

(c) **Form and Number.** The Bonds shall be issuable as registered bonds without coupons in Authorized Denominations. The Bonds of each series shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single physical certificate for all Bonds of the same series, maturity and interest rate shall be delivered to the Trustee. The Bonds and the certificate of authentication shall be substantially as set forth in *Exhibit 5.1(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. Each Bond certificate shall identify the Interest Rate Mode applicable to such Bond and may contain only provisions applicable to the Bond in such Interest Rate Mode.

(d) **Initial Interest Rate Mode and Maturity Date.** The Bonds shall mature on September 1 in years and amounts as set forth in the table below. The Bonds shall be issued initially in the Fixed Rate Mode. The Bonds shall have Fixed Rates and Maturity Dates as follows:

Year of Maturity (September 1)	Principal Amount Maturing	Applicable Fixed Rate	Initial CUSIP Number

(e) **Extended Maturity Date.** In connection with the conversion of the Interest Rate Mode for a Bond UAB Medicine may elect to extend the Maturity Date of such Bond in accordance with the terms and conditions of *Section 5.3(b)(14)*.

(f) **Conversion of Interest Rate Modes.** The Interest Rate Mode applicable to the Bonds may be converted to another Interest Rate Mode in accordance with the provisions of *Section 5.3*. Each Bond shall be in only one Interest Rate Mode at a time, but different Interest Rate Modes may be applicable at the same time to different Bonds. If less than all Bonds of a series with the same Maturity Date and Interest Rate Mode are being converted to a new Interest Rate Mode, the Bonds to be converted shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate. The Trustee shall specify on each Bond certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Bond and the applicable pricing details with respect to such Bond.

(g) **Soft Tender Provisions Not Applicable.** The Soft Tender Provisions will not be applicable to the Bonds when issued initially. The Soft Tender Provisions may be elected upon conversion to another Interest Rate Mode other than the Fixed Rate Mode, as provided in *Section 6.3*.

(h) **Date.** The Bonds shall be dated as of the date of initial delivery of the Bonds.

(i) **Interest Payment Dates.** Interest on the Bonds shall be payable in arrears on the following dates:

(1) with respect to interest on any Bond in the Daily Rate Mode, the Weekly Rate Mode, or the Index Rate Mode, (i) on the first Business Day of each month, (ii) on the Conversion Date if such Bond is converted to another Interest Rate Mode, and (iii) on the Maturity Date;

(2) with respect to interest on any Bond in the Commercial Paper Rate Mode, the last day of the CP Rate Period;

(3) with respect to interest on any Bond in the Term Rate Mode with a Term Rate Period of 180 days or less, on the last day of the Term Rate Period;

(4) with respect to interest on any Bond in the Term Rate Mode with a Term Rate Period of more than 180 days, (i) on March 1 and September 1 in each year, (ii) on the Conversion Date if such Bond is converted to another Interest Rate Mode, and (iii) on the last day of the Term Rate Period; and

(5) with respect to interest on any Bond in the Fixed Rate Mode, (i) on March 1 and September 1 in each year, commencing March 1, 2027 (ii) on the Conversion Date if such Bond is converted to another Interest Rate Mode, and (iii) on the Maturity Date.

(j) **Redemption of Bonds.** The Bonds will be subject to redemption prior to their respective Maturity Dates in accordance with the applicable provisions of *Article 7*. Upon conversion of a Bond to another Interest Rate Mode, the optional redemption provisions for such Bond may be changed as provided in *Section 7.1*. Upon conversion of all Outstanding Bonds to the Fixed Rate Mode, the Maturity Date or Dates for the Bonds and the scheduled mandatory redemption provisions for the Bonds may be changed to the extent permitted by *Section 7.1*.

(k) **Person to Whom Interest Payable.** If the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Holders in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Bonds shall be payable to Holders as of the Regular Record Date for such Interest Payment Date.

(l) **Computation of Interest Accrual.** The Bonds shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest at the Daily Rate, the Weekly Rate, the Index Rate or the CP Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Term Rate or the Fixed Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(m) **Interest on Overdue Payments.** Interest shall be payable on overdue principal on any Bond and (to the extent legally enforceable) on any overdue installment of interest on any Bond at the interest rate applicable to such Bond on the date such Debt Service became due.

(n) **Execution and Authentication.** Physical certificates evidencing the Bonds shall be executed on behalf of the Authority by its Chairman or Vice Chairman under its corporate seal reproduced thereon and attested by its Secretary. The signature of any of these officers on physical certificates may be manual or, to the extent permitted by law, facsimile. Physical certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Authority shall bind the Authority, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such physical certificates or shall not have held such offices at the date of such physical certificates. No physical certificates shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such physical certificate a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any physical certificate shall be conclusive evidence, and the only evidence, that such physical certificate has been duly authenticated and delivered hereunder.

SECTION 5.2 Interest Rate Modes

(a) **Daily Rate.** The Daily Rate shall be a variable rate per annum for any Bond in the Daily Rate Mode, subject to the following terms and conditions:

(1) The Daily Rate shall be set initially on the date of initial delivery of such Bond (if initially issued in the Daily Rate Mode) or on the Conversion Date (if converted to the Daily Rate Mode) and shall change on each Business Day while such Bond is in the Daily Rate Mode (each Business Day being a “Reset Date”). The Daily Rate shall be determined by the Remarketing Agent when set initially and on each Reset Date. The Daily Rate shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Bond being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date. The Remarketing Agent shall establish the Daily Rate by 10:00 a.m. on each Reset Date. If the Remarketing Agent fails to determine the Daily Rate for any Reset Date, the Daily Rate for such Reset Date shall be the Alternate Rate.

(2) Interest accrual at each Daily Rate so determined shall begin on (and shall include) the date when initially set and each Reset Date, as the case may be, and shall end on (but shall not include) the next Reset Date (or, if sooner, a Conversion Date).

(3) The Daily Rate may not exceed the Maximum Rate.

(4) On each determination date the Remarketing Agent shall give notice to the Trustee of the Daily Rate so determined. Upon the request of any Holder or any Financing Participant, the Trustee shall confirm the Daily Rate then in effect.

(5) A Bond in the Daily Rate Mode shall remain in such Mode until the Maturity Date for such Bond, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**.

(b) **Weekly Rate.** The Weekly Rate shall be a variable rate per annum for any Bond in the Weekly Rate Mode, subject to the following terms and conditions:

(1) The Weekly Rate shall be set initially on the date of initial delivery of such Bond (if initially issued in the Weekly Rate Mode) or on the Conversion Date (if converted to the Weekly Rate Mode) and shall change on each Thursday while such Bond is in the Weekly Rate Mode (each Thursday being a “Reset Date”). The Weekly Rate shall be determined by the Remarketing Agent when set initially and on each Reset Date (or, if any Reset Date is not a Business Day, on the last Business Day prior to such Reset Date). The Weekly Rate shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Bond being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date. If the Remarketing Agent fails to determine the Weekly Rate for any Reset Date, the Weekly Rate for such Reset Date shall be the Alternate Rate.

(2) Interest accrual at each Weekly Rate so determined shall begin on (and shall include) the date when set initially and each Reset Date, as the case may be, and shall end on (but shall not include) the next Reset Date (or, if sooner, a Conversion Date).

(3) The Weekly Rate may not exceed the Maximum Rate.

(4) On each determination date the Remarketing Agent shall give notice to the Trustee of the Weekly Rate so determined. Upon the request of any Holder or any Financing Participant, the Trustee shall confirm the Weekly Rate then in effect.

(5) A Bond in the Weekly Rate Mode shall remain in such Mode until the Maturity Date for such Bond, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**.

(c) **CP Rate.** The CP Rate for any Bond in the Commercial Paper Rate Mode shall be a fixed rate per annum for each CP Rate Period, subject to the following terms and conditions:

(1) The initial CP Rate Period shall be established on the date of initial delivery of such Bond (if initially delivered in the Commercial Paper Rate Mode) or on the Conversion Date for such Bond (if converted to the Commercial Paper Rate Mode), and subsequent CP Rate Periods shall be established on the last day of each expiring CP Rate Period (the last day of each expiring CP Rate Period being a “Reset Date”), subject to the terms and conditions of **Section 5.2(c)(2)**. On the date of initial delivery, the Conversion Date and each Reset Date, the Remarketing Agent shall determine the CP Rate for the related CP Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Bond being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date. The Remarketing Agent shall establish the CP Rate Period and CP Rate by 11:00 a.m. on each Reset Date. If the Remarketing Agent fails to establish a CP Rate Period or fails to determine the related CP Rate, a CP Rate Period extending to the next Business Day shall be automatically established and the CP Rate for such CP Rate Period shall be the Alternate Rate.

(2) The duration of each CP Rate Period for a Bond shall be subject to the following terms and conditions:

(A) Each Bond shall have only one CP Rate Period at one time, but different CP Rate Periods may be applicable at the same time to different Bonds in the Commercial Paper Rate Mode.

(B) The Remarketing Agent shall establish CP Rate Periods of such duration as, in the judgment of the Remarketing Agent, is likely to provide the lowest average interest rate on Bonds in the Commercial Paper Rate Mode, taking into account demand for particular CP Rate Periods and other market conditions. The Remarketing Agent may seek advice of UAB Medicine in establishing CP Rate Periods.

(C) Each CP Rate Period may be for any number of days up to 270 days. No CP Rate Period may extend beyond the Maturity Date for such Bond.

(D) A CP Rate Period must end on a Business Day. If the specified end date for a CP Rate Period is not in fact a Business Day, then such CP Rate Period shall be deemed to extend to the next day that is a Business Day.

(E) If UAB Medicine gives notice of conversion to another Interest Rate Mode, any CP Rate Period established after such notice must end on or before the Proposed Conversion Date.

(F) In order to facilitate the selection of Bonds to be redeemed on any scheduled mandatory redemption date, the Remarketing Agent shall establish CP Rate Periods of such lengths as will assure that the principal amount of Bonds subject to optional redemption at par on any scheduled mandatory redemption date is not less than the principal amount of Bonds subject to scheduled mandatory redemption on such date.

(3) On the last day of each CP Rate Period (which is also a Reset Date) such Bond shall be repurchased from the Holder pursuant to the Mandatory Tender provisions of this Indenture. A new CP Rate for a new CP Rate Period shall be established on the Mandatory Tender Date, and the Bond shall be remarketed by the Remarketing Agent.

(4) Interest accrued at the CP Rate for any CP Rate Period shall begin on (and shall include) the first day of each CP Rate Period and shall end on (but shall not include) the last day of the CP Rate Period.

(5) The CP Rate may not exceed the Maximum Rate.

(6) The Remarketing Agent shall give prompt notice to the Trustee of the CP Rate so determined. Upon the request of any Holder or any Financing Participant, the Trustee shall confirm the CP Rate so determined.

(7) A Bond in the Commercial Paper Rate Mode shall remain in such Mode until the Maturity Date for such Bond, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**.

(d) **Index Rate.** The Index Rate shall be a variable rate per annum for any Bond in the Index Rate Mode, subject to the following terms and conditions:

(1) The Index Rate shall be applicable for the related Index Rate Period. The duration of each Index Rate Period is subject to the terms and conditions of **Section 5.2(d)(2)**. If a Bond is initially issued in the Index Rate Mode, the Index Rate Period, the Designated Index, the Applicable Spread and the Reset Date will be specified in **Section 5.1(d)**. If a Bond is converted to the Index Rate Mode, the Index Rate Period, the Designated Index, the Applicable Spread and the Reset Date will be specified in the notice delivered to the Trustee pursuant to **Section 5.3(b)**. Such notice must include a representation by UAB Medicine that the Index Rate will result in the resale of the Bond at par on the Conversion Date.

(2) An Index Rate Period must end on a Business Day. If the specified end date for an Index Rate Period is not in fact a Business Day, then such Index Rate Period shall be deemed to extend to the next day that is a Business Day.

(3) The Index Rate for a Bond shall be determined (i) on the date of initial delivery of such Bond (if initially issued in the Index Rate Mode) or on the Conversion Date for such Bond (if converted to the Index Rate Mode) and (ii) on each Reset Date (each such date being a “determination date”). The Calculation Agent shall determine the Index Rate by reference to the publication of the Designated Index on the determination date (or, if not published on the determination date, on the date published most recently prior to the determination date); provided, however, that the terms of this Indenture (if such Bond is initially issued in the Index Rate Mode) or in the notice by UAB Medicine pursuant to **Section 5.3(b)** specifying the Designated Index (if such Bond is converted to the Index Rate Mode) may direct the Calculation Agent to reference the

Designated Index as published on a date, or number of days, prior to the determination date. The Calculation Agent shall give prompt notice to the Trustee of the Index Rate so determined. Upon the request of any Holder or any Financing Participant, the Trustee shall confirm the Index Rate then in effect.

(4) Interest accrual at the Index Rate shall begin on (and shall include) the date when initially set and each Reset Date, and shall end on (but shall not include) the next Reset Date (or, if sooner, a Conversion Date).

(5) The Index Rate may not exceed the Maximum Rate.

(6) A Bond in the Index Rate Mode shall remain in such Mode until the end of the applicable Index Rate Period, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**. The last day of an Index Rate Period shall be a Mandatory Tender Date for such Bond.

(e) **Term Rate and Term Rate Periods.** The Term Rate for any Bond in the Term Rate Mode shall be a fixed rate per annum for the related Term Rate Period, subject to the following terms and conditions:

(1) The Term Rate shall be applicable for the related Term Rate Period. The duration of each Term Rate Period is subject to the terms and conditions of **Section 5.2(e)(2)**. If a Bond is initially issued in the Term Rate Mode, the Term Rate Period and Term Rate will be specified in **Section 5.1(d)**. If a Bond is converted to the Term Rate Mode, the Term Rate Period and the Term Rate will be specified in the notice delivered to the Trustee pursuant to **Section 5.3(b)**. Such notice must include a representation by UAB Medicine that the Term Rate will result in the resale of the Bond at par on the Conversion Date.

(2) The duration of each Term Rate Period for a Bond shall be subject to the following terms and conditions:

(A) A Term Rate Period shall be not less than 30 days and must end prior to the Maturity Date of such Bond. A Bond with a fixed rate until the Maturity Date is considered a Bond in the Fixed Rate Mode for purposes of this Indenture.

(B) A Term Rate Period must end on a Business Day. If the specified end date for a Term Rate Period is not in fact a Business Day, then such Term Rate Period shall be deemed to extend to the next day that is a Business Day.

(3) On the last day of the Term Rate Period such Bond shall be purchased from the Holder pursuant to the Mandatory Tender provisions of this Indenture, and such Bond shall be converted to another Interest Rate Mode, which may be the Term Rate Mode, in which case a new Term Rate Period and Term Rate shall be established pursuant to **Section 5.3(b)** and this **Section 5.2(e)**.

(4) Interest accrued at the Term Rate for any Term Rate Period shall begin on (and shall include) the date of initial delivery or the Conversion Date, as the case may be, and shall end on (but shall not include) the last day of the Term Rate Period (or, if sooner, a Conversion Date).

(5) The Term Rate may not exceed the Maximum Rate.

(6) A Bond in the Term Rate Mode shall remain in such Mode until the end of the applicable Term Rate Period, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**. The last day of a Term Rate Period shall be a Mandatory Tender Date for such Bond.

(f) **Fixed Rate.** The Fixed Rate for any Bond in the Fixed Rate Mode shall be a fixed rate per annum, subject to the following terms and conditions:

(1) The Fixed Rate shall be applicable until the Maturity Date of such Bond (or, if sooner, a Conversion Date). If a Bond is initially issued in the Fixed Rate Mode, the Fixed Rate will be specified in **Section 5.1(d)**. If a Bond is converted to the Fixed Rate Mode, the Fixed Rate will be specified in the notice delivered to the Trustee pursuant to **Section 5.3(b)**. Such notice must include a representation by UAB Medicine that the Fixed Rate will result in the resale of the Bond at par on the Conversion Date, unless the Bond is being sold with discount or premium in accordance with the provisions of **Section 5.2(f)(2)**.

(2) UAB Medicine may establish a Fixed Rate that results in discount or premium in the resale price, provided that:

(A) If the Fixed Rate will result in a sale of such Bond on the Conversion Date at a price lower than 100% of the principal amount of such Bond, on or before the Conversion Date UAB Medicine must deposit in the Bond Purchase Fund an amount equal to the difference between the sale price and par.

(B) If the Fixed Rate will result in a sale of such Bond on the Conversion Date at a price higher than 100% of the principal amount of such Bond, the difference between the sale price and par shall be transferred to UAB Medicine and applied by UAB Medicine in such manner as shall be approved by a Favorable Tax Opinion. At the option of UAB Medicine, such amount may be deposited in the Acquisition Fund or the Costs of Issuance Fund and disbursed from such Funds.

(3) Interest accrued at the Fixed Rate shall begin on (and shall include) the date of initial delivery or the Conversion Date, as the case may be, and shall end on (but shall not include) the Maturity Date of such Bond (or, if sooner, a Conversion Date).

(4) The Fixed Rate may not exceed the Maximum Rate.

(5) A Bond in the Fixed Rate Mode shall remain in such Mode until the Maturity Date for such Bond or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**.

(g) **Rate Determinations Conclusive.** The interest rates determined as provided in this Section shall be conclusive and binding on the Financing Participants.

SECTION 5.3 Conversion of Interest Rate Modes

(a) **Conversion on the Last Day of any Term Rate Period or Index Rate Period.** On the last day of any Term Rate Period or Index Rate Period with respect to a Bond, UAB Medicine is required to take action necessary to convert the Interest Rate Mode on such Bond to another Interest Rate Mode in accordance with the terms and conditions of **Section 5.3(b)**. Except as otherwise provided pursuant to the

Soft Tender Provisions, failure to purchase the Bond on the Mandatory Tender Date is an Event of Default under **Section 11.1(b)**.

(b) **Optional Conversion to Another Interest Rate Mode.** At the option of UAB Medicine, any Bond may be converted from one Interest Rate Mode to another Interest Rate Mode, subject to the following terms and conditions:

(1) Unless the Bond is already subject to Mandatory Tender on a Proposed Conversion Date (pursuant to the provisions of **Section 6.2(a)(1)** or otherwise), UAB Medicine must give the other Financing Participants notice of the proposed conversion not less than 3 Business Days prior to the date when notice of the related Mandatory Tender must be given to the Holder (unless a shorter notice is acceptable to the Trustee). Such notice must specify the Proposed Conversion Date and the principal amount of the Bond or Bonds for which the conversion is requested.

(2) Less than the entire principal amount of a Bond may be converted if both the amount converted and the remaining portion of such Bond will be in Authorized Denominations.

(3) The Proposed Conversion Date must be a date when such Bond is subject to optional redemption at par.

(4) Not later than the last Business Day prior to the Proposed Conversion Date UAB Medicine shall give notice to the Trustee and Remarketing Agent specifying the Interest Rate Mode to which such Bond is being converted, which may be the same Interest Rate Mode, but with new terms as specified in the notice of conversion. For example, (i) a Bond in the Term Rate Mode may be converted to a new Term Rate Mode with a different Term Rate Period or Term Rate, (ii) a Bond in the Weekly Rate Mode may be converted to a Weekly Rate Mode in which the Soft Tender Provisions apply, and (iii) a Bond in the Fixed Rate Mode may be converted to a new Fixed Rate Mode with a different Fixed Rate. Such notice may specify Authorized Denominations to be in effect during the new Interest Rate Mode that are different from the Authorized Denominations otherwise applicable under this Indenture and may specify an Alternate Rate to be in effect during the new Interest Rate Mode that is different from the Alternate Rate otherwise applicable under this Indenture.

(5) On or before the Conversion Date UAB Medicine shall give notice to the Trustee specifying the purchaser of such Bond, which may be (i) a Direct Lender, (ii) an underwriter or underwriting group, (iii) a purchaser to be identified by the Remarketing Agent, or (iv) a purchaser (or purchasers) identified by UAB Medicine.

(6) If UAB Medicine is electing to apply the Soft Tender Provisions in the new Interest Rate Mode, notice of such election must be delivered on or before the last Business Day prior to the Conversion Date, as provided in **Section 6.3**.

(7) If the Bond is being converted to the Daily Rate Mode, the Weekly Rate Mode or the Commercial Paper Rate Mode and no Remarketing Agent has been appointed, UAB Medicine shall appoint a Remarketing Agent on or before the last Business Day prior to the Conversion Date.

(8) If a Bond is being converted to the Index Rate Mode, on or before the Proposed Conversion Date UAB Medicine shall deliver notice to the other Financing Participants specifying the Designated Index, the Applicable Spread, the Reset Date, and the Index Rate Period, subject to the terms and conditions of **Section 5.2(d)**. Such notice must include a representation by UAB Medicine that the Index Rate will result in the resale of the Bond at par on the Conversion Date.

(9) If a Bond is being converted to the Term Rate Mode, on or before the Proposed Conversion Date UAB Medicine shall deliver notice to the other Financing Participants specifying the Term Rate and the applicable Term Rate Period, subject to the terms and conditions of **Section 5.2(e)**. Such notice must contain a representation by UAB Medicine that the Term Rate will result in the resale of the Bond at par on the Conversion Date.

(10) If a Bond is being converted to the Fixed Rate Mode, on or before the Proposed Conversion Date UAB Medicine shall deliver notice to the other Financing Participants specifying the Fixed Rate, subject to the terms and conditions of **Section 5.2(f)**. Such notice must contain a representation by UAB Medicine that the Fixed Rate will result in the resale of the Bond at par, unless the Bond is being sold with discount or premium in accordance with the provisions of **Section 5.2(f)**.

(11) On or before the Proposed Conversion Date UAB Medicine may deliver notice to the other Financing Participants specifying optional redemption provisions for the new Interest Rate Mode that are different from the optional redemption provisions specified in **Section 7.1**, subject to the provisions of **Article 7**.

(12) If all Bonds are being converted to the Fixed Rate Mode, on or before the Proposed Conversion Date UAB Medicine may deliver notice to the other Financing Participants specifying serial maturities and scheduled mandatory redemption requirements to be effective after the Conversion Date, subject to the provisions of **Section 7.1(d)**. The terms of such notice shall supersede any contrary provisions of **Section 5.1(d)** for Maturity Dates and **Section 7.1(c)** for scheduled mandatory redemption.

(13) If a Bond is being converted to the Index Rate Mode, the Term Rate Mode or the Fixed Rate Mode, UAB Medicine may specify in the notice of conversion that such Bond will be delivered in Direct Loan Form. The notice of conversion may also contain provisions for adjustment of the interest rate upon the occurrence of specified contingencies.

(14) If a Bond is being converted to a new Interest Rate Mode, UAB Medicine may elect to extend the Maturity Date for such Bond, subject to the following terms and conditions:

(A) UAB Medicine must deliver to the Trustee an Extended Maturity Certificate substantially in the form provided in **Exhibit 5.3(b)(14)**.

(B) The Extended Maturity Date must be an Interest Payment Date in the new Interest Rate Mode applicable to such Bond, and the Extended Maturity Date may not be later than the Maximum Maturity Date.

(C) UAB Medicine must deliver to the Trustee the Favorable Tax Opinion required by **Section 5.3(b)(15)**.

(D) The Bond must be successfully converted to the new Interest Rate Mode on the Proposed Conversion Date.

If the terms and conditions for extension of a Bond's Maturity Date are satisfied, the Maturity Date for such Bond shall be extended to the Extended Maturity Date specified in the Extended Maturity Certificate, and the Extended Maturity Date specified for such Bond shall supersede any contrary provisions of this Indenture for such Bond's Maturity Date.

(15) On the Proposed Conversion Date the Trustee must receive a Favorable Tax Opinion.

(c) **Failed Conversion.** The election to convert a Bond to another Interest Rate Mode shall be deemed revoked under the following circumstances (each a “Failed Conversion”):

(1) The conditions for conversion of such Bond to the new Interest Rate Mode are not satisfied on the Proposed Conversion Date; or

(2) Such Bond is not remarketed or purchased in the new Interest Rate Mode on the Proposed Conversion Date; or

(3) UAB Medicine elects to revoke the conversion to the new Interest Rate Mode by notice delivered to the Trustee and the other Financing Participants before such Bond has been delivered to the purchaser or purchasers in the new Interest Rate Mode.

(d) **Consequences of a Failed Conversion.** A Failed Conversion shall have the following consequences:

(1) If the Proposed Conversion Date was also a Mandatory Tender Date under the terms of **Section 6.2(a)(1)** and the Soft Tender Provisions were not applicable on the Proposed Conversion Date, such Bond shall nevertheless be subject to Mandatory Tender and failure to pay the Purchase Price is an Event of Default under **Section 11.1(b)**.

(2) If the Proposed Conversion Date was also a Mandatory Tender Date under the terms of **Section 6.2(a)(1)**, but the Soft Tender Provisions were applicable to such Bond, such Bond shall be returned to the Holder of such Bond and such Bond shall remain in the Interest Rate Mode that was applicable on the Proposed Conversion Date, subject to the Soft Tender Provisions. Failure to purchase a Bond subject to the Soft Tender Provisions is not an Event of Default. Such Bond shall remain subject to conversion to another Interest Rate Mode at the option of UAB Medicine in accordance with the terms and conditions of **Section 5.3(b)**.

(3) If the Proposed Conversion Date was not also a Mandatory Tender Date under the terms of **Section 6.2(a)(1)**, the Mandatory Tender on the Proposed Conversion Date shall be deemed cancelled, and the tendered Bond shall be returned to the Holder of such Bond. Such Bond shall remain in the Interest Rate Mode that was applicable on the Proposed Conversion Date. Such Bond shall remain subject to conversion to another Interest Rate Mode at the option of UAB Medicine in accordance with the terms and conditions of **Section 5.3(b)**.

(4) The provisions of this **Section 5.3(d)** shall not (i) affect any rights or remedies that UAB Medicine may have against any other party pursuant to a purchase agreement, remarketing agreement, or other similar agreement entered into by UAB Medicine in connection with the proposed conversion or (ii) affect any rights or remedies any other party may have against UAB Medicine under any such agreement with UAB Medicine.

(e) **Bond Certificate in New Interest Rate Mode.** The Interest Rate Mode applicable to a Bond will be specified in the heading to the certificate evidencing such Bond. If a Bond is converted to another Interest Rate Mode, the Bond is subject to Mandatory Tender and a new Bond certificate, with provisions applicable in the new Interest Rate Mode, will be delivered to the Holder in the new Interest Rate Mode.

(f) **Exercise of Conversion Rights by the Authority.** If the Loan Agreement has been terminated, the Authority may exercise any rights of UAB Medicine with respect to the conversion of Interest Rate Modes without notice to, or consent of, UAB Medicine.

SECTION 5.4 Proceeds From Sale of Bonds

(a) The proceeds from the sale of the Bonds to the original purchaser or purchasers thereof shall be applied as follows:

(1) The amount to be used for the retirement of the Refunded Bonds shall be paid to the holders of Refunded Bonds or to the trustee for such holders.

(2) The amount to be used for Costs of Issuance shall be deposited in the Costs of Issuance Fund.

(3) The amount to be used for Acquisition Costs shall be deposited in the Acquisition Fund. It is not anticipated that a deposit will be made to the Acquisition Fund in connection with the issuance of the Bonds.

The amount of Bond proceeds to be applied to each purpose identified in this **Section 5.4(a)** shall be specified by directions from an Authorized Representative of UAB Medicine delivered to the Trustee.

(b) The Refunded Bonds are more particularly described in **Exhibit 5.4(b)**.

ARTICLE 6

Purchase and Remarketing of Bonds

SECTION 6.1 Optional Tenders

(a) The Holder of any Bond in the Daily Rate Mode or the Weekly Rate Mode shall have the right to tender such Bond to the Trustee for purchase in whole or in part on any Business Day. Except as otherwise provided with respect to Soft Tender Bonds, failure to pay the Purchase Price of a Bond tendered pursuant to the Optional Tender provisions will constitute an Event of Default under **Section 11.1(b)**. In order to exercise the Optional Tender right with respect to any Bond, the Holder thereof must deliver notice to the Trustee, as follows:

(1) If such Bond is in the Daily Rate Mode, such notice must be delivered not later than 11:00 a.m. on the Optional Tender Date.

(2) If such Bond is in the Weekly Rate Mode, such notice must be delivered on a Business Day at least 7 days prior to the Optional Tender Date. A notice received by the Trustee after 5:00 p.m. on a Business Day shall be deemed received on the following Business Day.

(b) Any such notice of Optional Tender must be duly executed by the Holder and must specify (i) the name of the Holder of the Bond to be tendered for purchase, (ii) the Optional Tender Date, (iii) the principal amount of such Bond, and (iv) the principal amount of such Bond to be purchased (if such amount is less than the entire principal amount, both the amount to be purchased and the amount remaining must be in an Authorized Denomination). The notice of Optional Tender must be substantially as set forth in

Exhibit 6.1(b) or in such other form as shall be acceptable to the Trustee. The Trustee shall promptly forward a copy of such notice to the other Financing Participants.

(c) If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Bond is being tendered for purchase, the Holder will be deemed to have tendered the Bond in its entire principal amount for purchase.

(d) Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn, except as provided with respect to the Soft Tender Bonds. The Trustee shall, in its sole discretion, determine whether, with respect to any Bond, notice of Optional Tender was properly completed with respect to such Bond by the Holder thereof.

(e) If a written notice of tender shall have been duly given with respect to any Bond, the Holder of such Bond shall deliver such Bond to the Trustee on the Optional Tender Date. If only a portion of such Bond is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the Holder shall receive a new Bond or Bonds of the same maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Bond surrendered. Any Bond (or portion thereof) that is to be so purchased but that is not so delivered to the Trustee shall nevertheless be deemed to have been tendered by the Holder thereof on the Optional Tender Date.

(f) Except as otherwise provided with respect to Soft Tender Bonds, on each Optional Tender Date the Trustee shall pay to the Holder of each Bond (or portion thereof) properly tendered for purchase an amount equal to the Purchase Price. Funds for payment of the Purchase Price of such Bonds shall be paid by the Trustee from the sources specified in **Section 6.5**.

(g) If there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the Purchase Price of any Bond to be purchased on an Optional Tender Date, such Bond shall be deemed to have been tendered for purchase and purchased from the Holder thereof on such Optional Tender Date, and the Holder of such Bond shall not be entitled to receive interest on such Bond for any period on and after the Optional Tender Date. The Trustee shall issue a new Bond or Bonds in the same aggregate principal amount for any such Bond which is not tendered for purchase on any Optional Tender Date and, upon receipt by the Trustee of any such Bond from the Holder thereof, shall pay, or cause to be paid, the Purchase Price of such Tendered Bond to the Holder thereof and cancel such Tendered Bond.

(h) Holders may exercise Optional Tender rights notwithstanding the existence of an Event of Default.

SECTION 6.2 Mandatory Tenders

(a) The Holder of each Bond shall be required to tender such Bond to the Trustee for purchase on the following dates:

(1) The last day of any Index Rate Period, Term Rate Period or CP Rate Period with respect to such Bond.

(2) Each Proposed Conversion Date with respect to such Bond.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

(b) No notice is required for a Mandatory Tender pursuant to **Section 6.2(a)(1)**, but the Trustee may elect to provide notice of such Mandatory Tender. Notice of a Mandatory Tender for any other purpose under **Section 6.2(a)** shall be given by the Trustee to the affected Holder not less than 15 days prior to the Mandatory Tender Date. The Holder of a Bond subject to a Mandatory Tender for which notice is required may waive the notice of the Mandatory Tender.

(c) Except as provided pursuant to the Failed Conversion Provisions or the Soft Tender Provisions, on the Mandatory Tender Date with respect to any Bond, the Trustee shall pay to the Holder of such Bond an amount equal to the Purchase Price. Funds for payment of the Purchase Price of such Bond shall be drawn by the Trustee from the sources specified in **Section 6.5**. Except as otherwise provided pursuant to the Failed Conversion Provisions or the Soft Tender Provisions, failure to pay the Purchase Price of a Bond tendered pursuant to the Mandatory Tender provisions will constitute an Event of Default under **Section 11.1(b)**.

(d) If there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the Purchase Price of any Bond to be purchased on a Mandatory Tender Date, such Bond shall be deemed to be tendered for purchase and purchased from the Holder thereof on such Mandatory Tender Date and the Holder of such Bond shall not be entitled to receive interest on such Bond for any period on and after the relevant Mandatory Tender Date. The Trustee shall issue a new Bond or Bonds in the same aggregate principal amount, maturity and interest rate for any such Bond which is not tendered for purchase on any Mandatory Tender Date and, upon receipt by the Trustee of any such Bond from the Holder thereof, shall pay, or cause to be paid, the Purchase Price of such Tendered Bond to the Holder thereof and cancel such Tendered Bond.

SECTION 6.3 Election of Soft Tender Provisions

(a) **Election of Soft Tender Provisions.** UAB Medicine may elect that Optional Tender or Mandatory Tender provisions otherwise applicable to the Bonds will be subject to, and modified by, the Soft Tender Provisions of this Section if the election complies with the terms and conditions of **Section 6.3(b)**. Unless the Soft Tender Provisions are properly elected, the Optional Tender and Mandatory Tender provisions apply without modification, and failure to purchase Bonds on an Optional Tender Date or Mandatory Tender Date is an Event of Default.

(b) **Conditions for Election.** The terms and conditions for electing the Soft Tender Provisions with respect to any Bond are as follows:

(1) The Soft Tender Provisions may be elected for (i) Optional Tenders during the period when a Bond is in the Daily Rate Mode or Weekly Rate Mode or (ii) a Mandatory Tender on the last day of an Index Rate Period, a Term Rate Period, or a CP Rate Period (any such Optional Tender or Mandatory Tender being referred to in this Indenture as a “Soft Tender”).

(2) The election must be made (i) on the date of initial issuance of the Bond (for Bonds issued initially with Soft Tender Provisions) or (ii) on or before the date of conversion of such Bond to a new Interest Rate Mode eligible for the Soft Tender Provisions. The election may be made in the provisions of this Indenture authorizing the issuance of the Bonds (for Bonds issued initially with Soft Tender Provisions), in a notice of conversion (for Bonds being converted to a new Interest Rate Mode with Soft Tender Provisions), or in a separate notice timely delivered to the Trustee. The election of Soft Tender Provisions shall be noted in the bond form for the Soft Tender Bonds.

(3) The Soft Tender Provisions must be elected for all Bonds in the same Interest Rate Mode.

(4) If any Soft Tender Bond is converted to another Interest Rate Mode, all Soft Tender Bonds must be converted to another Interest Rate Mode.

(5) If a timely election is made, the Soft Tender Provisions shall become effective on the date of initial issuance or the date of conversion to a new Interest Rate Mode, as the case may be, and shall remain in effect until the end of the Soft Tender Period.

(6) If a Soft Tender Bond is converted to another Interest Rate Mode, UAB Medicine may elect to apply Soft Tender Provisions to such Bond in such new Interest Rate Mode, subject to the terms and conditions of this Section.

(c) **Modification of Optional Tender Provisions.** If the Soft Tender Provisions are elected with respect to any Bond in the Daily Rate Mode or Weekly Rate Mode, the Optional Tender provisions of this Indenture otherwise applicable during the Soft Tender Period shall be deemed modified in accordance with the following terms and conditions:

(1) Funds for the purchase of Soft Tender Bonds that are tendered for purchase pursuant to an Optional Tender during the Soft Tender Period shall be derived solely from money on deposit in the Bond Purchase Fund, which may be derived from (i) Remarketing Proceeds or (ii) funds that UAB Medicine elects to provide for such purchase; provided, however, that UAB Medicine shall not be required to provide funds for the purchase of Soft Tender Bonds during the Soft Tender Period.

(2) Soft Tender Bonds shall not be purchased on an Optional Tender Date if adequate funds are not available in the Bond Purchase Fund to pay both (i) the Purchase Price of all Soft Tender Bonds tendered for purchase on such Optional Tender Date and (ii) the Purchase Price of all Failed Purchase Bonds tendered for purchase prior to such Optional Tender Date. No Tendered Bonds or Failed Purchase Bonds shall be purchased even if available money in the Bond Purchase Fund was sufficient to purchase some, but not all, Bonds for which the Purchase Price was due.

(3) During a Failed Purchase Period Holders of Soft Tender Bonds may continue to tender Soft Tender Bonds for purchase pursuant to the Optional Tender provisions, and the Remarketing Agent shall continue to use its best efforts to remarket all such Soft Tender Bonds, subject to these Soft Tender Provisions.

(4) On any Optional Tender Date when a Failed Purchase occurs, any Remarketing Proceeds that were on deposit in the Bond Purchase Fund on such Optional Tender Date shall be returned to the persons who provided such Remarketing Proceeds, and any money deposited by UAB Medicine shall be returned to UAB Medicine.

(5) On any Optional Tender Date when a Failed Purchase occurs, any Failed Purchase Bond shall be returned to the Holder, but such Failed Purchase Bond shall remain subject to purchase pursuant to the original Optional Tender notice if and when funds sufficient for the purchase of all Failed Purchase Bonds are on deposit in the Bond Purchase Fund; provided, however, that the Holder of a Failed Purchase Bond may, by written notice delivered to the Trustee, revoke the original notice of Optional Tender delivered by such Holder, in which case such Bond shall no longer be considered a Failed Purchase Bond. If such a notice of revocation is delivered

by a Holder, such Holder's Bond will remain a Soft Tender Bond and such Holder may deliver a subsequent Optional Tender notice, subject to the Soft Tender Provisions.

(6) If and when the Trustee determines that money in the Bond Purchase Fund is sufficient to pay the Purchase Price of all Failed Purchase Bonds, the Trustee shall complete the purchase of such Failed Purchase Bonds in accordance with the provisions of **Section 6.5**.

(7) During a Failed Purchase Period all Soft Tender Bonds (whether or not such Soft Tender Bonds are also Failed Purchase Bonds) shall bear interest at the Maximum Rate, and the Remarketing Agent shall cease determination of the Weekly Rate or the Daily Rate otherwise applicable to such Soft Tender Bonds. If a defeasance escrow is established for a Soft Tender Bond during a Failed Purchase Period such Soft Tender Bond shall bear interest at the Maximum Rate until such Soft Tender Bond is retired. If the Failed Purchase Period ends for all Failed Purchase Bonds in the Weekly Rate Mode or the Daily Rate Mode, the determination of the interest rate for the Soft Tender Bonds shall resume in accordance with the applicable provisions of **Section 5.2**.

(d) **Modification of Mandatory Tender Provisions.** If the Soft Tender Provisions are elected with respect to any Bond in the Index Rate Mode, Term Rate Mode or Commercial Paper Rate Mode, the Mandatory Tender provisions of this Indenture otherwise applicable during the Soft Tender Period shall be deemed modified in accordance with the following terms and conditions:

(1) Funds for the purchase of Soft Tender Bonds that are tendered for purchase pursuant to a Mandatory Tender during the Soft Tender Period shall be derived solely from money on deposit in the Bond Purchase Fund, which may be derived from (i) Remarketing Proceeds or (ii) funds that UAB Medicine elects to provide for such purchase; provided, however, that UAB Medicine shall not be required to provide funds for the purchase of Soft Tender Bonds during the Soft Tender Period.

(2) Soft Tender Bonds shall not be purchased on a Mandatory Tender Date if adequate funds are not available in the Bond Purchase Fund to pay both (i) the Purchase Price of all Soft Tender Bonds due on such Mandatory Tender Date and (ii) if the Soft Tender Bonds are in the Commercial Paper Rate Mode, the Purchase Price of all Failed Purchase Bonds tendered for purchase prior to such Mandatory Tender Date. No Tendered Bonds shall be purchased even if available money in the Bond Purchase Fund was sufficient to purchase some, but not all, Bonds for which the Purchase Price was due.

(3) On any Mandatory Tender Date when a Failed Purchase occurs, any Remarketing Proceeds that were on deposit in the Bond Purchase Fund on such Mandatory Tender Date shall be returned to the persons who provided such Remarketing Proceeds, and any money deposited by UAB Medicine shall be returned to UAB Medicine.

(4) On any Mandatory Tender Date when a Failed Purchase occurs, any Failed Purchase Bond shall be returned to the Holder, but such Failed Purchase Bond shall remain subject to purchase pursuant to the original Mandatory Tender notice if and when funds sufficient for the purchase of all Failed Purchase Bonds are on deposit in the Bond Purchase Fund.

(5) If and when the Trustee determines that money in the Bond Purchase Fund is sufficient to pay the Purchase Price of all Failed Purchase Bonds, the Trustee shall complete the purchase of such Failed Purchase Bonds in accordance with the provisions of **Section 6.5**.

(6) During a Failed Purchase Period all Soft Tender Bonds (whether or not such Soft Tender Bonds are also Failed Purchase Bonds) shall bear interest at the Maximum Rate, notwithstanding the interest rate otherwise applicable to the Failed Purchase Bonds on the Mandatory Tender Date. If a defeasance escrow is established for a Soft Tender Bond during a Failed Purchase Period, such Soft Tender Bond shall bear interest at the Maximum Rate until such Soft Tender Bond is redeemed or paid in full on the Maturity Date. If the Failed Purchase Period ends for all Failed Purchase Bonds in the Commercial Paper Rate Mode, the determination of the interest rate for the Soft Tender Bonds shall resume in accordance with the applicable provisions of **Section 5.2**.

(e) **Mandatory Redemption of Soft Tender Bonds.** If a Failed Purchase occurs, all Soft Tender Bonds are subject to special mandatory redemption in accordance with the provisions of **Section 7.1(f)** unless the conditions of **Section 7.1(f)** for avoiding such mandatory redemption have been satisfied.

(f) **Redemption or Conversion of Soft Tender Bonds.** If a Failed Purchase occurs, Soft Tender Bonds may be redeemed in accordance with the redemption provisions applicable to such Bonds and may be converted to another Interest Rate Mode in accordance with the conversion provisions applicable to such Soft Tender Bonds. If all Soft Tender Bonds are converted to another Interest Rate Mode, mandatory redemption pursuant to **Section 7.1(f)** is not required.

(g) **No Event of Default for Failure to Purchase Soft Tender Bonds.** For the avoidance of doubt:

(1) If the Soft Tender Provisions are applicable to a Bond, failure to pay the Purchase Price of such Bond on an Optional Tender Date or Mandatory Tender Date is not an Event of Default.

(2) If the Soft Tender Provisions are not applicable to a Bond, failure to pay the Purchase Price of such Bond on an Optional Tender Date or Mandatory Tender Date constitutes an Event of Default under **Section 11.1(b)**.

SECTION 6.4 Remarketing of Tendered Bonds

(a) The Remarketing Agent will use its best efforts to remarket Tendered Bonds, subject to the following terms and conditions:

(1) The Remarketing Agent shall not remarket Tendered Bonds to the Authority or UAB Medicine or any Affiliate of the Authority or UAB Medicine; provided, however, that UAB Medicine may purchase Tendered Bonds with its own funds as provided in **Section 6.5(b)**. UAB Medicine shall give the Trustee prompt notice of any purchase of Bonds.

(2) UAB Medicine may direct the Remarketing Agent not to remarket any Bond that UAB Medicine wishes to purchase.

(3) If a Tendered Bond is not remarketed within 90 days after the Tender Date, such Bond may not be remarketed unless the Trustee receives a Favorable Tax Opinion.

(b) Promptly after arranging for the remarketing of any Bond, the Remarketing Agent shall give the Trustee notice specifying delivery instructions with respect to such Bond, including, to the extent requested by the Trustee, (i) such purchaser's name, (ii) the principal amount, maturity, interest rate and

Authorized Denomination of the Bond to be purchased, and (iii) delivery instructions with respect to such Bond.

SECTION 6.5 Purchase of Tendered Bonds

(a) The Trustee shall hold any Tendered Bond delivered to it in trust solely for the benefit of the tendering Holder until money representing the Purchase Price of such Bond shall have been delivered to or for the account of such Holder.

(b) The Trustee shall obtain funds for payment of the Purchase Price of Tendered Bonds from the following sources:

(1) The Remarketing Agent shall deliver all Remarketing Proceeds to the Trustee or shall instruct the purchaser of any remarketed Bond to deliver the purchase price of such remarketed Bond directly to the Trustee. Remarketing Proceeds shall be held in a separate, segregated account in the Bond Purchase Fund and shall not be commingled with other money in the Bond Purchase Fund.

(2) Pursuant to the Loan Agreement UAB Medicine must provide the Purchase Price of Tendered Bonds that will not be paid with Remarketing Proceeds, unless the Failed Conversion Provisions or Soft Tender Provisions apply to such tender. Funds obtained from UAB Medicine shall be held in a separate, segregated account in the Bond Purchase Fund and shall not be commingled with other money in the Bond Purchase Fund.

(c) On the Tender Date with respect to any Bond, the Trustee shall pay the Purchase Price to the Holder of such Bond, except as otherwise provided pursuant to the Failed Conversion Provisions or the Soft Tender Provisions. Funds available for the Purchase Price of Tendered Bonds shall be applied by the Trustee as follows, in the order and priority indicated:

(1) First, Remarketing Proceeds shall be used to pay the Purchase Price of Tendered Bonds other than Obligor Bonds.

(2) Second, funds provided by UAB Medicine shall be used to pay the Purchase Price of Tendered Bonds that are not purchased with Remarketing Proceeds.

The Trustee shall not be required to use its own funds to pay the Purchase Price of Tendered Bonds. The Trustee shall not pay the Purchase Price of any Tendered Bond, unless and until the Holder of such Bond presents such Bond to the Trustee. Any Bond so delivered to the Trustee after the Trustee's close of business on a Business Day shall be deemed delivered on the following Business Day.

SECTION 6.6 Disposition of Purchased Bonds

(a) Tendered Bonds remarketed by the Remarketing Agent shall be delivered to the purchaser in accordance with instructions provided by the Remarketing Agent. Tendered Bonds purchased with funds provided by UAB Medicine shall be delivered to UAB Medicine in accordance with instructions provided by UAB Medicine.

(b) Any remarketed Bond that has been called for redemption shall be delivered with a copy of the redemption notice, and any remarketed Bond as to which notice of Mandatory Tender has been given shall be delivered with a copy of the notice of Mandatory Tender.

(c) Any Bond purchased pursuant to an Optional or Mandatory Tender shall not, by virtue of such purchase, be deemed paid or cancelled, but shall remain Outstanding until Defeased.

(d) If the Authority or one of its Affiliates acquires Bonds through direct purchase from a Holder, the Authority shall promptly notify the Trustee. The Loan Agreement provides that if UAB Medicine or one of its Affiliates acquires Bonds through direct purchase from a Holder, UAB Medicine shall promptly notify the Trustee. The Trustee may assume that no Bonds are owned by the Authority, UAB Medicine or an Affiliate of either of them unless the Trustee has notice to the contrary.

SECTION 6.7 Remarketing Agent

(a) UAB Medicine has not appointed a Remarketing Agent as of the date of delivery of this Indenture. UAB Medicine shall appoint a Remarketing Agent not less than 20 days prior to the conversion of any Bond to an Interest Rate Mode that will require a Remarketing Agent to establish the interest rate or rates applicable in such Interest Rate Mode or will require a Remarketing Agent remarket Bonds pursuant to the Optional or Mandatory Tender provisions of this Indenture.

(b) Any Remarketing Agent appointed by UAB Medicine shall accept such appointment and the duties and obligations imposed by this Indenture by executing and delivering an agreement satisfactory to UAB Medicine and the Trustee.

(c) The Remarketing Agent may resign at any time by giving 30 days' notice to the other Financing Participants.

(d) UAB Medicine may remove the Remarketing Agent at any time upon 30 days' notice to the Remarketing Agent and the other Financing Participants.

(e) If the Remarketing Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Remarketing Agent for any cause, UAB Medicine shall promptly appoint a successor Remarketing Agent. Any successor Remarketing Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to UAB Medicine and the Trustee.

(f) The Trustee shall give notice to Holders of the initial appointment of the Remarketing Agent, each resignation and each removal of the Remarketing Agent, and each appointment of a successor Remarketing Agent.

(g) Compensation and expenses of the Remarketing Agent shall be paid by UAB Medicine, as provided in the agreement of the Remarketing Agent accepting its appointment.

(h) The Remarketing Agent shall not have a lien on any portion of the Trust Estate, including any Remarketing Proceeds and any money on deposit in the Bond Purchase Fund, for payment of its compensation or expenses.

ARTICLE 7

Redemption of Bonds

SECTION 7.1 Redemption Provisions

The Bonds shall be subject to redemption prior to maturity as follows:

(a) **Optional Redemption in Initial Interest Rate Mode.** In the initial Interest Rate Mode applicable to the Bonds, the Bonds will be subject to optional redemption as follows:

[(1) **Bonds Issued Initially in the Fixed Rate Mode.** Any Bond that matures after September 1, _____ may be redeemed in whole or in part on any Business Day on or after September 1, _____ at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date.]

[(2) **Bonds Issued Initially in the Fixed Rate Mode Maturing on _____, 20__.** The Bonds maturing on _____, _____ [e.g., *a 10-year bullet not otherwise callable under paragraph (1)*] may be redeemed in whole or in part on any Business Day within three months of the Maturity Date for such Bonds at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date.]

(b) **Optional Redemption Upon Conversion.** Bonds converted to another Interest Rate Mode are subject to optional redemption as follows:

(1) **Bonds Converted to the Fixed Rate Mode.** Any Bond converted to the Fixed Rate Mode shall be subject to optional redemption on or after the First Optional Call Date (as defined below in this paragraph) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date. The “First Optional Call Date” shall be: (i) if the period from the Conversion Date to the maturity of such Bond is more than 5 years but less than 10 years, the First Optional Call Date shall be the 5th anniversary of the Conversion Date; and (ii) if the period from the Conversion Date to the maturity of such Bond is more than 10 years, the First Optional Call Date shall be the 10th anniversary of the Conversion Date.

(2) **Bonds Converted to the Term Rate Mode.** Any Bond converted to the Term Rate Mode shall be subject to optional redemption on or after the First Optional Call Date (as defined below in this paragraph) until and including the last day of the Term Rate Period at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date. The “First Optional Call Date” shall be: (i) for any Term Rate Period of one year or less, the First Optional Call Date shall be the last day of the Term Rate Period; (ii) for any Term Rate Period of more than one year but not more than 5 years, the First Optional Call Date shall be the date that is 6 months prior to the last day of the Term Rate Period; (iii) for any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the 5th anniversary of the beginning of the Term Rate Period; and (iv) for any Term Rate Period of more than 10 years, the First Optional Call Date shall be the 10th anniversary of the beginning of the Term Rate Period.

(3) **Bonds Converted to the Index Rate Mode.** Any Bond converted to the Index Rate Mode shall be subject to optional redemption in whole or in part on any Business Day on or after the First Par Call Date (defined below) until and including the last day of the Index Rate Period at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date. Prior to the First Par Call Date any Bond converted to the Index Rate Mode shall be subject to optional redemption in whole or in part on any Business Day at a redemption price equal to the greater of (i) 100% of the principal amount to be redeemed or (ii) the Make-Whole Redemption Price (as defined below) of the principal amount to be redeemed, plus, in each case, accrued interest thereon to the redemption date. For purposes of determining the optional redemption price:

“*First Par Call Date*” means (i) for any Index Rate Period of 10 years or less, the date that is 6 months prior to the last day of the Index Rate Period and (ii) for any Index Rate Period of more than 10 years, the 10th anniversary of the beginning of the Index Rate Period (or, if sooner, 6 months prior to the last day of the Index Rate Period).

“*Make-Whole Redemption Price*” means the sum of the present value of the remaining scheduled payments of principal and interest on the Bond (or the portion thereof to be redeemed) to the First Par Call Date, assuming that (i) accrued interest to the redemption date is excluded from remaining interest payments, (ii) the portion of such Bond to be redeemed would have been redeemed at par on the First Par Call Date, and (iii) the Index Rate in effect two Business Days prior to the redemption date will remain in effect from the redemption date until the First Par Call Date. Present value shall be calculated based on a discount rate equal to the Treasury Rate (defined below) plus 25 basis points. Discounting shall be on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months.

“*Treasury Rate*” shall be determined by reference to the Federal Reserve’s publication “H.15 Selected Interest Rates” (or, if H.15 is no longer published, any publicly available source of similar market data selected by UAB Medicine). The Treasury Rate with respect to the Bond (or portion thereof) to be redeemed shall be the yield to maturity in H.15, as published two Business Days prior to the redemption date, for United States Treasury securities (excluding inflation indexed securities) with a constant maturity most nearly equal to the period from the redemption date to the First Par Call Date; provided, however, that if the period from the redemption date to the First Par Call Date is less than one year, the constant maturity of one year shall be the Treasury Rate.

The Trustee may retain (at the expense of UAB Medicine) an independent firm (which may be an accounting firm, investment banking firm, or municipal adviser firm) to calculate the Make-Whole Redemption Price. The Make-Whole Redemption Price determined by such firm shall be conclusive and binding on the Financing Participants.

(4) **Bonds Converted to the Daily Rate Mode.** Any Bond converted to the Daily Rate Mode may be redeemed in whole or in part on any Business Day at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

(6) **Bonds Converted to the Weekly Rate Mode.** Any Bond converted to the Weekly Rate Mode may be redeemed in whole or in part on any Business Day at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

(6) **Bonds Converted to the Commercial Paper Rate Mode.** Any Bond converted to the Commercial Paper Rate Mode may be redeemed in whole or in part on any Reset Date with respect to such Bond at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

The notice of conversion delivered by UAB Medicine pursuant to **Section 5.3(b)** may specify optional redemption provisions that are different from the optional redemption provisions specified in this **Section 7.1(b)** if UAB Medicine delivers a Favorable Tax Opinion with such notice.

(c) **Scheduled Mandatory Redemption of Bonds.** The Bonds are subject to scheduled mandatory redemption as follows:

(1) **Bonds Maturing in ____ with a ____% Coupon.** Subject to credits against scheduled mandatory redemption requirements provided below, Bonds with a stated maturity in ____ and an interest rate of ____% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts as follows, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

Scheduled Mandatory Redemption Date (September 1)	Principal Amount to be Redeemed

Maturity Date (September 1)	Principal Amount to be Paid at Maturity

(2) **Bonds Maturing in ____ with a ____% Coupon.** Subject to credits against scheduled mandatory redemption requirements provided below, Bonds with a stated maturity in ____ and an interest rate of ____% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

Scheduled Mandatory Redemption Date (September 1)	Principal Amount to be Redeemed

Maturity Date (September 1)	Principal Amount to be Paid at Maturity

(3) Not later than the date on which notice of scheduled mandatory redemption is to be given to Holders of Bonds, the Trustee shall select the affected Bonds for scheduled mandatory redemption by lot; provided, however, that the Authority may, upon direction delivered to the Trustee not less than 3 days prior to the date notice of such redemption is to be given to Holders, direct that any or all of the following amounts be credited against the principal amount of Bonds scheduled for redemption on such date: (i) the principal amount of Bonds of the same series,

maturity and interest rate delivered by the Authority or UAB Medicine to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Bonds of the same series, maturity and interest rate previously redeemed (other than Bonds redeemed pursuant to the provisions requiring scheduled mandatory redemption) and not previously claimed as a credit; and (iii) the principal amount of Bonds of the same series, maturity and interest rate otherwise Defeased and not previously claimed as a credit.

(4) If Bonds are in the Daily Rate Mode, the Weekly Rate Mode, or the Commercial Paper Rate Mode on the scheduled mandatory redemption date and the scheduled date is not a Business Day, the actual date for such redemption shall be the next succeeding Business Day, and interest shall accrue to the actual redemption date with respect to Bonds being redeemed.

(d) **Changing Maturity Dates and Scheduled Mandatory Redemption Provisions Upon Conversion.** Upon conversion of all Bonds Outstanding to the Fixed Rate Mode, UAB Medicine may elect any combination of serial maturities and scheduled mandatory redemption requirements for the Outstanding Bonds after the Conversion Date in lieu of the provisions otherwise applicable under this Indenture, subject to the following terms and conditions:

(1) UAB Medicine must deliver a Favorable Tax Opinion to the Trustee with respect to such election.

(2) The resulting schedule for retirement of principal of the Outstanding Bonds must be the same as the schedule for principal retirement resulting from the original Maturity Date or Dates of the Bonds and the scheduled mandatory redemption provisions of **Section 7.1(c)**.

(3) The notice of conversion to the Fixed Rate Mode shall specify the serial maturities and the scheduled mandatory redemption provisions for the remaining Bonds. The terms of such notice shall supersede any contrary provisions of **Section 5.1** for Maturity Dates and **Section 7.1(c)** for scheduled mandatory redemption provisions.

(e) **Special Optional Redemption of Failed Purchase Bonds.** Failed Purchase Bonds may be redeemed on any Business Day during a Failed Purchase Period at the option of UAB Medicine at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date.

(f) **Special Mandatory Redemption of Soft Purchase Bonds.** On the second anniversary of the beginning of any Failed Purchase Period (or, if the second anniversary is not a Business Day, on the next succeeding Business Day), all Soft Tender Bonds (whether or not such Soft Tender Bonds are also Failed Purchase Bonds) shall be redeemed, at a redemption price equal to the principal amount of such Soft Tender Bonds plus accrued interest to the redemption date, unless such Failed Purchase Period ended at least 30 days prior to such second anniversary.

(g) **Special Optional Redemption Upon Damage, Destruction or Condemnation of Operating Assets.** The Bonds may be redeemed in whole or in part on any Business Day at the option of UAB Medicine at a redemption price equal to 100% of the principal amount of Bonds to be redeemed plus accrued interest thereon to the redemption date if, and to the extent that, the net proceeds of any insurance or condemnation award resulting from damage, destruction or condemnation of operating assets of UAB Medicine exceed the cost of any repairs or replacements to its operating assets which UAB Medicine elects to make with such proceeds.

(h) **Special Optional Redemption for Remedial Action.** If Bonds are converted to a new Interest Rate Mode and such Bonds are not otherwise subject to optional redemption on terms that would permit remedial action under regulations applicable to tax-exempt bonds, the notice of conversion delivered by UAB Medicine pursuant to **Section 5.3(b)** may specify special optional redemption provisions that comply with such remedial action regulations if UAB Medicine delivers a Favorable Tax Opinion with such notice.

(i) **Exercise of Optional Redemption Rights.** If the Loan Agreement has not been terminated, UAB Medicine may, on behalf of the Authority, exercise optional redemption rights provided by this Indenture, including without limitation (i) delivery of all notices to the Trustee with respect to such redemption, (ii) the specification of conditions to such redemption, and (iii) the selection of Bonds for redemption. If the Loan Agreement has been terminated, the Authority may exercise optional redemption rights provided by this Indenture without notice to, or consent of, UAB Medicine. If less than the full principal amount of any Bond is redeemed, the principal amount of such Bond not redeemed must be in an Authorized Denomination.

SECTION 7.2 Mandatory Redemption

Bonds shall be redeemed in accordance with the applicable mandatory redemption provisions without any direction from or consent by the Authority or UAB Medicine. Unless the date fixed for such mandatory redemption is otherwise specified by this Indenture, the Trustee shall select the date for mandatory redemption, subject to the provisions of this Indenture with respect to the permitted period for such redemption.

SECTION 7.3 Election to Redeem

The election to exercise any right of optional redemption shall be evidenced by notice from an Authorized Representative of UAB Medicine or an Authorized Representative of the Authority, as the case may be, to the Trustee not less than 3 days prior to the date when notice of such redemption must be given to affected Holders (unless a shorter notice is acceptable to the Trustee). An election to redeem shall specify (i) the principal amount, series, maturity and interest rate of Bonds to be redeemed, (ii) the redemption date, and (iii) any conditions to such redemption specified in accordance with the provisions of **Section 7.5(d)**.

SECTION 7.4 Selection by Trustee of Bonds to be Redeemed

(a) Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds Outstanding are to be redeemed, the principal amount of Bonds of each series, maturity and interest rate to be redeemed may be specified in the notice of election to redeem, or, in the absence of specification in such notice, shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount of Bonds of each series, maturity and interest rate to be redeemed may not be larger than the principal amount of Bonds of such series, maturity and interest rate then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

(b) Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds with the same series, maturity and interest rate are to be redeemed, the particular Bonds of such series, maturity and interest rate to be redeemed shall be selected by the Trustee from the Outstanding Bonds of such series, maturity and interest rate then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such series, maturity and interest rate of a denomination larger than the smallest Authorized Denomination.

(c) The Trustee shall promptly notify the Authority and UAB Medicine of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

(d) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

SECTION 7.5 Notice of Redemption

(a) Notice of redemption shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and regulations of the Book Entry System. If the Book Entry System is not in effect, notice of redemption shall be given to Holders by certified mail.

(b) All notices of redemption shall state:

(1) the redemption date,

(2) the redemption price,

(3) the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) that on the redemption date the redemption price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and

(5) any conditions to such redemption specified in accordance with the provisions of *Section 7.5(d)*.

(c) Notice of optional redemption shall be given by UAB Medicine or, at UAB Medicine's request, by the Trustee on behalf of UAB Medicine. Notice of redemption of Bonds in accordance with the mandatory redemption provisions of the Bonds shall be given by the Trustee on behalf of the Authority and [the conduit Borrower] without any notice to, or consent of, the Authority or UAB Medicine.

(d) A notice of optional redemption may state that the redemption of Bonds is contingent upon specified conditions, such as receipt of a specified source of funds, or the occurrence of specified events. If the conditions for such redemption are not met, UAB Medicine shall not be required to redeem the Bonds (or portions thereof) identified in such notice, and any Bonds surrendered on the specified redemption date shall be returned to the Holders of such Bonds.

SECTION 7.6 Deposit of Redemption Price

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held

in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

SECTION 7.7 Bonds Payable on Redemption Date

If notice of redemption is given and any conditions to such redemption specified pursuant to *Section 7.5(d)* are met, the Bonds to be redeemed shall become due and payable on the redemption date at the applicable redemption price and from and after such date (unless the Authority shall default in the payment of the redemption price) such Bonds shall cease to bear interest.

SECTION 7.8 Bonds Redeemed in Part

(a) If the Book Entry System is in effect, partial redemption of any Bond shall be effected in accordance with the Book Entry System.

(b) If the Book Entry System has been terminated, any Bond which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Authority shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

SECTION 7.9 Purchase of Callable Bonds in Lieu of Redemption

UAB Medicine shall have the option to purchase Callable Bonds in lieu of optional redemption. If a Callable Bond has been called for optional redemption, UAB Medicine may exercise its right of purchase by delivery to the Trustee on or prior to the Business Day preceding the optional redemption date of written notice from UAB Medicine specifying that the Callable Bonds shall not be redeemed, but instead shall be purchased pursuant to this Section. Upon delivery of such notice from UAB Medicine, the Callable Bonds shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Callable Bonds. UAB Medicine's option to purchase pursuant to this Section shall be effective whether or not the notice of optional redemption sent to Holders indicates that UAB Medicine has exercised, or intends to exercise, such option. No further or additional notice to Holders shall be required in connection with the purchase in lieu of redemption. The Callable Bonds purchased pursuant to this Section (i) shall not be cancelled or retired, but shall continue to be outstanding, (ii) shall be delivered to, or as directed by, UAB Medicine, and (iii) shall continue to bear interest at the rate provided for in this Indenture.

SECTION 7.10 Exercise of Redemption Rights by Authority

If the Loan Agreement has been terminated, the Authority may exercise optional redemption rights on behalf of UAB Medicine without notice to, or consent of, UAB Medicine.

ARTICLE 8

No Additional Bonds

This Indenture authorizes the issuance of Bonds described in *Article 5*. No additional bonds may be issued pursuant to this Indenture.

ARTICLE 9

Indenture Funds

SECTION 9.1 Debt Service Fund

(a) There is hereby established a special trust fund which shall be designated the “Debt Service Fund”. The Trustee shall be the depository, custodian and disbursing agent for the Debt Service Fund.

(b) The Loan Agreement requires UAB Medicine to make Loan Payments for deposit to the Debt Service Fund at times and in amounts sufficient to pay Debt Service on the Bonds.

(c) On each Bond Payment Date money in the Debt Service Fund shall be applied by the Trustee to pay Debt Service on the Bonds.

(d) If money is on deposit in the Debt Service Fund on any Bond Payment Date sufficient to pay Debt Service on the Bonds due and payable on such Date, but the Holder of any Bond that matures on such Date or that is subject to redemption on such Date fails to surrender such Bond to the Trustee for payment of Debt Service due and payable on such Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Bond on such Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

SECTION 9.2 Costs of Issuance Fund

(a) There is hereby established with the Trustee a trust fund which shall be designated the “Costs of Issuance Fund”. A deposit to the Costs of Issuance Fund is to be made pursuant to **Section 5.4**.

(b) Money in the Costs of Issuance Fund shall be paid out by the Trustee from time to time for the purpose of paying Costs of Issuance with respect to the Bonds upon delivery to the Trustee of a requisition substantially in the form attached as **Exhibit 9.2(b)**, executed by an Authorized Representative of UAB Medicine.

(c) After an Authorized Representative of UAB Medicine certifies to the Trustee that money remaining in the Costs of Issuance Fund is not needed to pay Costs of Issuance with respect to the Bonds, any balance remaining in the Costs of Issuance Fund shall be transferred to the Acquisition Fund or the Debt Service Fund, as directed by an Authorized Representative of UAB Medicine.

SECTION 9.3 Acquisition Fund

(a) There is hereby established with the Trustee a trust fund which shall be designated the “Acquisition Fund”. The Bonds are being issued for the purpose of refunding certain bonds previously issued by the Authority, so it is anticipated that no deposit will be made to the Acquisition Fund in connection with the issuance of the Bonds.

(b) Money in the Acquisition Fund shall be paid out by the Trustee from time to time for the purpose of paying Acquisition Costs (including reimbursement of UAB Medicine for any such costs paid by it) upon delivery to the Trustee of a requisition substantially in the form attached as **Exhibit 9.2(b)**, executed by an Authorized Representative of UAB Medicine.

(c) After an Authorized Representative of UAB Medicine certifies to the Trustee that remaining proceeds of the Bonds are not needed to pay Acquisition Costs, any balance remaining in the Acquisition Fund shall be deposited in the Debt Service Fund and shall be applied to the redemption of as many Bonds as possible on the next date on which the Bonds are subject to redemption and for which the required notice of redemption can be given, and the balance remaining, if any, after such redemption shall be applied to the payment of Debt Service on the Bonds on the next ensuing Bond Payment Date.

(d) UAB Medicine may establish a list of improvements and additions to the Obligated Group's health care facilities to be financed by the Bonds (the "Capital Improvements"), and may cause changes or amendments to be made in the description of the Capital Improvements and may add items to, or delete items from, the list of Capital Improvements; provided that (i) UAB Medicine delivers to the Trustee a certificate of an Authorized Representative of UAB Medicine specifying such changes, amendments, additions or deletions, (ii) UAB Medicine delivers to the Trustee an Opinion of Counsel stating in effect that the Capital Improvements, after giving effect to such changes, amendments, additions or deletions, qualify for financing under the Enabling Law, and (iii) UAB Medicine delivers to the Trustee a Favorable Tax Opinion.

SECTION 9.4 Bond Purchase Fund

(a) There is hereby established a special trust fund which shall be designated the "Bond Purchase Fund". The Trustee shall be the depository, custodian and disbursing agent for the Bond Purchase Fund.

(b) *Section 6.5* specifies the sources of funds available to the Trustee for the payment of Tendered Bonds. The Trustee shall keep such funds in separate, segregated accounts within the Bond Purchase Fund as provided in *Section 6.5*.

(c) The Loan Agreement requires UAB Medicine to make deposits to the Bond Purchase Fund at times and in amounts sufficient to pay the Purchase Price of Tendered Bonds to the extent that funds for payment of such Purchase Price are not obtained from Remarketing Proceeds.

(d) On each Tender Date, money in the Bond Purchase Fund shall be applied by the Trustee to the payment of the Purchase Price of Tendered Bonds as provided in *Section 6.5*.

(e) If money is on deposit in the Bond Purchase Fund on any Tender Date sufficient to pay the Purchase Price on the Bonds to be paid on such Tender Date, but the Holder of any Tendered Bond fails to deliver such Bond to the Trustee for payment of such Purchase Price on such Tender Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Bond on such Tender Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

SECTION 9.5 Investment of Indenture Funds

(a) Except as otherwise expressly provided in this Indenture, any money held as part of an Indenture Fund shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the instructions of UAB Medicine, to the extent that such investment is, in the opinion of the Trustee, feasible and consistent with the purposes for which such Fund was created. Any investment made with money on deposit in an Indenture Fund shall be held by or under control of the Fund custodian and shall be deemed at all times a part of the Indenture Fund where such money was on deposit, and the interest and

profits realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such Fund.

(b) Any investment of money in the Indenture Funds may be made by the Trustee through its own bond department, investment department or other commercial banking department providing investment services.

(c) The Trustee shall follow the instructions of UAB Medicine with respect to investments of the Indenture Funds as provided in this Section, but the Trustee shall not be responsible for (i) determining that any such investment complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, or (ii) calculating the amount of, or making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

SECTION 9.6 Application of Funds After Indenture Indebtedness Defeased

After all Indenture Indebtedness has been Defeased, any money or investments remaining in the Indenture Funds or otherwise constituting part of the Trust Estate shall be paid to UAB Medicine if no Event of Default exists.

ARTICLE 10

Representations and Covenants

SECTION 10.1 General Representations

The Authority makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Under the provisions of the Enabling Law and its organizational documents, it has the power to consummate the transactions described in the Bond Documents to which it is a party.

(b) The Bond Documents to which it is a party constitute legal, valid and binding obligations of the Authority and are enforceable against it in accordance with the terms of such Documents, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

SECTION 10.2 Encumbrances on Trust Estate

The Authority will not create or permit the creation of any pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on a parity of lien with this Indenture.

SECTION 10.3 Payment of Bonds

(a) The Authority will, from funds constituting part of the Trust Estate, duly and punctually pay, or cause to be paid, the Debt Service on the Bonds as and when the same shall become due and will duly and punctually deposit, or cause to be deposited, in the Indenture Funds the amounts required to be deposited therein, all in accordance with the terms of the Bonds and this Indenture.

(b) The Authority will not extend or consent to the extension of the time for payment of Debt Service on the Bonds or the Purchase Price of Bonds, unless such extension is consented to by the Holder of the Bond affected.

SECTION 10.4 Inspection of Records

The Authority will at any and all times, upon the request of the Trustee, afford and procure a reasonable opportunity for the Trustee by its representatives to inspect any books, records, reports and other papers of the Authority relating to the performance by the Authority of its covenants in this Indenture, and the Authority will furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the Authority of its covenants in this Indenture and the Loan Agreement.

SECTION 10.5 Advances by Trustee

If the Authority shall fail to perform any of its covenants in this Indenture, the Trustee may, but shall not be required, at any time and from time to time, to make advances to effect performance of any such covenant on behalf of the Authority. Any money so advanced by the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand and such advances shall be secured under this Indenture prior to the Bonds.

SECTION 10.6 Corporate Existence; Merger, Consolidation, Etc.

(a) The Authority will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

(b) The Authority may consolidate with or merge into any other corporation or transfer its property substantially as an entirety to another person if:

(1) the corporation formed by such consolidation or into which the Authority is merged or the person which acquires by conveyance or transfer the Authority's property substantially as an entirety (the "Successor") shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the due and punctual payment of the Debt Service on the Bonds and the performance and observance of every covenant and condition of the Bond Documents to be performed or observed by the Authority; and

(2) the Authority shall deliver to the Trustee a Favorable Tax Opinion.

(c) Upon any consolidation or merger or any conveyance or transfer of the Authority's property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Authority under this Indenture with the same effect as if such Successor had been named as the Authority herein.

SECTION 10.7 Compliance with the Tax Certificate and Agreement

The Authority will comply with the covenants and agreements on its part contained in the Tax Certificate and Agreement.

ARTICLE 11

Defaults and Remedies

SECTION 11.1 Events of Default

Any one or more of the following shall constitute an event of default (an “Event of Default”) under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) failure to pay (i) the interest on any Bond when such interest becomes due and payable, or (ii) the principal of (or premium, if any, on) any Bond when such principal (or premium, if any) becomes due and payable, whether at its stated Maturity Date, by declaration of acceleration or call for redemption or otherwise; or

(b) failure to pay the Purchase Price of any Bond due on any Tender Date unless (i) the Soft Tender Provisions were applicable to the Bond on the Tender Date or (ii) the Tender Date was a Proposed Conversion Date that was not also a Mandatory Tender Date pursuant to **Section 6.2(a)(1)** and the conversion was revoked pursuant to the Failed Conversion Provisions.; or

(c) default in the performance, or breach, of any covenant or warranty of the Authority in this Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after notice of such default or breach, stating that such notice is a “notice of default” hereunder, has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Holders of at least 10% in principal amount of the Outstanding Bonds, unless, in the case of a default or breach that cannot be cured by the payment of money, the Authority initiates efforts to correct such default or breach within 30 days from the receipt of such notice and diligently pursues such action until the default or breach is corrected; or

(d) the occurrence of an event of default, as therein defined, under the Loan Agreement and the expiration of the applicable notice period or grace period, if any; or

(e) the occurrence of an event of default, as therein defined, under the Master Indenture and the expiration of the applicable notice period or grace period, if any.

SECTION 11.2 Remedies

(a) **Acceleration of Maturity.** If an Event of Default exists, the Trustee or the Holders of not less than 25% in principal amount of the Bonds Outstanding may declare the principal of all the Bonds and the interest accrued thereon to be due and payable immediately, by notice to the Authority (and to the Trustee, if given by Holders), and upon any such declaration such Debt Service shall become immediately due and payable. At any time after such a declaration of acceleration has been made pursuant to this Section, the Majority Holders may, by notice to the Authority and the Trustee, rescind and annul such declaration and its consequences if

(1) the Authority has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Bonds,

(B) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Event of Defaults, other than the nonpayment of the principal of Bonds which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in **Section 11.10**.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(b) **Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(c) **Remedies Subject to Applicable 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 in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

SECTION 11.3 Application of Money Collected

Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all undeducted amounts due the Trustee under **Section 12.7**;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to

the payment of such principal (and premium, if any) and interest, without any preference or priority, ratably according to the aggregate amount so due; provided, however, that payments with respect to Obligor Bonds shall be made only after all other Bonds have been Defeased; and

(c) **Third:** To the payment of the remainder, if any, to the Authority or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

SECTION 11.4 Trustee May Enforce Claims without Possession of Bonds

All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

SECTION 11.5 Limitation on Suits

No Holder of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless

- (a) such Holder has previously given notice to the Trustee of a continuing Event of Default;
- (b) the Holders of not less than 25% in principal amount of the Outstanding Bonds shall have made request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- (c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Majority Holders;

it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of Bonds, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

SECTION 11.6 Unconditional Right of Holders to Receive Principal, Premium and Interest

Notwithstanding any other provision in this Indenture, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the Maturity Date expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 11.7 Restoration of Positions

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Holder, then and in every such case the Authority, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 11.8 Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 11.9 Control by Holders

The Majority Holders shall have the right, during the continuance of an Event of Default,

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds or otherwise, and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, including the power to direct or withhold directions for acceleration of the maturity of the Bonds pursuant to *Section 11.2(a)*; provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction.

SECTION 11.10 Waiver of Past Defaults

(a) Before any judgment or decree for payment of money due has been obtained by the Trustee, the Majority Holders may, by notice to the Trustee and the Authority, on behalf of all Holders waive any past default hereunder or under any other Bond Document and its consequences, except a default

(1) in the payment of Debt Service on any Bond, or

(2) in respect of a covenant or provision hereof which under *Article 13* cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

(b) Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 11.11 Suits to Protect the Trust Estate

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Holders in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Holders or the Trustee.

SECTION 11.12 Remedies Under Loan Agreement and Master Indenture

(a) Except as otherwise provided in *Section 11.9 and Article 17*:

(1) The Trustee shall have the right, in its own name or on behalf of the Authority, to declare any default and exercise any remedies available under the Loan Agreement.

(2) The Trustee, as the holder of the Series 2026A Master Indenture Obligation, shall have the right to declare any default and exercise any remedies available under the Series 2026A Master Indenture Obligation or the Master Indenture.

(b) Any money collected by the Trustee pursuant to the exercise of any such remedies shall be applied as provided in this *Article 11*.

ARTICLE 12

The Trustee

SECTION 12.1 Certain Duties and Responsibilities of Trustee

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the 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 Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Event of Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) The Trustee shall not incur liability for its action or inaction with respect to the performance of its duties and obligations under this Indenture unless such action or inaction constitutes willful

misconduct or gross negligence under the circumstances. Liability of the Trustee for such action or inaction shall be further limited as follows:

(1) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(2) the 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 Majority Holders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(3) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 12.2 Notice of Defaults

(a) If a notice event described in **Section 12.2(b)** exists, the Trustee shall notify Holders of such event within 30 days after the Trustee becomes aware of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (1) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (2) the Trustee determines in good faith that the withholding of such notice is in the interest of Holders.

(b) For purposes of this Section, the following shall constitute “notice events”:

(1) the occurrence of an Event of Default; and

(2) any event which is, or after notice or lapse of time or both would become, an Event of Default.

(c) Unless a Responsible Officer (defined below) of the Trustee shall be specifically notified in writing of an Event of Default by the Authority or by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, the Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure to pay the principal or interest on the Bonds when due. All notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid. As used herein, the phrase “Responsible Officer” when used with respect to the Trustee shall mean the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice-president, any trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and who, in any event is located at the principal corporate trust office of the Trustee and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and with respect to any signature on or

authentication of Bonds by the Trustee, the term “Responsible Officer” shall also include any authorized signers of the Trustee.

SECTION 12.3 Certain Rights of Trustee

Except as otherwise provided in *Section 12.1*:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Authority mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Representative of the Authority. Any request or direction of UAB Medicine mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Representative of UAB Medicine.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate executed by an Authorized Representative of the Authority or a certificate executed by an Authorized Representative of UAB Medicine.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Authority, personally or by agent or attorney.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(h) The Trustee shall have no responsibility with respect to any information, statements or recitals in any disclosure material prepared or distributed with respect to the issuance of the Bonds.

(i) The Trustee shall not be required to file any initial financing statements, but if financing statements are filed in connection with the issuance of the Bonds, the Trustee shall file any necessary continuation statements to maintain such financing statements in effect.

(j) The Authority and UAB Medicine, or either one of them, may elect to give the Trustee directions or instructions using Electronic Means (defined below). If the Authority or UAB Medicine elects to give the Trustee directions or instructions using Electronic Means, the Trustee shall have the right to accept and act upon any such directions or instructions delivered by an Authorized Representative of the Authority or an Authorized Representative of UAB Medicine. If the Trustee in its discretion elects to act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Authorized Representative of the Authority or an Authorized Representative of UAB Medicine have actually been sent by such representative. The Authority and UAB Medicine shall be responsible for ensuring that only authorized representatives transmit such directions or instructions to the Trustee and that all authorized representatives treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee by either the Authority or UAB Medicine, including without limitation the risk of the Trustee acting on unauthorized directions or 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 directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. As used herein, the phrase "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

SECTION 12.4 Not Responsible for Recitals

The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Authority, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Authority thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds.

SECTION 12.5 May Hold Bonds

The Trustee in its individual or any other capacity, may become the Holder or pledgee of Bonds and may otherwise deal with the Authority with the same rights it would have if it were not Trustee.

SECTION 12.6 Money Held in Trust

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent expressly provided in this Indenture or required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in *Article 9*.

SECTION 12.7 Compensation and Reimbursement

(a) The Authority agrees to pay to the Trustee, or to reimburse the Trustee for, but solely from the Trust Estate:

(1) reasonable compensation for all services rendered by the Trustee hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(2) all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence or bad faith.

(b) As security for the performance of the obligations of the Authority under this Section, the Trustee shall be secured under this Indenture by a lien prior to the Bonds, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate.

(c) To the extent permitted by law, the Authority shall indemnify the Trustee (in its capacity as Trustee and Calculation Agent) or any predecessor Trustee (in its capacity as Trustee and Calculation Agent) against any and all losses, claims, damages, penalties, fines, liabilities or expenses, including incidental and out-of-pocket expenses and reasonable attorneys' fees (for purposes of this Article, collectively, "losses") incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Authority (including this *Section 12.7*) and defending itself against any claim (whether asserted by the Authority or any Owner or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent such losses may be attributable to its gross negligence, bad faith or willful misconduct. The Trustee shall notify the Authority promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Authority shall not relieve the Authority of its obligations hereunder. The Trustee may have separate counsel if the Trustee has been reasonably advised by counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the Authority and in the reasonable judgment of such counsel it is advisable for the Trustee to engage separate counsel, and the Authority shall pay the reasonable fees and expenses of such separate counsel.

(d) The obligations of the Authority under this *Section 12.7* shall survive the satisfaction and discharge of this Indenture, the resignation or removal of the Trustee and payment in full of the Bonds.

SECTION 12.8 Corporate Trustee Required; Eligibility

There shall at all times be a Trustee hereunder which shall (i) be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, (ii) be authorized under such laws to exercise corporate trust powers, (iii) be subject to supervision or examination by federal or state authority, and (iv) have an investment grade rating for its long-term deposits

from each Rating Agency that provides a rating on the Bonds or, if the Bonds are not rated, by any Rating Agency.

SECTION 12.9 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under **Section 12.10**.

(b) The Trustee may resign at any time by giving notice thereof to the Authority and UAB Medicine. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Majority Holders by notice delivered to the Trustee, the Authority and UAB Medicine. If the Loan Agreement has not been terminated, the Trustee may be removed at any time by UAB Medicine by notice delivered to the Authority and the Trustee.

(d) If at any time:

 (1) the Trustee shall cease to be eligible under **Section 12.8** and shall fail to resign after request therefor by UAB Medicine or by any Holder who has been a bona fide Holder of a Bond for at least 6 months, or

 (2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case (i) the Authority (with the consent of UAB Medicine) may remove the Trustee, or (ii) any Holder who has been a bona fide Holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by the Authority (with the consent of UAB Medicine). In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Holders. If, within 1 year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed by the Majority Holders, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Authority or UAB Medicine or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Authority, UAB Medicine or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Authority shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders.

SECTION 12.10 Acceptance of Appointment by Successor

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Authority and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Authority or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in **Section 12.7**. Upon request of any such successor Trustee, the Authority shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

SECTION 12.11 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

ARTICLE 13

Amendment of Bond Documents

SECTION 13.1 General Requirements for Amendments

The Trustee may, on behalf of the Holders, from time to time enter into, or consent to, an amendment of any Bond Document only as permitted by this Article.

SECTION 13.2 Amendments Without Consent of Holders

An amendment of the Bond Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the Holders of any Bonds:

(a) to correct or amplify the description of any property at any time subject to the lien of any Bond Document, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of any Bond Document, or to subject to the lien of any Bond Document, additional property; or

(b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that

the requirements of the related Bond Document for such succession and assumption are otherwise satisfied); or

(c) to add to the covenants of any Financing Participant for the benefit of Holders and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the specified Bond Documents permitting the enforcement of all or any of the several remedies provided therein; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available upon such default; or

(d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Holders; or

(e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the Holders; or

(f) to appoint a separate agent of the Authority or the Trustee to perform any one or more of the following functions: (i) acceptance of delivery of Tendered Bonds, (ii) registration of transfers and exchanges of Bonds, (iii) payment of Debt Service on the Bonds, or (iv) payment of the Purchase Price of Tendered Bonds; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or

(g) to make any amendment that will be effective on a Conversion Date after the Purchase Price of all Tendered Bonds has been paid.

SECTION 13.3 Amendments Requiring Consent of All Affected Holders

An amendment of the Bond Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Holder of each Bond affected:

(a) to change the stated Maturity Date of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated Maturity Date thereof (or, in the case of redemption, on or after the redemption date); or

(b) to reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Holders is required for any amendment of the Bond Documents, or the consent of whose Holders is required for any waiver provided for in the Bond Documents; or

(c) to modify or alter the provisions of the proviso to the definition of the term “Outstanding”; or

(d) to modify any of the provisions of this Section or *Section 11.9*, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby; or

(e) to permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any portion of the Trust Estate, except as otherwise permitted by the Bond Documents; or

(f) to eliminate, reduce or delay the obligation of the Authority or UAB Medicine to make payments at times and in amounts sufficient to pay Debt Service on the Bonds or the Purchase Price of Tendered Bonds.

SECTION 13.4 Amendments Requiring Consent of Majority Holders

(a) An amendment of the Bond Documents for any purpose not described in *Sections 13.2* or *13.3* may be entered into, or consented to, by the Trustee only with the consent of the Majority Holders.

(b) If an amendment is proposed by UAB Medicine or Authority but does not have consent of the Majority Holders when the amendment is proposed, UAB Medicine or Authority may propose that such amendment will become effective later when consent of the Majority Holders is obtained, subject to the following terms and conditions:

(1) Unless the proposed amendment provides that consent of the Majority Holders must be obtained by a specified date in order to be effective, UAB Medicine or Authority may solicit consents to such amendment from Holders until consent of the Majority Holders is obtained.

(2) The terms of issuance or remarketing of a Bond may provide that acceptance of such Bond by the Holder will be deemed consent to the proposed amendment.

(3) The terms of any consent obtained to a proposed amendment may provide that such consent is irrevocable and will bind any future assignee or transferee, direct or indirect, of the person providing such consent. If a consent is not by its terms irrevocable, or by its terms is revocable at the option of the person providing such consent, such person may revoke such consent before such amendment becomes effective by written notice to the Trustee, UAB Medicine and the Authority, but a revocable notice that is not revoked prior to the effective date shall no longer be considered revocable.

(4) If the terms of any consent obtained to a proposed amendment provide that the consent is considered revoked upon the occurrence of a specified event, a written certification by UAB Medicine or the Authority on the effective date that such event has not occurred shall be deemed conclusive unless on or before the effective date the Trustee has received written notice from an interested party claiming that such event has occurred. For purposes of this *Section 13.4(b)(4)*, an “interested party” means and includes UAB Medicine, the Authority, the Holders of the Bonds, and any person who was authorized to act on behalf of or in lieu of a Holder pursuant to the terms of *Section 15.3*.

(5) On the effective date of any such amendment consent of the Majority Holders shall be determined according to the principal amount of Bonds Outstanding as of the effective date, notwithstanding the principal amount of Bonds of a Holder at the time such Holder’s consent was initially obtained.

SECTION 13.5 Discretion of Trustee

The Trustee may in its discretion determine whether or not any Bonds would be affected by any amendment of the Bond Documents and any such determination shall be conclusive upon the Holders of

all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

SECTION 13.6 Trustee Protected by Opinion of Counsel

In executing or consenting to any amendment permitted by this Article, the Trustee shall be entitled to receive, and, subject to *Section 12.1*, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Indenture.

SECTION 13.7 Amendments Affecting Trustee's Personal Rights

The Trustee may, but shall not be obligated to, enter into any amendment that affects the Trustee's own rights, duties or immunities under the Bond Documents.

SECTION 13.8 Effect on Holders

Upon the execution of any amendment under this Article, every Holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 13.9 Reference in Bonds to Amendments

Bonds authenticated and delivered after the execution of any amendment under this Article shall, if required by such amendment or by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such amendment. New Bonds so modified as to conform to any such amendment shall, if required by such amendment or by the Trustee, be prepared and executed by the Authority and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

SECTION 13.10 Amendments Not to Affect Tax Exemption

No amendment may be made to the Bond Documents unless the Trustee receives a Favorable Tax Opinion.

ARTICLE 14

Defeasance

SECTION 14.1 Payment of Indenture Indebtedness; Satisfaction and Discharge of Indenture

(a) Whenever all Indenture Indebtedness has been Defeased, then (i) this Indenture and the lien, rights and interests created hereby shall cease, terminate and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and (ii) the Trustee shall, upon the request of the Authority, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Authority or upon the order of the Authority, all cash and securities then held by it hereunder as a part of the Trust Estate.

(b) A Bond shall be deemed "Defeased" if

(1) such Bond has been cancelled by the Trustee or delivered to the Trustee for cancellation, or

(2) such Bond shall have matured or been called for redemption and, on such Maturity Date or redemption date, money for the payment of Debt Service on such Bond is held by the Trustee in trust for the benefit of the person entitled thereto, or

(3) a trust for the payment of such Bond has been established in accordance with **Section 14.2**, or

(4) such Bond is subject to Optional Tender or Mandatory Tender and, on the Tender Date, money for payment of the Purchase Price of such Bond is held by the Trustee in trust for the benefit of the person entitled thereto.

(c) Indenture Indebtedness other than Debt Service on the Bonds shall be deemed “Defeased” whenever the Authority has paid, or made provisions satisfactory to the Trustee for payment of, all such Indenture Indebtedness.

SECTION 14.2 Trust for Payment of Debt Service

(a) The Authority may provide for the payment of any Bond by establishing a trust for such purpose with the Trustee and depositing therein cash and/or Federal Securities which (assuming the due and punctual payment of the principal of and interest on such Federal Securities, but without reinvestment) will provide funds sufficient to pay the Debt Service on such Bond as the same becomes due and payable until the maturity or redemption of such Bond; provided, however, that:

(1) Such Federal Securities must not be subject to redemption prior to their respective maturities at the option of the Authority of such Securities.

(2) If such Bond is to be redeemed prior to its Maturity Date, either (i) the Trustee shall receive evidence that notice of such redemption has been given in accordance with the provisions of this Indenture and such Bond or (ii) the Authority and UAB Medicine shall confer on the Trustee irrevocable authority for the giving of such notice.

(3) If such trust relates to a Bond in the Term Rate Mode, such Bond must mature or be called for redemption (if permitted by this Indenture) on or before the last day of the Term Rate Period then in effect.

(4) If such trust relates to a Bond in the Commercial Paper Rate Mode, such Bond must be called for redemption on the last day of the CP Rate Period then in effect.

(5) If such trust related to a Bond that does not have a fixed or determinable amount of interest payable until the date when such Bond will be retired in accordance with the terms of such trust, the trust must provide funds sufficient for payment of interest on such Bond at the Maximum Rate until such Bond will be retired. Such trust may provide that any excess funds in the trust remaining after such Bond has been retired shall be paid to UAB Medicine.

(6) Prior to the establishment of such trust the Trustee must receive a Favorable Tax Opinion.

(7) Prior to the establishment of such trust, the Trustee must receive verification satisfactory to the Trustee demonstrating that the principal and interest payments on the Federal Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Securities, will be sufficient to make the required payments from such trust.

(b) Any trust established pursuant to this Section may provide for payment of less than all Bonds outstanding or less than all Bonds of any remaining maturity.

(c) If any trust provides for payment of less than all Bonds of the same series, maturity and interest rate, the Bonds of such series, maturity and interest rate to be paid from the trust shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Bonds of such maturity and interest rate of a denomination larger than the smallest Authorized Denomination. Such selection shall be made within 7 days after such trust is established. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds. After such selection is made, Bonds that are to be paid from such trust (including Bonds issued in exchange for such Bonds pursuant to the transfer or exchange provisions of this Indenture) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Bonds (or portions thereof) have been selected for payment from such trust and shall direct such Holders to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds for payment from such trust pursuant to this Section shall be conclusive and binding on the Financing Participants.

(d) Cash and/or Federal Securities deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Holder of the Bond to be paid from such fund.

ARTICLE 15

Miscellaneous

SECTION 15.1 Notices to Financing Participants

(a) Notices and other communications to Financing Participants pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture to “written notice” shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) Notices and other communications pursuant to this Indenture may be delivered by any method provided in the directions for notices attached as **Exhibit 15.1(b)**. A Financing Participant may change its directions for notices by giving notice to the other Financing Participants.

(c) Any notice shall be deemed given when actually received by the Financing Participant to whom the notice is addressed. In addition, any notice sent by certified mail shall be deemed received when sent by certified mail, addressed as provided in the notice directions included in **Exhibit 15.1(b)** or, if the designated Financing Participant has delivered a change notice, as specified in such change notice.

(d) Notice to any Financing Participant required by this Indenture may be waived in writing by such Financing Participant, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 15.2 Notices to Holders

(a) Notices and other communications to DTC or Holders pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture

to “written notice” shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) If the Book Entry System is in effect, notices and other communications to Holders will be delivered to Holders through the Book Entry System and shall be deemed delivered to Holders upon receipt by DTC. If the Book Entry System is terminated, notices and other communications to Holders may be delivered to such Holders at their address as it appears in the Bond Register.

(c) Any notice to DTC or a Holder shall be deemed given when received by DTC or the Holder, as the case may be, or when sent by certified mail.

(d) Any defect in a notice to any particular Holder shall not affect the sufficiency of such notice with respect to other Holders.

(e) Notice to any Holder required by this Indenture may be waived in writing by such Holder, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 15.3 Actions by Holders

(a) Actions by a Holder shall be evidenced by a written instrument executed by the Holder.

(b) A person’s status as a Holder may be established or verified through any one or more of the following methods:

(1) If the Bonds are held pursuant to the Book Entry System, either (i) the DTC proxy procedures or (ii) a certificate executed by such person or such person’s custodian verifying such person’s ownership of a specified portion of the Bonds, accompanied by indemnification satisfactory to the Trustee; or

(2) If Bonds are not held pursuant to the Book Entry System, the Bond Register; or

(3) An Opinion of Counsel stating in effect that such person is entitled to exercise the rights of a Holder under the terms of this Indenture.

(c) The provider of Credit Enhancement with respect to a Bond may take action on behalf of the person who is the Holder of such Bond if (i) the terms of this Indenture (including any supplement or amendment to this Indenture) expressly grant such right to the provider and (ii) the person became a Holder after such right was granted to the provider.

(d) The Trustee may conclusively rely on any determination method or documentation specified in this Section.

SECTION 15.4 Successors and Assigns

All covenants and agreements in this Indenture by the Authority shall bind its successors and assigns, whether so expressed or not.

SECTION 15.5 Benefits of Indenture

Nothing in this Indenture or in the Bonds, express or implied, shall give to any person, other than (i) the parties hereto and their successors hereunder, (ii) the Holders of the Outstanding Bonds, and (iii) UAB Medicine, any benefit or legal or equitable right, remedy or claim under this Indenture.

SECTION 15.6 Calculation Agent

(a) The Trustee is hereby appointed as “Calculation Agent” for purposes of this Indenture. The acceptance by the Calculation Agent of its duties under this Indenture shall be evidenced by an agreement in form and substance satisfactory to the Authority, UAB Medicine and the Trustee.

(b) The Calculation Agent may resign at any time by giving 30 days’ notice to the Authority and, if the Calculation Agent is not the Trustee, to the Trustee. No such resignation shall become effective until a successor Calculation Agent has been appointed and has accepted its duties and obligations hereunder.

(c) UAB Medicine may remove the Calculation Agent at any time upon 30 days’ notice to the Calculation Agent and, if the Calculation Agent is not the Trustee, to the Trustee. No such removal shall become effective until a successor Calculation Agent has been appointed and has accepted its duties and obligations hereunder.

(d) If the Calculation Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Calculation Agent for any cause, the Authority shall, with the consent of UAB Medicine, promptly appoint a successor Calculation Agent, which may be the Trustee, shall be Independent from the Authority and UAB Medicine and, if not the Trustee, shall be acceptable to the Trustee. Any successor Calculation Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to the Authority and UAB Medicine and, if the Calculation Agent is not the Trustee, to the Trustee.

(e) If the Trustee is the Calculation Agent, its compensation and expenses shall be paid in accordance with the provisions of **Section 12.7**. If a person other than the Trustee is serving as the Calculation Agent, compensation and expenses of such person shall be paid by UAB Medicine, as provided in the agreement of such person accepting its appointment as Calculation Agent; provided, however, that such person shall not have a lien on the Trust Estate for payment of its compensation or expenses.

SECTION 15.7 Actions Under Master Indenture

Except as otherwise expressly provided by this Indenture or the Master Indenture, the Holder of each Bond shall be deemed to be the holder of a corresponding principal amount of the Series 2026A Master Indenture Obligation for purposes of any vote, consent, or other action required or permitted by the holders of Master Indenture Obligations.

ARTICLE 16

The Loan Agreement and Rights of UAB Medicine

SECTION 16.1 Right of UAB Medicine to Exercise Redemption and Conversion Rights

(a) If the Loan Agreement has not been terminated, UAB Medicine may, on behalf of the Authority, exercise optional redemption rights provided by this Indenture, including without limitation (i) delivery of all notices with respect to such redemption, (ii) the specification of conditions to the redemption, and (iii) the selection of Bonds for redemption.

(b) If the Loan Agreement has not been terminated, UAB Medicine may exercise rights of the Authority with respect to the establishment or conversion of Interest Rate Modes with respect to the Bonds.

(c) If the Loan Agreement has been terminated, the Authority may exercise optional redemption rights and rights with respect to the establishment or conversion of Interest Rate Modes with respect to the Bonds without notice to, or consent of, UAB Medicine.

SECTION 16.2 Performance by Authority Under Loan Agreement

The Authority will perform and observe all covenants required to be performed and observed by it under the Loan Agreement.

SECTION 16.3 Rights of UAB Medicine With Respect to Defaults by Authority

Without relieving the Authority from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, UAB Medicine, on behalf of the Authority, may perform any such covenant or agreement.

SECTION 16.4 Remedies Under Loan Agreement

(a) The Trustee shall have the right, in its own name or on behalf of the Authority, to declare any default and exercise any remedies under the Loan Agreement.

(b) Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement shall be applied as provided in *Article 11*.

SECTION 16.5 UAB Medicine May Direct Investment of Indenture Funds

If the Loan Agreement is in effect, UAB Medicine may, on behalf of the Authority, direct the investment of Indenture Funds pursuant to *Article 9*.

SECTION 16.6 Amendment of Bond Documents

If the Loan Agreement is in effect, no amendment may be made to the Bond Documents without the consent of UAB Medicine.

SECTION 16.7 Appointment and Removal Powers

If the Loan Agreement is in effect, UAB Medicine may, on behalf of the Authority, exercise any right of the Authority to appoint or remove (i) the Trustee, (ii) the Remarketing Agent, and (iii) the Calculation Agent.

SECTION 16.8 Disposition of Indenture Funds and Trust Estate

If the Loan Agreement is in effect, any remaining Indenture Funds or Trust Estate assets otherwise payable to the Authority after all Indenture Indebtedness has been Defeased shall be paid or transferred to UAB Medicine.

SECTION 16.9 Benefits of Indenture for UAB Medicine

This Indenture shall also be for the benefit of UAB Medicine to the extent provided herein.

ARTICLE 17 Credit Enhancement

SECTION 17.1 Delivery of Credit Enhancement

No Credit Enhancement has been provided with respect to the Bonds as of the date of initial delivery of the Bonds. UAB Medicine may provide Credit Enhancement after the date of initial delivery of the Bonds, subject to the following terms and conditions:

(a) No amendment or supplement to this Indenture that provides for such Credit Enhancement and affects the rights of Holders of the Bonds shall be effective unless (i) the Holders of all Outstanding Bonds consent to the delivery of such Credit Enhancement and the terms of such supplement or amendment, (ii) the Credit Enhancement and such amendment or supplement become effective on a date when all Bonds were purchased pursuant to a Mandatory Tender and apply only with respect to Holders after such Mandatory Tender Date, or (iii) in the good faith judgment of the Trustee, such provisions do not adversely affect the interests of Holders.

(b) UAB Medicine must deliver a Favorable Tax Opinion with respect to the delivery of such Credit Enhancement.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this instrument to be duly executed by their duly authorized officers.

[Signature pages follow]

UAB MEDICINE FINANCE AUTHORITY

By: _____

Name: _____

Title: _____

REGIONS BANK

By: _____

Name: _____

Title: _____

EXHIBIT 5.1(c)

Form of Bonds

UAB Medicine Finance Authority

Revenue Bonds, Series 2026A

Number:

Principal Amount:

Maturity Date:

Interest Rate Mode:

Interest Rate:

Date of Initial Delivery of Bonds:

CUSIP:

UAB MEDICINE FINANCE AUTHORITY, an Alabama public corporation (the “Authority”, which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to

_____,

or registered assigns, the principal sum of

_____ **DOLLARS**

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this Bond, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the applicable interest rate specified below; provided, however, that all such payments shall be limited obligations of the Authority payable solely from the sources hereinafter identified.

Authorizing Document

This Bond has been issued pursuant to a Trust Indenture (Series 2026A) dated September 1, 2026 (the “Indenture”), between the Authority and Regions Bank, an Alabama banking corporation (the “Trustee”, which term includes any successor trustee under the Indenture). The bonds issued pursuant to the Indenture are referred to herein as the “Bonds”. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this Bond.

Beneficiary of Financing

The Bonds are being issued to provide financing for the benefit of UAB Medicine Enterprise, an Alabama nonprofit corporation (“UAB Medicine”) and the other members of the Obligated Group referred to below. Proceeds of the Bonds have been loaned by the Authority to UAB Medicine pursuant to a Loan Agreement (Series 2026A) September 1, 2026 (the “Loan Agreement”). Pursuant to the Loan Agreement UAB Medicine has agreed to make payments at times and in amounts sufficient to pay Debt Service on the Bonds and the Purchase Price of Tendered Bonds, except as provided with respect to the Soft Tender Provisions. As evidence of its loan payment obligation, UAB Medicine has issued its promissory note (the “Note”) to the Authority. As security for its loan payment obligation under the Loan Agreement and Note, UAB Medicine has delivered its Series 2026A Master Indenture Obligation pursuant to the Master Indenture. The Loan Agreement, the Note and the Series 2026A Master Indenture Obligation have been assigned by the Authority to the Trustee pursuant to the Indenture.

Limited Obligations

The Bonds and all other payment obligations under the Indenture are limited obligations of the Authority payable solely out of the Trust Estate established pursuant to the Indenture, which includes (i) payments by UAB Medicine pursuant to the Loan Agreement and the Note, (ii) payments by the Obligated Group pursuant to the Series 2026A Master Indenture Obligation and (iii) money and investments in the funds and accounts established pursuant to the Indenture.

Bond Documents

Copies of the Bond Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Bonds and the Financing Participants, and the terms upon which the Bonds are, and are to be, authenticated and delivered.

Transfer, Registration, Exchange and Payment Provisions

The ownership, transfer, exchange and payment of the Bonds shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, exchange and payment of Bonds.

Interest Rate Modes

The Bonds may be issued in various Interest Rate Modes, as specified in the Indenture. The Interest Rate Mode applicable to this Bond is specified in the heading to this certificate. If this Bond is converted to another Interest Rate Mode, this Bond is subject to Mandatory Tender and a new Bond certificate, with provisions applicable in the new Interest Rate Mode, will be delivered to the initial Holder in the new Interest Rate Mode.

Conversion of Interest Rate Modes

This Bond may be converted to another Interest Rate Mode, subject to the terms and conditions of the Indenture. On the Proposed Conversion Date this Bond shall be subject to Mandatory Tender, as described below.

Applicable Interest Rate

The applicable interest rate for this Bond is determined according to the Interest Rate Mode in effect for this Bond, which is specified above.

Maximum Interest Rate

The interest on this Bond may not exceed the Maximum Rate specified in the Indenture.

Computation of Interest Accrual

Interest on Bonds in the Interest Rate Mode applicable to this Bond shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest Payment Dates

Interest on Bonds in the Interest Rate Mode applicable to this Bond is payable on the following dates: (i) on March 1 and September 1 in each year, commencing March 1, 2027 (ii) on the Conversion Date if such Bond is converted to another Interest Rate Mode, and (iii) on the Maturity Date.

Regular Record Date for Interest Payments

If the Book Entry System is in effect, the Trustee shall pay interest on this Bond to DTC, and interest shall be distributed to the Holder of this Bond in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this Bond shall be payable to the Holder of this Bond on the Regular Record Date for such Interest Payment Date, which shall be the 15th day (whether or not a Business Day) of the month next preceding each Interest Payment Date for such Bond.

Interest on Overdue Payments

Interest shall be payable on overdue principal on this Bond and (to the extent legally enforceable) on any overdue installment of interest on this Bond at the interest rate applicable to such Bond on the date such Debt Service became due.

Authorized Denominations

Bonds issued in the Interest Rate Mode applicable to this Bond may be in denominations of \$5,000 or any multiple thereof; provided, however, that the notice of conversion of Bonds to a new Interest Rate Mode may specify different Authorized Denominations for the Bonds while such Interest Rate Mode is in effect.

Currency of Payment

Payment of Debt Service on this Bond shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

Mandatory Tender

The Holder of this Bond shall be required to tender this Bond to the Trustee for purchase on the following dates:

*[Insert applicable Mandatory Tender provisions
from Section 6.2(a)]*

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

No notice is required for a Mandatory Tender on the last day of an Index Rate Period, the last day of a Term Rate Period or the last day of a CP Rate Period, even if that day is also a Mandatory Tender Date for a separate reason. For all other Mandatory Tenders notice of the Mandatory Tender shall be given not less than 15 days prior to the Mandatory Tender Date.

Except as otherwise provided with respect to the Soft Tender Provisions, on the Mandatory Tender Date with respect to this Bond, the Trustee shall pay to the Holder an amount equal to the Purchase Price. Funds for payment of the Purchase Price of such Bond shall be drawn by the Trustee from the sources specified in the Indenture.

If there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the Purchase Price of any Bond to be purchased on a Mandatory Tender Date, such Bond shall be deemed to be tendered for purchase and purchased from the Holder thereof on such Mandatory Tender Date and the Holder of such Bond shall not be entitled to receive interest on such Bond for any period on and after the relevant Mandatory Tender Date. The Trustee shall issue a new Bond or Bonds in the same aggregate principal amount, maturity and interest rate for any such Bond which is not tendered for purchase on any Mandatory Tender Date and, upon receipt by the Trustee of any such Bond from the Holder thereof, shall pay, or cause to be paid, the Purchase Price of such Tendered Bond to the Holder thereof and cancel such Tendered Bond.

After notice of a Mandatory Tender has been given by the Trustee with respect to any Bond, such Bond shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

Redemption Prior to Maturity

This Bond will be subject to redemption prior to its Maturity Date as follows:

[Specify applicable redemption provisions from Section 7.1.]

If less than all Bonds outstanding are being redeemed, the Indenture provides procedures for selection of Bonds to be redeemed.

Notice of redemption of any Bond shall be given to the affected Holder not less than 20 days prior to the redemption date in the manner provided in the Indenture.

A notice of optional redemption may state that the redemption of Bonds is contingent upon specified conditions, such as receipt of a specified source of funds, or the occurrence of specified events. If the conditions for such redemption are not met, the Authority shall not be required to redeem the Bonds (or portions thereof) identified in such notice, and any Bonds surrendered on the specified redemption date shall be returned to the Holders of such Bonds.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Bonds to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Authority shall default in the payment of the redemption price) such Bonds shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Bond shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Bond which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Authority shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

The Indenture permits UAB Medicine to purchase Bonds that have been called for optional redemption in lieu of retiring such Bonds on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

Remedies

If an “Event of Default”, as defined in the Indenture, shall occur, the principal of all Bonds then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Amendments

The Indenture permits the amendment of the Bond Documents and waivers of past defaults under such Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of all Holders or a specified percentage of Holders. Any such consent or waiver by the Holder of this Bond shall be conclusive and binding upon such Holder and upon all future Holders of this Bond and of any Bond issued in exchange for this Bond or in lieu of this Bond, whether or not notation of such consent or waiver is made upon this Bond.

Exoneration of Incorporators, Directors and Officers of the Authority

No recourse under or upon any covenant or agreement of the Indenture, or of any Bonds, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer or director of the Authority, or of any successor, either directly or through the Authority, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Bonds are

solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or director of the Authority or any successor, or any of them, because of the issuance of the Bonds, or under or by reason of the covenants or agreements contained in the Indenture or in any Bonds or implied therefrom.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Authority has caused this Bond to be duly executed under its corporate seal.

Dated: Date of initial delivery of this Bond identified above.

UAB MEDICINE FINANCE AUTHORITY

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is one of the Bonds referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK,
as Trustee

By: _____
Authorized Officer

Assignment

For value received, _____ hereby sell(s), assign(s)
and transfer(s) unto [Please insert name and taxpayer identification number]
_____ this Bond and hereby irrevocably constitute(s) and appoint(s)
_____ attorney to transfer this Bond on the books of the within named
Authority at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within bond in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

EXHIBIT 5.3(b)(14)

Extended Maturity Certificate

Regions Bank
Birmingham, Alabama

Re: Revenue Bonds, Series 2026A, issued by UAB Medicine Finance Authority (the “Authority”) pursuant to a Trust Indenture (Series 2026A) dated September 1, 2026 (the “Trust Indenture”) between the Authority and the Trustee

UAB Medicine Enterprise hereby certifies as follows:

1. It is UAB Medicine identified in the Trust Indenture.
2. The Loan Agreement has not been terminated. UAB Medicine retains the right to exercise any rights granted to UAB Medicine by the Trust Indenture with respect to the conversion of the Interest Rate Mode for the Bonds.
3. With respect to the Bonds specified in the following table UAB Medicine has elected to extend the Maturity Date for such Bonds to the Extended Maturity Date specified in the table:

Series Designation	Maturity Date	Principal Amount Outstanding	Extended Maturity Date

4. This election complies with the terms and conditions of **Section 5.3(b)(14)**. The Extended Maturity Date(s) specified in this certificate will become effective upon the successful conversion of the Bonds to a new Interest Rate Mode.

Dated: _____.

UAB MEDICINE ENTERPRISE

By: _____
Authorized Representative of UAB Medicine

EXHIBIT 5.4(b)

Description of Refunded Bonds

Refunded Bonds

The Refunded Bonds include the following bonds issued by the Authority for the benefit of UAB Medicine:

Refunded Bonds	Maturity Date(s)	Principal Amount Refunded
Revenue Bonds, Series 2016B issued by UAB Medicine Finance Authority	[TBD]	\$ _____
	_____	_____

EXHIBIT 6.1(b)

Form of Optional Tender Notice

Regions Bank
Birmingham, Alabama

Re: Revenue Bonds, Series 2026A, issued by UAB Medicine Finance Authority pursuant to a Trust Indenture (Series 2026A) dated September 1, 2026

The undersigned is the Holder of the following Bond, which is part of the above-referenced issue of Bonds:

CUSIP Number: _____
Principal Amount: _____

The undersigned hereby elects to have (check one as appropriate, and be certain to designate the principal amount tendered, if less than the entire amount):

_____ the entire principal amount

_____ \$_____ of the principal amount of such Bond (Note: If such amount is less than the entire principal amount, both the amount to be purchased and the remaining amount must be an Authorized Denomination, as defined in the Indenture)

purchased on the following date: _____. (Note: If Bonds are in the Weekly Rate Mode, this notice must be delivered on a Business Day at least 7 days prior to the Optional Tender Date. A notice received by the Trustee after 5:00 p.m. on a Business Day shall be deemed received on the following Business Day. If Bonds are in the Daily Rate Mode, this notice must be delivered not later than 11:00 a.m. on the Optional Tender Date.)

THE UNDERSIGNED ACKNOWLEDGES THAT THIS ELECTION IS IRREVOCABLE AND BINDING ON THE UNDERSIGNED AND CANNOT BE WITHDRAWN.

Dated: _____.

Print or Type

Name(s) of Holder(s)

Address

Telephone Number

Signature

(The name(s) and signature(s) must correspond exactly to the name appearing on the registration books maintained by the Trustee)

Signature guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

EXHIBIT 9.2(b)

Requisition

To: Regions Bank, as trustee under
the Indenture referred to below

No. _____

Re: \$_____ Revenue Bonds, Series 2026A, issued by UAB Medicine Finance Authority
pursuant to a Trust Indenture (Series 2026A) dated September 1, 2026 (the "Indenture")

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

Request for Payment by UAB Medicine

UAB Medicine hereby requests payment from

☐ the Costs of Issuance Fund
☐ the Acquisition Fund

of \$_____ to

Name of payee: _____

Address of payee: _____

Such payment will be made for the following purpose(s):

(Note: UAB Medicine is to describe purpose in reasonable detail. The Trustee shall be entitled to rely upon the certification by UAB Medicine in the following paragraph with respect to the purpose of this payment and shall not be required to verify that such purpose is authorized by the Indenture or that such purpose will not cause or result in a violation of any covenant in the Tax Certificate and Agreement.)

UAB Medicine hereby certifies that: (a) such payment is for Costs of Issuance (if the payment is to be made from the Costs of Issuance Fund) or Acquisition Costs (if the payment is to be made from the Acquisition Fund), (b) no Event of Default exists, and (c) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: _____.

UAB MEDICINE ENTERPRISE

By: _____
Authorized Representative of UAB Medicine

EXHIBIT 15.1(b)

Directions for Notices

UAB Medicine Finance Authority

Mailing address: UAB Medicine Finance Authority
John N. Whitaker Building
500 22nd Street South, Suite 408
Birmingham, Alabama 35205
Attention:

Hand delivery or courier delivery address: UAB Medicine Finance Authority
John N. Whitaker Building
500 22nd Street South, Suite 408
Birmingham, Alabama 35205
Attention:

Email address:

Facsimile transmissions:

Regions Bank (as Trustee and Calculation Agent)

Mailing address: Regions Bank Corporate Trust
1900 Fifth Avenue North, 26th Floor
Birmingham, Alabama 35203
Attention: Carmen J. Kilgore

Hand delivery or courier delivery address: Regions Bank Corporate Trust
1900 Fifth Avenue North, 26th Floor
Birmingham, Alabama 35203
Attention: Carmen J. Kilgore

Email address: carmen.kilgore@regions.com

Facsimile transmissions: (205) 264-5264

UAB Medicine Enterprise

Mailing address: UAB Medicine Enterprise
John N. Whitaker Building, Suite 408
500 22nd Street South
Birmingham, Alabama 35233-3110
Attention: Chief Financial Officer

Hand delivery or courier delivery address: UAB Medicine Enterprise
John N. Whitaker Building, Suite 408
500 22nd Street South
Birmingham, Alabama 35233-3110
Attention: Chief Financial Officer

Email address: scjennings@uabmc.edu

Facsimile transmissions:

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**LOAN AGREEMENT
(SERIES 2026A)**

Dated September 1, 2026

Between

UAB MEDICINE FINANCE AUTHORITY

and

UAB MEDICINE ENTERPRISE

Relating to the issuance of

**\$ _____
Revenue Bonds, Series 2026A**

by

UAB Medicine Finance Authority

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**LOAN AGREEMENT
(SERIES 2026A)**

THIS LOAN AGREEMENT (SERIES 2026A) dated September 1, 2026 is entered into by **UAB MEDICINE FINANCE AUTHORITY**, an Alabama public corporation (the “Authority”), and **UAB MEDICINE ENTERPRISE**, an Alabama nonprofit corporation formerly known as UAB Health System (“UAB Medicine”).

Recitals

A. The Authority has duly authorized the issuance of its \$ _____ Revenue Bonds, Series 2026A (the “Bonds”) pursuant to a Trust Indenture dated September 1, 2026 (the “Indenture”) between the Authority and Regions Bank, as trustee (the “Trustee”).

B. The Bonds are being issued to provide financing for the benefit of UAB Medicine and the other members of the Obligated Group described in the Indenture. Proceeds of the Bonds will be loaned by UAB Medicine to the members of the Obligated Group and used to refund the bonds described in ***Exhibit 5.4(b)*** of the Indenture.

C. Pursuant to this Loan Agreement and the Note described herein, UAB Medicine has agreed to make loan payments at times and in amounts sufficient to pay debt service on the Bonds. As security for the loan payment obligation of UAB Medicine under the Loan Agreement and the Note, UAB Medicine has caused the Obligated Group to issue its Series 2026A Master Indenture Obligation.

D. The obligation of UAB Medicine under the Loan Agreement, the Note and the Series 2026A Master Indenture Obligation is a full faith and credit obligation of UAB Medicine for the payment of which its full faith and credit have been pledged.

E. The recitals to the Indenture are incorporated by reference in this Agreement as if fully set forth herein.

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

ARTICLE 1

**Definitions and Other Provisions
of General Application**

SECTION 1.1 Definitions

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture.

(2) The terms defined in this Article shall have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular, and vice versa.

(3) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application thereof.

(5) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(6) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(7) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(8) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

SECTION 1.2 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.3 Date of Loan Agreement

The date of this Agreement is intended as and for a date for the convenient identification of this Agreement and is not intended to indicate that this Agreement was executed and delivered on said date.

SECTION 1.4 Separability Clause

If any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.5 Governing Law

This Loan Agreement shall be construed in accordance with and governed by the laws of the State of Alabama.

SECTION 1.6 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE 2

The Loan

SECTION 2.1 Issuance of Bonds

Simultaneously with the delivery of this Agreement, the Authority shall issue the Bonds pursuant to the Indenture.

SECTION 2.2 Loan of Bond Proceeds

The Authority does hereby loan the principal amount of the Bonds to UAB Medicine, and UAB Medicine does hereby borrow such amount from the Authority and instructs the Authority to apply the proceeds of the Bonds in the manner set forth in *Section 5.4* of the Indenture.

SECTION 2.3 Withdrawals from Costs of Issuance Fund

UAB Medicine may cause withdrawals to be made from the Costs of Issuance Fund for the payment of Costs of Issuance, but only if the related conditions of the Indenture are satisfied and UAB Medicine delivers to the Trustee a duly completed requisition for each such withdrawal in the form attached to the Indenture as *Exhibit 9.2(b)*, executed on behalf of UAB Medicine by an Authorized Representative of UAB Medicine.

SECTION 2.4 Withdrawals From Acquisition Fund

UAB Medicine may cause withdrawals to be made from the Acquisition Fund for the payment of Acquisition Costs, but only if the related provisions of the Indenture are satisfied and UAB Medicine delivers to the Trustee a duly completed requisition for each such withdrawal in the form attached to the Indenture as *Exhibit 9.2(b)*, executed on behalf of the Borrower by an Authorized Representative of UAB Medicine.

ARTICLE 3

Loan Payments

SECTION 3.1 Loan Payments

(a) UAB Medicine shall make payments (collectively, “Loan Payments”) to the Trustee, for the account of the Authority, on each Bond Payment Date in an amount equal to the Debt Service on the Bonds due on such Bond Payment Date. All Loan Payments shall be made in funds immediately available to the Trustee not later than one hour prior to the Trustee’s deadline for timely payment of such Debt Service.

(b) UAB Medicine may credit the amount of investment earnings in the Debt Service Fund against any Loan Payment required by *Section 3.1(a)*, provided that if the amount on deposit in the Debt Service Fund is not sufficient for any reason to pay Debt Service due on any Bond Payment Date, UAB Medicine shall pay the amount of such deficiency in funds immediately available to the Trustee not later than one hour prior to the Trustee’s deadline for timely payment of such Debt Service.

SECTION 3.2 Delivery of Note

(a) Simultaneously with the delivery of this Agreement UAB Medicine shall deliver its Note substantially in the form attached to this Agreement as ***Exhibit 3.2(a)***. The Note shall be considered evidence of and security for UAB Medicine's obligation to make Loan Payments under this Agreement. All Loan Payments with respect to the Bonds shall be credited against the required payments under the Note, all to the end that the unpaid aggregate principal amount of the Note shall be equal to the unpaid aggregate principal amount of the Bonds.

(b) After all Bonds have been Defeased, the Note shall be deemed fully paid and the Authority shall cause the Trustee to surrender the Note to UAB Medicine.

SECTION 3.3 Payment of Purchase Price of Tendered Bonds

(a) UAB Medicine agrees to pay the Purchase Price of Tendered Bonds due on each Tender Date. All such payments shall be made in funds immediately available to the Trustee on the related Tender Date not later than one hour prior to the Trustee's deadline for timely payment of such Purchase Price on the related Tender Date.

(b) UAB Medicine may credit the amount of investment earnings in the Bond Purchase Fund against any payment required by ***Section 3.3(a)***, provided that if the amount on deposit in the Bond Purchase Fund is not sufficient for any reason to pay the Purchase Price of Tendered Bonds due on such Tender Date, UAB Medicine shall pay the amount of such deficiency in funds immediately available to the Trustee not later one hour prior to the Trustee's deadline for timely payment of such Purchase Price.

SECTION 3.4 Additional Payments

(a) UAB Medicine shall pay to the Authority or to the Trustee, as the case may be, the following:

(1) the acceptance fee of the Trustee and the annual (or other regular) fees, charges and expenses of the Trustee under the Indenture;

(2) any amount to which the Trustee may be entitled under ***Section 12.7*** of the Indenture; and

(3) the reasonable expenses of the Authority incurred at the request of UAB Medicine, or in the performance of its duties under any of the Bond Documents, or in connection with any litigation which may at any time be instituted involving any of the Bond Documents, or in the pursuit of any remedies under any of the Bond Documents.

(b) UAB Medicine shall make such payments to the Authority or the Trustee, as the case may be, within 10 days after receipt of an invoice therefor.

SECTION 3.5 Overdue Payments

Any Loan Payments required by ***Section 3.1*** that are overdue shall bear interest from the related Bond Payment Date until paid at the Post-Default Rate for overdue Debt Service payments specified in the Bonds. Any other payments required by this ***Article 3*** that are overdue shall bear interest from the date due until paid at the Post-Default Rate specified in the Indenture.

SECTION 3.6 Full Faith and Credit Obligation

UAB Medicine's obligation to make Loan Payments and the other payments required by this Agreement shall be a full faith and credit obligation of UAB Medicine. UAB Medicine's obligation to make such payments and to perform and observe the other agreements and covenants on its part contained in this Agreement shall be absolute and unconditional, irrespective of any rights of set off, recoupment or counterclaim it might otherwise have against the Authority or the Trustee.

SECTION 3.7 Delivery of Series 2026A Master Indenture Obligation

(a) As security for the payment obligations of UAB Medicine under this Agreement with respect to Debt Service on the Bonds, UAB Medicine shall deliver the Series 2026A Master Indenture Obligation to the Trustee on behalf of the Obligated Group. All Loan Payments and all payments with respect to the Note shall be credited against the required payments under the Series 2026A Master Indenture Obligation, all to the end that the unpaid aggregate principal amount of the Series 2026A Master Indenture Obligation shall be equal to the unpaid aggregate principal amount of the Bonds and the Note.

(b) After all Bonds have been Defeased, the Series 2026A Master Indenture Obligation shall be deemed fully paid and the Authority shall cause the Trustee to surrender the Series 2026A Master Indenture Obligation to UAB Medicine.

ARTICLE 4

Concerning the Bonds, the Indenture and the Trustee

SECTION 4.1 Assignment by Authority

(a) Simultaneously with the delivery of this Agreement the Authority shall, pursuant to the Indenture, assign and pledge to the Trustee all right, title and interest of the Authority in and to the Loan Agreement (except for certain rights personal to the Authority), the Note and the Series 2026A Master Indenture Obligation. UAB Medicine hereby consents to such assignment and pledge.

(b) Until the Indenture Indebtedness has been Defeased, the Trustee shall have all rights and remedies herein accorded to the Authority and any reference herein to the Authority shall be deemed, with the necessary changes in detail, to include the Trustee; provided, however, that the Authority shall retain the rights to indemnification and reimbursement of expenses granted to it by this Agreement.

SECTION 4.2 Redemption of Bonds and Prepayment of Note

(a) The Authority will redeem any or all of the Bonds in accordance with the scheduled mandatory redemption provisions of the Bonds and upon the occurrence of any event or contingency requiring the mandatory redemption of Bonds, all in accordance with the applicable provisions of the Bonds and the Indenture.

(b) If no Loan Default exists, UAB Medicine may exercise any optional redemption rights with respect to the Bonds on behalf of the Authority. If a Loan Default exists, this right of UAB Medicine shall be suspended, and the Authority may exercise any optional redemption rights in its own name (or on behalf of UAB Medicine), provided that the Authority gives UAB Medicine and the Trustee 10 days' prior notice of its intention to do so. If this Agreement has been terminated, the Authority may exercise any right of optional redemption without prior notice to UAB Medicine.

(c) Upon the redemption of Bonds pursuant to any optional or mandatory redemption provisions, the Note and the Series 2026A Master Indenture Obligation shall be deemed prepaid in the amount equal to the principal amount of the Bonds redeemed.

SECTION 4.3 Amendment of Indenture or Bonds

The Authority will not cause or permit the amendment of the Indenture or the Bonds without the prior written consent of UAB Medicine.

SECTION 4.4 The Indenture Funds

(a) If no Loan Default exists, any money held as part of an Indenture Fund shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the terms of the Indenture and instructions of UAB Medicine.

(b) UAB Medicine shall be solely responsible for (i) determining that any such investment complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, and (ii) calculating the amount of, and making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

(c) As security for the performance by UAB Medicine of the covenants hereunder, UAB Medicine hereby assigns and pledges to the Authority, and grants to the Authority a security interest in, all right, title and interest of UAB Medicine in and to all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, subject to the provisions of this Agreement and the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and in the Indenture. UAB Medicine acknowledges that the rights of the Authority created by this Section shall be assigned by the Authority to the Trustee pursuant to the Indenture.

SECTION 4.5 Defeasance of Indenture Indebtedness

(a) After the Indenture Indebtedness is Defeased, all references in this Agreement to the Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Owners of the Bonds shall thereafter have any rights hereunder, except those rights that shall have vested prior to termination.

(b) If any money or investments remain in the Indenture Funds after the Indenture Indebtedness has been Defeased, the Authority will pay and deliver such money and investments to UAB Medicine.

ARTICLE 5

Representations and Covenants

SECTION 5.1 General Representations

UAB Medicine makes the following representations and warranties as the basis for the undertakings on its part contained in this Agreement:

(1) It is duly organized as a private nonprofit corporation under the laws of the State of Alabama and is not in default under any of the provisions contained in its organization documents or in the laws of the State of Alabama.

(2) It has the power to consummate the transactions contemplated by the Bond Documents to which it is a party.

(3) By proper corporate action it has duly authorized the execution and delivery of the Bond Documents to which it is a party and the consummation by UAB Medicine of the transactions described in the Bond Documents.

(4) It has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Bond Documents to which it is a party.

(5) The execution and delivery by it of the Bond Documents to which it is a party and the consummation by it of the transactions described therein will not (i) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under its organization documents or any agreement, instrument, order or judgment to which it is a party or is subject, or (ii) result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as provided by the Bond Documents.

(6) The Bond Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

SECTION 5.2 Compliance with Tax Certificate

UAB Medicine will comply with all covenants and agreements on its part contained in the Tax Certificate and Agreement.

SECTION 5.3 Compliance with Continuing Disclosure Agreement

UAB Medicine will comply with all covenants and agreements on its part contained in the Continuing Disclosure Agreement.

SECTION 5.4 Corporate Existence

(a) Except as provided in **Section 5.4(b)**, UAB Medicine will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

(b) UAB Medicine may consolidate with or merge into any other nonprofit corporation or transfer its property substantially as an entirety to any person if:

(1) such consolidation, merger, conveyance or transfer shall be on such terms as shall fully preserve the rights and powers of the Trustee and the Owners of the Bonds;

(2) the corporation formed by such consolidation or into which UAB Medicine is merged or the person which acquires by conveyance or transfer UAB Medicine's property

substantially as an entirety (the “Successor”) shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the performance and observance of every covenant and condition of this Agreement and the other Bond Documents to be performed or observed by UAB Medicine;

(3) immediately after giving effect to such transaction, no Loan Default, or any event which upon notice or lapse of time or both would constitute such a Loan Default, shall have occurred and be continuing;

(4) UAB Medicine delivers to the Authority and the Trustee a Favorable Tax Opinion; and

(5) UAB Medicine shall have delivered to the Trustee a certificate executed by an Authorized Representative of UAB Medicine and an Opinion of Counsel, each of which shall state in effect that such consolidation, merger, conveyance or transfer complies with this Section and that all conditions precedent herein provided relating to such transactions shall have been complied with.

(c) Upon any consolidation or merger or any conveyance or transfer of UAB Medicine’s property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for UAB Medicine under this Agreement with the same effect as if such Successor had been named as UAB Medicine herein.

SECTION 5.5 Advances by Authority or Trustee

If UAB Medicine shall fail to perform any of its covenants in this Agreement, the Authority or the Trustee may, at any time and from time to time, after written notice to UAB Medicine if no Loan Default exists, make advances to effect performance of any such covenant on behalf of UAB Medicine. Any money so advanced by the Authority or the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand.

SECTION 5.6 Indemnity of Authority and Trustee

(a) To the extent permitted by law, UAB Medicine agrees to indemnify the Authority and the Trustee for, and hold each of them harmless against, any loss, liability or expense (including reasonable attorneys’ fees) incurred without bad faith or willful misconduct on their part, arising out of or in connection with the issuance of the Bonds, the acceptance of their duties and responsibilities under the Bond Documents, or their performance or observance of any agreement or covenant on their part to be observed or performed under the Bond Documents, including without limitation (i) the offer and sale of the Bonds or a subsequent sale or distribution of any of the Bonds, (ii) the exercise, or failure to exercise, any right, privilege or power of the Authority or the Trustee under the Bond documents, and (iii) the administration of the trust established by the Indenture.

(b) The covenant of indemnity by UAB Medicine contained in this Section shall survive the termination of this Agreement.

ARTICLE 6

Remedies

SECTION 6.1 Events of Default

Any one or more of the following shall constitute an event of default (a “Loan Default”) under this Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (1) default in the payment of any Loan Payment required by *Section 3.1* when such Loan Payment becomes due and payable; or
- (2) default in the payment of the Purchase Price of Tendered Bonds pursuant to *Section 3.3* when such Purchase Price becomes due and payable; or
- (3) default in the performance, or breach, of any covenant or warranty of UAB Medicine in this Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of 30 days after notice to UAB Medicine by the Authority or by the Trustee specifying such default or breach and requiring it to be remedied and stating that such notice is a “notice of default” hereunder; or
- (4) an Act of Bankruptcy shall occur with respect to UAB Medicine; or
- (5) an event of default shall exist under the Master Indenture and any applicable grace or notice period shall have expired.

The Continuing Disclosure Agreement contains the exclusive remedies for breach by UAB Medicine of the covenants on its part contained in such Agreement, and no such breach shall constitute a Loan Default or an event of default under this Agreement or any other Bond Document.

SECTION 6.2 Remedies on Default

If a Loan Default occurs and is continuing, the Authority (or the Trustee, as provided in *Section 4.1*) may exercise any of the following remedies:

- (1) declare all Loan Payments to be immediately due and payable in an amount not to exceed the principal amount of all Outstanding Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration;
- (2) declare the principal of the Note to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Agreement or in the Note to the contrary notwithstanding;
- (3) take whatever legal proceedings may appear necessary or desirable to collect the Loan Payments then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of UAB Medicine under this Agreement or by law.

SECTION 6.3 Rights With Respect to Note and Series 2026A Master Indenture Obligation

UAB Medicine acknowledges that if any Loan Default exists the Trustee shall be entitled to exercise all rights and remedies afforded to the holder of the Note and the Series 2026A Master Indenture Obligation.

SECTION 6.4 Proceedings in Bankruptcy

In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of UAB Medicine under the Federal Bankruptcy Code or any other similar federal or state law, or in case a receiver or trustee shall have been appointed for its property, the Authority, irrespective of whether all Loan Payments or the entire principal amount of the Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Authority or the Trustee shall have made any demand pursuant to the provisions of **Section 6.2** hereof, the Authority or the Trustee (as the case may be) shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of Loan Payments and Note owing and unpaid, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Authority allowed in such judicial proceedings relative to UAB Medicine, its creditors or its property, and to collect and receive any money or other property payable or deliverable on any such claims.

SECTION 6.5 No Remedy Exclusive

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

SECTION 6.6 Agreement to Pay Attorneys' Fees and Expenses

If UAB Medicine should default under any of the provisions of this Agreement and the Authority or the Trustee (in its own name or in the name and on behalf of the Authority) should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any agreement or covenant on the part of UAB Medicine herein contained, UAB Medicine will on demand therefor pay to the Authority or the Trustee (as the case may be) the reasonable fee of such attorneys and such other expenses so incurred.

SECTION 6.7 No Additional Waiver Implied by One Waiver

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 6.8 Remedies Subject to Applicable Law

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable.

ARTICLE 7

Miscellaneous

SECTION 7.1 Incorporators, Officers and Directors of Authority Exempt from Individual Liability

No recourse under or upon any covenant or agreement of this Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer or director of the Authority, or of any successor, either directly or through the Authority, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or director of the Authority or any successor, or any of them, because of the execution and delivery of this Agreement, or under or by reason of the covenants or agreements contained in this Agreement or implied therefrom.

SECTION 7.2 Corporate Existence of Authority

The Authority shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, except as provided in *Section 10.6* of the Indenture.

SECTION 7.3 Notices

(a) Notices and other communications to Financing Participants pursuant to this Agreement must be in writing except as otherwise expressly provided in this Agreement. Any specific reference in this Agreement to “written notice” shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Agreement under the circumstances.

(b) Notices and other communications pursuant to this Agreement may be delivered by any method provided in the directions for notices attached as *Exhibit 15.1(b)* of the Indenture. A Financing Participant may change its directions for notices by giving notice to the other Financing Participants.

(c) Any notice shall be deemed given when actually received by the Financing Participant to whom the notice is addressed. In addition, any notice sent by registered mail shall be deemed received 3 days after such notice is deposited in the United States mail, addressed as provided in the notice directions included in *Exhibit 15.1(b)* of the Indenture or, if the designated Financing Participant has delivered a change notice, as specified in such change notice.

(d) Notice to any Financing Participant required by this Agreement may be waived in writing by such Financing Participant, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 7.4 Successors and Assigns

All covenants and agreements in this Agreement by the Authority or UAB Medicine shall bind their respective successors and assigns, whether so expressed or not.

SECTION 7.5 Benefits of Loan Agreement

Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee and the Holders of the Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Agreement.

IN WITNESS WHEREOF, the Authority and UAB Medicine have caused this instrument to be duly executed by their authorized officers.

[Signature pages follow.]

UAB MEDICINE FINANCE AUTHORITY

By: _____

Name: _____

Title: _____

UAB MEDICINE ENTERPRISE

By: _____

Name: _____

Title: _____

EXHIBIT 3.2(a)

Form of Note

UAB Medicine Enterprise, an Alabama nonprofit corporation (“UAB Medicine”), for value received, hereby promises to pay to **UAB Medicine Finance Authority**, an Alabama public corporation (the “Authority”), the principal sum of

_____ **AND NO/100 DOLLARS**
(\$ _____)

together with interest on the unpaid principal amount of this Note, as provided in (i) that certain Loan Agreement (Series 2026A) dated September 1, 2026 between the Authority and UAB Medicine and (ii) the Indenture and the Bonds referred to below.

The Loan Agreement was entered into in connection with the issuance by the Authority of its \$ _____ Revenue Bonds, Series 2026A (the “Bonds”) pursuant to a Trust Indenture (Series 2026A) dated September 1, 2026 (the “Indenture”) between the Authority and Regions Bank, as trustee (the “Trustee”). The Bonds were issued by the Authority to provide financing for the benefit of UAB Medicine and the other members of the Obligated Group referred to in the Indenture, and the proceeds of the Bonds were loaned to UAB Medicine pursuant to the Loan Agreement. Pursuant to the Indenture UAB Medicine has agreed to make Loan Payments at times and in amounts sufficient to pay Debt Service on the Bonds when due. This Note is being delivered by UAB Medicine to evidence and secure UAB Medicine’s loan repayment obligation under the Loan Agreement. Capitalized terms not otherwise defined in this Note shall have the meaning assigned in the Indenture. The payment provisions with respect to the Bonds are hereby incorporated by reference in this Note.

The payment obligation of UAB Medicine under the Loan Agreement and this Note is a general obligation of UAB Medicine for the payment of which its full faith and credit are pledged.

UAB Medicine agrees to make payments of principal and interest on this Note at times and in amounts corresponding to the required payments of Debt Service on the Bonds. All payments of under this note shall be made in lawful money of the United States of America and in immediately available funds at the Office of the Trustee (or at such other address as the Trustee shall specify by notice to UAB Medicine).

All Loan Payments with respect to the Bonds shall be credited against the required payments under this Note, all to the end that the unpaid aggregate principal amount of this Note shall be equal to the unpaid aggregate principal amount of the Bonds.

UAB Medicine may at its option redeem all or any portion of the principal of this Note prior to maturity upon the terms and subject to the conditions provided in the Indenture and Loan Agreement for the redemption of Bonds.

If a Loan Default shall occur, the principal of this Note may become or be declared due and payable in the manner and with the effect provided in the Loan Agreement and the Indenture.

IN WITNESS WHEREOF, UAB Medicine has caused this Note to be duly executed.

Dated: _____.

UAB MEDICINE ENTERPRISE

By: _____

Name: _____

Title: _____

Assignment

All right, title and interest of the Authority (except for certain rights of the Authority reserved in the Indenture) in and to this Note are hereby assigned, without recourse as to the Authority, to Regions Bank, as trustee under the Indenture.

Dated: _____.

UAB MEDICINE FINANCE AUTHORITY

By: _____

Name: _____

Title: _____

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APPENDIX I

The Master Indenture

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Execution Copy

MASTER TRUST INDENTURE

Dated October 1, 2016

Between

UAB HEALTH SYSTEM

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA,
acting through its University of Alabama at Birmingham operating division
on behalf of University Hospital

UNIVERSITY OF ALABAMA HEALTH SERVICES FOUNDATION, P.C.

and

THE CALLAHAN EYE HOSPITAL HEALTH CARE AUTHORITY

as the initial Members of the Obligated Group

and

REGIONS BANK

as Trustee

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MASTER TRUST INDENTURE

MASTER TRUST INDENTURE dated October 1, 2016, entered into by UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS"), THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA, a public corporation and instrumentality of the State of Alabama ("UA Board"), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital, UNIVERSITY OF ALABAMA HEALTH SERVICES FOUNDATION, P.C., an Alabama nonprofit professional corporation ("UAHSF"), THE CALLAHAN EYE HOSPITAL HEALTH CARE AUTHORITY, an Alabama public corporation ("Callahan"), and REGIONS BANK, an Alabama banking corporation, as trustee (the "Trustee").

Recitals

A. UA Board is a public corporation and instrumentality of the State of Alabama that owns and operates a state university system known as "The University of Alabama System", which includes several operating divisions. One of the operating divisions is its University of Alabama at Birmingham operating division ("UAB"). UA Board, acting through its UAB operating division, owns hospitals and related patient care facilities (collectively referred to as "University Hospital"). University Hospital is the teaching hospital for the University of Alabama School of Medicine, which is located on the campus of UAB. The obligation of UA Board under this Indenture, including without limitation the payment of "Obligations" issued under this Indenture, is a limited obligation payable solely out of the assets and revenues of University Hospital. The University Hospital Revenues (as defined herein) are part of the Pledged Revenues pledged to the payments of the Obligations authorized pursuant to this Indenture.

B. References in this Indenture to obligations of "University Hospital" mean obligations of UA Board, acting through its UAB operating division for the benefit of University Hospital. The obligations of UA Board under this Indenture are payable solely from the assets and revenues of University Hospital.

C. This Indenture establishes an "Obligated Group". UABHS will serve as the "Obligated Group Representative" under this Indenture. One or more entities affiliated with UABHS may in the future agree to become jointly and severally liable for the payment of all Obligations issued under this Indenture and the performance of all covenants and agreements contained in this Indenture. As of the date of delivery of this Indenture, UABHS, University Hospital, UAHSF, and Callahan are the only Members of the Obligated Group.

D. The Obligated Group wishes to evidence or secure various types of indebtedness and financial obligations that it may issue or incur, including indebtedness for borrowed money, guaranties, hedge agreements (including without limitation interest rate swap agreements), and other financial obligations. The Obligated Group has entered into this Indenture in order to provide for the issuance of various types of "Obligations" that will accomplish these purposes.

E. The Obligations and all other payment obligations under this Indenture are joint and several obligations of the Members, subject to the limited source of payment specified in this Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged. In addition, the Obligations shall be secured by the Pledged Revenues (as defined herein).

F. All things have been done which are necessary to make the Obligations, when executed by the Obligated Group Representative and authenticated and delivered by the Trustee hereunder, the valid obligations of the Obligated Group, and to constitute this Indenture a valid trust indenture for the security of the Obligations, in accordance with the terms of the Obligations and this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

It is hereby covenanted and declared that all the Obligations are to be authenticated and delivered and the property subject to this Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the Obligated Group does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit (except as otherwise expressly provided herein) of the Holders of all Obligations as follows:

ARTICLE 1

Definitions and Other Provisions of General Application

SECTION 1.1 Definitions

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meaning indicated:

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against a person (and if against a person, remaining undismissed for 60 days) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

"Affiliate" of any specified person means a person described in either of the following paragraphs:

(a) 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, "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 ownership of voting securities or membership interests, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

(b) Any other person whose financial affairs are consolidated with the specified person for financial reporting purposes.

(c) A person that is under the supervision and management of UABHS pursuant to the terms of (i) the Joint Operating Agreement or (ii) a management or affiliation agreement with UABHS.

"Ancillary Commitment" means a commitment made or incurred by a Member that is an obligation for the payment of money pursuant to (i) a Guaranty, (ii) a Hedge Agreement, (iii) a reimbursement obligation with respect to credit support of Debt incurred by the Member or (iv) any other type of contractual commitment (other than Debt) requiring the payment of money by the Member.

"Ancillary Commitment Document" means a contract or other document that evidences or provides for the obligations of a Member pursuant to any Ancillary Commitment.

"Ancillary Obligations" means Obligations issued by the Obligated Group to secure a Member's obligations under any Ancillary Commitment, such Obligations to be issued substantially in the form specified in *Section 4.1(a)(3)*.

"Authorized Denominations", when used with respect to Direct Debt Obligations, has the meaning assigned in the Supplemental Indenture relating to the issuance of such Direct Debt Obligations.

"Authorized Officer", when used with respect to any Member, means the chief executive officer or chief financial officer of such Member or any other officer of such Member duly authorized by action of such Member's governing body to take the action contemplated.

"Balloon Debt" means Debt 20% or more of the original principal amount of which matures during any 12-month period. For purposes of this definition, the principal amount of Debt required to be redeemed prior to maturity shall be deemed to be payable on the mandatory redemption date rather than at maturity.

"Book Entry System" means the book entry system maintained by The Depository Trust Company, or any successor thereto, for the ownership, transfer, exchange and payment of debt obligations.

"Book Value", when used in connection with an asset of the Obligated Group, means the value of such asset as shown on the balance sheet of the Obligated Group. For depreciable assets Book Value shall be net of accumulated depreciation.

"Business Day" means any day other than a Saturday, a Sunday or a day on which the Trustee is authorized or required to be closed under general law or regulation applicable in the place where the Trustee performs its business with respect to the Indenture.

"Callahan" means The Callahan Eye Hospital Health Care Authority, an Alabama public corporation, until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Callahan" means such successor corporation.

"Cash and Investments" means cash, cash equivalents, securities and other investment property; provided, however, that "Cash and Investments" does not include accounts receivable or contract rights with respect to payment or reimbursement for services provided.

"Collateral" means the Pledged Revenues and any other property that becomes part of the Trust Estate or is made subject to the Lien of the Indenture after the date of delivery of this instrument.

"Completion Debt" means Debt incurred by the Obligated Group for the purpose of financing the completion of facilities for which the Obligated Group has already incurred Debt (the "original Debt") if the Obligated Group expected in good faith when the original Debt was incurred that the proceeds of such original Debt, together with any funds of the Obligated Group dedicated to the completion of such facilities, would be sufficient for the completion of such facilities. The expectations of the Obligated Group may be established by a certificate of the chief executive officer or chief financial officer of the Obligated Group Representative.

"Conduit Issuer" means an entity that issues bonds or other evidence of indebtedness to provide financing for the benefit of a Member and makes the proceeds of such indebtedness available to such Member pursuant to a loan agreement, lease agreement or other similar instrument.

"Consultant" means a person or firm qualified in the judgment of the Obligated Group to pass upon questions relating to the financial affairs of a hospital and having a favorable reputation for skill and experience in the financial affairs of hospitals, who shall be appointed by the Obligated Group and acceptable to the Trustee.

"Counsel" means a person qualified to practice law in any State of the United States or in the District of Columbia, who shall be appointed by the Obligated Group and acceptable to the Trustee.

"Credit Facility" means a letter of credit, insurance policy, standby purchase agreement, guaranty agreement or other credit enhancement with respect to (i) Obligations issued under this Indenture, (ii) Related Debt of any Member of the Obligated Group, (iii) any bonds or other obligations of a Conduit Issuer with respect to which a Member of the Obligated Group has incurred Related Debt, or (iv) any Ancillary Obligation of a Member of the Obligated Group.

"Credit Facility Agreement" means an agreement pursuant to which the provider of a Credit Facility makes a Credit Facility available for the benefit of a Member of the Obligated Group, including without limitation a reimbursement agreement, an insurance agreement, and a credit agreement.

"Days' Cash on Hand" means

$$\frac{\text{Unrestricted Cash and Investments}}{\text{Average Daily Operating Expenses}}$$

For purposes of this calculation:

"Unrestricted Cash and Investments" means all cash and marketable securities that the Obligated Group could, in its discretion, apply to the payment of Debt without violating any Lien or other security agreement or applicable law or the restrictions of any grant or gift. Without limiting the generality of the foregoing, Unrestricted Cash and Investments shall not include: (A) trustee-held funds, including debt service funds, debt service reserve funds and construction funds; (B) malpractice funds, self-insurance or captive insurer funds, including without limitation funds of the PLTF; (C) pension or retirement funds; (D) funds subject to any Permitted Lien, unless such Permitted Lien secures all Obligations; or (E) the undisbursed proceeds of any borrowing. Marketable securities shall be valued at fair market value as of the date of determination. Unrestricted Cash and Investments shall be reduced by the following: (i) bank overdrafts; (ii) the amount received from the sale or factoring of accounts receivable or inventory; and (iii) cash or investments held as part of litigation reserves or a reserve for any other Liability.

"Annual Operating Expenses" means the Obligated Group's operating expenses for the last Fiscal Year for which audited financial statements are available or, at the option of the Obligated Group, for the last 12 months for which unaudited financial statements of the Obligated Group are available, in each case (i) including interest expense, (ii) including transfers to UASOM and UAB as operating expenses, and (iii) excluding depreciation, amortization, unrealized gain or loss on investments and hedges (including without limitation Hedge

Agreements), and other non-cash items that may be included on such financial statements as operating expenses.

"Average Daily Operating Expenses" means Annual Operating Expenses for the Fiscal Year or 12-month period in question divided by 365.

"Debt" means (i) all indebtedness, whether or not represented by Obligations, notes or other securities, for the repayment of borrowed money and (ii) all capitalized leases, installment sale agreements and other similar obligations for the payment of the purchase price of property or assets purchased.

"Debt Obligations" means Direct Debt Obligations and Related Debt Obligations.

"Debt Service" means the principal of, premium (if any) and interest on Direct Debt Obligations.

"Debt Service Coverage Ratio" means the ratio (expressed as a percentage) of Net Income Available for Debt Service for the Fiscal Year in question to Maximum Annual Debt Service as of the date of computation.

"Defaulted Interest" has the meaning assigned in *Section 5.3*.

"Direct Debt Obligations" means Obligations that are issued by the Obligated Group to evidence and secure the Obligated Group's obligation for repayment of indebtedness for borrowed money, such Obligations to be substantially in the form specified in *Section 4.1(a)(1)*.

"Disposition" means a conveyance, gift, transfer, sale, lease or other disposition of assets.

"Electronic Means" means email, facsimile transmission, or other methods of electronic communication in general use for business communication at the time.

"Escrow Securities" means direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America, including unit investment trusts and mutual funds that invest solely in such obligations.

"Financing Participants" means the Obligated Group and the Trustee.

"Fiscal Year" means the fiscal year of the Obligated Group ending on September 30 of each calendar year. The Obligated Group may change the Fiscal Year from time to time by requisite corporate action and will provide prompt notice of any such change to the Trustee.

"Fitch" means Fitch Ratings, Inc.

"Fixed Assets" means assets included in property, plant and equipment under generally accepted accounting principles.

"Fully Paid", when used with respect to Obligations, has the meaning stated in *Section 12.1(b)*.

"Guaranteed Debt" means Debt of another person with respect to which any Member has entered into a Guaranty.

"Guaranty" means all guaranties, endorsements, assumptions and other contingent liabilities in respect of, or to purchase or otherwise acquire, Debt of others; provided, however, that a "Guaranty" shall not include a contingent liability with respect to a Hedge Agreement or any other Liability that does not constitute Debt.

"Hedge Agreement" means a contract entered into to hedge the interest payable on, or the total return of, all or a portion of any Debt, including without limitation an interest rate swap, a total return swap, an interest rate cap, a futures contract, a forward contract or an option.

"Holder" means (i) if the Book Entry System is not in effect with respect to an Obligation, the person in whose name such Obligation is registered on the Register maintained by the Trustee and (ii) if the Book Entry System is in effect with respect to an Obligation, the beneficial owner of such Obligation on the records maintained pursuant to the Book Entry System.

"Indenture" or **"this Indenture"** means this Indenture, as amended and supplemented from time to time by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

"Indenture Default" has the meaning stated in *Article 9*. An Indenture Default shall "exist" if an Indenture Default shall have occurred and be continuing.

"Indenture Indebtedness" means all amounts due and payable under this Indenture, including without limitation, (i) all amounts payable on the Obligations, and (ii) all reasonable fees, charges, expenses (including, without limitation, the reasonable fees and expenses of the Trustee's counsel) and disbursements of the Trustee for services performed and disbursements made under this Indenture.

"Independent", when used with respect to any person, means a person who (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Financing Participant or any Affiliate of a Financing Participant, and (c) is not connected with any Financing Participant or any Affiliate of a Financing Participant as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

"Index Rate" means the "Bond Buyer Revenue Bond Index" rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Obligated Group that is within 30 days prior to the date of any determination made with respect to the Index Rate; provided, however, that if *The Bond Buyer* (or a successor publication) ceases to publish such rate, the Index Rate shall be the rate specified in an index in general use in the financial industry and reasonably comparable to the "Bond Buyer Revenue Bond Index" rate for 30-year tax-exempt revenue bonds, such alternative index to be selected by the Obligated Group Representative.

"Insurance Consultant" means a person qualified in the judgment of the Obligated Group to survey risks and recommend insurance coverage for hospital facilities and services and organizations engaged in operations similar to those of the Obligated Group and having a favorable reputation for skill and experience in such surveys and recommendations, who shall be appointed by the Obligated Group.

"Interest Payment Date", when used with respect to any installment of interest on a Direct Debt Obligation, means the date specified herein and in such Obligation as the date on which such installment of interest is due and payable.

"Joint Operating Agreement" means the Amended and Restated Joint Operating Agreement dated effective January 1, 2003 between UA Board, acting through its operating division The University of Alabama at Birmingham, and UAHSE.

"Liabilities" means Debt, Guaranties, and all other liabilities (within the meaning of generally accepted accounting principles) that may be incurred by the Obligated Group, including without limitation the obligation to make payments or post collateral under a Hedge Agreement.

"Lien" means and includes a mortgage, deed of trust, pledge, encumbrance, security interest, assignment or other charge of any kind, including without limitation any conditional sale agreement or other title retention agreement.

"Lockbox Notice" has the meaning assigned in *Section 8.14*.

"Maturity", when used with respect to any Debt Obligation, means the date or dates specified in the related Supplemental Indenture and in such Obligation as the date on which principal of such Obligation is due and payable.

"Maximum Annual Debt Service" means the projected maximum amount payable in any Fiscal Year for principal and interest on Debt and Guaranteed Debt of the Obligated Group (including without limitation Subordinated Debt) outstanding on the date of determination, with the amount payable to be projected by the Obligated Group using either of the following methods:

(a) *Projection Based on Adjusted Annual Payments.* Maximum Annual Debt Service may be projected based on the amount of principal and interest payable during the then current or any subsequent Fiscal Year on Debt and Guaranteed Debt of the Obligated Group, adjusted as follows:

(1) The interest payable on any Debt incurred to finance the acquisition or construction of operating assets shall be excluded from interest payable until such operating assets are placed in service, if and to the extent that funds dedicated to the payment of such interest are held by or under the control of a person other than the Obligated Group or an Affiliate of the Obligated Group.

(2) The principal amount of Debt required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of its stated maturity.

(3) With respect to Debt bearing interest at a variable rate, the amount of interest payable during any period for which the actual rate cannot be determined shall (except as otherwise provided below with respect to Put Debt and Balloon Debt) be projected using the Index Rate; provided, however, that if a Hedge Agreement is entered into that in effect provides for payment of a fixed rate for any portion of such Debt, the Obligated Group may project the interest payments on the related portion of such Debt for the term of the Hedge Agreement by using the fixed rate payable as a result of the Hedge Agreement.

(4) With respect to Put Debt, debt service payable on such Debt shall be projected assuming (i) that the principal balance of such Debt on the date of determination is refinanced on the date of determination over a term equal to 30 years (or any number of years less than 30 selected by the Obligated Group at its option), (ii) that such principal balance will bear interest at the Index Rate, and (iii) that debt service on such Debt after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest.

(5) With respect to Balloon Debt, debt service payable on such Debt shall be projected assuming (i) that the principal balance of such Debt on the date of determination is refinanced on the date of determination over a term equal to 30 years (or any number of years less than 30 selected by the Obligated Group at its option), (ii) that such principal balance will bear interest at the Index Rate, and (iii) that debt service on such Debt after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest.

(6) With respect to Guaranteed Debt, the amount of principal and interest payable during each Fiscal Year (the "annual debt service requirements") on such Debt shall be projected using the assumptions contained in this definition (treating such Debt as Debt of the Obligated Group). After projecting the annual debt service requirements on such Guaranteed Debt, the percentage of the annual debt service requirements on such Debt included in annual debt service requirements of the Obligated Group shall be as follows:

(A) If the Obligated Group has paid, directly or indirectly, any principal or interest on such Guaranteed Debt at any time during the 24-month period next preceding such determination, 100% of the annual debt service requirements on such Guaranteed Debt shall be included.

(B) If the Obligated Group has not paid, directly or indirectly, any principal or interest on such Guaranteed Debt at any time during the 24-month period next preceding such determination, 20% of the annual debt service requirements on such Guaranteed Debt shall be included.

(7) If cash or Escrow Securities have been deposited in escrow or trust in an amount that, together with earnings thereon (but without reinvestment), is sufficient to pay the principal of or interest on Debt (or any portion thereof) as it comes due, such principal or interest (or portion thereof), as the case may be, shall not be included in the calculation of Maximum Annual Debt Service.

(b) *Projection Based on Assumed Level Annual Payments.* Maximum Annual Debt Service may be projected based on assumed level annual payments, determined as follows:

(1) The amount of principal and interest payable during each year on such Debt and Guaranteed Debt after the date of determination shall be projected assuming (i) that the principal balance of such Debt (after adjustment as provided in paragraph (b)(2) of this definition) on the date of determination will be refinanced, (ii) that such principal balance will be payable over a term of 30 years, (iii) that such principal balance will bear interest at the Index Rate, and (iv) that debt service on such Debt will be payable in equal annual installments sufficient to pay both principal and interest.

(2) If the Obligated Group has paid, directly or indirectly, any principal or interest on an issue of Guaranteed Debt at any time during the 24-month period next preceding such determination, 100% of the principal balance of such Guaranteed Debt shall be included in the projection. If the Obligated Group has not paid, directly or indirectly, any principal or interest on an issue of Guaranteed Debt at any time during the 24-month period next preceding such determination, only 20% of the principal balance on such Debt shall be included in the projection.

(3) If cash or Escrow Securities have been deposited in escrow or trust in an amount that, together with earnings thereon (but without reinvestment), is sufficient to pay the principal

of such Debt or Guaranteed Debt (or any portion thereof) and the interest thereon as it comes due, such principal (or portion thereof), as the case may be, shall not be included in such projection.

“**Moody’s**” means Moody’s Investors Services, Inc.

“**Net Income Available for Debt Service**” means the excess of (i) revenues (after adjustments, discounts or contractual allowances) and gains over (ii) expenses and losses other than depreciation, amortization and interest; provided, however, that the following items shall be excluded from the computation of “Net Income Available for Debt Service”: (A) extraordinary items of income or loss; (B) gain or loss from the extinguishment of Debt; (C) unrealized gains and losses on investments or Hedge Agreements; (D) any gain or loss from the disposition of assets not in the ordinary course of business; (E) any loss from impairment of the value of assets; (F) financing costs that are treated as a current expense, rather than amortized; (G) gain or loss from the termination of any retirement or pension plan; and (H) any other item that is non-recurring and also a non-cash item. For purposes of this computation, transfers to UASOM and UAB shall be included as operating expenses. For purposes of clause (H) above, a write-off or reduction in accounts receivable previously reported as revenue under the accrual basis of accounting is not a “non-cash item”.

“**Non-Obligated Affiliate**” has the meaning assigned in *Section 8.13*.

“**Obligated Group**” or “**Members**” or “**Obligated Group Members**” or “**Members of the Obligated Group**” means and includes all entities that, at the time in question, are jointly and severally liable for Obligations issued under this Indenture or other Indenture Indebtedness. On the date of delivery of this instrument, UABHS, University Hospital, UAHSF and Callahan are the only Members of the Obligated Group. Members may be added to the Obligated Group, and Members may withdraw from the Obligated Group, subject to the provisions of *Article 13*.

“**Obligated Group Representative**” means UABHS, acting in its capacity as representative of the Obligated Group pursuant to *Section 13.5*.

“**Obligation**” means any obligation issued pursuant to this Indenture, including Direct Debt Obligations, Related Debt Obligations, and Ancillary Obligations.

“**Obligation Documents**” means this Indenture and the Obligations.

“**Office of the Trustee**” means the office of the Trustee for hand delivery of notices and other documents, as specified pursuant to *Article 14*.

“**Officer’s Certificate**” means a certificate signed by the Obligated Group Representative that meets the requirements set forth in this Indenture.

“**Operating Revenue**” means the total operating revenue of the Obligated Group (after adjustments, discounts or contractual allowances under Medicare, Medicaid, Blue Cross and similar programs) during the period in question, for its own account, from the conduct of its business.

“**Opinion of Counsel**” means an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants.

“**Organizational Documents**” means and includes the charter, certificate of incorporation, articles of incorporation, operating agreement, partnership agreement, bylaws, regulations, board rules or other similar documents that provide for the creation, formation, organization or governance of an entity. For entities that are a party to, or are managed or supervised pursuant to, the Joint Operating Agreement, the Organizational Documents for that entity include the Joint Operating Agreement.

“**Outstanding**”, when used with respect to Obligations means, as of the date of determination, all Obligations authenticated and delivered under this Indenture, except:

(a) Obligations cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Obligations for whose payment or redemption money or Escrow Securities in the necessary amount has been deposited with the Trustee in trust for the Holders of such Obligations, provided that, if such Obligations are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Obligations in exchange for or in lieu of which other Obligations have been authenticated and delivered under this Indenture; and

(d) For purposes of determining whether the Holders of the requisite amount of Obligations Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder (including any request, demand, authorization, direction, notice, consent or waiver pursuant to the remedy provisions of *Article 9* or an amendment pursuant to *Article 11*), Ancillary Obligations and Obligations registered in the name of (or in the name of a nominee for) the Obligated Group or any Affiliate of the Obligated Group shall be excluded.

“**Permitted Debt**” has the meaning assigned in *Section 8.8*.

“**Permitted Guaranty**” has the meaning assigned in *Section 8.8*.

“**Permitted Disposition**” has the meaning assigned in *Section 8.10*.

“**Permitted Lien**” has the meaning assigned in *Section 8.9*.

“**Pledged Revenues**” means all receipts, income, rents, royalties, benefits and other revenue from the operation of the Obligated Group’s facilities and all rights to receive such revenue, including without limitation:

(1) University Hospital Revenues;

(2) contributions, donations and pledges, whether in the form of cash, securities or other personal property;

(3) all rights to receive such revenue in the form of accounts (including health-care-insurance receivables), contract rights, Medicare and Medicaid receivables, chattel paper, instruments, rights under agreements with insurance companies, or other similar rights; and

(4) the proceeds of any of the foregoing, including any insurance thereon;

whether such revenues or rights are now existing or hereafter come into existence and whether now owned or held or hereafter acquired by the Obligated Group; provided, however, that the following shall be excluded from Pledged Revenues: (i) revenues of UA Board derived from any operating assets other than University Hospital; (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated at the time of making thereof by the donor or maker as being for certain specific purposes, and the income derived therefrom, to the extent required by such designation; (iii) appropriations to any Obligated Group Member by the State of Alabama; and (iv) any revenue or the right to receive the same to the extent that applicable law precludes granting of a security interest in, or a pledge or assignment of, such revenue, or the right to receive the same.

“**PLTF**” means The University of Alabama Professional Liability Trust Fund.

“**Post-Default Rate**” means (a) when used with respect to any payment of Debt Service on any Direct Debt Obligation, the rate specified in such Obligation for overdue installments of Debt Service on such Obligation, computed as provided in such Obligation, and (b) when used with respect to all other payments due under this Indenture, a variable rate equal to the Trustee’s prime rate plus 1% (100 basis points), computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed.

“**Purchase Money Mortgage**” means a Lien held by any person (whether or not the seller of the assets subject to such Lien) on Fixed Assets acquired or constructed by a Member after the date of delivery of this instrument and granted contemporaneously with such acquisition or construction, which Lien secures all or a portion of the related purchase price or construction costs of such assets.

“**Put Debt**” means Debt that must be purchased by the obligor prior to its stated maturity date, including Debt subject to mandatory tender for purchase and Debt that may be tendered for purchase at the option of the holder.

“**Rating Agency**” means Fitch, Moody’s, S&P, or any other nationally recognized securities rating agency.

“**Refunding Debt**” means any Debt issued for the purpose of refunding or refinancing outstanding Debt.

“**Register**” means the register or registers for the registration and transfer of Obligations maintained by the Obligated Group pursuant to *Section 5.1*.

“**Regular Record Date**” has the meaning assigned in the related Supplemental Indenture for any series of Direct Debt Obligations.

“**Reimbursement Obligation**” means an obligation on the part of a Member to reimburse the obligor under a Credit Facility for amounts paid by such obligor with respect to any Debt or Guaranty of such Member.

“**Related Debt**” means Debt of a Member (other than Direct Debt Obligations) that is evidenced by a note, bond or other form of indebtedness for borrowed money issued pursuant to a Related Debt Document. Related Debt may include a loan agreement, lease agreement or other similar instrument that constitutes Debt of such Member and is delivered to a Conduit Issuer.

“**Related Debt Document**” means any indenture, loan agreement, or other similar instrument evidencing Related Debt incurred by a Member or Members of the Obligated Group.

“**Related Debt Obligation**” means an Obligation issued by the Obligated Group to secure Related Debt, such Obligations to be substantially in the form specified in *Section 4.1(a)(2)*.

“**Responsible Officer**” means, when used with respect to the Trustee, the officer or officers of the Trustee within the corporate trust department having direct responsibility for the administration of this Indenture.

“**S&P**” means Standard & Poor’s Rating Services, a part of McGraw-Hill Financial.

“**Secured Hedge Agreement**” has the meaning assigned in *Section 4.2*.

“**Special Record Date**” for the payment of any Defaulted Interest on Direct Debt Obligations means a date fixed by the Trustee pursuant to *Section 5.3*.

“**Subordinated Debt**” means Debt payment of which is, by the terms of such Debt and any instrument evidencing or securing the same, effectively subordinated in right of payment to the Obligations as follows:

(1) If no Indenture Default exists, regularly scheduled payments of principal and interest on such Subordinated Debt shall be permitted.

(2) If an Indenture Default exists (including without limitation an Act of Bankruptcy with respect to any Member), all payments of principal and interest on such Subordinated Debt shall be deferred until payment in full of all amounts due on the Obligations.

“**Supplemental Indenture**” means an instrument supplementing, modifying or amending this Indenture.

“**Trust Estate**” has the meaning stated in *Article 3*.

“**Trustee**” means Regions Bank, an Alabama banking corporation, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” means such successor.

“**UA Board**” means The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama.

“**UAB**” means the University of Alabama at Birmingham, an operating division of UA Board.

“**UABHS**” means UAB Health System, an Alabama nonprofit corporation, until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “UABHS” means such successor corporation.

“**UAHSF**” means University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation, until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “UAHSF” means such successor corporation.

“**UASOM**” means University of Alabama School of Medicine.

“**University Hospital**” means the hospitals and related health care facilities that are owned by UA Board, acting through its operating division UAB.

“University Hospital Revenues” means the revenues derived by UA Board from the operation, management or leasing of the facilities of University Hospital.

SECTION 1.2 General Rules of Construction

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.
- (b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.
- (c) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.
- (d) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (e) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.
- (f) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.
- (g) The term “including” means “including without limitation” and “including, but not limited to”.

SECTION 1.3 Ownership of Obligations; Effect of Action by Holders

- (a) The ownership of Obligations shall be proved by the Register.
- (b) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Obligation shall bind every future Holder of the same Obligation and the Holder of every Obligation issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Obligated Group in reliance thereon, whether or not notation of such action is made upon such Obligation.

SECTION 1.4 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.5 Date of Indenture

The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

SECTION 1.6 Separability Clause

If any provision in this Indenture or in the Obligations shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.7 Governing Law

This Indenture shall be construed in accordance with and governed by the laws of the State of Alabama.

SECTION 1.8 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 1.9 Designation of Time for Performance

Except as otherwise expressly provided herein, any reference in this Indenture to the time of day shall refer to the prevailing time in the place where the Trustee maintains its place of business for performance of its obligations under this Indenture.

ARTICLE 2

Source of Payment

SECTION 2.1 Source of Payment

(a) The Obligations and all other obligations under this Indenture shall be joint and several obligations of each Member, subject to the limited source of payment specified in this Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

(b) References in this Indenture to obligations of “University Hospital” mean obligations of UA Board, acting through its UAB operating division for the benefit of University Hospital. The obligations of UA Board under this Indenture are limited obligations payable solely out of the assets and revenues of University Hospital.

(c) This Indenture shall not constitute or effect a pledge or assignment of, or any other type of security interest in, the property of the Obligated Group other than the property specifically identified by this Indenture as part of the Trust Estate.

(d) Some of the Obligated Group Members participate in The University of Alabama Professional Liability Trust Fund (the “PLTF”), which pays liabilities arising from performance of professional services by employees of the contributing entities. Notwithstanding any other provision of

this Indenture, neither Obligations issued under this Indenture nor any other payment obligation arising under this Indenture shall be payable from or secured by assets of the PLTF, whether now existing or hereafter arising from contributions by any participating entity or from investment earnings of the PLTF.

SECTION 2.2 Officers, Directors, etc. Exempt from Individual Liability

No recourse under or upon any covenant or agreement of this Indenture, or of any Obligations, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer, employee, agent or member of the governing body of any Member, or of any successor, either directly or through the Member, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Obligations issued hereunder are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer, employee, agent or member of the governing body of any Member or any successor, or any of them, because of the issuance of the Obligations, or under or by reason of the covenants or agreements contained in this Indenture or in any Obligations or implied therefrom.

ARTICLE 3

Security for Payment

SECTION 3.1 Pledge and Assignment

To secure the payment of the Indenture Indebtedness and the performance of the covenants contained in this Indenture, and to declare the terms and conditions on which the Obligations are secured, and in consideration of the premises and of the purchase or acceptance of the Obligations by the Holders thereof, the Obligated Group hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the following property:

(a) **Pledged Revenues.** All right, title and interest of the Obligated Group in and to the Pledged Revenues.

(b) **Other Property.** Any and all property of every kind or description which may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the Lien of this Indenture as additional security by the Obligated Group or anyone on its part or with its consent, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the obligations secured hereby and to hold and apply all such property subject to the terms hereof.

To HAVE AND TO HOLD all such property, rights and privileges (collectively called the "Trust Estate") unto the Trustee and its successors and assigns;

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of the Obligations (without any priority of any such Obligation over any other such Obligation), except as otherwise provided herein;

PROVIDED, HOWEVER, that the Obligated Group may receive, use and apply the cash and other proceeds from Pledged Revenues to the extent permitted by *Section 8.14*.

SECTION 3.2 Separate Security for Obligations

The Obligated Group may deliver to the Trustee a separate Credit Facility solely for the benefit of specified Obligations issued under this Indenture, which may be all or any portion of one or more series of Obligations. Such Credit Facility will not be considered part of the Trust Estate. The terms of the Supplemental Indenture authorizing the issuance of the specified secured Obligations (1) may grant to the provider of such Credit Facility the right to exercise certain rights or powers, or to grant or withhold any consent, on behalf of the Holders of Obligations secured by such Credit Facility and (2) may provide that such provider shall be subrogated to the rights of the Holders of Obligations secured by such Credit Facility if, and to the extent that, such provider is not paid or reimbursed for amounts paid to Holders of Obligations secured by such Credit Facility.

ARTICLE 4

Terms for Issuance of Obligations

SECTION 4.1 General Terms and Types of Obligations

(a) The following types of Obligations may be issued under this Indenture:

(1) **Direct Debt Obligations.** The Obligated Group may issue Obligations (which Obligations may be in the form of bonds or notes) that evidence the Obligated Group's obligation for repayment of indebtedness for borrowed money (referred to in this Indenture as "Direct Debt Obligations"). The form of Direct Debt Obligations shall be a note substantially as provided in *Exhibit 4.1(a)(1)*, with such appropriate changes or variations as are required or permitted by this Indenture.

(2) **Related Debt Obligations.** The Obligated Group may issue Obligations that secure the obligations of a Member (or Members) issued or incurred with respect to Related Debt under a separate Related Debt Document (referred to in this Indenture as "Related Debt Obligations"). The form of Related Debt Obligations shall be substantially as provided in *Exhibit 4.1(a)(2)*, with such appropriate changes or variations as are required or permitted by this Indenture.

(3) **Ancillary Obligations.** The Obligated Group may issue Obligations that secure the obligations of a Member (or Members) issued or incurred with respect to an Ancillary Commitment under a separate Ancillary Commitment Document; provided, however, that Ancillary Obligations issued with respect to Secured Hedge Agreements must meet the requirements of *Section 4.2*. The form of Ancillary Obligations shall be substantially as provided in *Exhibit 4.1(a)(3)*, with such appropriate changes or variations as are required or permitted by this Indenture.

(b) The terms of each Obligation shall be specified in the related Supplemental Indenture that authorizes the issuance of such Obligation. The amount of Obligations that may be issued under this Indenture is not limited, except as provided in the covenants set forth herein and in the related Supplemental Indenture for any separate Obligations to be issued under that Supplemental Indenture.

(c) Any Supplemental Indenture relating to Direct Debt Obligations shall specify the terms of issuance for such Obligations, including the following: the aggregate principal amount, the series designation, the Maturity or Maturities of principal, the interest rate or rates (or provisions for the determination thereof), the Authorized Denominations, the Interest Payment Dates for such Obligations,

the redemption provisions with respect to such Obligations, and the form of such Obligations, which shall be consistent with the form of Obligations specified in *Exhibit 4.1(a)(1)*. The terms of issuance for such Direct Debt Obligations must be consistent with the general terms of this Indenture relating to Direct Debt Obligations.

(d) Any Supplemental Indenture relating to Related Debt Obligations and Ancillary Obligations may adopt by reference the payment provisions of the Related Debt Document or Ancillary Commitment Document pursuant to which the Obligated Group issues or incurs the Related Debt or the related Ancillary Commitment.

(e) The Holders of all Obligations will be secured equally and proportionately with the Holders of all other Obligations issued under this Indenture; provided, however, that for purposes of determining whether the Holders of the requisite amount of Obligations Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder (including any request, demand, authorization, direction, notice, consent or waiver pursuant to the remedy provisions of *Article 9* or an amendment pursuant to *Article 11*), Ancillary Obligations and Obligations registered in the name of (or in the name of a nominee for) the Obligated Group or any Affiliate of the Obligated Group shall be excluded.

SECTION 4.2 Ancillary Obligations to Secure Hedge Agreements

(a) The Obligated Group may issue Ancillary Obligations to secure payments due under a Hedge Agreement entered into by a Member of the Obligated Group or to secure payments due under a guaranty by a Member of the Obligated Group of the obligations of another person under a Hedge Agreement (such Hedge Agreements or guaranties being referred to as "Secured Hedge Agreements").

(b) The Trustee shall not use any portion of the Trust Estate in its possession to make payments on a Secured Hedge Agreement that are not secured by the related Ancillary Obligation and shall not make payments on a Secured Hedge Agreement from the Trust Estate except as permitted by *Section 8.14*. The Obligated Group may make payments on a Secured Hedge Agreement from (i) cash and other proceeds from the Pledged Revenues that the Obligated Group is authorized to receive, use and apply under the terms of *Section 8.14*, and (ii) funds pledged to secure the Obligated Group's obligations under the Secured Hedge Agreement, to the extent permitted by *Section 8.9(a)(10)*.

(c) Ancillary Obligations issued to secure payments under a Secured Hedge Agreement may adopt by reference the terms of the Secured Hedge Agreement.

(d) The provisions of any Ancillary Obligation issued pursuant to this Section and the related Supplemental Indenture shall provide that such Obligation may not be transferred to any person other than the counterparty under the Secured Hedge Agreement, or a trustee or other legal representative for such counterparty.

(e) Ancillary Obligations issued pursuant to this Section do not constitute Debt and may be incurred without regard to provisions of this Indenture restricting or limiting the issuance or incurrence of Debt.

SECTION 4.3 Conditions Precedent to Issuance of Obligations

(a) Prior to the issuance of any Obligations, the Obligated Group shall deliver to the Trustee the following:

(1) **Supplemental Indenture.** A Supplemental Indenture duly executed on behalf of the Obligated Group by the Obligated Group Representative and containing (to the extent applicable) (i) a description of the Obligations proposed to be issued, including the information required in this *Article 4*, (ii) a statement of the purpose or purposes for which such Obligations are to be issued, (iii) a representation that no Indenture Default exists, (iv) the identity of the person or persons to whom such Obligations will be issued and (v) any other matters deemed appropriate by the Obligated Group and not inconsistent with the terms of this Indenture.

(2) **Executed Obligations.** The Obligations duly executed on behalf of the Obligated Group by the Obligated Group Representative, for authentication by the Trustee.

(3) **Authorization by Obligated Group.** A certified copy of the resolution adopted by the governing body of the Obligated Group Representative authorizing the issuance of such Obligation, and, if required by the Organizational Documents of any Member for due authorization of Obligations issued under this Indenture, a certified copy of the resolution adopted by the governing body of such Member.

(4) **Certificate Regarding Additional Debt.** If such Obligations constitute Debt Obligations, a certificate by an Authorized Officer of the Obligated Group Representative stating in effect that the Obligated Group is entitled to issue or incur such Debt pursuant to an identified exception contained in *Section 8.8*, together with any documents or opinions required for compliance with such exception.

(5) **Officer's Certificate.** An Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signatory(ies), all conditions precedent, if any, to the issuance of such Obligations have been complied with and that the issuance of such Obligations is authorized or permitted by this Indenture.

(6) **Opinion of Counsel.** An Opinion of Counsel stating in effect (with such qualifications and assumptions as the Trustee may deem appropriate) that (i) such Obligations are legal, valid and binding obligations of the Obligated Group in accordance with their terms and are entitled to the benefit and security of this Indenture equally and proportionately with all other Obligations Outstanding under the Indenture, except as otherwise provided herein, (ii) the Indenture (as so supplemented) constitutes a legal, valid and binding obligation of the Obligated Group in accordance with its terms, (iii) all applicable conditions precedent, as set forth in the Indenture, regarding the issuance of such Obligations have been complied with and that the issuance of such Obligations is authorized or permitted by this Indenture, and (iv) the issuance of such Obligations complies with the registration requirements of The Securities Act of 1933, as amended, or that such registration is not required.

(b) Upon receipt of the documents required by the provisions of this Section to be furnished to it, the Trustee shall, unless it has cause to believe that any of the statements set out in such documents is incorrect, thereupon execute and deliver the Supplemental Indenture so presented and shall authenticate such Obligations and deliver the same upon written order executed by the Obligated Group Representative. Any Obligations issued pursuant to and in compliance with the terms of this Indenture shall be entitled to the benefit and protection of this Indenture equally and proportionately with all other Obligations issued hereunder, except as otherwise provided herein.

SECTION 4.4 Execution and Authentication

(a) The Obligations shall be executed on behalf of the Obligated Group by an Authorized Officer of the Obligated Group Representative. The signature of the officers executing such Obligations may be manual or, to the extent permitted by law, facsimile.

(b) No Obligation shall be secured by, or be entitled to any Lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Obligation a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Obligation shall be conclusive evidence, and the only evidence, that such Obligation has been duly authenticated and delivered hereunder.

ARTICLE 5

Registration, Exchange and General Provisions Regarding the Obligations

SECTION 5.1 Registration, Transfer and Exchange

(a) The Obligated Group shall cause to be kept at the Office of the Trustee a register (herein sometimes referred to as the "Register") in which, subject to such reasonable regulations as the Trustee may prescribe, the Obligated Group shall provide for the registration of Obligations and registration of transfers of Obligations entitled to be registered or transferred as herein provided. The Trustee is hereby appointed as agent of the Obligated Group for the purpose of registering Obligations and transfers of Obligations as herein provided.

(b) Upon surrender for registration of transfer of any Obligation at the Office of the Trustee, the Obligated Group Representative shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Obligations of like tenor and amount.

(c) At the option of the Holder, Direct Debt Obligations may be exchanged for other Direct Debt Obligations of the same series and Maturity, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Direct Debt Obligations to be exchanged at the Office of the Trustee. Whenever any Direct Debt Obligations are so surrendered for exchange, the Obligated Group Representative shall execute, and the Trustee shall authenticate and deliver, the Direct Debt Obligations which the Holder making the exchange is entitled to receive.

(d) All Obligations surrendered upon any exchange or registration of transfer provided for in this Indenture shall be promptly cancelled by the Trustee.

(e) All Obligations issued upon any registration of transfer or exchange of Obligations shall be the valid obligations of the Obligated Group and entitled to the same security and benefits under this Indenture as the Obligations surrendered upon such registration of transfer or exchange.

(f) Every Obligation presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(g) No service charge shall be made for any registration of transfer or exchange of Obligations, but the Obligated Group may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Obligations.

(h) The Obligated Group shall not be required (1) to register the transfer of or to exchange any Direct Debt Obligation during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Direct Debt Obligations and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Direct Debt Obligation so selected for redemption in whole or in part.

SECTION 5.2 Mutilated, Destroyed, Lost and Stolen Obligations

(a) If (1) any mutilated Obligation is surrendered to the Trustee, or the Obligated Group and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Obligation, and (2) there is delivered to the Obligated Group and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Obligated Group or the Trustee that such Obligation has been acquired by a bona fide purchaser, the Obligated Group shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Obligation, a new Obligation of like tenor and amount, bearing a number not contemporaneously outstanding. In case any such mutilated, destroyed, lost or stolen Obligation has become or is about to become due and payable, the Obligated Group in its discretion may, instead of issuing a new Obligation pursuant to this Section, pay such Obligation when due.

(b) Upon the issuance of any new Obligation under this Section, the Obligated Group may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

(c) Every new Obligation issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Obligation shall constitute an original additional contractual obligation of the Obligated Group, whether or not the mutilated, destroyed, lost or stolen Obligation shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Obligations.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Obligations.

SECTION 5.3 Payment of Interest on Direct Debt Obligations; Interest Rights Preserved

(a) Interest on any Direct Debt Obligation which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Direct Debt Obligation is registered at the close of business on the Regular Record Date for such Interest Payment Date.

(b) Any interest on any Direct Debt Obligation which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Obligated Group to the persons in whose names such Direct Debt Obligations are registered at the close of business on a special record date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Obligated Group Representative shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Direct Debt Obligation and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Obligated Group shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make

arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 calendar days prior to the date of the proposed payment and not less than 10 calendar days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Obligated Group Representative of such Special Record Date and, in the name and at the expense of the Obligated Group, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of a Direct Debt Obligation at his address as it appears in the Register not less than 10 calendar days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Direct Debt Obligations are registered on such Special Record Date.

(c) Subject to the foregoing provisions of this Section, each Direct Debt Obligation delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Direct Debt Obligation shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Direct Debt Obligation and each such Direct Debt Obligation shall bear interest from such date that neither gain nor loss in interest shall result from such registration of transfer, exchange or substitution.

SECTION 5.4 Persons Deemed Owners

The Obligated Group and the Trustee may treat the Holder of any Obligation as the owner of such Obligation for the purpose of receiving payment on such Obligation and for all other purposes whatsoever, whether or not such Obligation is overdue, and, to the extent permitted by law, neither the Obligated Group nor the Trustee shall be affected by notice to the contrary.

SECTION 5.5 Trustee as Paying Agent

Except as otherwise provided herein, all Obligations shall be payable at the Office of the Trustee. The Trustee is hereby appointed agent of the Obligated Group for the purpose of making payment on the Obligations.

SECTION 5.6 Payments Due on Non-Business Days

If any payment on the Obligations is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

SECTION 5.7 Cancellation

All Obligations surrendered for payment, redemption, registration of transfer or exchange, shall be promptly cancelled by the Trustee. The Trustee may destroy cancelled certificates and shall maintain a record of all such destroyed certificates. No Obligation shall be authenticated in lieu of or in exchange for any Obligation cancelled as provided in this Section, except as expressly provided by this Indenture.

SECTION 5.8 Book-Entry Only Obligations

The provisions of any Supplemental Indenture authorizing any series of Direct Debt Obligations may provide that such Obligations shall be issued pursuant to the Book Entry System.

ARTICLE 6

General Provisions Regarding Redemption of Direct Debt Obligations

SECTION 6.1 Specific Redemption Provisions

The terms of the related Supplemental Indenture authorizing any series of Direct Debt Obligations shall specify the specific redemption provisions with respect to such series.

SECTION 6.2 Mandatory Redemption

Direct Debt Obligations shall be redeemed in accordance with the applicable mandatory redemption provisions set forth in the Supplemental Indenture for such Obligations without any direction from or consent by the Obligated Group. Unless the date fixed for such mandatory redemption is otherwise specified by this Indenture, the Trustee shall select the date for mandatory redemption, subject to the provisions of this Indenture with respect to the permitted period for such redemption.

SECTION 6.3 Election to Redeem

The election of the Obligated Group to exercise any right of optional redemption shall be evidenced by notice to the Trustee from the Obligated Group Representative. The notice of election to redeem must be received by the Trustee at least 3 Business Days prior to the date when notice of redemption must be given to the Holders (unless a shorter notice is acceptable to the Trustee) and shall specify (a) the principal amount of each series and maturity of Direct Debt Obligations to be redeemed (if less than all Direct Debt Obligations Outstanding are to be redeemed pursuant to such option), (b) the redemption date, subject to the provisions of this Indenture with respect to the permitted period for such redemption and (c) if the redemption is conditional, the conditions upon which it is to be effective.

SECTION 6.4 Selection by Trustee of Direct Debt Obligations to be Redeemed

(a) Except as otherwise provided in the specific redemption provisions for the Direct Debt Obligations, and except as permitted by *Section 12.2(c)*, if less than all Direct Debt Obligations Outstanding are to be redeemed, the principal amount of Direct Debt Obligations of each series and Maturity to be redeemed may be specified by the Obligated Group by notice delivered to the Trustee not less than 3 Business Days prior to the date when notice of redemption must be given to the Holders (unless a shorter notice is acceptable to the Trustee), or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee in the inverse order of Maturity and by lot within a Maturity or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount of Direct Debt Obligations of each Maturity to be redeemed may not be larger than the principal amount of Direct Debt Obligations of such Maturity then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

(b) Except as otherwise provided in the specific redemption provisions for the Direct Debt Obligations, if less than all Direct Debt Obligations with the same series and Maturity are to be redeemed, the particular Direct Debt Obligations of such series and Maturity to be redeemed shall be selected by the Trustee from the Outstanding Direct Debt Obligations of such series and Maturity then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate or in accordance with the applicable procedures of the Book Entry System, if in effect with respect to such Direct Debt Obligations, and which may provide for the selection for redemption of portions (in Authorized

Denominations) of the principal of Direct Debt Obligations of such Maturity of a denomination larger than the smallest Authorized Denomination.

(c) The Trustee shall promptly notify the Obligated Group of the Direct Debt Obligations selected for redemption and, in the case of any Direct Debt Obligation selected for partial redemption, the principal amount thereof to be redeemed.

(d) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Direct Debt Obligations shall relate, in the case of any Direct Debt Obligation redeemed or to be redeemed only in part, to the portion of the principal of such Direct Debt Obligation which has been or is to be redeemed.

SECTION 6.5 Notice of Redemption

(a) Unless waived by the Holders of all Direct Debt Obligations then Outstanding to be redeemed, notice of redemption shall be given by registered or certified mail, mailed not less than 30 nor more than 60 days prior to the redemption date, to each Holder of Direct Debt Obligations to be redeemed, at his address appearing in the Register.

(b) All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,

(3) the principal amount of Direct Debt Obligations to be redeemed, and, if less than all Outstanding Direct Debt Obligations are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Direct Debt Obligations to be redeemed,

(4) that on the redemption date the redemption price of each of the Direct Debt Obligations to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date,

(5) the place or places where the Direct Debt Obligations to be redeemed are to be surrendered for payment of the redemption price, and

(6) any conditions that must be satisfied prior to the redemption of such Direct Debt Obligations.

(c) Notice of redemption of Direct Debt Obligations to be redeemed at the option of the Obligated Group shall be given by the Obligated Group or, at the Obligated Group's request, by the Trustee, upon receipt by the Trustee of such a request containing the information required by *Section 6.5(b)*, in the name and at the expense of the Obligated Group. Notice of redemption of Direct Debt Obligations in accordance with the mandatory redemption provisions of the Direct Debt Obligations shall be given by the Trustee in the name and at the expense of the Obligated Group.

(d) A notice of optional redemption may state that the redemption of Direct Debt Obligations is contingent upon specified conditions, such as receipt of a specified source of funds, or the occurrence of specified events. If the conditions for such redemption are not met, the Obligated Group Representative shall provide prompt notice of such to the Trustee, the Obligated Group shall not be

required to redeem the Direct Debt Obligations (or portions thereof) identified in such notice, and, at the written instruction of the Obligated Group Representative to the Trustee, any Direct Debt Obligations surrendered on the specified redemption date shall be returned to the Holders of such Direct Debt Obligations.

SECTION 6.6 Deposit of Redemption Price

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Direct Debt Obligations which are to be redeemed on that date shall be deposited with the Trustee unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

SECTION 6.7 Direct Debt Obligations Payable on Redemption Date

(a) Notice of redemption having been given as aforesaid, the Direct Debt Obligations to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Obligated Group shall default in the payment of the redemption price) such Direct Debt Obligations shall cease to bear interest. Upon surrender of any such Direct Debt Obligation for redemption in accordance with said notice, such Direct Debt Obligation shall be paid by the Obligated Group at the redemption price. Installments of interest due on or prior to the redemption date shall be payable to the Holders of the Direct Debt Obligations registered as such on the relevant Record Dates according to the terms of such Direct Debt Obligations.

(b) Unless the conditions, if any, set forth in the relevant redemption notice are not satisfied, if any Direct Debt Obligation called for redemption shall not be paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the Post-Default Rate. If any conditions set forth in a redemption notice are not satisfied, the Obligated Group or, at the Obligated Group's request, the Trustee shall provide notice to the Holders of the Obligations conditionally called for redemption of the failure to satisfy such conditions, such redemption shall be cancelled, and such Obligations shall remain Outstanding.

SECTION 6.8 Direct Debt Obligations Redeemed in Part

Unless otherwise provided herein, any Direct Debt Obligation which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Obligated Group shall execute and the Trustee shall authenticate and deliver to the Holder of such Direct Debt Obligation, without service charge, a new Direct Debt Obligation or Direct Debt Obligations of the same series and Maturity and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Direct Debt Obligation surrendered.

ARTICLE 7

Funds for Payment or Security of Obligations

SECTION 7.1 Funds for Payment or Security of Specified Obligations

Any Supplemental Indenture may establish a debt service fund, a reserve fund, or any similar fund for the payment or security of specified Obligations, and such fund may be held by the Trustee under the terms of such Supplemental Indenture; provided, however, that the establishment of any such fund

must comply with the provisions of *Section 8.9* of this Indenture with respect to the creation of Liens or encumbrances on property of the Obligated Group that are not for the benefit of all Obligations issued under this Indenture. Any such fund shall be for the sole security and benefit of the specified Obligations.

SECTION 7.2 Funds for Payment or Security of All Obligations

Any Supplemental Indenture may establish a fund for the payment or security of all Obligations issued under this Indenture, and such fund may be held by the Trustee under the terms of such Supplemental Indenture. The establishment of any such fund need not comply with the provisions of *Section 8.9*.

ARTICLE 8

Representations and Covenants

SECTION 8.1 General Representations

Each Member makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Under the provisions of applicable law and its Organizational Documents, it has the power to consummate the transactions contemplated by the Obligation Documents.

(b) The execution and delivery of the Obligation Documents by it and the performance and observance by it of the covenants and agreements of the Obligation Documents has been duly authorized by all requisite corporate action, including any action required by its Organizational Documents.

(c) The Obligation Documents constitute legal, valid and binding obligations of such Member and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (1) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

SECTION 8.2 No Encumbrance on Trust Estate

The Obligated Group will not create or permit the creation of any pledge, Lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on a parity of Lien with this Indenture, other than as permitted by this *Article 8*.

SECTION 8.3 Payment of Obligations

(a) The Obligated Group will duly and punctually pay, or cause to be paid, all amounts due on the Obligations as and when the same shall become due, all in accordance with the terms of the Obligations and this Indenture.

(b) The Obligated Group will not extend or consent to the extension of the time for payment of amounts due on any Obligation, unless such extension is consented to by the Holder of the Obligation affected.

SECTION 8.4 Covenants Regarding Corporate Existence, Properties and Operations

Each member of the Obligated Group covenants and agrees that it will:

(a) except as provided in *Section 8.6*, preserve its corporate existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or useful in the conduct of its business;

(b) at all times cause its properties used or useful in the conduct of its business to be maintained, preserved and kept in good condition, repair and working order and cause to be made all needful and proper repairs, renewals and replacements thereof; provided, however, that nothing herein contained shall be construed (i) to require it to operate any portion of its properties, if in the judgment of its governing body it is advisable not to operate the same for the time being, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such a sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any property, leases, rights, privileges or licenses no longer used or useful in the conduct of its business;

(c) conduct its affairs and carry on its business and operations in such manner as to comply in all material respects with any and all applicable laws of the United States and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its properties; provided, however, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof shall be contested in good faith by appropriate proceedings;

(d) promptly pay all lawful taxes, assessments or other governmental charges or levies at any time levied or assessed upon or against it or its properties; provided, however, that it shall have the right to contest in good faith by appropriate proceedings any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof;

(e) promptly pay or otherwise satisfy and discharge all obligations, indebtedness, demands and claims as and when the same become due and payable, other than any thereof whose validity, amount or collectibility is being contested in good faith by appropriate proceedings;

(f) at all times comply with all terms, covenants and provisions contained in any mortgages or instruments evidencing any Liens at any time existing upon its properties or any part thereof securing any indebtedness incurred or assumed by it and pay or cause to be paid, or to be renewed, refunded or extended or to be taken up, by it, all bonds, notes or other evidences of indebtedness secured by any such mortgage or other Lien, as and when the same shall become due and payable;

(g) procure and maintain all necessary licenses and permits and, unless it shall in good faith determine that it is not in its best interest and not in the best interest of the Holders, maintain (i) accreditation of its health care facilities (other than those not presently accredited) by

The Joint Commission or a similar nationally recognized accrediting agency and (ii) the status of its health care facilities as a provider of health care services eligible for reimbursement under Medicare, Medicaid, Blue Cross and similar insurance programs; and

(h) maintain insurance (including self-insurance or self-insurance pools or trusts, if deemed prudent under the circumstances by an Insurance Consultant) covering such risks and in such amounts as, in its judgment, is adequate to protect it and its properties and operations. The insurance required to be maintained pursuant hereto shall be subject to annual review by an Insurance Consultant, and it shall substantially conform to any recommendations of the Insurance Consultant, to the extent feasible.

SECTION 8.5 Advances by Trustee

If the Obligated Group shall fail to perform any of its covenants in this Indenture, upon the instruction of the Holders of no less than a majority of the principal amount of Debt Obligations Outstanding and upon provision to the Trustee of security or indemnity reasonably satisfactory to the Trustee, the Trustee shall make advances to effect performance of any such covenant on behalf of the Obligated Group. Any money so advanced by the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand and such advances shall be secured under this Indenture prior to the Obligations.

SECTION 8.6 Corporate Existence; Merger, Consolidation, Etc.

(a) Except as permitted by this Section, each Member will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

(b) A Member may consolidate with or merge into any other corporation or transfer its property substantially as an entirety to another person if the corporation formed by such consolidation or into which such Member is merged or the person which acquires by conveyance or transfer the Member's property substantially as an entirety (the "Successor") shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the due and punctual payment of all amounts due on the Obligations and the performance and observance of every covenant and condition of the Obligation Documents to be performed or observed by the Obligated Group.

(c) Upon any consolidation or merger or any conveyance or transfer of a Member's property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for, and may exercise every right and power of, such Member under this Indenture with the same effect as if such Successor had been named as such Member herein. Upon the consummation of such transaction, such Member shall be released from all liability under this Indenture.

(d) Nothing contained in this Section shall be construed to restrict or prohibit a change in control or ownership of a Member of the Obligated Group or a reincorporation of any Member under the University Authority Act of 2016.

SECTION 8.7 Debt Service Coverage Ratio

(a) **Consultant Call In.** If the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 110%, the Obligated Group shall retain an Independent Consultant to make recommendations to increase such Debt Service Coverage Ratio to at least 110%, or, if applicable laws and governmental regulations will not permit the Obligated Group to maintain such Debt Service

Coverage Ratio, to the highest level permitted by such laws and regulations. The Obligated Group will, to the extent feasible and lawful, follow the recommendations of the Independent Consultant. No projection or recommendation by an Independent Consultant shall waive or excuse any default under *Section 8.7(b)*.

(b) **Default.** An Indenture Default shall exist if the Debt Service Coverage Ratio of the Obligated Group is less than 100% for any two consecutive Fiscal Years.

SECTION 8.8 Restrictions on Debts and Guaranties

(a) **Prohibition Against Debt Other Than Permitted Debt.** Members of the Obligated Group will not incur, or otherwise become liable in respect of, any Debt other than Debt existing on the date of delivery of this Indenture and Debt that meets the requirements of one or more of the following paragraphs (each such Debt being referred to as a "Permitted Debt"):

(1) **Historical Pro Forma Test.** A Member may incur Debt if the Debt Service Coverage Ratio of the Obligated Group (taking into account the Debt to be incurred) for the preceding Fiscal Year was not less than 120%.

(2) **Historical Test and Forecast.** A Member may incur Debt if both of the following tests are met:

(A) The Debt Service Coverage Ratio of the Obligated Group (without taking into account the Debt to be incurred) for the most recently completed Fiscal Year was not less than 110%.

(B) The Debt Service Coverage Ratio of the Obligated Group (taking into account the Debt to be incurred) for each of the two Fiscal Years immediately following the Fiscal Year in which such Debt is incurred (or, if the acquisition or construction of facilities is being financed by such Debt, in each of the two Fiscal Years following the Fiscal Year in which such facilities are expected to be placed in service) is expected to be not less than 150% according to a forecast prepared by the chief financial officer of the Obligated Group Representative. Such forecast must contain a certificate of such chief financial officer stating that, to the best of such officer's knowledge, the assumptions contained in the forecast are reasonable. If an Independent Consultant delivers a separate report stating in effect that the assumptions in such forecast are reasonable, the minimum Debt Service Coverage Ratio of the Obligated Group required by this *Section 8.8(a)(2)(B)* shall be reduced to 120%.

If the Obligated Group shall deliver to the Trustee a report of an Independent Consultant expressing the opinion (accompanied by the Opinion of Independent Counsel as to any conclusion of law supporting such opinion) that applicable laws or governmental regulations have prevented or will prevent the Obligated Group from complying with the Debt Service Coverage Ratios specified in this *Section 8.8(a)(2)* and that the Obligated Group has implemented, or is in the process of implementing with reasonable diligence, to the extent feasible and lawful, the recommendations (if any) made by such Independent Consultant pursuant to *Section 8.7* hereof, then the Debt Service Coverage Ratios referred to in this *Section 8.8(a)(2)* need only be equal to or greater than 100%.

(3) **Completion Debt.** A Member may incur Completion Debt.

(4) **Refunding Debt.** A Member may incur Refunding Debt.

(5) **Subordinated Debt.** A Member may incur Subordinated Debt.

(6) **Reimbursement Obligations.** A Member may undertake Reimbursement Obligations with respect to Debt incurred pursuant to a separate exception.

(7) **Debt Owed to Other Members.** A Member may incur Debt owed to another Member.

(8) **Basket for Debt Based on Percentage of Operating Revenue.** A Member may incur Debt (including without limitation Debt evidenced by capitalized leases, installment sale agreements and other similar obligations for the payment of the purchase price of property or assets) if the amount of Debt to be incurred pursuant to this exception, together with the outstanding principal amount of all other Debt incurred by the Obligated Group pursuant to this exception, does not exceed 10% of the Obligated Group's Operating Revenue for the most recently completed Fiscal Year for which audited financial statements are available.

(b) **Reclassification of Additional Debt.** The Obligated Group may elect to have Debt issued pursuant to one exception contained in *Section 8.8(a)* reclassified as having been incurred under another exception of *Section 8.8(a)* by demonstrating compliance with such other exception on the assumption that such Debt is being reissued or incurred on the date of such reclassification; provided, however, that prior to any such reclassification the Obligated Group must deliver to the Trustee the documents and opinions, if any, required by the relevant exception of *Section 8.8(a)* and a certificate of the chief financial officer of the Obligated Group Representative stating in effect that as of the date of such reclassification all other facts or conditions exist that are necessary for such Debt to be so reclassified.

(c) **Prohibition Against Guaranties Other Than Permitted Guarantees.** A Member of the Obligated Group will not enter into, or otherwise become liable in respect of, any Guaranty other than a Guaranty that meets the requirements of one or more of the following paragraphs (each such Guaranty being referred to as a "Permitted Guaranty"):

(1) **Guaranty of Debt of Another Member.** A Member may enter into a Guaranty with respect to Debt of another Member.

(2) **Historical Pro Forma Test.** A Member may enter into a Guaranty if the Debt Service Coverage Ratio of the Obligated Group (taking into account the Guaranty being made) for the preceding Fiscal Year was not less than 120%. For purposes of this *Section 8.8(c)(2)*, on the date such Guaranty is made or incurred 100% of the Guaranteed Debt shall be included in the calculation of the Maximum Annual Debt Service (as if a Member was required to make payments on such Guaranteed Debt as of the date of incurrence). Thereafter, Maximum Annual Debt Service shall take such Guaranteed Debt into account as provided in the definition of "Maximum Annual Debt Service".

(d) **Liabilities Other Than Debt or a Guaranty.** This Section does not restrict or preclude the Obligated Group Members from incurring Liabilities that do not constitute a Debt or Guaranty.

SECTION 8.9 Restrictions on Creation of Liens

(a) **Prohibition on Liens Other Than Permitted Liens.** Members of the Obligated Group will not create, or suffer to be created or to exist, any Lien on any assets of the Obligated Group, whether now owned or hereafter acquired, unless such Lien meets the requirements of one or more of the following paragraphs (each such Lien being referred to as a "Permitted Lien"):

(1) **Liens Securing All Obligations.** A Lien on Fixed Assets or Cash and Investments of a Member that secures all Obligations under this Indenture.

(2) **Liens Incurred in the Ordinary Course of Business.** A Lien on an asset arising in the ordinary course of business, including without limitation (i) a Lien for taxes, assessments, or other governmental charges, provided that payment of such charge is not delinquent or payment is being contested in good faith by appropriate proceedings, (ii) pledges or deposits to secure obligations under workmen's compensation laws or similar legislation, including Liens of judgments thereunder which are not currently dischargeable, (iii) pledges or deposits to secure performance by a Member in connection with bids, tenders or service contracts, or leases to which a Member is a party as lessee, (iv) pledges or deposits to secure public or statutory obligations of a Member, (v) materialmen's, mechanics', carriers', workmen's, repairmen's, or other similar Liens, or deposits to obtain the release of such Liens, provided that payment of the amount secured by such Lien is not delinquent or payment is being contested in good faith by appropriate proceedings, (vi) a Lien resulting from any judgment that is being contested in good faith by appropriate proceedings if execution on such judgment is effectively stayed, and pledges or deposits to secure, or provided in lieu of, any surety, stay or appeal bond with respect to any such judgment, (vii) statutory landlords' Liens under leases in which a Member is a lessee, (viii) zoning restrictions, easements, licenses, restrictions on the use of real property or minor irregularities in title thereto, which do not, in the opinion of the affected Member, materially impair the use of such property in the operation of the business of such Member or the value of such property for the purpose of such business, (ix) pledges or deposits to enable a Member to maintain self-insurance or to participate in any self-insurance pools or trusts, (x) a Lien on money deposited by patients or others with a Member as security for, or as prepayment of, the cost of services to be rendered by a Member, and (xi) a Lien in favor of Medicare, Medicaid, Blue Cross and similar programs to secure the repayment by a Member of reimbursement payments in excess of contractual limitations, provided that the repayment secured by such Lien is not delinquent or repayment is being contested in good faith by appropriate proceedings. For purposes of this *Section 8.9(a)(2)*, Liens created or incurred in connection with the incurrence of a Debt or Guaranty and Liens created or incurred in connection with Hedge Agreements are not considered incurred in the ordinary course of business.

(3) **Liens in Favor of Obligated Group Members.** A Lien on an asset created by one Member of the Obligated Group in favor of another Member.

(4) **Existing Liens.** Existing Liens described in one of the following paragraphs:

(A) A Lien on Fixed Assets existing on the date of delivery of this Indenture.

(B) A Lien on an asset created prior to, or as a condition of, the transfer of such asset to the Obligated Group by gift, grant, legacy or bequest.

(C) A Lien on an asset acquired by a Member of the Obligated Group after the date of delivery of this Indenture if such Lien was already in existence at the time of

acquisition of such asset by such Member and such Lien was not created, directly or indirectly, in anticipation of, or as a condition to, such acquisition.

(D) A Lien on an asset of an entity that becomes a Member of the Obligated Group after the date of delivery of this Indenture if such Lien was already in existence at the time such entity becomes a Member of the Obligated Group and such Lien was not created, directly or indirectly, in anticipation of, or as a condition to, such entity's admission to the Obligated Group.

A Lien described in this *Section 8.9(a)(4)* may not be extended or renewed or modified to apply to additional assets of the Obligated Group unless such Lien as so extended, renewed or modified qualifies as a Permitted Lien under a separate paragraph of this *Section 8.9(a)*.

(5) **Proceeds of Borrowing.** A Lien on Cash and Investments that constitute the proceeds of a borrowing by a Member of the Obligated Group until such proceeds are disbursed for the purpose of the borrowing.

(6) **Liens on Cash and Investments Securing Debt.** A Lien on Cash and Investments of a Member that are pledged as security for Debt of a Member of the Obligated Group, including without limitation, Cash and Investments deposited in a debt service fund, a debt service reserve fund or other similar fund, provided that (i) the aggregate amount of Cash and Investments subject to such Lien does not exceed 15% of the original principal amount of the Debt secured and (ii) after giving effect to the creation of such Lien, the Obligated Group's Days' Cash on Hand are not less than 100.

(7) **Hedge Agreements.** A Lien on Cash and Investments of a Member created to secure a Member's obligations (including without limitation collateral posting obligations) under a Hedge Agreement if after giving effect to the creation of such Lien, (i) no Indenture Default exists and (ii) the Obligated Group's Days' Cash on Hand as of the date such Lien is created are not less than 100.

(8) **Basket for Cash and Investments.** A Lien on Cash and Investments of a Member securing a Liability of such Member, if on the date such Lien is created (i) no Indenture Default exists and (ii) after giving effect to the creation of such Lien, the Obligated Group's Days' Cash on Hand as of the date such Lien is created are not less than 100.

(9) **Purchase Money Mortgages.** A Purchase Money Mortgage with respect to Fixed Assets of a Member of the Obligated Group if, after giving effect thereto and to any concurrent transactions, such Purchase Money Mortgage secures an amount not in excess of the cost of the particular Fixed Assets to which it relates and any related financing charges.

(10) **Basket for Fixed Assets.** A Lien on Fixed Assets of a Member of the Obligated Group securing a Liability of such Member, if on the date such Lien is created, (i) no Indenture Default exists and (ii) the amount of the Liability to be secured by such Lien, together with the outstanding amount of all other Liabilities secured by a Lien created pursuant to this *Section 8.9(a)(10)*, does not exceed 20% of the aggregate amount of Book Value of all Fixed Assets of the Obligated Group as of the end of the most recent Fiscal Year of the Obligated Group Representative for which financial statements of the Obligated Group Representative are available.

(11) **Subordinate Liens.** A Lien that is subject and subordinate to the Lien of this Indenture or the Lien imposed on any Collateral securing the Obligations.

(b) **Liens on Pledged Revenues.** Notwithstanding the provisions of *Section 8.9(a)*, any Lien created or permitted by the Obligated Group on Pledged Revenues must be subject and subordinate to the Lien of this Indenture. Cash and Investments that do not constitute part of the Pledged Revenues under the provisions of *Section 8.14* may be subjected to a Permitted Lien.

SECTION 8.10 Sale, Lease or Other Disposition of Assets

(a) **Prohibition Against Dispositions Other Than Permitted Dispositions.** Members of the Obligated Group will not directly or indirectly make or permit a Disposition of assets of Members of the Obligated Group, whether now owned or hereafter acquired, unless such Disposition meets the requirements of one or more of the following paragraphs (each such Disposition being referred to as a "Permitted Disposition"):

(1) **Merger or Transfer of Substantially All Assets.** The Disposition constitutes a merger or transfer of substantially all the assets of a Member permitted by the provisions of *Section 8.6*.

(2) **Obsolete Assets.** The Disposition constitutes the disposal of assets that are obsolete, worn out, or no longer useful in the operations of a Member, as determined in good faith by the Obligated Group Representative.

(3) **Dispositions With Respect to Permitted Liens.** The Disposition constitutes a Permitted Lien under the terms of *Section 8.9* or results from the exercise of rights by the holder of such Permitted Lien.

(4) **Payment of Debts or Liabilities.** The Disposition constitutes payment of amounts due on any Debt or other Liability of a Member.

(5) **Transactions in the Ordinary Course of Business.** The Disposition is a transaction conducted in the ordinary course of business, including without limitation (i) the purchase or sale of goods and services in the ordinary course of business and (ii) passive investment activity in accordance with the established investment policy of the Member making such Disposition.

(6) **Fair Market Value Transactions.** The Disposition is made for consideration in an amount not less than fair market value, as determined in good faith by the Member making such Disposition, including without limitation a purchase or sale of assets that is not made in the ordinary course of business; provided, however, that an Investment in an Operating Entity may qualify as a Permitted Disposition only under *Section 8.10(a)(7)*.

(7) **Investment in an Operating Entity.** The Disposition constitutes a direct or indirect investment in, or a loan or advance to, another person whose results of operations are included, in whole or in part, in the income statement of the Obligated Group through consolidation of accounts, the equity method of accounting, or other generally accepted accounting principles (an "Investment in an Operating Entity"), and such Disposition meets one of the following tests:

(A) The Disposition is to another Obligated Group Member.

(B) The Disposition (i) meets the requirements of *Section 8.10(a)(9)* to the extent that Cash and Investments are included in the Disposition and (ii) meets the requirements of *Section 8.10(a)(10)* to the extent that assets other than Cash and Investments are included in the Disposition.

(C) After giving effect to the Disposition, (i) no Indenture Default exists and (ii) the Debt Service Coverage Ratio of the Obligated Group for each of the two Fiscal Years immediately following the Fiscal Year in which such Disposition occurs is expected to be not less than 175% according to a forecast prepared by the Obligated Group. The forecast must contain a certificate of the chief financial officer or chief executive officer of the Obligated Group Representative stating that, to the best of such officer's knowledge, the assumptions contained in the forecast are reasonable. If an Independent Consultant delivers a report stating in effect that the assumptions in the forecast are reasonable, the minimum Debt Service Coverage Ratio required by this *Section 8.10(a)(8)(C)* shall be reduced to 150%.

(8) **Dispositions to Another Obligated Group Member.** The Disposition is made by one Member of the Obligated Group to another Member of the Obligated Group.

(9) **Basket for Cash and Investments.** The Disposition is made with respect to Cash and Investments and, on the date such Disposition is made, (i) no Indenture Default exists and (ii) after giving effect to such Disposition, the Obligated Group's Days' Cash on Hand as of the date such Disposition is made are not less than 100.

(10) **Basket for Assets Other Than Cash or Investments.** The Disposition is made with respect to assets other than Cash and Investments and, on the date such Disposition is made, (i) no Indenture Default exists and (ii) the aggregate Book Value of the assets subject to such Disposition, together with the aggregate Book Value of all other assets subject to a Disposition pursuant to this *Section 8.10(a)(10)* in the same Fiscal Year, is not more than 5% of the Book Value of the Fixed Assets of the Obligated Group at the end of the Fiscal Year immediately prior to such Disposition.

(b) **Disposition of Pledged Revenues.** Notwithstanding the provisions of *Section 8.10(a)*, the Obligated Group will not sell, factor or otherwise dispose of accounts receivable or similar contract rights constituting part of the Pledged Revenues. Cash and Investments that do not constitute part of the Pledged Revenues under the provisions of *Section 8.14* may be transferred or disposed of pursuant to a Permitted Disposition.

SECTION 8.11 Financial Statements and Compliance Certificate

Within 150 days after the end of each Fiscal Year, the Obligated Group Representative shall deliver to the Trustee (solely as custodian thereof, and under no duty to review):

(a) Financial statements (including a balance sheet, a statement of revenues and expenses, and a statement of changes in cash flows) of each Member of the Obligated Group for such Fiscal Year, together with statements in comparative form for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles, and accompanied by the report of a generally recognized auditing firm stating in effect that the financial statements were audited in accordance with generally accepted auditing standards. The financial statements may be prepared on a combined or consolidated

basis for all Obligated Group Members if the report includes unaudited consolidating or combining statements for each Member.

(b) If the audited financial statements delivered pursuant to *Section 8.11(a)* are not prepared on a combined or consolidated basis, the Obligated Group Representative shall also deliver unaudited financial statements (including a balance sheet and a statement of revenues and expenses) prepared on a combined or consolidated basis for all Obligated Group Members for such Fiscal Year, together with statements in comparative form for the preceding fiscal year. The unaudited financial statements need not be prepared in accordance with generally accepted accounting principles ("GAAP") unless GAAP is changed, or additional GAAP guidance is provided, that permits combined or consolidated statements for the Obligated Group in accordance with GAAP. The unaudited financial statements shall, to the extent feasible, be consistent with the audited financial statements of each Member (giving effect to appropriate inter-company eliminations), and shall be accompanied by a certificate of the chief financial officer of the Obligated Group Representative stating in effect that, to the best of such officer's knowledge, such financial statements are a fair presentation of the information included.

(c) A certificate of the Obligated Group Representative's chief executive officer or chief financial officer stating whether, to the best of such officer's knowledge, any condition exists which is, or could be with notice or lapse of time, an Indenture Default. If any such condition exists, such certificate shall also describe the nature of such condition and the action the Obligated Group intends to take to cure such condition.

SECTION 8.12 Establishing and Preserving the Lien on Collateral

The Obligated Group warrants and represents that:

(a) This Indenture creates a valid and enforceable Lien on the Pledged Revenues. No filing or recording of any document is required in order to establish, perfect and preserve the Lien of this Indenture other than filing in the office of the Secretary of State of Alabama (the "UCC Filing Office") of the UCC financing statements delivered by the Obligated Group in connection with the delivery of this Indenture. Such financing statements have been duly filed for record in the UCC Filing Office.

(b) As of the date of delivery of this Indenture, there is no Lien on the Collateral other than Permitted Liens.

(c) The Obligated Group will take all action required in order to preserve the Lien of the Trustee on the Collateral, including without limitation the filing of any continuation statements required by the Alabama Uniform Commercial Code.

SECTION 8.13 Accounting Principles and Effect of Consolidation

(a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, all accounting terms not otherwise defined herein shall have the meaning assigned to them, and all computations required by this Indenture shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist on the date of application thereof.

(b) If the Obligated Group delivers audited financial statements prepared on a combined or consolidated basis for all Obligated Group Members, the computations required by this Indenture shall be made in accordance with such audited financial statements. If the Obligated Group delivers unaudited

financial statements that meet the requirements of *Section 8.11(b)*, the computations required by this Indenture shall be made in accordance with such unaudited financial statements.

(c) To the extent that audited financial statements of the Obligated Group prepared on a combined or consolidated basis, or unaudited financial statements of the Obligated Group prepared on a combined or consolidated basis pursuant to *Section 8.11(b)*, require the consolidation or other combination of accounts (including revenues and gains, expenses and losses, assets and liabilities) of a Member of the Obligated Group with the accounts of a subsidiary or Affiliate that is not a Member (such Affiliate or subsidiary being referred to in this Section as a "Non-Obligated Affiliate"):

(1) Net Income Available for Debt Service for the Obligated Group shall be calculated giving effect to such combination;

(2) Operating Revenue for the Obligated Group shall be calculated giving effect to such combination;

(3) Operating expenses for the Obligated Group shall be calculated giving effect to such combination; and

(4) the Book Value of assets or fixed assets of the Obligated Group shall be calculated giving effect to such combination.

(d) Notwithstanding any consolidation or combination of accounts described in *Section 8.13(c)*:

(1) Debt of any Non-Obligated Affiliate shall not be included in Debt of the Obligated Group, except that Debt of any Non-Obligated Affiliate shall be included in Guaranteed Debt of any Member that has entered into a Guaranty with respect to such Debt;

(2) A Guaranty by a Non-Obligated Affiliate shall not be considered a Guaranty by any Member unless a Member has independently entered into a Guaranty with respect to the same Debt; and

(3) For purposes of calculating Days' Cash on Hand, Unrestricted Cash and Investments of any Non-Obligated Affiliate shall not be included in Unrestricted Cash and Investments of the Obligated Group.

SECTION 8.14 Pledged Revenues

(a) If no Indenture Default exists, or if an Indenture Default exists and the Trustee has not delivered a Lockbox Notice, cash and proceeds from the Pledged Revenues received by Obligated Group shall no longer be considered Pledged Revenues or part of the Collateral, and the Obligated Group may receive, use and apply such cash and other proceeds for any lawful purpose, including without limitation the payment of operating expenses in the ordinary course of business and payment or satisfaction of Debts and other Liabilities, subject, however, to any applicable covenants or restrictions of this Indenture with respect to assets of the Obligated Group, including without limitation (i) restrictions on Liens imposed by *Section 8.9* and (ii) restrictions on Dispositions imposed by *Section 8.10*.

(b) If an Indenture Default exists, the Trustee may exercise all rights and remedies with respect to the Pledged Revenues that are available to a secured party under the provisions of applicable law, including without limitation the following remedies:

(1) The Trustee may give notice (a "Lockbox Notice") to the Obligated Group Representative that it will take possession of all cash and other proceeds from the Pledged Revenues received or receivable by the Obligated Group after the date of such Lockbox Notice. After receipt of any such Lockbox Notice, the Obligated Group Members shall immediately remit to the Trustee any cash or other proceeds from the Pledged Revenues that are received by the Obligated Group after the date of any such Lockbox Notice.

(2) The Trustee may seek appointment of a receiver for the Obligated Group and the Pledged Revenues, as provided in *Section 9.2(c)*.

SECTION 8.15 Other Property That Becomes Collateral

Any Supplemental Indenture or other document that makes additional property part of the Collateral subject to the Lien of the Trust Estate may specify (i) Liens or encumbrances permitted with respect to such additional property, (ii) the terms of release of all or a portion of such additional property from the Lien of this Indenture, and (iii) the use and application of proceeds from any sale or other disposition of such additional property. Except as otherwise provided in the Supplemental Indenture or other document making such additional property part of the Collateral, any such additional property that is released from the Collateral and any proceeds from the sale or other disposition of the property released shall be subject to the covenants and restrictions of this Indenture with respect to assets of the Obligated Group, including without limitation (i) the restrictions on Liens imposed by *Section 8.9* and (ii) restrictions on Dispositions imposed by *Section 8.10*.

ARTICLE 9

Defaults and Remedies

SECTION 9.1 Events of Default

Any one or more of the following shall constitute an event of default (an "Indenture Default") under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any amount due on an Obligation, whether at its stated maturity or due date, upon declaration of acceleration, upon call for redemption (unless, in the case of a conditional redemption, the conditions for such redemptions are not met), or otherwise;

or

(b) default in the performance, or breach, of any covenant or warranty of the Obligated Group in this Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after notice of such default or breach, stating that such notice is a "notice of default" hereunder, has been given to the Obligated Group by the Trustee, or to the Obligated Group and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Debt Obligations; or

(c) an Act of Bankruptcy by a Member of the Obligated Group; or

(d) the existence of an event of default, as therein defined, under a Related Debt Document or an Ancillary Commitment Document and the expiration of the grace period, if any, specified therein; or

(e) the Trustee shall receive written notice from the provider of any Credit Facility stating that (i) an event of default, as therein defined, exists under the related Credit Facility Agreement and (ii) such notice constitutes an Event of Default under this Indenture; or

(f) the existence of an event of default under any bond, debenture, note or other evidence of indebtedness of a Member of the Obligated Group, or under any indenture or other instrument under which any such evidence of indebtedness in excess of Ten Million Dollars (\$10,000,000) has been issued or by which it is governed or secured, if (i) such event of default permits the holder or owner of such evidence of indebtedness to demand immediate payment or acceleration of amounts due under such evidence of indebtedness, (ii) such a demand for payment is made by the holder or owner, and (iii) the Obligated Group fails to make the required payment or to cure the default within 30 days after such demand; or

(g) the existence of an Indenture Default under the provisions of *Section 8.7(b)*; or

(h) the existence of any additional Indenture Default specified in a Supplemental Indenture.

SECTION 9.2 Remedies

(a) **Acceleration of Maturity.** If an Indenture Default exists, then and in every such case, the Trustee or the Holders of a majority in principal amount of the Debt Obligations Outstanding may declare the principal of all the Debt Obligations and the interest accrued thereon, together with the full amount of all other Obligations, to be due and payable immediately, by notice to the Obligated Group (and to the Trustee, if given by the Holders of Debt Obligations), and upon any such declaration such amounts shall become immediately due and payable. At any time after such a declaration of acceleration has been made pursuant to this Section, the Holders of a majority in principal amount of the Debt Obligations Outstanding may, by notice to the Obligated Group and the Trustee, rescind and annul such declaration and its consequences, if

(1) the Obligated Group has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Debt Obligations,

(B) the principal of (and premium, if any, on) any Debt Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Debt Obligations,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Debt Obligations,

(D) all amounts due and payable on Ancillary Obligations; and

(E) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Indenture Defaults, other than the nonpayment of the principal of Debt Obligations which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in *Section 9.10*.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(b) **Rights and Remedies with Respect to Collateral.** If an Indenture Default exists, the Trustee may exercise any right or remedy with respect to the Collateral provided in this Indenture, including without limitation the rights and remedies provided in *Article 8* and the rights and remedies conferred or reserved to the Trustee by any Supplemental Indenture or other documents subjecting Collateral to the Lien of this Indenture.

(c) **Appointment of a Receiver.** If an Indenture Default exists, the Trustee shall be entitled, upon the order of any court of competent jurisdiction, to the appointment of a receiver for the Obligated Group and the Pledged Revenues. The court appointing such receiver may grant to such receiver all powers and duties permitted by law, including without limitation the power to collect, use and apply all cash and other proceeds from the Pledged Revenues, subject to the provisions of this Indenture.

(d) **Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(e) **Remedies Subject to Applicable 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 in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

(f) **Rights and Remedies Under Ancillary Commitment Document or Related Debt Document.** If the Holder of any Ancillary Obligation or Related Debt Obligation has rights or remedies conferred or reserved by the terms of the related Ancillary Commitment Document or Related Debt Document (other than rights conferred or reserved by the terms of the related Obligation issued under this Indenture), nothing in this Indenture shall limit or restrict the exercise of such rights or remedies, including without limitation the right of such Holder to declare such Ancillary Commitment or Related Debt due and payable prior to its scheduled due date or maturity and the right to bring an action for collection of the amount due; provided, however, that no such right or remedy shall require the Trustee to use Collateral in possession of the Trustee for any purpose, or in any order of priority, other than the purposes and priority established by this Indenture.

(g) **Costs and Expenses.** When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Indenture Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

(h) **Reorganization.** Nothing herein shall be deemed to authorize the 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 Obligations or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

SECTION 9.3 Application of Money Collected

Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Obligations and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all undeducted amounts due the Trustee under *Section 10.7*;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Obligations, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Obligations) on overdue amounts, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Obligations, then to the payment of the amounts due, without any preference or priority, ratably according to the aggregate amount so due; provided, however, that payments with respect to Obligations owned by the Obligated Group or an Affiliate of the Obligated Group shall be made only after all other Obligations have been Fully Paid; and

(c) **Third:** To the payment of the remainder, if any, as a court of competent jurisdiction may direct, or, in the absence of such direction, to the Obligated Group.

SECTION 9.4 Trustee May Enforce Claims without Possession of Obligations

All rights of action and claims under this Indenture or the Obligations may be prosecuted and enforced by the Trustee without the possession of any of the Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Obligations in respect of which such judgment has been recovered.

SECTION 9.5 Limitation on Suits

No Holder of any Obligation shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless:

(a) such Holder has previously given notice to the Trustee of a continuing Indenture Default;

(b) the Holders of not less than 25% in principal amount of the Outstanding Debt Obligations shall have made request to the Trustee to institute proceedings in respect of such Indenture Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Debt Obligations;

it being understood and intended that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the Lien of this Indenture or the rights of any other Holders of Obligations, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Obligations.

SECTION 9.6 Unconditional Right of Holders of Debt Obligations to Receive Principal, Premium and Interest

Notwithstanding any other provision in this Indenture, the Holder of any Debt Obligation shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Obligation on the Maturity date expressed in such Obligation (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 9.7 Restoration of Positions

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Holder, then and in every such case the Obligated Group, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 9.8 Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Holder of any Obligation to exercise any right or remedy accruing upon an Indenture Default shall impair any such right or remedy or constitute a waiver of any such Indenture Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 9.9 Control by Holders of Debt Obligations

The Holders of a majority in principal amount of the Outstanding Debt Obligations shall have the right, during the continuance of an Indenture Default:

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Obligations or otherwise, and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction or to the Trustee.

SECTION 9.10 Waiver of Past Defaults

(a) Before any judgment or decree for payment of money due has been obtained by the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Debt Obligations may, by notice to the Trustee and the Obligated Group, on behalf of the Holders of all the Obligations waive any past default hereunder or under any other Obligation Document and its consequences, except a default

(1) in the payment of principal or interest on any Debt Obligation, or

(2) in respect of a covenant or provision hereof which under *Article 11* cannot be modified or amended without the consent of the Holder of each Outstanding Obligation affected.

(b) Upon any such waiver, such default shall cease to exist, and any Indenture Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 9.11 Suits to Protect the Trust Estate

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Holders in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Holders or the Trustee.

ARTICLE 10

The Trustee

SECTION 10.1 Certain Duties and Responsibilities of Trustee

(a) Except during the continuance of an Indenture Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the 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 Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Indenture Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that

(1) this subsection shall not be construed to limit the effect of *Section 10.1(a)*;

(2) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(3) the 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 of a majority in principal amount of the Outstanding Debt Obligations relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 10.2 Notice of Defaults

(a) If a notice event described in *Section 10.2(b)* exists, the Trustee shall notify Holders of such event within 30 days after a Responsible Officer of the Trustee has actual knowledge of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (1) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (2) the Trustee determines in good faith that the withholding of such notice is in the interest of Holders.

(b) For purposes of this Section the following shall constitute "notice events":

(1) the occurrence of an Indenture Default; and

(2) any event which is, or after notice or lapse of time or both would become, an Indenture Default.

SECTION 10.3 Certain Rights of Trustee

Except as otherwise provided in *Section 10.1*:

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Obligated Group mentioned herein shall be sufficiently evidenced by a certificate or order executed by a duly authorized officer of the Obligated Group Representative.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon a certificate executed by a duly authorized officer of the Obligated Group Representative.

(d) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Obligated Group, personally or by agent or attorney.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(h) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(i) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(j) The Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Obligations.

(k) The Trustee shall not be accountable for the use or application by the Obligated Group of any of the Obligations or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture.

(l) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(m) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Obligated Group shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Obligated Group whenever a person is to be added or deleted from the listing. If the Obligated Group elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Obligated Group understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Obligated Group shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Obligated 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 Obligated Group. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Obligated Group agrees (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the 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 Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Obligated Group; (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 Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(n) The 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.

(o) The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Obligations.

(p) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent of the Trustee.

(q) In no event shall the Trustee be responsible or liable for special, indirect, consequential or punitive damages or losses of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(r) The Trustee shall be protected and shall incur no liability for making any payments due and owing to the Holders, to DTC, or its nominee in accordance with the rules and procedures of the Book Entry System for Obligations if and so long as such Obligations are in the Book Entry System. In addition, the Trustee shall be protected and incur no liability for providing notice of any other communication required to be provided by the Trustee to the Holders, if such notice or other communication is given to DTC or its nominee in accordance with the rules and procedures of the Book Entry System.

SECTION 10.4 Not Responsible for Recitals

The recitals contained herein and in the Obligations, except the certificate of authentication on the Obligations, shall be taken as the statements of the Obligated Group, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Obligated Group thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Obligations.

SECTION 10.5 May Hold Obligations

The Trustee in its individual or any other capacity, may become the owner or pledgee of Obligations and may otherwise deal with the Obligated Group with the same rights it would have if it were not Trustee.

SECTION 10.6 Money Held in Trust

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent expressly provided in this Indenture or required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise expressly provided in this Indenture.

SECTION 10.7 Compensation and Reimbursement

(a) The Obligated Group agrees

(1) to pay to the 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); and

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence or bad faith.

(b) As security for the performance of the obligations of the Obligated Group under this Section, the Trustee shall be secured under this Indenture by a Lien prior to the Obligations, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate.

(c) The Obligated Group hereby agrees to indemnify and hold harmless the Trustee, its officers, directors, agents and employees from and against any and all costs, claims, liabilities, losses or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of the trusts established pursuant to the Indenture and any documents or transactions contemplated in connection herewith, except costs, claims, liabilities, losses or damages resulting from the gross negligence or willful misconduct of the Trustee, including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties hereunder and of enforcing this indemnification provision. The indemnifications set forth herein shall survive the termination of the Indenture and/or the earlier resignation or removal of the Trustee and/or payment of the Obligations.

SECTION 10.8 Corporate Trustee Required; Eligibility

(a) There shall at all times be a Trustee hereunder which shall (1) be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, (2) be authorized under such laws to exercise corporate trust powers, and (3) be subject to supervision or examination by federal or state authority.

(b) Any successor Trustee must have an investment grade rating for its long-term deposits from each Rating Agency that maintains a rating with respect to any Obligations unless each Rating Agency without such a rating of the Trustee's deposits confirms in writing that the Trustee's long-term deposit rating will not result in a reduction or withdrawal of the rating then assigned to the Obligations.

SECTION 10.9 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under *Section 10.10*.

(b) The Trustee may resign at any time by giving notice thereof to the Obligated Group. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Holders of a majority in principal amount of the Outstanding Debt Obligations by notice delivered to the Trustee and the Obligated Group. If no Indenture Default exists, the Trustee may be removed at any time by the Obligated Group by notice delivered to the Trustee.

(d) If at any time:

(1) the Trustee shall cease to be eligible under *Section 10.8* and shall fail to resign after request therefor by the Obligated Group or by any Holder who has been a bona fide Holder of an Obligation for at least 6 months, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Obligated Group by a resolution of the governing body of the Obligated Group Representative may remove the Trustee, or (B) any Holder who has been a bona fide Holder of an Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by the Obligated Group. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Holders. If, within 1 year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed by the Holders of a majority in principal amount of the Outstanding Obligations, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Obligated Group or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Obligated Group or the Holders and accepted appointment in the manner hereinafter provided, the Trustee or any Holder who has been a bona fide Holder of an Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Obligated Group shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing, or causing the successor Trustee to mail, notice of such event by first-class mail, postage prepaid, to the Holders of Obligations as their names and addresses appear in the Register. Each notice shall include the name of the successor Trustee and the address of the Office of the Trustee.

SECTION 10.10 Acceptance of Appointment by Successor

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Obligated Group and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Obligated Group or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to

such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its Lien, if any, provided for in *Section 10.7*. Upon request of any such successor Trustee, the Obligated Group shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

SECTION 10.11 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Obligations shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Obligations so authenticated with the same effect as if such successor Trustee had itself authenticated such Obligations.

ARTICLE 11

Amendment of Obligation Documents

SECTION 11.1 General Requirements for Amendments

The Trustee may, on behalf of the Holders, from time to time enter into, or consent to, an amendment of any Obligation Document only as permitted by this Article.

SECTION 11.2 Amendments Without Consent of Holders

An amendment of the Obligation Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the Holders of any Obligations:

(a) to correct or amplify the description of any property at any time subject to the Lien of any Obligation Document, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the Lien of any Obligation Document, or to subject to the Lien of any Obligation Document, additional property; or

(b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that the requirements of the related Obligation Document for such succession and assumption are otherwise satisfied); or

(c) to add to the covenants of any Financing Participant for the benefit of Holders and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the specified Obligation Documents permitting the enforcement of all or any of the several remedies provided therein; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or

may provide for an immediate enforcement upon such default or may limit the remedies available upon such default; or

(d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Holders; or

(e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the Holders of the Obligations; or

(f) to appoint a separate agent of the Obligated Group or the Trustee to perform any one or more of the following functions: (1) registration of transfers and exchanges of Obligations, or (2) payment of Debt Service on the Obligations; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or

(g) to make an amendment to the Obligation Documents that does not, in the reasonable judgment of the Trustee, materially and adversely affect the interests of the Holders of the Obligations; or

(h) to authorize the issuance of Obligations in accordance with the terms of this Indenture; or

(i) to provide for the addition or withdrawal of a Member of the Obligated Group in accordance with the terms of this Indenture.

SECTION 11.3 Amendments Requiring Consent of All Affected Holders

An amendment of the Obligation Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Holder of each Obligation affected:

(a) to change the stated Maturity of the principal of, or any installment of interest on, any Debt Obligation, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Obligation, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) to reduce the percentage in principal amount of the Outstanding Obligations, the consent of whose Holders is required for any amendment of the Obligation Documents, or the consent of whose Holders is required for any waiver provided for in the Obligation Documents; or

(c) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(d) to modify any of the provisions of this Section or *Section 9.10*, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Obligation affected thereby; or

(e) to permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any of the Trust Estate or terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Obligation of the security afforded by the Lien of this Indenture; or

(f) to reduce the amount of, or change the due date of any payments due on, any Ancillary Obligation.

SECTION 11.4 Amendments Requiring Majority Consent of Holders

An amendment of the Obligation Documents for any purpose not described in *Sections 11.2* or *11.3* may be entered into, or consented to, by the Trustee only with the consent of the Holders of a majority in principal amount of Debt Obligations Outstanding.

SECTION 11.5 Certificate and Opinion as to Conditions Precedent

(a) Upon any request or application to the Trustee to take or refrain from taking any action under this Indenture, including but not limited to the execution and/or consent to any amendment or supplement to the Indenture, upon written request of the Trustee, the Obligated Group Representative shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signer, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such Counsel, all such conditions precedent have been complied with.

(b) Statements required in Officer's Certificate or Opinion:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 11.6 Trustee Protected by Opinion of Counsel

In executing or consenting to any amendment permitted by this Article, the Trustee shall be entitled to receive, and, subject to *Section 10.1*, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Indenture.

SECTION 11.7 Amendments Affecting Trustee's Personal Rights

The Trustee may, but shall not be obligated to, enter into any amendment that affects the Trustee's own rights, duties or immunities under the Obligation Documents.

SECTION 11.8 Effect on Holders

Upon the execution of any amendment under this Article, every Holder of Obligations theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 11.9 Reference in Obligations to Amendments

Obligations authenticated and delivered after the execution of any amendment under this Article shall, if required by such amendment or by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such amendment. New Obligations so modified as to conform to any such amendment shall, if required by such amendment or by the Trustee, be prepared and executed by the Obligated Group and authenticated and delivered by the Trustee in exchange for Outstanding Obligations.

ARTICLE 12

Defeasance

SECTION 12.1 Payment of Indenture Indebtedness; Satisfaction and Discharge of Indenture

(a) Whenever all Indenture Indebtedness has been Fully Paid, then (1) this Indenture and the Lien, rights and interests created hereby shall cease, determine and become null and void (except as to the rights, protections, immunities and indemnities applicable to the Trustee (and the Members' obligations in connection therewith) and except as to any surviving rights of registration of transfer or exchange of Obligations herein or therein provided for), and (2) the Trustee shall, upon the request of the Obligated Group and the delivery to the Trustee of an Officer's Certificate and Opinion of Counsel conforming to the requirements of *Section 11.5*, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Obligated Group or upon the order of the Obligated Group, all cash and securities then held by it hereunder as a part of the Trust Estate.

(b) An Obligation shall be deemed "Fully Paid" if

(1) such Obligation has been cancelled by the Trustee or delivered to the Trustee for cancellation, or

(2) if the Obligation is a Direct Debt Obligation, such Obligation shall have matured or been called for redemption and, on such Maturity date or redemption date, money or Escrow Securities for the payment of all Debt Service on such Obligation is held by the Trustee in an irrevocable trust for the benefit of the person entitled thereto, or

(3) such Obligation is alleged to have been mutilated, destroyed, lost or stolen and has been replaced as provided in *Section 5.2*, or

(4) if such Obligation is a Direct Debt Obligation, a trust for the payment of such Obligation has been established in accordance with *Section 12.2*, or

(5) if such Obligation is a Related Debt Obligation or an Ancillary Obligation, the Obligated Group has paid all such Obligations or has made provisions for the payment or defeasance of such Obligations in accordance with the terms of the Related Debt Document or the Ancillary Commitment Document, as the case may be. The holder of any Ancillary Commitment or the Holder of any Related Debt Obligation, as the case may be, shall provide written confirmation to the Trustee that the conditions of this paragraph have been met.

(c) Indenture Indebtedness other than Obligations shall be deemed "Fully Paid" whenever the Obligated Group has paid all such Indenture Indebtedness, or has made provisions satisfactory to the Trustee for the payment or defeasance of such Indebtedness.

SECTION 12.2 Trust for Payment of Debt Service

(a) The Obligated Group may provide for the payment of any Direct Debt Obligation by establishing a trust for such purpose with the Trustee and depositing therein cash and/or Escrow Securities which (assuming the due and punctual payment of the principal of and interest on such Escrow Securities, but without reinvestment) will provide funds sufficient to pay the debt service on such Obligation as the same becomes due and payable until the Maturity or redemption of such Obligation; provided, however, that:

(1) Such Escrow Securities must not be subject to redemption prior to their respective maturities at the option of the issuer of such Securities.

(2) If such Obligation is to be redeemed prior to its Maturity, either (A) the Trustee shall receive evidence that notice of such redemption has been given in accordance with the provisions of this Indenture and such Obligation or (B) the Obligated Group shall confer on the Trustee irrevocable, written authority for the giving of such notice on behalf of the Obligated Group.

(3) If the interest rate on such Obligation is not fixed until the Maturity or redemption date of such Obligation, such trust must provide for the payment of interest on such Obligation at the maximum rate permitted by this Indenture for any period when interest is not fixed.

(4) Prior to the establishment of such trust the Trustee must receive (i) a written verification opinion or report of an Independent certified public accountant or verification agent or similar expert satisfactory to the Trustee demonstrating that the principal and interest payments on the Escrow Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Escrow Securities, will be sufficient to make the required payments from such trust and (ii) an Officer's Certificate and Opinion of Counsel conforming to the requirements of *Section 11.5*.

(b) Any trust established pursuant to this Section may provide for payment of less than all Direct Debt Obligations.

(c) If any trust provides for payment of less than all Direct Debt Obligations of a series and Maturity, the Direct Debt Obligations of such series and Maturity to be paid from the trust shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Direct Debt Obligations of such series and Maturity of a denomination larger than the smallest Authorized Denomination. Such selection shall be made within 7 days after such

trust is established. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Direct Debt Obligations. After such selection is made, Direct Debt Obligations that are to be paid from such trust (including Direct Debt Obligations issued in exchange for such Obligations pursuant to the transfer or exchange provisions of this Indenture) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Direct Debt Obligations (or portions thereof) have been selected for payment from such trust and shall direct such Holders to surrender their Direct Debt Obligations to the Trustee in exchange for Direct Debt Obligations with the appropriate designation. The selection of Direct Debt Obligations for payment from such trust pursuant to this Section shall be conclusive and binding on the Financing Participants.

(d) Cash and/or Escrow Securities deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Holder of the Direct Debt Obligation to be paid from such fund.

ARTICLE 13

The Obligated Group

SECTION 13.1 Effect of Status as Member of Obligated Group

All Members of the Obligated Group shall be jointly and severally liable for all Obligations issued under this Indenture and all Indenture Indebtedness.

SECTION 13.2 Members of the Obligated Group

(a) As of the date of delivery of this instrument, UABHS, University Hospital, UAHSF and Callahan are the only Members of the Obligated Group.

(b) Other entities may become Members of the Obligated Group in accordance with the provisions of *Section 13.3*. Members may withdraw from the Obligated Group in accordance with the provisions of *Section 13.4*.

SECTION 13.3 Additional Members of the Obligated Group

(a) An entity may become a Member of the Obligated Group after the date of delivery of this instrument if:

(1) such entity shall execute and deliver to the Trustee a Supplemental Indenture containing the agreement of such entity to become jointly and severally liable (together with UABHS, University Hospital, UAHSF and Callahan and all other Members of the Obligated Group) for the payment of all Obligations Outstanding hereunder and for the performance of all obligations of the Obligated Group hereunder, subject to *Section 2.3* hereof;

(2) each Member of the Obligated Group consents in writing to such entity becoming a Member of the Obligated Group;

(3) no Indenture Default exists;

(4) the Obligated Group shall deliver to the Trustee an Opinion of Counsel stating in effect that the instrument delivered pursuant to *Section 13.3(a)(1)* constitutes a legal, valid and

binding agreement of such entity, except as limited by bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights.

(b) After any entity becomes a Member of the Obligated Group:

(1) subject to the provisions of *Section 8.13*, all computations provided for in this Indenture shall be made on a consolidated basis for the entire Obligated Group in accordance with generally accepted accounting principles consistently applied, eliminating inter-company items; and

(2) such entity shall be jointly and severally liable for all Obligations then Outstanding or subsequently issued under this Indenture, any reference herein to the Obligated Group shall be deemed to include such entity, and any covenant contained herein obligating the Obligated Group to perform or observe any agreement with respect to its property or its operations shall be deemed to obligate such entity to perform or observe such covenant with respect to its property or its operations, and the events of default specified herein shall apply to action or failure to act by such entity.

SECTION 13.4 Withdrawal From Obligated Group

(a) Any Member other than University Hospital or UAHSF may cease to be a Member of the Obligated Group if:

(1) the remaining Members shall execute and deliver to the Trustee a Supplemental Indenture consenting to the withdrawal of such Member and providing in effect that such entity will no longer be a Member of the Obligated Group;

(2) no Indenture Default exists; and

(3) the Obligated Group delivers to the Trustee a certificate (together with supporting calculations) stating in effect that (i) if such person had not been a Member of the Obligated Group as of the last day of the most recent Fiscal Year, no Indenture Default would have existed on such date and (ii) after giving effect to such withdrawal (including the elimination of Net Income Available for Debt Service allocable to the withdrawing Member for the prior Fiscal Year), the Obligated Group could incur \$1 of additional Debt under the terms and conditions of *Section 8.8(a)(1)*.

(b) Any Member who withdraws from the Obligated Group in accordance with the terms of this Section shall no longer be jointly and severally liable for the Obligations then Outstanding or subsequently issued under this Indenture or any other Indenture Indebtedness

(c) Upon satisfaction of the conditions set forth in *Section 13.4(a)*, the Trustee shall execute and deliver any releases or other documents reasonably requested by the entity withdrawing from the Obligated Group.

SECTION 13.5 Obligated Group Representative

(a) UABHS shall serve as the Obligated Group Representative for purposes of this Indenture. The Members may appoint another Member as the successor Obligated Group Representative by notice to the Trustee.

(b) As Obligated Group Representative, UABHS shall, on behalf of all Members of the Obligated Group, perform the following functions for the Obligated Group for purposes of this Indenture:

(1) Execute and deliver Obligations under this Indenture.

(2) Execute and deliver supplements and amendments to this Indenture; provided, however, that any supplement or amendment to this Indenture that purports to add or remove any Member of the Obligated Group shall also be executed by the Member being added or removed.

(3) Execute and deliver notices, directions, elections and consents on behalf of the Obligated Group.

(c) Except as otherwise expressly provided in this Indenture, no further authorization or approval by any Member shall be required for actions by the Obligated Group Representative under this Indenture.

ARTICLE 14

Miscellaneous

SECTION 14.1 Notices

(a) *Exhibit 14.1(a)* contains address information provided by the Financing Participants for the receipt of notices. Any Financing Participant may change the address information listed in *Exhibit 14.1(a)*, or may specify additional addresses for the receipt of notices, by giving notice of the change or addition to the other Financing Participants.

(b) In order to be effective for purposes of this Indenture:

(1) Any request, demand, authorization, direction, notice, consent, waiver or other document (collectively referred to in this Section as "notices") provided or permitted by this Indenture to be made upon, given or furnished to, or filed with, any of the Financing Participants must (except as otherwise expressly provided in this Indenture) be in writing. Notice by Electronic Means shall constitute written notice.

(2) The notice must be actually received by the Financing Participant to whom such notice is directed.

(c) Any specific reference in this Indenture to "written notice" shall not be construed to mean that any other notice may be oral, unless oral notice is specifically permitted by this Indenture under the circumstances.

SECTION 14.2 Notices to Holders; Waiver

(a) Where this Indenture provides for giving of notice to Holders of any event, such notice must (unless otherwise herein expressly provided) be in writing and mailed, first-class postage prepaid, to such Holder at the address of such Holder as it appears in the Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

(b) In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 14.3 Holders of Related Debt Deemed Holders of Related Debt Obligations

If any Related Debt Obligation is held by a trustee or other agent for the benefit of the holder or holders of the Related Debt, such Related Debt Obligation shall be disregarded and deemed not outstanding hereunder for purposes of determining whether the Holders of a requisite aggregate principal amount of Debt Obligations have concurred in taking any action hereunder (including the making of any demand or request, the giving of any notice, consent or waiver, or the taking of any other action), and, except as otherwise provided in the Related Debt Document, each holder of the Related Debt outstanding under the Related Debt Document shall, for purposes of such determination, be deemed to hold a Related Debt Obligation in a principal amount equal to the aggregate principal amount of such Related Debt held by such holder.

SECTION 14.4 Successors and Assigns

All covenants and agreements in this Indenture by any Member of the Obligated Group shall bind its successors and assigns, whether so expressed or not.

SECTION 14.5 Benefits of Indenture

Nothing in this Indenture or in the Obligations, express or implied, shall give to any person, other than the parties hereto and their successors hereunder and the Holders of the Outstanding Obligations any benefit or any legal or equitable right, remedy or claim under this Indenture.

IN WITNESS WHEREOF, the Members of the Obligated Group and the Trustee have caused this instrument to be duly executed.

[Signature pages follow]

UAB HEALTH SYSTEM

By: 
Name: Isaac William Ferniany, Ph.D.
Title: Chief Executive Officer

[Execution continues on the following page]

*Signature Page to Master Trust Indenture for
UAB Health System*

**THE BOARD OF TRUSTEES OF THE UNIVERSITY OF
ALABAMA**, acting through its operating division
University of Alabama at Birmingham for the benefit of
University Hospital

By: 
Name: Dana S. Keith, Ph.D.
Title: Vice Chancellor for Finance and Administration
of The University of Alabama System

[Execution continues on the following page]

*Signature Page to Master Trust Indenture for
The Board of Trustees of The University of Alabama*

UNIVERSITY OF ALABAMA HEALTH SERVICES
FOUNDATION, P.C.

By: 
Name: Patricia J. Pritchett
Title: Executive Vice President

[Execution continues on the following page]

*Signature Page to Master Trust Indenture for
University of Alabama Health Services Foundation, P.C.*

THE CALLAHAN EYE HOSPITAL HEALTH CARE
AUTHORITY

By: 
Name: Brian Spraberry
Title: President and Chief Executive Officer

[Execution continues on the following page]

*Signature Page to Master Trust Indenture for
The Callahan Eye Hospital Health Care Authority*

REGIONS BANK, as Trustee

By: 
Name: Carmen J. Kiggore
Title: Vice President

EXHIBIT 4.1(a)(1)

Form of Direct Debt Obligations

Series _____ Note

No. _____

Maturity Date _____

Interest Rate _____

CUSIP _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, hereby promises to pay to

_____ or registered assigns, the principal sum of

_____ DOLLARS

on the Maturity Date specified above and to pay interest hereon from the date hereof, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable, at the applicable per annum rate of interest specified above. Interest shall be payable on *[specify interest payment dates]*, beginning _____, and shall be computed on the basis of *[specify computation basis]*.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this Note is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a Business Day) of the month next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this Note is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Notes not less than 10 days prior to such Special Record Date.

Interest shall be payable on overdue principal (and premium, if any) on this Note and (to the extent legally enforceable) on any overdue installment of interest on this Note at the rate borne by this Note.

Payment of Debt Service on this Note shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This Note is one of a duly authorized issue of Notes of the Obligated Group, aggregating \$_____ in principal amount, designated "Series _____ Notes" (the "Notes"). The Notes are issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation, (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a _____ Supplemental Indenture dated _____,

Signature Page to Master Trust Indenture for
Regions Bank, as Trustee

____ (the “_____ Supplemental Indenture”) supplementing the Indenture and authorizing the Notes. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the _____ Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture.

The Notes constitute “Direct Debt Obligations” under the Indenture. The Notes and all other Obligations issued pursuant to the Indenture are referred to collectively under the Indenture as the “Obligations”.

The Notes and all other Obligations under the Indenture are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

Copies of the Indenture are on file at the Office of the Trustee, and reference is hereby made to such instrument for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Obligations and the Financing Participants, and the terms upon which the Obligations are, and are to be, authenticated and delivered.

In the manner and with the effect provided in the Indenture, the Notes will be subject to redemption prior to Maturity as follows:

*[Insert redemption provisions
from relevant section of
Related Supplemental Indenture]*

If less than all Notes Outstanding are to be redeemed pursuant to the applicable optional redemption provisions, the principal amount of Notes of each Maturity to be redeemed will be specified by the Obligated Group by written notice to the Trustee or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee in the inverse order Maturity and by lot within a Maturity, or by such other method as the Trustee shall deem fair and appropriate.

If less than all Notes with the same Maturity are to be redeemed, the particular Notes of such Maturity to be redeemed shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Notes of such Maturity of a denomination larger than the smallest Authorized Denomination.

Upon any partial redemption of any Note, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Notes of the same series and Maturity and in authorized form for the unredeemed portion of principal. Notes (or portions thereof as aforesaid) for whose redemption and payment provision is made in accordance with the Indenture shall thereupon cease to be entitled to the Lien of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

Any redemption shall be made upon at least 30 days’ notice in the manner and upon the terms and conditions provided in the Indenture.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on all Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of all Holders or a specified percentage of Holders. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

The Holder of this Note shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable on the Register maintained at the Office of the Trustee, upon surrender of this Note for transfer at such office, together with all necessary endorsements for transfer, and thereupon one or more new Notes of the same series and Maturity, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Notes are exchangeable for other Notes of the same series and Maturity, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the Obligated Group may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Obligated Group and the Trustee may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this Note or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Note to be duly executed.

Dated: _____

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

Attest:

[Title]

Certificate of Authentication

This is one of the Notes referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT 4.1(a)(2)

Form of Related Debt Obligations Series _____ Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series _____ Related Debt Obligation" or "this Obligation") to _____ (the "Holder"), in its capacity as _____ under the [Related Debt Document] referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a _____ Supplemental Indenture dated _____ (the "_____ Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the _____ Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the Obligated Group with respect to the Obligated Group's \$ _____ [Description of Related Debt instrument] (the "_____"), which have been issued pursuant to that certain [Description of Related Debt Document] dated _____ (the "_____") between the Members of the Obligated Group and [Identity of Related Debt holder or trustee or representative of Related Debt holders] (in such capacity, the "_____"). The payment terms of the [Related Debt] and the Related Debt Document are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the _____ constitute "Related Debt", the _____ constitutes the "Related Debt Document", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on all Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other

circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____,

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series _____ Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT 4.1(a)(3)

Form of Ancillary Obligations
Series _____ Ancillary Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series _____ Ancillary Obligation" or "this Obligation") to _____ (the "Holder"), in its capacity as _____ under the [Ancillary Commitment Document] referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a _____ Supplemental Indenture dated _____ (the "_____ Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the _____ Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the Obligated Group with respect to that certain _____ [Description of Ancillary Commitment] (the "_____"), which has been entered into or undertaken pursuant to that certain [Description of Ancillary Commitment Document] dated _____ (the "_____") between [Identify the Member of the Obligated Group] and [Identity of holder of Ancillary Commitment] (in such capacity, the "_____"). The payment terms of the [Ancillary Commitment] and the [Ancillary Commitment Document] are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the _____ constitutes an "Ancillary Commitment", the _____ constitutes the "Ancillary Commitment Document", and this Obligation constitutes an "Ancillary Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on all Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other

circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture. [Pursuant to Section 4.2 of the Indenture, this Obligation may not be transferred to any person other than the counterparty under the [Secured Hedge Agreement], or a successor or assign for such counterparty.]

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

Attest:

[Title]

Certificate of Authentication

This is the Series _____ Ancillary Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

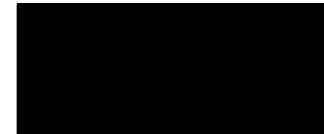
By: _____
Authorized Officer

EXHIBIT 14.1(a)

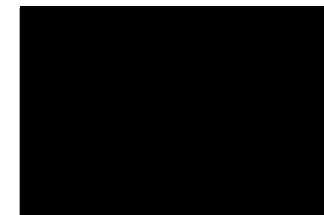
Notices

UAB Health System

Mailing address:



Hand delivery or courier delivery address:



Email address:

Facsimile transmissions:

The Board of Trustees of The University of Alabama

Mailing address:

Hand delivery or courier delivery address:

Email address:

Facsimile transmissions:

University of Alabama Health Services Foundation, P.C.

Mailing address:

Hand delivery or courier delivery address:

Email address:

Facsimile transmissions:

The Callahan Eye Hospital Health Care Authority

Mailing address:

Hand delivery or courier delivery address:

Email address:

Facsimile transmissions:

Regions Bank (as Trustee)

Mailing address:

Hand delivery or courier delivery address:

Email address:

Facsimile transmissions:

**FIRST SUPPLEMENTAL INDENTURE
(Series 2016A Master Indenture Obligation)**

Dated October 1, 2016

Between

UAB HEALTH SYSTEM

on behalf of all Members of the Obligated Group

and

REGIONS BANK

as Trustee

**Relating to the issuance of
Series 2016A Master Indenture Obligation**

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FIRST SUPPLEMENTAL INDENTURE (Series 2016A Master Indenture Obligation)

FIRST SUPPLEMENTAL INDENTURE dated October 1, 2016 entered into by **UAB HEALTH SYSTEM**, an Alabama nonprofit corporation (“**UABHS**”), as the Obligated Group Representative, on its own behalf and on behalf of all other members of the Obligated Group referred to below, and **REGIONS BANK**, an Alabama banking corporation, (the “**Trustee**”), as trustee under that certain Master Trust Indenture dated October 1, 2016, (the “**Indenture**”), between the Obligated Group and the Trustee.

Recitals

The Obligated Group has duly authorized the creation, execution and delivery from time to time of its obligations of substantially the tenor provided in the Indenture (the “**Obligations**”), issuable in one or more series; and to secure the Obligations, and to provide for their authentication and delivery by the Trustee, the Obligated Group and the Trustee have entered into the Indenture.

The current members of the Obligated Group under the Indenture are (i) **UABHS**, (ii) The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“**UA Board**”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“**University Hospital**”), (iii) University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“**UAHSF**”), and (iv) The Callahan Eye Hospital Health Care Authority, an Alabama public corporation (“**Callahan**”; and together with **UABHS**, **University Hospital**, and **UAHSF**, the “**Obligated Group**”).

Simultaneously with the execution and delivery of this Supplemental Indenture, **UAB Medicine Finance Authority**, an Alabama public corporation (the “**Authority**”) is issuing its \$65,215,000 Revenue Bond, Series 2016A (the “**Series 2016A Bond**”) pursuant to a Financing Agreement (Series 2016A) dated October 1, 2016 (the “**Financing Agreement**”) between the Authority and PNC Bank, National Association (the “**Lender**”). The Authority will use the proceeds of the Series 2016A Bond to make a loan to University Hospital pursuant to a Loan Agreement (Series 2016A) dated October 1, 2016 (the “**University Hospital Loan Agreement**”) between the Authority and **UA Board**. Pursuant to the University Hospital Loan Agreement, **UA Board** has agreed to make payments to the Authority sufficient to pay debt service on the Series 2016A Bond. As evidence of its loan payment obligation, **UA Board** has issued its promissory note (the “**University Hospital Note**”) to the Authority. The obligations of **UA Board** under the University Hospital Loan Agreement and the University Hospital Note are payable solely from the assets and revenues of University Hospital.

Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Authority is issuing its \$65,215,000 Series 2016A Related Debt Obligation (the “**Series 2016A Related Debt Obligation**”) to the Lender as security for the obligations of **UA Board** with respect to payment of the Series 2016A Bond.

After the execution and delivery of this Supplemental Indenture, the Series 2016A Related Debt Obligation will be the only outstanding Obligation under the Indenture.

All things have been done which are necessary to make the Series 2016A Related Debt Obligation authorized pursuant to this Supplemental Indenture, when executed by the Obligated Group and authenticated and delivered by the Trustee, the valid obligation of the Obligated Group, and to constitute this Supplemental Indenture a valid indenture and agreement according to its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2016A Related Debt Obligation authorized hereby is authenticated, issued and delivered, and in consideration of the premises and of the acceptance of the Series 2016A Related Debt Obligation by the holder thereof, the Obligated Group covenants and agrees with the Trustee as follows:

ARTICLE ONE

**Definition of Terms, Construction
and Certain General Provisions**

SECTION 1.1 Definition of Terms

For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) The terms defined in this Article and the Indenture have the meanings assigned to them in this Article and the Indenture and include the plural as well as the singular.

(ii) The term "this Supplemental Indenture" means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(iii) All references in this instrument to designated "Articles", "Sections" and other subdivisions of this instrument are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(iv) All references in this instrument to designated "Articles", "Sections" or other subdivisions of the Indenture are to the designated Articles, Sections and subdivisions of the Indenture as originally executed.

(v) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

"Authority" shall mean UAB Medicine Finance Authority, an Alabama public corporation.

"Callahan" shall mean The Callahan Eye Hospital Health Care Authority, an Alabama public corporation.

"Financing Agreement" shall mean the Financing Agreement (Series 2016A) dated October 1, 2016 between the Authority and the Lender.

"Indenture" shall mean that certain Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Trustee, as amended and supplemented by this Supplemental Indenture and any other supplements or amendments to such instrument from time to time entered into pursuant to the applicable provisions of such instrument.

"Lender" shall mean PNC Bank, National Association, as lender under the Financing Agreement and holder of the Series 2016A Bond.

"Obligated Group" shall mean UABHS, University Hospital, UAHSF, and Callahan.

"Series 2016A Bond" shall mean the \$65,215,000 Revenue Bond, Series 2016A issued by the Authority pursuant to the Financing Agreement.

"Series 2016A Related Debt Obligation" shall mean the Obligation issued to the Lender pursuant to *Article Two* of this Supplemental Indenture.

"Trustee" shall mean Regions Bank, an Alabama banking corporation, in its capacity as trustee under the Indenture.

"UA Board" and "University Hospital" shall mean The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital.

"UABHS" shall mean UAB Health System, an Alabama nonprofit corporation.

"UAHSF" shall mean University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation.

SECTION 1.2 Date of Supplemental Indenture

The date of this Supplemental Indenture is intended as and for a date for the convenient identification of this Supplemental Indenture and is not intended to indicate that this Supplemental Indenture was executed and delivered on said date, this Supplemental Indenture being executed on the dates of the respective acknowledgments attached hereto.

SECTION 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.4 Execution in Counterparts

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE TWO

Series 2016A Related Debt Obligation

SECTION 2.1 Authorization of Series 2016A Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016A Related Debt Obligation". The Series 2016A Related Debt Obligation shall be issued as security for the payment obligation of UA Board under the University Hospital Loan Agreement and the University Hospital Note. The Series 2016A Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016A Related Debt Obligation shall be dated as of the date of delivery to the Lender. Only one Series 2016A Related Debt Obligation shall be outstanding at any time. Each Series 2016A Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The University Hospital Loan Agreement, the University Hospital Note and the Series 2016A Related Debt Obligation are being assigned by the Authority to the Lender as security for the payment of the Series 2016A Bond.

SECTION 2.2 Amount of Series 2016A Related Debt Obligation

The amount outstanding under the Series 2016A Related Debt Obligation shall be the outstanding principal amount of the University Hospital Note and the Series 2016A Bond. Any increase or reduction in the outstanding principal amount of the Series 2016A Bond shall result in a corresponding increase or reduction in the amount of the Series 2016A Related Debt Obligation.

SECTION 2.3 Form of Series 2016A Related Debt Obligation

The form of the Series 2016A Related Debt Obligation shall be substantially as set forth in *Exhibit A*.

SECTION 2.4 Transfer of Series 2016A Related Debt Obligation

The Series 2016A Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2016A Bond, or a trustee or other legal representative for such holder or holders.

ARTICLE THREE

Miscellaneous

SECTION 3.1 Certification by the Obligated Group Representative

The Obligated Group Representative hereby certifies that no Indenture Default exists.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

[Signature pages follow]

UAB HEALTH SYSTEM, on behalf of all Members of the
as Obligated Group

By: 
Name: Isaac William Ferniary, Ph.D.
Title: Chief Executive Officer

[Execution continues on the following page]

*Signature Page to First Supplemental Indenture for
UAB Health System*

REGIONS BANK, as Trustee under the Indenture

By: 

Name: Carmen J. Kildore

Title: Vice President

EXHIBIT A

Form of Series 2016A Related Debt Obligation

Series 2016A Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2016A Related Debt Obligation” or “this Obligation”) to PNC Bank, National Association (the “Holder”), in its capacity as Lender under the Financing Agreement referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a First Supplemental Indenture dated October 1, 2016 (the “First Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the First Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”) with respect to the \$65,215,000 Revenue Bond, Series 2016A (the “Series 2016A Bond”), issued by UAB Medicine Finance Authority (the “Authority”) pursuant to a Financing Agreement (Series 2016A) dated October 1, 2016 (the “Financing Agreement”) between the Authority and PNC Bank, National Association (in such capacity, the “Lender”). The Series 2016A Bond is a limited obligation of the Authority payable solely out of payments by UA Board under a Loan Agreement dated October 1, 2016 (the “University Hospital Loan Agreement”) between the Authority and UA Board. As evidence of its loan payment obligation, UA Board has issued its promissory note (the “University Hospital Note”) to the Authority. The payment terms of the Series 2016A Bond, the Financing Agreement, the University Hospital Loan Agreement and the University Hospital Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of University Hospital under the University Loan Agreement and the University Hospital Note constitutes the “Related Debt”; the University Hospital Loan Agreement, the University Hospital Note, the Financing Agreement and the Series 2016A Bond constitute the “Related Debt Documents”; and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

*Signature Page to First Supplemental Indenture for
Regions Bank*

A-1

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016A Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By: _____
Authorized Officer

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**SECOND SUPPLEMENTAL INDENTURE
(Series 2016B Master Indenture Obligation)**

Dated October 1, 2016

Between

UAB HEALTH SYSTEM

on behalf of all Members of the Obligated Group

and

REGIONS BANK

as Trustee

**Relating to the issuance of
Series 2016B Master Indenture Obligation**

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SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE dated October 1, 2016 entered into by **UAB HEALTH SYSTEM**, an Alabama nonprofit corporation (“**UABHS**”), as the Obligated Group Representative, on its own behalf and on behalf of all other members of the Obligated Group referred to below, and **REGIONS BANK**, an Alabama banking corporation, (the “**Trustee**”), as trustee under that certain Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “**Indenture**”), between the Obligated Group and the Trustee.

Recitals

The Obligated Group has duly authorized the creation, execution and delivery from time to time of its obligations of substantially the tenor provided in the Indenture (the “**Obligations**”), issuable in one or more series; and to secure the Obligations, and to provide for their authentication and delivery by the Trustee, the Obligated Group and the Trustee have entered into the Indenture.

The current members of the Obligated Group under the Indenture are (i) **UABHS**, (ii) The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“**UA Board**”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“**University Hospital**”), (iii) University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“**UAHSF**”), and (iv) The Callahan Eye Hospital Health Care Authority, an Alabama public corporation (“**Callahan**”; and together with **UABHS**, **University Hospital**, and **UAHSF**, the “**Obligated Group**”).

The Indenture has been previously amended and supplemented by the instrument described in **Exhibit A**.

After the execution and delivery of this Supplemental Indenture, the Obligations listed on **Exhibit B** will be the only outstanding Obligations under the Indenture.

Simultaneously with the execution and delivery of this Supplemental Indenture, **UAB Medicine Finance Authority**, an Alabama public corporation (the “**Authority**”) is issuing its \$302,530,000 Revenue Bonds, Series 2016B (the “**Series 2016B Bonds**”) pursuant to a Trust Indenture (Series 2016B) dated October 1, 2016 (the “**Bond Indenture**”) between the Authority and Regions Bank, as trustee (in such capacity, the “**Bond Trustee**”). The Authority will use the proceeds of the Series 2016B Bonds to make a loan to University Hospital pursuant to a Loan Agreement (Series 2016B) dated October 1, 2016 (the “**University Hospital Loan Agreement**”) between the Authority and **UA Board**. Pursuant to the University Hospital Loan Agreement, **UA Board** has agreed to make payments to the Authority sufficient to pay debt service on the Series 2016B Bonds. As evidence of its loan payment obligation, **UA Board** has issued its promissory note (the “**University Hospital Note**”) to the Authority. The obligations of **UA Board** under the University Hospital Loan Agreement and the University Hospital Note are payable solely from the assets and revenues of University Hospital.

All things have been done which are necessary to make the Existing Debt Obligations authorized pursuant to this Supplemental Indenture, when executed by the Obligated Group and authenticated and delivered by the Trustee, the valid obligation of the Obligated Group, and to constitute this Supplemental Indenture a valid indenture and agreement according to its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Existing Debt Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and of the acceptance of the Existing Debt Obligations by the holders thereof, the Obligated Group covenants and agrees with the Trustee as follows:

ARTICLE ONE

**Definition of Terms, Construction
and Certain General Provisions**

SECTION 1.1 Definition of Terms

For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) The terms defined in this Article and the Indenture have the meanings assigned to them in this Article and the Indenture and include the plural as well as the singular.

(ii) The term "this Supplemental Indenture" means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(iii) All references in this instrument to designated "Articles", "Sections" and other subdivisions of this instrument are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(iv) All references in this instrument to designated "Articles", "Sections" or other subdivisions of the Indenture are to the designated Articles, Sections and subdivisions of the Indenture as originally executed.

(v) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

"Authority" shall mean UAB Medicine Finance Authority, an Alabama public corporation.

"Bond Indenture" shall mean the Trust Indenture (Series 2016B) dated October 1, 2016 between the Authority and the Bond Trustee.

"Bond Trustee" shall mean Regions Bank, in its capacity as trustee under the Bond Indenture.

"Callahan" shall mean The Callahan Eye Hospital Health Care Authority, an Alabama public corporation.

"Indenture" shall mean that certain Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Trustee, as amended and supplemented, including this Supplemental Indenture and any other supplements or amendments to such instrument from time to time entered into pursuant to the applicable provisions of such instrument.

"Obligated Group" shall mean UABHS, University Hospital, UAHSF, and Callahan.

"Series 2016B Bonds" shall mean the \$302,530,000 Revenue Bonds, Series 2016B issued by the Authority.

"Series 2016B Related Debt Obligation" shall mean the Obligation issued to the Bond Trustee pursuant to *Article Two* of this Supplemental Indenture.

"Trustee" shall mean Regions Bank, an Alabama banking corporation, in its capacity as trustee under the Indenture.

"UA Board" and "University Hospital" shall mean The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital.

"UABHS" shall mean UAB Health System, an Alabama nonprofit corporation.

"UAHSF" shall mean University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation.

SECTION 1.2 Date of Supplemental Indenture

The date of this Supplemental Indenture is intended as and for a date for the convenient identification of this Supplemental Indenture and is not intended to indicate that this Supplemental Indenture was executed and delivered on said date, this Supplemental Indenture being executed on the dates of the respective acknowledgments attached hereto.

SECTION 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.4 Execution in Counterparts

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE TWO

Series 2016B Related Debt Obligation

SECTION 2.1 Authorization of Series 2016B Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016B Related Debt Obligation". The Series 2016B Related Debt Obligation shall be issued as security for the payment obligation of UA Board under the University Hospital Loan Agreement and the University Hospital Note. The Series 2016B Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016B Related Debt Obligation shall be dated as of the date of delivery to the Bond Trustee. Only one Series 2016B Related Debt Obligation shall be outstanding at any time. Each Series 2016B Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The University Hospital Loan Agreement, the University Hospital Note and the Series 2016B Bonds are being assigned by the Authority to the Bond Trustee as security for the payment of the Series 2016B Bonds.

SECTION 2.2 Amount of Series 2016B Related Debt Obligation

The amount outstanding under the Series 2016B Related Debt Obligation shall be the outstanding principal amount of the University Hospital Note and the Series 2016B Bonds. Any increase or reduction in the outstanding principal amount of the Series 2016B Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016B Related Debt Obligation.

SECTION 2.3 Form of Series 2016B Related Debt Obligation

The form of the Series 2016B Related Debt Obligation shall be substantially as set forth in *Exhibit C*.

SECTION 2.4 Transfer of Series 2016B Related Debt Obligation

The Series 2016B Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2016B Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE THREE

Miscellaneous

SECTION 3.1 Certification by the Obligated Group Representative

The Obligated Group Representative hereby certifies that no Indenture Default exists.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

[Signature pages follow]

UAB HEALTH SYSTEM, on behalf of all Members of the
as Obligated Group

By: 
Name: Isaac William Ferniany, Ph.D.
Title: Chief Executive Officer

[Execution continues on the following page]

*Signature Page to Second Supplemental Indenture for
UAB Health System*

REGIONS BANK, as Trustee under the Indenture

By: 
Name: Carmen J. Kilgore
Title: Vice President

EXHIBIT A

Previous Amendments and Supplements to the Indenture

First Supplemental Indenture dated October 1, 2016 between UABHS, as Obligated Group Representative, on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016A Related Debt Obligation)

*Signature Page to Second Supplemental Indenture for
Regions Bank*

A-1

EXHIBIT B

Obligations Outstanding under Indenture upon delivery of this Supplement

- (i) The Series 2016A Related Debt Obligation (issued to secure payment of Revenue Bond, Series 2016A issued by UAB Medicine Finance Authority)
- (ii) The Series 2016B Related Debt Obligation (issued to secure payment of Revenue Bonds, Series 2016B issued by UAB Medicine Finance Authority)

B-1

EXHIBIT C

Form of Series 2016B Related Debt Obligation

Series 2016B Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2016B Related Debt Obligation” or “this Obligation”) to Regions Bank (the “Holder”), in its capacity as trustee under the Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Second Supplemental Indenture dated October 1, 2016 (the “Second Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Second Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”) with respect to the \$302,530,000 Revenue Bonds, Series 2016B (the “Series 2016B Bonds”), issued by UAB Medicine Finance Authority (the “Authority”) pursuant to a Trust Indenture dated October 1, 2016 (the “Bond Indenture”) between the Authority and Regions Bank, as trustee (in such capacity, the “Bond Trustee”). The Series 2016B Bonds are limited obligations of the Authority payable solely out of payments by UA Board under a Loan Agreement (Series 2016B) dated October 1, 2016 (the “University Hospital Loan Agreement”) between the Authority and UA Board. As evidence of its loan payment obligation, UA Board has issued its promissory note (the “University Hospital Note”) to the Authority. The payment terms of the Series 2016B Bonds, the Bond Indenture, the University Hospital Loan Agreement and the University Hospital Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of University Hospital under the University Loan Agreement and the University Hospital Note constitutes the “Related Debt”; the University Hospital Loan Agreement, the University Hospital Note, the Bond Indenture and the Series 2016B Bonds constitute the “Related Debt Documents”; and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

C-1

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

C-2

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016B Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By: _____
Authorized Officer

C-3

Execution Copy

**THIRD SUPPLEMENTAL INDENTURE
(Existing Debt Obligations)**

Dated October 1, 2016

Between

UAB HEALTH SYSTEM

on behalf of all Members of the Obligated Group

and

REGIONS BANK

as Trustee

**Relating to the issuance of
Series 2016C through 2016N Related Debt Obligations**

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THIRD SUPPLEMENTAL INDENTURE

THIRD SUPPLEMENTAL INDENTURE dated October 1, 2016 entered into by **UAB HEALTH SYSTEM**, an Alabama nonprofit corporation (“UABHS”), as the Obligated Group Representative, on its own behalf and on behalf of all other members of the Obligated Group referred to below, and **REGIONS BANK**, an Alabama banking corporation, (the “Trustee”), as trustee under that certain Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Obligated Group and the Trustee.

Recitals

The Obligated Group has duly authorized the creation, execution and delivery from time to time of its obligations of substantially the tenor provided in the Indenture (the “Obligations”), issuable in one or more series; and to secure the Obligations, and to provide for their authentication and delivery by the Trustee, the Obligated Group and the Trustee have entered into the Indenture.

The current members of the Obligated Group under the Indenture are (i) UABHS, (ii) The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”), (iii) University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“UAHSF”), and (iv) The Callahan Eye Hospital Health Care Authority, an Alabama public corporation (“Callahan”; and together with UABHS, University Hospital, and UAHSF, the “Obligated Group”).

The Indenture has been previously amended and supplemented by the instruments described in *Exhibit A*.

After the execution and delivery of this Supplemental Indenture, the Obligations listed on *Exhibit B* will be the outstanding Obligations under the Indenture.

The members of the Obligated Group have previously issued or incurred the debt described in *Exhibit C* (the “Existing Debt”). Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Obligated Group is issuing its Series 2016C through Series 2016N Related Debt Obligations (the “Existing Debt Obligations”) to the respective holders of the Existing Debt as security for the payment of the Existing Debt.

All things have been done which are necessary to make the Existing Debt Obligations authorized pursuant to this Supplemental Indenture, when executed by the Obligated Group and authenticated and delivered by the Trustee, the valid obligation of the Obligated Group, and to constitute this Supplemental Indenture a valid indenture and agreement according to its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Existing Debt Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and of the acceptance of the Existing Debt Obligations by the holders thereof, the Obligated Group covenants and agrees with the Trustee as follows:

ARTICLE ONE

Definition of Terms, Construction and Certain General Provisions

SECTION 1.1 Definition of Terms

For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) The terms defined in this Article and the Indenture have the meanings assigned to them in this Article and the Indenture and include the plural as well as the singular.

(ii) The term “this Supplemental Indenture” means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(iii) All references in this instrument to designated “Articles”, “Sections” and other subdivisions of this instrument are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(iv) All references in this instrument to designated “Articles”, “Sections” or other subdivisions of the Indenture are to the designated Articles, Sections and subdivisions of the Indenture as originally executed.

(v) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

“Callahan” shall mean The Callahan Eye Hospital Health Care Authority, an Alabama public corporation.

“Callahan 2015-A Noteholder” shall have the meaning assigned in *Exhibit C*.

“Existing Debt” shall mean the debt of the Obligated Group described in *Exhibit C*.

“Existing Debt Obligations” shall mean the Series 2016C through Series 2016N Related Debt Obligations issued pursuant to *Article Two* through *Article Thirteen* of this Supplemental Indenture.

“Indenture” shall mean that certain Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Trustee, as amended and supplemented, including this Supplemental Indenture and any other supplements or amendments to such instrument from time to time entered into pursuant to the applicable provisions of such instrument.

“Obligated Group” shall mean UABHS, University Hospital, UAHSF, and Callahan.

“Trustee” shall mean Regions Bank, an Alabama banking corporation, in its capacity as trustee under the Indenture.

“2012-B LOC Provider” shall have the meaning assigned in *Exhibit C*.

“UA Board” and “University Hospital” shall mean The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital.

“UABHS” shall mean UAB Health System, an Alabama nonprofit corporation.

“UAHSF” shall mean University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation.

“UAHSF Bonds Trustee” shall mean U.S. Bank National Association, a national banking association.

“UAHSF Line of Credit Provider” shall have the meaning assigned in *Exhibit C*.

“University Hospital Bonds Trustee” shall mean The Bank of New York Mellon Trust Company, N.A., a national banking association.

SECTION 1.2 Date of Supplemental Indenture

The date of this Supplemental Indenture is intended as and for a date for the convenient identification of this Supplemental Indenture and is not intended to indicate that this Supplemental Indenture was executed and delivered on said date, this Supplemental Indenture being executed on the dates of the respective acknowledgments attached hereto.

SECTION 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.4 Execution in Counterparts

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE TWO

Series 2016C Related Debt Obligation

SECTION 2.1 Authorization of Series 2016C Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2016C Related Debt Obligation”. The Series 2016C Related Debt Obligation shall be issued as security for the payment of the University Hospital 2012-A Bonds described in *Exhibit C* (the “University Hospital 2012-A Bonds”). The Series 2016C Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016C Related Debt Obligation shall be dated as of the date of delivery to the University Hospital Bonds Trustee. Only one Series 2016C Related Debt Obligation shall be outstanding at any time. Each Series 2016C Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 2.2 Amount of Series 2016C Related Debt Obligation

The amount outstanding under the Series 2016C Related Debt Obligation shall be the outstanding principal amount of the University Hospital 2012-A Bonds. Any increase or reduction in the outstanding principal amount of the University Hospital 2012-A Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016C Related Debt Obligation.

SECTION 2.3 Form of Series 2016C Related Debt Obligation

The form of the Series 2016C Related Debt Obligation shall be substantially as set forth in *Exhibit D*.

SECTION 2.4 Transfer of Series 2016C Related Debt Obligation

The Series 2016C Related Debt Obligation may not be transferred to any person other than the holder or holders of the University Hospital 2012-A Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE THREE

Series 2016D Related Debt Obligation

SECTION 3.1 Authorization of Series 2016D Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016D Related Debt Obligation". The Series 2016D Related Debt Obligation shall be issued as security for the payment of the University Hospital 2012-B Bonds described in *Exhibit C* (the "University Hospital 2012-B Bonds"). The Series 2016D Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016D Related Debt Obligation shall be dated as of the date of delivery to the University Hospital Bonds Trustee. Only one Series 2016D Related Debt Obligation shall be outstanding at any time. Each Series 2016D Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 3.2 Amount of Series 2016D Related Debt Obligation

The amount outstanding under the Series 2016D Related Debt Obligation shall be the outstanding principal amount of the University Hospital 2012-B Bonds. Any increase or reduction in the outstanding principal amount of the University Hospital 2012-B Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016D Related Debt Obligation.

SECTION 3.3 Form of Series 2016D Related Debt Obligation

The form of the Series 2016D Related Debt Obligation shall be substantially as set forth in *Exhibit E*.

SECTION 3.4 Transfer of Series 2016D Related Debt Obligation

The Series 2016D Related Debt Obligation may not be transferred to any person other than the holder or holders of the University Hospital 2012-B Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE FOUR

Series 2016E Related Debt Obligation

SECTION 4.1 Authorization of Series 2016E Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016E Related Debt

Obligation". The Series 2016E Related Debt Obligation shall be issued as security for the payment of the 2012-B Reimbursement Obligation described in *Exhibit C*. The Series 2016E Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016E Related Debt Obligation shall be dated as of the date of delivery to the 2012-B LOC Provider. Only one Series 2016E Related Debt Obligation shall be outstanding at any time. Each Series 2016E Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 4.2 Amount of Series 2016E Related Debt Obligation

The amount outstanding under the Series 2016E Related Debt Obligation shall be the amount due under the 2012-B Reimbursement Obligation. Any increase or reduction in the amount due under the 2012-B Reimbursement Obligation shall result in a corresponding increase or reduction in the amount of the Series 2016E Related Debt Obligation.

SECTION 4.3 Form of Series 2016E Related Debt Obligation

The form of the Series 2016E Related Debt Obligation shall be substantially as set forth in *Exhibit F*.

SECTION 4.4 Transfer of Series 2016E Related Debt Obligation

The Series 2016E Related Debt Obligation may not be transferred to any person other than the holder or holders of the 2012-B Reimbursement Obligation, or a trustee or other legal representative for such holder or holders.

ARTICLE FIVE

Series 2016F Related Debt Obligation

SECTION 5.1 Authorization of Series 2016F Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016F Related Debt Obligation". The Series 2016F Related Debt Obligation shall be issued as security for the payment of the Callahan 2015-A Note described in *Exhibit C* (the "Callahan 2015-A Note"). The Series 2016F Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016F Related Debt Obligation shall be dated as of the date of delivery to the Callahan 2015-A Noteholder. Only one Series 2016F Related Debt Obligation shall be outstanding at any time. Each Series 2016F Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 5.2 Amount of Series 2016F Related Debt Obligation

The amount outstanding under the Series 2016F Related Debt Obligation shall be the outstanding principal amount of the Callahan 2015-A Note. Any increase or reduction in the outstanding principal amount of the Callahan 2015-A Note shall result in a corresponding increase or reduction in the amount of the Series 2016F Related Debt Obligation.

SECTION 5.3 Form of Series 2016F Related Debt Obligation

The form of the Series 2016F Related Debt Obligation shall be substantially as set forth in *Exhibit G*.

SECTION 5.4 Transfer of Series 2016F Related Debt Obligation

The Series 2016F Related Debt Obligation may not be transferred to any person other than the holder or holders of the Callahan 2015-A Note, or a trustee or other legal representative for such holder or holders.

ARTICLE SIX

Series 2016G Related Debt Obligation

SECTION 6.1 Authorization of Series 2016G Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016G Related Debt Obligation". The Series 2016G Related Debt Obligation shall be issued as security for the payment of the UAHSF 2011A Bonds described in *Exhibit C* (the "UAHSF 2011A Bonds"). The Series 2016G Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016G Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Bonds Trustee. Only one Series 2016G Related Debt Obligation shall be outstanding at any time. Each Series 2016G Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 6.2 Amount of Series 2016G Related Debt Obligation

The amount outstanding under the Series 2016G Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2011A Bonds. Any increase or reduction in the outstanding principal amount of the UAHSF 2011A Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016G Related Debt Obligation.

SECTION 6.3 Form of Series 2016G Related Debt Obligation

The form of the Series 2016G Related Debt Obligation shall be substantially as set forth in *Exhibit H*.

SECTION 6.4 Transfer of Series 2016G Related Debt Obligation

The Series 2016G Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF 2011A Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE SEVEN

Series 2016H Related Debt Obligation

SECTION 7.1 Authorization of Series 2016H Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016H Related Debt

Obligation". The Series 2016H Related Debt Obligation shall be issued as security for the payment of the UAHSF 2011C Bonds described in *Exhibit C* (the "UAHSF 2011C Bonds"). The Series 2016H Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016H Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Bonds Trustee. Only one Series 2016H Related Debt Obligation shall be outstanding at any time. Each Series 2016H Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 7.2 Amount of Series 2016H Related Debt Obligation

The amount outstanding under the Series 2016H Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2011C Bonds. Any increase or reduction in the outstanding principal amount of the UAHSF 2011C Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016H Related Debt Obligation.

SECTION 7.3 Form of Series 2016H Related Debt Obligation

The form of the Series 2016H Related Debt Obligation shall be substantially as set forth in *Exhibit I*.

SECTION 7.4 Transfer of Series 2016H Related Debt Obligation

The Series 2016H Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF 2011C Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE EIGHT

Series 2016I Related Debt Obligation

SECTION 8.1 Authorization of Series 2016I Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016I Related Debt Obligation". The Series 2016I Related Debt Obligation shall be issued as security for the payment of the UAHSF 2011D Bonds described in *Exhibit C* (the "UAHSF 2011D Bonds"). The Series 2016I Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016I Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Bonds Trustee. Only one Series 2016I Related Debt Obligation shall be outstanding at any time. Each Series 2016I Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 8.2 Amount of Series 2016I Related Debt Obligation

The amount outstanding under the Series 2016I Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2011D Bonds. Any increase or reduction in the outstanding principal amount of the UAHSF 2011D Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016I Related Debt Obligation.

SECTION 8.3 Form of Series 2016I Related Debt Obligation

The form of the Series 2016I Related Debt Obligation shall be substantially as set forth in *Exhibit*

J.

SECTION 8.4 Transfer of Series 2016I Related Debt Obligation

The Series 2016I Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF 2011D Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE NINE

Series 2016J Related Debt Obligation

SECTION 9.1 Authorization of Series 2016J Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016J Related Debt Obligation". The Series 2016J Related Debt Obligation shall be issued as security for the payment of the UAHSF 2013A Bonds described in *Exhibit C* (the "UAHSF 2013A Bonds"). The Series 2016J Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016J Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Bonds Trustee. Only one Series 2016J Related Debt Obligation shall be outstanding at any time. Each Series 2016J Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 9.2 Amount of Series 2016J Related Debt Obligation

The amount outstanding under the Series 2016J Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2013A Bonds. Any increase or reduction in the outstanding principal amount of the UAHSF 2013A Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016J Related Debt Obligation.

SECTION 9.3 Form of Series 2016J Related Debt Obligation

The form of the Series 2016J Related Debt Obligation shall be substantially as set forth in *Exhibit*

K.

SECTION 9.4 Transfer of Series 2016J Related Debt Obligation

The Series 2016J Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF 2013A Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE TEN

Series 2016K Related Debt Obligation

SECTION 10.1 Authorization of Series 2016K Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016K Related Debt

Obligation". The Series 2016K Related Debt Obligation shall be issued as security for the payment of the UAHSF 2013B Bonds described in *Exhibit C* (the "UAHSF 2013B Bonds"). The Series 2016K Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016K Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Bonds Trustee. Only one Series 2016K Related Debt Obligation shall be outstanding at any time. Each Series 2016K Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 10.2 Amount of Series 2016K Related Debt Obligation

The amount outstanding under the Series 2016K Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2013B Bonds. Any increase or reduction in the outstanding principal amount of the UAHSF 2013B Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016K Related Debt Obligation.

SECTION 10.3 Form of Series 2016K Related Debt Obligation

The form of the Series 2016K Related Debt Obligation shall be substantially as set forth in *Exhibit L.*

SECTION 10.4 Transfer of Series 2016K Related Debt Obligation

The Series 2016K Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF 2013B Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE ELEVEN

Series 2016L Related Debt Obligation

SECTION 11.1 Authorization of Series 2016L Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016L Related Debt Obligation". The Series 2016L Related Debt Obligation shall be issued as security for the payment of the UAHSF 2013C Bonds described in *Exhibit C* (the "UAHSF 2013C Bonds"). The Series 2016L Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016L Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Bonds Trustee. Only one Series 2016L Related Debt Obligation shall be outstanding at any time. Each Series 2016L Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 11.2 Amount of Series 2016L Related Debt Obligation

The amount outstanding under the Series 2016L Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2013C Bonds. Any increase or reduction in the outstanding principal amount of the UAHSF 2013C Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016L Related Debt Obligation.

SECTION 11.3 Form of Series 2016L Related Debt Obligation

The form of the Series 2016L Related Debt Obligation shall be substantially as set forth in *Exhibit M*.

SECTION 11.4 Transfer of Series 2016L Related Debt Obligation

The Series 2016L Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF 2013C Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE TWELVE

Series 2016M Related Debt Obligation

SECTION 12.1 Authorization of Series 2016M Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016M Related Debt Obligation". The Series 2016M Related Debt Obligation shall be issued as security for the payment of the UAHSF 2015A Bonds described in *Exhibit C* (the "UAHSF 2015A Bonds"). The Series 2016M Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016M Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Bonds Trustee. Only one Series 2016M Related Debt Obligation shall be outstanding at any time. Each Series 2016M Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 12.2 Amount of Series 2016M Related Debt Obligation

The amount outstanding under the Series 2016M Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2015A Bonds. Any increase or reduction in the outstanding principal amount of the UAHSF 2015A Bonds shall result in a corresponding increase or reduction in the amount of the Series 2016M Related Debt Obligation.

SECTION 12.3 Form of Series 2016M Related Debt Obligation

The form of the Series 2016M Related Debt Obligation shall be substantially as set forth in *Exhibit N*.

SECTION 12.4 Transfer of Series 2016M Related Debt Obligation

The Series 2016M Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF 2015A Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE THIRTEEN

Series 2016N Related Debt Obligation

SECTION 13.1 Authorization of Series 2016N Related Debt Obligation

The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2016N Related Debt

Obligation". The Series 2016N Related Debt Obligation shall be issued as security for the payment of the UAHSF Line of Credit Note described in *Exhibit C* (the "UAHSF Line of Credit Note"). The Series 2016N Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2016N Related Debt Obligation shall be dated as of the date of delivery to the UAHSF Line of Credit Provider. Only one Series 2016N Related Debt Obligation shall be outstanding at any time. Each Series 2016N Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

SECTION 13.2 Amount of Series 2016N Related Debt Obligation

The amount outstanding under the Series 2016N Related Debt Obligation shall be the outstanding principal amount of the UAHSF Line of Credit Note. Any increase or reduction in the outstanding principal amount of the UAHSF Line of Credit Note shall result in a corresponding increase or reduction in the amount of the Series 2016N Related Debt Obligation.

SECTION 13.3 Form of Series 2016N Related Debt Obligation

The form of the Series 2016N Related Debt Obligation shall be substantially as set forth in *Exhibit O*.

SECTION 13.4 Transfer of Series 2016N Related Debt Obligation

The Series 2016N Related Debt Obligation may not be transferred to any person other than the holder or holders of the UAHSF Line of Credit Note, or a trustee or other legal representative for such holder or holders.

ARTICLE FOURTEEN

Miscellaneous

SECTION 14.1 Certification by the Obligated Group Representative

The Obligated Group Representative hereby certifies that no Indenture Default exists.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

[Signature pages follow]

UAB HEALTH SYSTEM, on behalf of all Members of the
as Obligated Group

By: 
Name: Isaac William Ferniany, Ph.D.
Title: Chief Executive Officer

REGIONS BANK, as Trustee under the Indenture

By: 
Name: Carmen J. Kilgore
Title: Vice President

[Execution continues on the following page]

*Signature Page to Third Supplemental Indenture for
UAB Health System*

*Signature Page to Third Supplemental Indenture for
Regions Bank*

EXHIBIT A

Previous Amendments and Supplements to the Indenture

First Supplemental Indenture dated October 1, 2016 between UABHS, as Obligated Group Representative on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016A Related Debt Obligation)

Second Supplemental Indenture dated October 1, 2016 between UABHS, as Obligated Group Representative on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016B Related Debt Obligation)

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EXHIBIT B

Obligations Outstanding under Indenture upon delivery of this Supplement

- (i) The Series 2016A Related Debt Obligation (issued to secure payment of Revenue Bonds, Series 2016A issued by UAB Medicine Finance Authority)
- (ii) The Series 2016B Related Debt Obligation (issued to secure payment of Revenue Bonds, Series 2016B issued by UAB Medicine Finance Authority)
- (iii) The Series 2016C Related Debt Obligation (issued to secure payment of University Hospital 2012-A Bonds)
- (iv) The Series 2016D Related Debt Obligation (issued to secure payment of University Hospital 2012-B Bonds)
- (v) The Series 2016E Related Debt Obligation (issued to secure payment of the 2012-B Reimbursement Obligation)
- (vi) The Series 2016F Related Debt Obligation (issued to secure payment of the Callahan 2015-A Note)
- (vii) The Series 2016G Related Debt Obligation (issued to secure payment of the UAHSF 2011A Bonds)
- (viii) The Series 2016H Related Debt Obligation (issued to secure payment of the UAHSF 2011C Bonds)
- (ix) The Series 2016I Related Debt Obligation (issued to secure payment of the UAHSF 2011D Bonds)
- (x) The Series 2016J Related Debt Obligation (issued to secure payment of the UAHSF 2013A Bonds)
- (xi) The Series 2016K Related Debt Obligation (issued to secure payment of the UAHSF 2013B Bonds)
- (xii) The Series 2016L Related Debt Obligation (issued to secure payment of the UAHSF 2013C Bonds)
- (xiii) The Series 2016M Related Debt Obligation (issued to secure payment of the UAHSF 2015A Bonds)
- (xiv) The Series 2016N Related Debt Obligation (issued to secure payment of the UAHSF Line of Credit Note)

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EXHIBIT C

Existing Debt of the Obligated Group (Principal balance outstanding)

University Hospital

University of Alabama at Birmingham Hospital Revenue Bonds, Series 2012-A (the “**University Hospital 2012-A Bonds**”) issued by University Hospital pursuant to a Hospital Revenue Trust Indenture dated as of September 1, 1989 (the “**Original University Hospital Indenture**”), as previously supplemented and as supplemented by a Twelfth Supplemental Hospital Revenue Indenture dated as of July 1, 2012 between University Hospital and the University Hospital Bonds Trustee, currently outstanding in the aggregate principal amount of \$15,868,000.

University of Alabama at Birmingham Hospital Revenue Bonds, Series 2012-B (the “**University Hospital 2012-B Bonds**”) issued by University Hospital pursuant to the Original University Hospital Indenture as previously supplemented, and as supplemented by a Thirteenth Supplemental Hospital Revenue Indenture dated as of July 1, 2012 between University Hospital and the University Hospital Bonds Trustee, currently outstanding in the aggregate principal amount of \$65,000,000.

Amounts due with respect to the payment of principal and interest due on the University Hospital 2012-B Bonds, including “Bank Bonds” (the “**2012-B Reimbursement Obligation**”), pursuant to that certain Letter of Credit Reimbursement Agreement dated August 3, 2015 (the “**2012-B Reimbursement Agreement**”) between University Hospital and Bank of America, N.A. (the “**2012-B LOC Provider**”)

Callahan

Series 2015-A Note (the “**Callahan 2015-A Note**”) issued by Callahan pursuant to a Financing Agreement dated November 1, 2015 (the “**Callahan Financing Agreement**”) between Callahan and Compass Mortgage Corporation (the “**Callahan 2015-A Noteholder**”), currently outstanding in the aggregate principal amount of \$30,739,346.

UAHSF

The following bonds of The Medical Clinic Board of the City of Birmingham – UAHSF, an Alabama public corporation (the “**Medical Clinic Board**”) issued for the benefit of UAHSF:

Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2011A (the “**UAHSF 2011A Bonds**”) issued by the Medical Clinic Board pursuant to a Trust Indenture dated September 1, 2011 (the “**UAHSF 2011A Indenture**”) between the Medical Clinic Board and the UAHSF Bonds Trustee, currently outstanding in the aggregate principal amount of \$23,471,636.

Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2011C (the “**UAHSF 2011C Bonds**”) issued by the Medical Clinic Board pursuant to a Trust Indenture dated September 1, 2011 (the “**UAHSF 2011C Indenture**”) between the Medical Clinic Board and the UAHSF Bonds Trustee, currently outstanding in the aggregate principal amount of \$26,455,416.

Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2011D (the “**UAHSF 2011D Bonds**”) issued by the Medical Clinic Board pursuant to a Trust Indenture dated September 1, 2011 (the “**UAHSF 2011D Indenture**”) between the Medical Clinic Board and the UAHSF Bonds Trustee, currently outstanding in the aggregate principal amount of \$36,596,656.

Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2013A (the “**UAHSF 2013A Bonds**”) issued by the Medical Clinic Board pursuant to a Trust Indenture dated April 1, 2013 (the “**UAHSF 2013A Indenture**”) between the Medical Clinic Board and the UAHSF Bonds Trustee, currently outstanding in the aggregate principal amount of \$58,679,083.

Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2013B (the “**UAHSF 2013B Bonds**”) issued by the Medical Clinic Board pursuant to a Trust Indenture dated April 1, 2013 (the “**UAHSF 2013B Indenture**”) between the Medical Clinic Board and the UAHSF Bonds Trustee, currently outstanding in the aggregate principal amount of \$17,636,943.

Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2013C (the “**UAHSF 2013C Bonds**”) issued by the Medical Clinic Board pursuant to a Trust Indenture dated October 1, 2013 (the “**UAHSF 2013C Indenture**”) between the Medical Clinic Board and the UAHSF Bonds Trustee, currently outstanding in the aggregate principal amount of \$22,780,270.

Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2015 (the “**UAHSF 2015A Bonds**”) issued by the Medical Clinic Board pursuant to a Trust Indenture dated November 1, 2015 (the “**UAHSF 2015A Indenture**”) between the Medical Clinic Board and the UAHSF Bonds Trustee, currently outstanding in the aggregate principal amount of \$18,474,409.

Master Revolving Note dated March 31, 2016 (the “**UAHSF Line of Credit Note**”) issued by UAHSF pursuant to the Line of Credit Agreement dated March 31, 2016 (the “**UAHSF Line of Credit Agreement**”) between UAHSF and Regions Bank (the “**UAHSF Line of Credit Provider**”)

EXHIBIT D

Form of Series 2016C Related Debt Obligation

Series 2016C Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2016C Related Debt Obligation” or “this Obligation”) to The Bank of New York Mellon Trust Company, N.A. (the “Holder”), in its capacity as trustee under the University Hospital Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the “Third Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”) with respect to the University of Alabama at Birmingham Hospital Revenue Bonds, Series 2012-A, currently outstanding in the aggregate principal amount of \$15,868,000 (the “University Hospital 2012-A Bonds”), which have been issued pursuant to that certain Hospital Revenue Trust Indenture dated as of September 1, 1989, as previously supplemented, and as supplemented by a Twelfth Supplemental Hospital Revenue Indenture (the “University Hospital Indenture”) between UA Board and The Bank of New York Mellon Trust Company, N.A. (in such capacity, the “University Hospital Bonds Trustee”). The payment terms of the University Hospital 2012-A Bonds and the University Hospital Indenture are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the University Hospital 2012-A Bonds constitute “Related Debt”, the University Hospital Indenture constitutes the “Related Debt Document”, and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute “Debt Obligations” under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____,

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016C Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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EXHIBIT E

Form of Series 2016D Related Debt Obligation

Series 2016D Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016D Related Debt Obligation" or "this Obligation") to The Bank of New York Mellon Trust Company, N.A. (the "Holder"), in its capacity as trustee under the University Hospital Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama ("UA Board"), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital ("University Hospital") with respect to the University of Alabama at Birmingham Hospital Revenue Bonds, Series 2012-B, currently outstanding in the aggregate principal amount of \$65,000,000 (the "University Hospital 2012-B Bonds"), which have been issued pursuant to that certain Hospital Revenue Trust Indenture dated as of September 1, 1989, as previously supplemented, and as supplemented by a Thirteenth Supplemental Hospital Revenue Indenture (the "University Hospital Indenture") between UA Board and The Bank of New York Mellon Trust Company, N.A. (in such capacity, the "University Hospital Bonds Trustee"). The payment terms of the University Hospital 2012-B Bonds and the University Hospital Indenture are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the University Hospital 2012-B Bonds constitute "Related Debt", the University Hospital Indenture constitutes the "Related Debt Document", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

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If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016D Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT F

Form of Series 2016E Related Debt Obligation

Series 2016E Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2016E Related Debt Obligation” or “this Obligation”) to Bank of America, N.A. (the “Holder”), in its capacity as provider of the letter of credit under the 2012-B Reimbursement Agreement referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the “Third Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure amounts due (the “2012-B Reimbursement Obligation”) with respect to the payment of principal and interest due on University of Alabama at Birmingham Hospital Revenue Bonds, Series 2012-B, currently outstanding in the aggregate principal amount of \$65,000,000 (the “University Hospital 2012-B Bonds”) pursuant to the Letter of Credit Reimbursement Agreement dated August 3, 2015 (the “2012-B Reimbursement Agreement”) between The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”) and Bank of America, N.A. (in such capacity, the “2012-B LOC Provider”). The payment terms of the 2012-B Reimbursement Obligation and the 2012-B Reimbursement Agreement are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the 2012-B Reimbursement Obligation constitutes “Related Debt”, the 2012-B Reimbursement Agreement constitutes the “Related Debt Document”, and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute “Debt Obligations” under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016E Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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EXHIBIT G

Form of Series 2016F Related Debt Obligation

Series 2016F Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016F Related Debt Obligation" or "this Obligation") to Compass Mortgage Corporation (the "Holder"), in its capacity as lender under the Callahan Financing Agreement referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of The Callahan Eye Hospital Health Care Authority, an Alabama public corporation ("Callahan") with respect to Callahan's Series 2015-A Note, currently outstanding in the aggregate principal amount of \$30,739,346 (the "Callahan 2015-A Note"), which has been issued pursuant to that certain Financing Agreement dated November 1, 2015 (the "Callahan Financing Agreement") between the Callahan and Compass Mortgage Corporation (in such capacity, the "Callahan 2015-A Noteholder"). The payment terms of the Callahan 2015-A Note and the Callahan Financing Agreement are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the Callahan 2015-A Note constitutes "Related Debt", the Callahan Financing Agreement constitutes the "Related Debt Document", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other

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circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

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IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016F Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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EXHIBIT H

Form of Series 2016G Related Debt Obligation

Series 2016G Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016G Related Debt Obligation" or "this Obligation") to U.S. Bank National Association (the "Holder"), in its capacity as trustee under the UAHSF 2011A Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation ("UAHSF") with respect to Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2011A, currently outstanding in the aggregate principal amount of \$23,471,636 (the "UAHSF 2011A Bonds") issued by The Medical Clinic Board of the City of Birmingham – UAHSF (the "Medical Clinic Board") pursuant to a Trust Indenture dated September 1, 2011 (the "UAHSF 2011A Indenture") between the Medical Clinic Board and U.S. Bank National Association (in such capacity, the "UAHSF Bonds Trustee"). The UAHSF 2011A Bonds are limited obligations of the Medical Clinic Board payable solely out of payments by UAHSF under a Lease Agreement dated September 1, 2011 (the "UAHSF Lease") between the Medical Clinic Board and UAHSF, and a Guaranty Agreement dated September 1, 2011 (the "UAHSF Guaranty") by UAHSF in favor of the UAHSF Bonds Trustee, pursuant to which UAHSF has guaranteed payment when due of debt service on the UAHSF 2011A Bonds. The payment terms of the UAHSF 2011A Bonds, the UAHSF 2011A Indenture, the UAHSF Lease and UAHSF Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF 2011A Bonds constitute "Related Debt", the UAHSF 2011A Indenture, UAHSF Lease and UAHSF Guaranty constitute "Related Debt Documents", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____,

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016G Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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EXHIBIT I

Form of Series 2016H Related Debt Obligation

Series 2016H Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016H Related Debt Obligation" or "this Obligation") to U.S. Bank National Association (the "Holder"), in its capacity as trustee under the UAHSF 2011C Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation ("UAHSF") with respect to Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2011C, currently outstanding in the aggregate principal amount of \$26,455,416 (the "UAHSF 2011C Bonds") issued by The Medical Clinic Board of the City of Birmingham – UAHSF (the "Medical Clinic Board") pursuant to a Trust Indenture dated September 1, 2011 (the "UAHSF 2011C Indenture") between the Medical Clinic Board and U.S. Bank National Association (in such capacity, the "UAHSF Bonds Trustee"). The UAHSF 2011C Bonds are limited obligations of the Medical Clinic Board payable solely out of payments by UAHSF under a Lease Agreement dated September 1, 2011 (the "UAHSF Lease") between the Medical Clinic Board and UAHSF, and a Guaranty Agreement dated September 1, 2011 (the "UAHSF Guaranty") by UAHSF in favor of the UAHSF Bonds Trustee, pursuant to which UAHSF has guaranteed payment when due of debt service on the UAHSF 2011C Bonds. The payment terms of the UAHSF 2011C Bonds, the UAHSF 2011C Indenture, the UAHSF Lease and UAHSF Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF 2011C Bonds constitute "Related Debt", the UAHSF 2011C Indenture, UAHSF Lease and UAHSF Guaranty constitute "Related Debt Documents", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

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the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____,

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016H Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT J

Form of Series 2016I Related Debt Obligation

Series 2016I Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2016I Related Debt Obligation” or “this Obligation”) to U.S. Bank National Association (the “Holder”), in its capacity as trustee under the UAHSF 2011D Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the “Third Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“UAHSF”) with respect to Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2011D, currently outstanding in the aggregate principal amount of \$36,596,656 (the “UAHSF 2011D Bonds”) issued by The Medical Clinic Board of the City of Birmingham – UAHSF (the “Medical Clinic Board”) pursuant to a Trust Indenture dated September 1, 2011 (the “UAHSF 2011D Indenture”) between the Medical Clinic Board and U.S. Bank National Association (in such capacity, the “UAHSF Bonds Trustee”). The UAHSF 2011D Bonds are limited obligations of the Medical Clinic Board payable solely out of payments by UAHSF under a Lease Agreement dated September 1, 2011 (the “UAHSF Lease”) between the Medical Clinic Board and UAHSF, and a Guaranty Agreement dated September 1, 2011 (the “UAHSF Guaranty”) by UAHSF in favor of the UAHSF Bonds Trustee, pursuant to which UAHSF has guaranteed payment when due of debt service on the UAHSF 2011D Bonds. The payment terms of the UAHSF 2011D Bonds, the UAHSF 2011D Indenture, the UAHSF Lease and UAHSF Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF 2011D Bonds constitute “Related Debt”, the UAHSF 2011D Indenture, UAHSF Lease and UAHSF Guaranty constitute “Related Debt Documents”, and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute “Debt Obligations” under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016J Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT K

Form of Series 2016J Related Debt Obligation

Series 2016J Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016J Related Debt Obligation" or "this Obligation") to U.S. Bank National Association (the "Holder"), in its capacity as trustee under the UAHSF 2013A Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation ("UAHSF") with respect to Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2013A, currently outstanding in the aggregate principal amount of \$58,679,083 (the "UAHSF 2013A Bonds") issued by The Medical Clinic Board of the City of Birmingham – UAHSF (the "Medical Clinic Board") pursuant to a Trust Indenture dated April 1, 2013 (the "UAHSF 2013A Indenture") between the Medical Clinic Board and U.S. Bank National Association (in such capacity, the "UAHSF Bonds Trustee"). The UAHSF 2013A Bonds are limited obligations of the Medical Clinic Board payable solely out of payments by UAHSF under a Lease Agreement dated September 1, 2011, as amended by a First Supplemental Lease Agreement dated April 1, 2013 (the "UAHSF Lease") between the Medical Clinic Board and UAHSF, and a Guaranty Agreement dated April 1, 2013 (the "UAHSF Guaranty") by UAHSF in favor of the UAHSF Bonds Trustee, pursuant to which UAHSF has guaranteed payment when due of debt service on the UAHSF 2013A Bonds. The payment terms of the UAHSF 2013A Bonds, the UAHSF 2013A Indenture, the UAHSF Lease and UAHSF Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF 2013A Bonds constitute "Related Debt", the UAHSF 2013A Indenture, UAHSF Lease and UAHSF Guaranty constitute "Related Debt Documents", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

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IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016J Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By: _____
Authorized Officer

K-3

EXHIBIT L

Form of Series 2016K Related Debt Obligation

Series 2016K Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016K Related Debt Obligation" or "this Obligation") to U.S. Bank National Association (the "Holder"), in its capacity as trustee under the UAHSF 2013B Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation ("UAHSF") with respect to Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2013B, currently outstanding in the aggregate principal amount of \$17,636,943 (the "UAHSF 2013B Bonds") issued by The Medical Clinic Board of the City of Birmingham – UAHSF (the "Medical Clinic Board") pursuant to a Trust Indenture dated April 1, 2013 (the "UAHSF 2013B Indenture") between the Medical Clinic Board and U.S. Bank National Association (in such capacity, the "UAHSF Bonds Trustee"). The UAHSF 2013B Bonds are limited obligations of the Medical Clinic Board payable solely out of payments by UAHSF under a Lease Agreement dated September 1, 2011, as amended by a First Supplemental Lease Agreement dated April 1, 2013 (the "UAHSF Lease") between the Medical Clinic Board and UAHSF, and a Guaranty Agreement dated April 1, 2013 (the "UAHSF Guaranty") by UAHSF in favor of the UAHSF Bonds Trustee, pursuant to which UAHSF has guaranteed payment when due of debt service on the UAHSF 2013B Bonds. The payment terms of the UAHSF 2013B Bonds, the UAHSF 2013B Indenture, the UAHSF Lease and UAHSF Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF 2013B Bonds constitute "Related Debt", the UAHSF 2013B Indenture, UAHSF Lease and UAHSF Guaranty constitute "Related Debt Documents", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____,

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016K Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT M

Form of Series 2016L Related Debt Obligation

Series 2016L Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016L Related Debt Obligation" or "this Obligation") to U.S. Bank National Association (the "Holder"), in its capacity as trustee under the UAHSF 2013C Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation ("UAHSF") with respect to Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2013C, currently outstanding in the aggregate principal amount of \$22,780,270 (the "UAHSF 2013C Bonds") issued by The Medical Clinic Board of the City of Birmingham – UAHSF (the "Medical Clinic Board") pursuant to a Trust Indenture dated October 1, 2013 (the "UAHSF 2013C Indenture") between the Medical Clinic Board and U.S. Bank National Association (in such capacity, the "UAHSF Bonds Trustee"). The UAHSF 2013C Bonds are limited obligations of the Medical Clinic Board payable solely out of payments by UAHSF under a Lease Agreement dated September 1, 2011, as previously amended and supplemented and as amended by a Second Supplemental Lease Agreement dated October 1, 2013 (the "UAHSF Lease") between the Medical Clinic Board and UAHSF, and a Guaranty Agreement dated October 1, 2013 (the "UAHSF Guaranty") by UAHSF in favor of the UAHSF Bonds Trustee, pursuant to which UAHSF has guaranteed payment when due of debt service on the UAHSF 2013C Bonds. The payment terms of the UAHSF 2013C Bonds, the UAHSF 2013C Indenture, the UAHSF Lease and UAHSF Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF 2013C Bonds constitute "Related Debt", the UAHSF 2013C Indenture, UAHSF Lease and UAHSF Guaranty constitute "Related Debt Documents", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

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IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016L Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

M-3

EXHIBIT N

Form of Series 2016M Related Debt Obligation

Series 2016M Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2016M Related Debt Obligation” or “this Obligation”) to U.S Bank National Association (the “Holder”), in its capacity as trustee under the UAHSF 2015A Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the “Third Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“UAHSF”) with respect to Revenue Bonds (University of Alabama Health Services Foundation, P.C.), Series 2015A, currently outstanding in the aggregate principal amount of \$18,474,409 (the “UAHSF 2015A Bonds”) issued by The Medical Clinic Board of the City of Birmingham – UAHSF (the “Medical Clinic Board”) pursuant to a Trust Indenture dated November 1, 2015 (the “UAHSF 2015A Indenture”) between the Medical Clinic Board and U.S. Bank National Association (in such capacity, the “UAHSF Bonds Trustee”). The UAHSF 2015A Bonds are limited obligations of the Medical Clinic Board payable solely out of payments by UAHSF under a Lease Agreement dated September 1, 2011, as previously amended and supplemented and as amended by a Third Supplemental Lease Agreement dated November 1, 2015 (the “UAHSF Lease”) between the Medical Clinic Board and UAHSF, and a Guaranty Agreement dated November 1, 2015 (the “UAHSF Guaranty”) by UAHSF in favor of the UAHSF Bonds Trustee, pursuant to which UAHSF has guaranteed payment when due of debt service on the UAHSF 2015A Bonds. The payment terms of the UAHSF 2015A Bonds, the UAHSF 2015A Indenture, the UAHSF Lease and UAHSF Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF 2015A Bonds constitute “Related Debt”, the UAHSF 2015A Indenture, UAHSF Lease and UAHSF Guaranty constitute “Related Debt Documents”, and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute “Debt Obligations” under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016M Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT O

Form of Series 2016N Related Debt Obligation

Series 2016N Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2016N Related Debt Obligation" or "this Obligation") to Regions Bank (the "Holder"), in its capacity as lender under the UAHSF Line of Credit Agreement referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Third Supplemental Indenture dated October 1, 2016 (the "Third Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Third Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of the University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation ("UAHSF") with respect to \$20,000,000 Master Revolving Note dated March 31, 2016 (the UAHSF Line of Credit Note") issued by UAHSF pursuant to a Line of Credit Agreement dated March 31, 2016 (the "UAHSF Line of Credit Agreement") between UAHSF and Regions Bank (the UAHSF Line of Credit Provider"). The payment terms of the UAHSF Line of Credit and the UAHSF Line of Credit Agreement are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the UAHSF Line of Credit Note constitutes "Related Debt", the UAHSF Line of Credit Agreement constitutes a "Related Debt Document", and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payment obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other

circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

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IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2016N Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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**FOURTH SUPPLEMENTAL INDENTURE
(Series 2017 Master Indenture Obligations)**

Dated May 1, 2017

Between

UAB HEALTH SYSTEM

on behalf of all Members of the Obligated Group

and

REGIONS BANK

as Trustee

**Relating to the issuance of
Series 2017 Master Indenture Obligations**

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FOURTH SUPPLEMENTAL INDENTURE
(Series 2017 Master Indenture Obligations)

FOURTH SUPPLEMENTAL INDENTURE (Series 2017 Master Indenture Obligations) dated May 1, 2017 entered into by UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”), as the Obligated Group Representative, on its own behalf and on behalf of all other members of the Obligated Group referred to below, and REGIONS BANK, an Alabama banking corporation, (the “Trustee”), as trustee under that certain Master Trust Indenture dated May 1, 2017, as amended and supplemented (the “Indenture”), between the Obligated Group and the Trustee.

Recitals

A. The Obligated Group has duly authorized the creation, execution and delivery from time to time of its obligations of substantially the tenor provided in the Indenture (the “Obligations”), issuable in one or more series; and to secure the Obligations, and to provide for their authentication and delivery by the Trustee, the Obligated Group and the Trustee have entered into the Indenture.

B. The current members of the Obligated Group under the Indenture are (i) UABHS, (ii) The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”), (iii) University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“UAHSF”), and (iv) The Callahan Eye Hospital Health Care Authority, an Alabama public corporation (“Callahan”; and together with UABHS, University Hospital, and UAHSF, the “Obligated Group”).

C. The Indenture has been previously amended and supplemented by the instruments described in *Exhibit A*.

D. Simultaneously with the execution and delivery of this Supplemental Indenture, UAB Medicine Finance Authority, an Alabama public corporation (the “Authority”) is issuing its \$18,385,000 Revenue Bond, Series 2017A1 (the “Series 2017A1 Bond”) pursuant to a Financing Agreement (Series 2017A1) dated May 1, 2017 (the “University Hospital Financing Agreement”) between the Authority and Regions Capital Advantage, Inc. (“RCA”). The Authority will use the proceeds of the Series 2017A1 Bond to make a loan to University Hospital pursuant to a Loan Agreement (Series 2017A1) dated May 1, 2017 (the “University Hospital 2017A1 Loan Agreement”) between the Authority and UA Board. Pursuant to the University Hospital 2017A1 Loan Agreement, UA Board has agreed to make payments to the Authority sufficient to pay debt service on the Series 2017A1 Bond. As evidence of its loan payment obligation, UA Board has issued its promissory note (the “University Hospital 2017A1 Note”) to the Authority. The obligations of UA Board under the University Hospital 2017A1 Loan Agreement and the University Hospital 2017A1 Note are payable solely from the assets and revenues of University Hospital. Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Authority is issuing its \$18,385,000 Series 2017A1 Related Debt Obligation (the “Series 2017A1 Related Debt Obligation”) to RCA as security for the obligations of UA Board with respect to payment of the Series 2017A1 Bond.

E. Simultaneously with the execution and delivery of this Supplemental Indenture, the Authority is issuing its \$38,680,000 Revenue Bond, Series 2017A2 (the “Series 2017A2 Bond”) pursuant to a Financing Agreement (Series 2017A2) dated May 1, 2017 (the “UAHSF Financing Agreement”) between the Authority and RCA. The Authority will use the proceeds of the Series 2017A2 Bond to make a loan to UAHSF pursuant to a Loan Agreement (Series 2017A2) dated May 1, 2017 (the “UAHSF 2017A2 Loan Agreement”) between the Authority and UAHSF. Pursuant to the UAHSF 2017A2 Loan Agreement, UAHSF has agreed to make payments to the Authority sufficient to pay debt service on the

Series 2017A2 Bond. As evidence of its loan payment obligation, UAHSF has issued its promissory note (the “UAHSF 2017A2 Note”) to the Authority. The obligations of UAHSF under the UAHSF 2017A2 Loan Agreement and the UAHSF 2017A2 Note are full faith and credit obligations of UAHSF for the payment of which its full faith and credit have been pledged. Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Authority is issuing its \$38,680,000 Series 2017A2 Related Debt Obligation (the “Series 2017A2 Related Debt Obligation”) to RCA as security for the obligations of UAHSF with respect to payment of the Series 2017A2 Bond.

F. Simultaneously with the execution and delivery of this Supplemental Indenture, the Authority is issuing its \$44,810,000 Revenue Bonds, Series 2017B1 (the “Series 2017B1 Bonds”) pursuant to a Trust Indenture (Series 2017B1) dated May 1, 2017 (the “Series 2017B1 Bond Indenture”) between the Authority and Regions Bank, as trustee (in such capacity, the “Bond Trustee”). The Authority will use the proceeds of the Series 2017B1 Bonds to make a loan to University Hospital pursuant to a Loan Agreement (Series 2017B1) dated May 1, 2017 (the “University Hospital 2017B1 Loan Agreement”) between the Authority and UA Board. Pursuant to the University Hospital 2017B1 Loan Agreement, UA Board has agreed to make payments to the Authority sufficient to pay debt service on the Series 2017B1 Bonds. As evidence of its loan payment obligation, UA Board has issued its promissory note (the “University Hospital 2017B1 Note”) to the Authority. The obligations of UA Board under the University Hospital 2017B1 Loan Agreement and the University Hospital 2017B1 Note are payable solely from the assets and revenues of University Hospital. Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Authority is issuing its \$44,810,000 Series 2017B1 Related Debt Obligation (the “Series 2017B1 Related Debt Obligation”) to the Bond Trustee as security for the obligations of UA Board with respect to payment of the Series 2017B1 Bonds.

G. Simultaneously with the execution and delivery of this Supplemental Indenture, the Authority is issuing its \$135,545,000 Revenue Bonds, Series 2017B2 (the “Series 2017B2 Bonds”) pursuant to a Trust Indenture (Series 2017B2) dated May 1, 2017 (the “Series 2017B2 Bond Indenture”) between the Authority and the Bond Trustee. The Authority will use the proceeds of the Series 2017B2 Bonds to make a loan to UAHSF pursuant to a Loan Agreement (Series 2017B2) dated May 1, 2017 (the “UAHSF 2017B2 Loan Agreement”) between the Authority and UAHSF. Pursuant to the UAHSF 2017B2 Loan Agreement, UAHSF has agreed to make payments to the Authority sufficient to pay debt service on the Series 2017B2 Bonds. As evidence of its loan payment obligation, UAHSF has issued its promissory note (the “UAHSF 2017B2 Note”) to the Authority. The obligations of UAHSF under the UAHSF 2017B2 Loan Agreement and the UAHSF 2017B2 Note are full faith and credit obligations of UAHSF for the payment of which its full faith and credit have been pledged. Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Authority is issuing its \$135,545,000 Series 2017B2 Related Debt Obligation (the “Series 2017B2 Related Debt Obligation”) to the Bond Trustee as security for the obligations of UAHSF with respect to payment of the Series 2017B2 Bonds.

H. After the execution and delivery of this Supplemental Indenture, the Obligations listed on *Exhibit B* will be the only outstanding Obligations under the Indenture.

I. All things have been done which are necessary to make the Series 2017A1 Related Debt Obligation, the Series 2017A2 Related Debt Obligation, the Series 2017B1 Related Debt Obligation and the Series 2017B2 Related Debt Obligation, when executed by the Obligated Group and authenticated and delivered by the Trustee, the valid obligations of the Obligated Group, and to constitute this Supplemental Indenture a valid indenture and agreement according to its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Related Debt Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and of the

acceptance of the respective Related Debt Obligations by the holders thereof, the Obligated Group covenants and agrees with the Trustee as follows:

ARTICLE ONE

Definition of Terms, Construction and Certain General Provisions

SECTION 1.1 Definition of Terms

For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) The terms defined in this Article and the Indenture have the meanings assigned to them in this Article and the Indenture and include the plural as well as the singular.

(ii) The term “this Supplemental Indenture” means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(iii) All references in this instrument to designated “Articles”, “Sections” and other subdivisions of this instrument are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(iv) All references in this instrument to designated “Articles”, “Sections” or other subdivisions of the Indenture are to the designated Articles, Sections and subdivisions of the Indenture as originally executed.

(v) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

“**Authority**” shall mean UAB Medicine Finance Authority, an Alabama public corporation.

“**Bond Trustee**” shall mean Regions Bank, in its capacity as trustee under the Series 2017B1 Bond Indenture and the Series 2017B2 Bond Indenture.

“**Callahan**” shall mean The Callahan Eye Hospital Health Care Authority, an Alabama public corporation.

“**Indenture**” shall mean that certain Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Trustee, as amended and supplemented, including this Supplemental Indenture and any other supplements or amendments to such instrument from time to time entered into pursuant to the applicable provisions of such instrument.

“**Obligated Group**” shall mean UABHS, University Hospital, UAHSF, and Callahan.

“**RCA**” shall mean Regions Capital Advantage, Inc., as lender under the University Hospital Financing Agreement and the UAHSF Financing Agreement and the holder of the Series 2017A1 Bond and the Series 2017A2 Bond.

“**Series 2017A1 Bond**” shall mean the \$18,385,000 Revenue Bond, Series 2017A1 issued by the Authority pursuant to the University Hospital Financing Agreement.

“**Series 2017A1 Related Debt Obligation**” shall mean the Obligation issued to RCA pursuant to *Article Two* of this Supplemental Indenture.

“**Series 2017A2 Bond**” shall mean the \$38,680,000 Revenue Bond, Series 2017A2 issued by the Authority pursuant to the UAHSF Financing Agreement.

“**Series 2017A2 Related Debt Obligation**” shall mean the Obligation issued to RCA pursuant to *Article Three* of this Supplemental Indenture.

“**Series 2017B1 Bonds**” shall mean the \$44,810,000 Revenue Bonds, Series 2017B1 issued by the Authority to provide financing for the benefit of University Hospital.

“**Series 2017B1 Related Debt Obligation**” shall mean the Obligation issued to the 2017B1 Bond Trustee pursuant to *Article Four* of this Supplemental Indenture.

“**Series 2017B2 Bonds**” shall mean the \$135,545,000 Revenue Bonds, Series 2017B2 issued by the Authority to provide financing for the benefit of UAHSF.

“**Series 2017B2 Related Debt Obligation**” shall mean the Obligation issued to the 2017B2 Bond Trustee pursuant to *Article Five* of this Supplemental Indenture.

“**Trustee**” shall mean Regions Bank, an Alabama banking corporation, in its capacity as trustee under the Indenture.

“**UA Board**” and “**University Hospital**” shall mean The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital.

“**UABHS**” shall mean UAB Health System, an Alabama nonprofit corporation.

“**UAHSF**” shall mean University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation.

“**UAHSF Financing Agreement**” shall mean the Financing Agreement (Series 2017A2) dated May 1, 2017 between the Authority and RCA.

“**University Hospital Financing Agreement**” shall mean the Financing Agreement (Series 2017A1) dated May 1, 2017 between the Authority and RCA.

SECTION 1.2 Date of Supplemental Indenture

The date of this Supplemental Indenture is intended as and for a date for the convenient identification of this Supplemental Indenture and is not intended to indicate that this Supplemental Indenture was executed and delivered on said date, this Supplemental Indenture being executed on the dates of the respective acknowledgments attached hereto.

SECTION 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.4 Execution in Counterparts

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE TWO

Series 2017A1 Related Debt Obligation

SECTION 2.1 Authorization of Series 2017A1 Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2017A1 Related Debt Obligation”. The Series 2017A1 Related Debt Obligation shall be issued as security for the payment obligation of UA Board under the University Hospital 2017A1 Loan Agreement and the University Hospital 2017A1 Note. The Series 2017A1 Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2017A1 Related Debt Obligation shall be dated as of the date of delivery to RCA. Only one Series 2017A1 Related Debt Obligation shall be outstanding at any time. Each Series 2017A1 Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The University Hospital 2017A1 Loan Agreement, the University Hospital 2017A1 Note and the Series 2017A1 Related Debt Obligation are being assigned by the Authority to RCA as security for the payment of the Series 2017A1 Bond.

SECTION 2.2 Amount of Series 2017A1 Related Debt Obligation

The amount outstanding under the Series 2017A1 Related Debt Obligation shall be the outstanding principal amount of the University Hospital 2017A1 Note and the Series 2017A1 Bond. Any increase or reduction in the outstanding principal amount of the Series 2017A1 Bond shall result in a corresponding increase or reduction in the amount of the Series 2017A1 Related Debt Obligation.

SECTION 2.3 Form of Series 2017A1 Related Debt Obligation

The form of the Series 2017A1 Related Debt Obligation shall be substantially as set forth in *Exhibit C*.

SECTION 2.4 Transfer of Series 2017A1 Related Debt Obligation

The Series 2017A1 Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2017A1 Bond, or a trustee or other legal representative for such holder or holders.

ARTICLE THREE

Series 2017A2 Related Debt Obligation

SECTION 3.1 Authorization of Series 2017A2 Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2017A2 Related Debt Obligation”. The Series 2017A2 Related Debt Obligation shall be issued as security for the

payment obligation of UAHSF under the UAHSF 2017A2 Loan Agreement and the UAHSF 2017A2 Note. The Series 2017A2 Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2017A2 Related Debt Obligation shall be dated as of the date of delivery to RCA. Only one Series 2017A2 Related Debt Obligation shall be outstanding at any time. Each Series 2017A2 Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The UAHSF 2017A2 Loan Agreement, the UAHSF 2017A2 Note and the Series 2017A2 Related Debt Obligation are being assigned by the Authority to RCA as security for the payment of the Series 2017A2 Bond.

SECTION 3.2 Amount of Series 2017A2 Related Debt Obligation

The amount outstanding under the Series 2017A2 Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2017A2 Note and the Series 2017A2 Bond. Any increase or reduction in the outstanding principal amount of the Series 2017A2 Bond shall result in a corresponding increase or reduction in the amount of the Series 2017A2 Related Debt Obligation.

SECTION 3.3 Form of Series 2017A2 Related Debt Obligation

The form of the Series 2017A2 Related Debt Obligation shall be substantially as set forth in *Exhibit D*.

SECTION 3.4 Transfer of Series 2017A2 Related Debt Obligation

The Series 2017A2 Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2017A2 Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE FOUR

Series 2017B1 Related Debt Obligation

SECTION 4.1 Authorization of Series 2017B1 Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2017B1 Related Debt Obligation”. The Series 2017B1 Related Debt Obligation shall be issued as security for the payment obligation of UA Board under the University Hospital 2017B1 Loan Agreement and the University Hospital 2017B1 Note. The Series 2017B1 Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2017B1 Related Debt Obligation shall be dated as of the date of delivery to the Bond Trustee. Only one Series 2017B1 Related Debt Obligation shall be outstanding at any time. Each Series 2017B1 Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The University Hospital 2017B1 Loan Agreement, the University Hospital 2017B1 Note and the Series 2017B1 Related Debt Obligation are being assigned by the Authority to the Bond Trustee as security for the payment of the Series 2017B1 Bonds.

SECTION 4.2 Amount of Series 2017B1 Related Debt Obligation

The amount outstanding under the Series 2017B1 Related Debt Obligation shall be the outstanding principal amount of the University Hospital 2017B1 Note and the Series 2017B1 Bonds. Any increase or reduction in the outstanding principal amount of the Series 2017B1 Bonds shall result in a corresponding increase or reduction in the amount of the Series 2017B1 Related Debt Obligation.

SECTION 4.3 Form of Series 2017B1 Related Debt Obligation

The form of the Series 2017B1 Related Debt Obligation shall be substantially as set forth in *Exhibit E*.

SECTION 4.4 Transfer of Series 2017B1 Related Debt Obligation

The Series 2017B1 Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2017B1 Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE FIVE

Series 2017B2 Related Debt Obligation

SECTION 5.1 Authorization of Series 2017B2 Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the "Series 2017B2 Related Debt Obligation". The Series 2017B2 Related Debt Obligation shall be issued as security for the payment obligation of UAHSF under the UAHSF 2017B2 Loan Agreement and the UAHSF 2017B2 Note. The Series 2017B2 Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2017B2 Related Debt Obligation shall be dated as of the date of delivery to the Bond Trustee. Only one Series 2017B2 Related Debt Obligation shall be outstanding at any time. Each Series 2017B2 Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The UAHSF 2017B2 Loan Agreement, the UAHSF 2017B2 Note and the Series 2017B2 Related Debt Obligation are being assigned by the Authority to the Bond Trustee as security for the payment of the Series 2017B2 Bonds.

SECTION 5.2 Amount of Series 2017B2 Related Debt Obligation

The amount outstanding under the Series 2017B2 Related Debt Obligation shall be the outstanding principal amount of the UAHSF 2017B2 Note and the Series 2017B2 Bonds. Any increase or reduction in the outstanding principal amount of the Series 2017B2 Bonds shall result in a corresponding increase or reduction in the amount of the Series 2017B2 Related Debt Obligation.

SECTION 5.3 Form of Series 2017B2 Related Debt Obligation

The form of the Series 2017B2 Related Debt Obligation shall be substantially as set forth in *Exhibit F*.

SECTION 5.4 Transfer of Series 2017B2 Related Debt Obligation

The Series 2017B2 Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2017B2 Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE SIX

Miscellaneous

SECTION 6.1 Certification by the Obligated Group Representative

The Obligated Group Representative hereby certifies that no Indenture Default exists.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

[Signature pages follow]

UAB HEALTH SYSTEM, on behalf of all Members of the
as Obligated Group

By: 
Name: Isaac William Ferniaky, Ph.D.
Title: Chief Executive Officer

[Execution continues on the following page]

REGIONS BANK, as Trustee under the Indenture

By: 
Name: Carmen J. Kugore
Title: Vice President

*Signature Page to Fourth Supplemental Indenture for
UAB Health System*

*Signature Page to Fourth Supplemental Indenture for
Regions Bank*

EXHIBIT A

Previous Amendments and Supplements to the Indenture

First Supplemental Indenture (Series 2016A Master Indenture Obligation) dated October 1, 2016 between UABHS, as Obligated Group Representative, on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016A Related Debt Obligation)

Second Supplemental Indenture (Series 2016B Master Indenture Obligation) dated October 1, 2016 between UABHS, as Obligated Group Representative on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016B Related Debt Obligation)

Third Supplemental Indenture (Existing Debt Obligations) dated October 1, 2016 between UABHS, as Obligated Group Representative on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016C Related Debt Obligation through the Series 2016N Related Debt Obligation)

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EXHIBIT B

Obligations Outstanding under Indenture upon delivery of this Supplement

- (i) The Series 2016A Related Debt Obligation (issued to secure payment of Revenue Bond, Series 2016A issued by UAB Medicine Finance Authority)
- (ii) The Series 2016B Related Debt Obligation (issued to secure payment of Revenue Bonds, Series 2016B issued by UAB Medicine Finance Authority)
- (iii) The Series 2016C Related Debt Obligation (issued to secure payment of University Hospital 2012-A Bonds)
- (iv) The Series 2016F Related Debt Obligation (issued to secure payment of the Callahan 2015-A Note)
- (v) The Series 2016M Related Debt Obligation (issued to secure payment of the UAHSF 2015A Bonds)
- (vi) The Series 2016N Related Debt Obligation (issued to secure payment of the UAHSF Line of Credit Note)
- (vii) The Series 2017A1 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A1, issued by UAB Medicine Finance Authority)
- (viii) The Series 2017A2 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A2, issued by UAB Medicine Finance Authority)
- (ix) The Series 2017B1 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B1, issued by UAB Medicine Finance Authority)
- (x) The Series 2017B2 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B2, issued by UAB Medicine Finance Authority)

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EXHIBIT C

Form of Series 2017A1 Related Debt Obligation

Series 2017A1 Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2017A1 Related Debt Obligation” or “this Obligation”) to Regions Capital Advantage, Inc. (the “Holder”), in its capacity as Lender under the Financing Agreement referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Fourth Supplemental Indenture dated May 1, 2017 (the “Fourth Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Fourth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”) with respect to the \$18,385,000 Revenue Bond, Series 2017A1 (the “Series 2017A1 Bond”), issued by UAB Medicine Finance Authority (the “Authority”) pursuant to a Financing Agreement (Series 2017A1) dated May 1, 2017 (the “Financing Agreement”) between the Authority and Regions Capital Advantage, Inc. (the “Lender”). The Series 2017A1 Bond is a limited obligation of the Authority payable solely out of payments by UA Board under a Loan Agreement (Series 2017A1) dated May 1, 2017 (the “University Hospital Loan Agreement”) between the Authority and UA Board. As evidence of its loan payment obligation, UA Board has issued its promissory note (the “University Hospital Note”) to the Authority. The payment terms of the Series 2017A1 Bond, the Financing Agreement, the University Hospital Loan Agreement and the University Hospital Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of University Hospital under the University Loan Agreement and the University Hospital Note constitutes the “Related Debt”; the University Hospital Loan Agreement, the University Hospital Note, the Financing Agreement and the Series 2017A1 Bond constitute the “Related Debt Documents”; and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute “Debt Obligations” under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, _____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2017A1 Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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EXHIBIT D

Form of Series 2017A2 Related Debt Obligation

Series 2017A2 Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2017A2 Related Debt Obligation" or "this Obligation") to Regions Capital Advantage, Inc. (the "Holder"), in its capacity as Lender under the Financing Agreement referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Fourth Supplemental Indenture dated May 1, 2017 (the "Fourth Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Fourth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of University of Alabama Health Services Foundation, P.C., an Alabama nonprofit corporation ("UAHSF"), with respect to the \$38,680,000 Revenue Bond, Series 2017A2 (the "Series 2017A2 Bond"), issued by UAB Medicine Finance Authority (the "Authority") pursuant to a Financing Agreement (Series 2017A2) dated May 1, 2017 (the "Financing Agreement") between the Authority and Regions Capital Advantage, Inc. (the "Lender"). The Series 2017A2 Bond is a limited obligation of the Authority payable solely out of payments by UAHSF under a Loan Agreement (Series 2017A2) dated May 1, 2017 (the "UAHSF Loan Agreement") between the Authority and UAHSF. As evidence of its loan payment obligation, UAHSF has issued its promissory note (the "UAHSF Note") to the Authority. The payment terms of the Series 2017A2 Bond, the Financing Agreement, the Loan Agreement and the Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of UAHSF under the Loan Agreement and the Note constitutes the "Related Debt"; the Loan Agreement, the Note, the Financing Agreement and the Series 2017A2 Bond constitute the "Related Debt Documents"; and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for The Board of Trustees of The University of Alabama ("UA Board"), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital ("University Hospital"). The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members, including UAHSF, are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

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the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, ____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2017A2 Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT E

Form of Series 2017B1 Related Debt Obligation

Series 2017B1 Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2017B1 Related Debt Obligation” or “this Obligation”) to Regions Bank (the “Holder”), in its capacity as trustee under the Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Fourth Supplemental Indenture dated May 1, 2017 (the “Fourth Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Fourth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”) with respect to the \$44,810,000 Revenue Bonds, Series 2017B1 (the “Series 2017B1 Bonds”), issued by UAB Medicine Finance Authority (the “Authority”) pursuant to a Trust Indenture dated May 1, 2017 (the “Bond Indenture”) between the Authority and Regions Bank, as trustee (in such capacity, the “Bond Trustee”). The Series 2017B1 Bonds are limited obligations of the Authority payable solely out of payments by UA Board under a Loan Agreement (Series 2017B1) dated May 1, 2017 (the “University Hospital Loan Agreement”) between the Authority and UA Board. As evidence of its loan payment obligation, UA Board has issued its promissory note (the “University Hospital Note”) to the Authority. The payment terms of the Series 2017B1 Bonds, the Bond Indenture, the University Hospital Loan Agreement and the University Hospital Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of University Hospital under the University Loan Agreement and the University Hospital Note constitutes the “Related Debt”; the University Hospital Loan Agreement, the University Hospital Note, the Bond Indenture and the Series 2017B1 Bonds constitute the “Related Debt Documents”; and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security,

the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute “Debt Obligations” under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, ____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2017B1 Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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EXHIBIT F

Form of Series 2017B2 Related Debt Obligation

Series 2017B2 Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation ("UABHS", which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the "Series 2017B2 Related Debt Obligation" or "this Obligation") to Regions Bank (the "Holder"), in its capacity as trustee under the Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Indenture"), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the "Trustee", which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Fourth Supplemental Indenture dated May 1, 2017 (the "Fourth Supplemental Indenture") supplementing the Indenture and authorizing this Obligation. As used herein, the term "Indenture" includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Fourth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the "Obligations".

This Obligation is being issued to secure the obligations of University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation ("UAHSF"), with respect to the \$135,545,000 Revenue Bonds, Series 2017B2 (the "Series 2017B2 Bonds"), issued by UAB Medicine Finance Authority (the "Authority") pursuant to a Trust Indenture dated May 1, 2017 (the "Bond Indenture") between the Authority and Regions Bank, as trustee (in such capacity, the "Bond Trustee"). The Series 2017B2 Bonds are limited obligations of the Authority payable solely out of payments by UAHSF under a Loan Agreement (Series 2017B2) dated May 1, 2017 (the "UAHSF Loan Agreement") between the Authority and UAHSF. As evidence of its loan payment obligation, UAHSF has issued its promissory note (the "UAHSF Note") to the Authority. The payment terms of the Series 2017B2 Bonds, the Bond Indenture, the UAHSF Loan Agreement and the UAHSF Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of UAHSF under the UAHSF Loan Agreement and the UAHSF Note constitutes the "Related Debt"; the UAHSF Loan Agreement, the UAHSF Note, the Bond Indenture and the Series 2017B2 Bonds constitute the "Related Debt Documents"; and this Obligation constitutes a "Related Debt Obligation".

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for The Board of Trustees of The University of Alabama ("UA Board"), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital ("University Hospital"). The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members, including UAHSF, are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

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If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, ____.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2017B2 Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

Execution Copy

**FIFTH SUPPLEMENTAL INDENTURE
(Series 2019 Master Indenture Obligations)**

Dated June 1, 2019

Between

**UAB HEALTH SYSTEM
on behalf of all Members of the Obligated Group**

and

**REGIONS BANK
as Trustee**

**Relating to the issuance of
Series 2019 Master Indenture Obligations**

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**FIFTH SUPPLEMENTAL INDENTURE
(Series 2019 Master Indenture Obligations)**

FIFTH SUPPLEMENTAL INDENTURE (Series 2019 Master Indenture Obligations) dated June 1, 2019 entered into by **UAB HEALTH SYSTEM**, an Alabama nonprofit corporation (“UABHS”), as the Obligated Group Representative, on its own behalf and on behalf of all other members of the Obligated Group referred to below, and **REGIONS BANK**, an Alabama banking corporation, (the “Trustee”), as trustee under that certain Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Obligated Group and the Trustee.

Recitals

A. The Obligated Group has duly authorized the creation, execution and delivery from time to time of its obligations of substantially the tenor provided in the Indenture (the “Obligations”), issuable in one or more series; and to secure the Obligations, and to provide for their authentication and delivery by the Trustee, the Obligated Group and the Trustee have entered into the Indenture.

B. The current members of the Obligated Group under the Indenture are (i) UABHS, (ii) The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”), (iii) University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“UAHSF”), and (iv) UAB Callahan Eye Hospital Authority, an Alabama public corporation, successor to The Callahan Eye Hospital Health Care Authority (“Callahan”; and together with UABHS, University Hospital, and UAHSF, the “Obligated Group”).

C. The Indenture has been previously amended and supplemented by the instruments described in *Exhibit A*.

D. Simultaneously with the execution and delivery of this Supplemental Indenture, UAB Medicine Finance Authority, an Alabama public corporation (the “Authority”) is issuing its \$8,120,000 Revenue Bonds, Series 2019A (the “Series 2019A Bonds”) pursuant to a Trust Indenture (Series 2019A) dated June 1, 2019 (the “Series 2019A Bond Indenture”) between the Authority and Regions Bank, as trustee (in such capacity, the “Bond Trustee”). The Authority will use the proceeds of the Series 2019A Bonds to make a loan to UABHS pursuant to a Loan Agreement (Series 2019A) dated June 1, 2019 (the “2019A Loan Agreement”) between the Authority and UABHS. Pursuant to the 2019A Loan Agreement, UABHS has agreed to make payments to the Authority sufficient to pay debt service on the Series 2019A Bond. As evidence of its loan payment obligation, UABHS has issued its promissory note (the “2019A Note”) to the Authority. The obligations of UABHS under the 2019A Loan Agreement and the 2019A Note are full faith and credit obligations of UABHS for the payment of which its full faith and credit have been pledged. Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Authority is issuing its \$8,120,000 Series 2019A Related Debt Obligation (the “Series 2019A Related Debt Obligation”) to the Bond Trustee as security for the obligations of UABHS with respect to payment of the Series 2019A Bonds.

E. Simultaneously with the execution and delivery of this Supplemental Indenture, the Authority is issuing its \$103,385,000 Revenue Bonds, Series 2019B (the “Series 2019B Bonds”) pursuant to a Trust Indenture (Series 2019B) dated June 1, 2019 (the “Series 2019B Bond Indenture”) between the Authority and the Bond Trustee. The Authority will use the proceeds of the Series 2019B Bonds to make a loan to UABHS pursuant to a Loan Agreement (Series 2019B) dated June 1, 2019 (the “2019B Loan Agreement”) between the Authority and UABHS. Pursuant to the 2019B Loan Agreement, UABHS has

agreed to make payments to the Authority sufficient to pay debt service on the Series 2019B Bonds. As evidence of its loan payment obligation, UABHS has issued its promissory note (the “2019B Note”) to the Authority. The obligations of UABHS under the 2019B Loan Agreement and the 2019B Note are full faith and credit obligations of UABHS for the payment of which its full faith and credit have been pledged. Pursuant to the Indenture, as supplemented by this Supplemental Indenture, the Authority is issuing its \$103,385,000 Series 2019B Related Debt Obligation (the “Series 2019B Related Debt Obligation”) to the Bond Trustee as security for the obligations of UABHS with respect to payment of the Series 2019B Bonds.

F. After the execution and delivery of this Supplemental Indenture, the Obligations listed on *Exhibit B* will be the only outstanding Obligations under the Indenture.

G. All things have been done which are necessary to make the Series 2019A Related Debt Obligation and the Series 2019B Related Debt Obligation, when executed by the Obligated Group and authenticated and delivered by the Trustee, the valid obligations of the Obligated Group, and to constitute this Supplemental Indenture a valid indenture and agreement according to its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Related Debt Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and of the acceptance of the respective Related Debt Obligations by the holders thereof, the Obligated Group covenants and agrees with the Trustee as follows:

ARTICLE ONE

**Definition of Terms, Construction
and Certain General Provisions**

SECTION 1.1 Definition of Terms

For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) The terms defined in this Article and the Indenture have the meanings assigned to them in this Article and the Indenture and include the plural as well as the singular.

(ii) The term “this Supplemental Indenture” means this instrument as originally executed or as it June from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(iii) All references in this instrument to designated “Articles”, “Sections” and other subdivisions of this instrument are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(iv) All references in this instrument to designated “Articles”, “Sections” or other subdivisions of the Indenture are to the designated Articles, Sections and subdivisions of the Indenture as originally executed.

(v) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

“**Authority**” shall mean UAB Medicine Finance Authority, an Alabama public corporation.

“**Bond Trustee**” shall mean Regions Bank, in its capacity as trustee under the Series 2019A Bond Indenture and the Series 2019B Bond Indenture.

“**Callahan**” shall mean UAB Callahan Eye Hospital Authority, an Alabama public corporation.

“**Indenture**” shall mean that certain Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Trustee, as amended and supplemented, including this Supplemental Indenture and any other supplements or amendments to such instrument from time to time entered into pursuant to the applicable provisions of such instrument.

“**Obligated Group**” shall mean UABHS, University Hospital, UAHSF, and Callahan.

“**Series 2019A Bonds**” shall mean the \$8,120,000 Revenue Bonds, Series 2019A issued by the Authority to provide financing for the benefit of UABHS and the other members of the Obligated Group.

“**Series 2019A Related Debt Obligation**” shall mean the Obligation issued to the Bond Trustee pursuant to *Article Two* of this Supplemental Indenture.

“**Series 2019B Bonds**” shall mean the \$103,385,000 Revenue Bonds, Series 2019B issued by the Authority to provide financing for the benefit of UABHS and the other members of the Obligated Group.

“**Series 2019B Related Debt Obligation**” shall mean the Obligation issued to the Bond Trustee pursuant to *Article Three* of this Supplemental Indenture.

“**Trustee**” shall mean Regions Bank, an Alabama banking corporation, in its capacity as trustee under the Indenture.

“**UA Board**” and “**University Hospital**” shall mean The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital.

“**UABHS**” shall mean UAB Health System, an Alabama nonprofit corporation.

“**UAHSF**” shall mean University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation.

SECTION 1.2 Date of Supplemental Indenture

The date of this Supplemental Indenture is intended as and for a date for the convenient identification of this Supplemental Indenture and is not intended to indicate that this Supplemental Indenture was executed and delivered on said date, this Supplemental Indenture being executed on the dates of the respective acknowledgments attached hereto.

SECTION 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.4 Execution in Counterparts

This Supplemental Indenture June be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE TWO

Series 2019A Related Debt Obligation

SECTION 2.1 Authorization of Series 2019A Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2019A Related Debt Obligation”. The Series 2019A Related Debt Obligation shall be issued as security for the payment obligation of UABHS under the 2019A Loan Agreement and the 2019A Note. The Series 2019A Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2019A Related Debt Obligation shall be dated as of the date of delivery to the Bond Trustee. Only one Series 2019A Related Debt Obligation shall be outstanding at any time. Each Series 2019A Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The 2019A Loan Agreement, the 2019A Note and the Series 2019A Related Debt Obligation are being assigned by the Authority to the Bond Trustee as security for the payment of the Series 2019A Bonds.

SECTION 2.2 Amount of Series 2019A Related Debt Obligation

The amount outstanding under the Series 2019A Related Debt Obligation shall be the outstanding principal amount of the 2019A Note and the Series 2019A Bonds. Any increase or reduction in the outstanding principal amount of the Series 2019A Bonds shall result in a corresponding increase or reduction in the amount of the Series 2019A Related Debt Obligation.

SECTION 2.3 Form of Series 2019A Related Debt Obligation

The form of the Series 2019A Related Debt Obligation shall be substantially as set forth in *Exhibit C*.

SECTION 2.4 Transfer of Series 2019A Related Debt Obligation

The Series 2019A Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2019A Bond, or a trustee or other legal representative for such holder or holders.

ARTICLE THREE

Series 2019B Related Debt Obligation

SECTION 3.1 Authorization of Series 2019B Related Debt Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2019B Related Debt Obligation”. The Series 2019B Related Debt Obligation shall be issued as security for the payment

obligation of UABHS under the 2019B Loan Agreement and the 2019B Note. The Series 2019B Related Debt Obligation shall be a Related Debt Obligation under *Section 4.1(a)(2)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2019B Related Debt Obligation shall be dated as of the date of delivery to the Bond Trustee. Only one Series 2019B Related Debt Obligation shall be outstanding at any time. Each Series 2019B Related Debt Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) The 2019B Loan Agreement, the 2019B Note and the Series 2019B Related Debt Obligation are being assigned by the Authority to the Bond Trustee as security for the payment of the Series 2019B Bonds.

SECTION 3.2 Amount of Series 2019B Related Debt Obligation

The amount outstanding under the Series 2019B Related Debt Obligation shall be the outstanding principal amount of the 2019B Note and the Series 2019B Bonds. Any increase or reduction in the outstanding principal amount of the Series 2019B Bonds shall result in a corresponding increase or reduction in the amount of the Series 2019B Related Debt Obligation.

SECTION 3.3 Form of Series 2019B Related Debt Obligation

The form of the Series 2019B Related Debt Obligation shall be substantially as set forth in *Exhibit D*.

SECTION 3.4 Transfer of Series 2019B Related Debt Obligation

The Series 2019B Related Debt Obligation may not be transferred to any person other than the holder or holders of the Series 2019B Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE FOUR

Miscellaneous

SECTION 4.1 Certification by the Obligated Group Representative

The Obligated Group Representative hereby certifies that no Indenture Default exists.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

[Signature pages follow]

UAB HEALTH SYSTEM, on behalf of all Members of the
as Obligated Group

By: 
Name: William Ferniany, Ph.D.
Title: Chief Executive Officer

[Execution continues on the following page]

04791154.2

*Signature Page to Fifth Supplemental Indenture for
UAB Health System*

04791154.2

5

REGIONS BANK, as Trustee under the Indenture

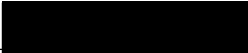
By: 
Name: Carmen J. Kilgore
Title: Vice President

EXHIBIT A

Previous Amendments and Supplements to the Indenture

First Supplemental Indenture (Series 2016A Master Indenture Obligation) dated October 1, 2016 between UABHS, as Obligated Group Representative, on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016A Related Debt Obligation)

Second Supplemental Indenture (Series 2016B Master Indenture Obligation) dated October 1, 2016 between UABHS, as Obligated Group Representative on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016B Related Debt Obligation)

Third Supplemental Indenture (Existing Debt Obligations) dated October 1, 2016 between UABHS, as Obligated Group Representative on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016C Related Debt Obligation through the Series 2016N Related Debt Obligation)

Fourth Supplemental Indenture (Series 2017 Master Indenture Obligations) dated May 1, 2017 between UABHS, as Obligated Group Representative on its own behalf and on behalf of the other members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2017A-1 Related Debt Obligation, the Series 2017A-2 Related Debt Obligation, the Series 2017B-1 Related Debt Obligation and the Series 2017B-2 Related Debt Obligation)

EXHIBIT B

Obligations Outstanding under Indenture upon delivery of this Supplement

- (i) The Series 2016A Related Debt Obligation (issued to secure payment of Revenue Bond, Series 2016A issued by UAB Medicine Finance Authority)
- (ii) The Series 2016B Related Debt Obligation (issued to secure payment of Revenue Bonds, Series 2016B issued by UAB Medicine Finance Authority)
- (iii) The Series 2016C Related Debt Obligation (issued to secure payment of University Hospital 2012-A Bonds)
- (iv) The Series 2016F Related Debt Obligation (issued to secure payment of the Callahan 2015-A Note)
- (v) The Series 2016M Related Debt Obligation (issued to secure payment of the UAHSF 2015A Bonds)
- (vi) The Series 2016N Related Debt Obligation (issued to secure payment of the UAHSF Line of Credit Note)
- (vii) The Series 2017A-1 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A-1, issued by UAB Medicine Finance Authority)
- (viii) The Series 2017A-2 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A-2, issued by UAB Medicine Finance Authority)
- (ix) The Series 2017B-1 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B-1, issued by UAB Medicine Finance Authority)
- (x) The Series 2017B-2 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B-2, issued by UAB Medicine Finance Authority)
- (xi) The Series 2019A Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2019A, issued by UAB Medicine Finance Authority)
- (xii) The Series 2019B Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2019B, issued by UAB Medicine Finance Authority)

EXHIBIT C

Form of Series 2019A Related Debt Obligation

Series 2019A Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2019A Related Debt Obligation” or “this Obligation”) to Regions Bank (the “Holder”), in its capacity as trustee under the Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Fifth Supplemental Indenture dated June 1, 2019 (the “Fifth Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Fifth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of UABHS with respect to the \$8,120,000 Revenue Bonds, Series 2019A (the “Series 2019A Bonds”), issued by UAB Medicine Finance Authority (the “Authority”) pursuant to a Trust Indenture (Series 2019A) dated June 1, 2019 (the “Bond Indenture”) between the Authority and Regions Bank, as trustee (in such capacity, the “Bond Trustee”). The Series 2019A Bonds are limited obligations of the Authority payable solely out of payments by UABHS under a Loan Agreement (Series 2019A) dated June 1, 2019 (the “2019A Loan Agreement”) between the Authority and UABHS. As evidence of its loan payment obligation, UABHS has issued its promissory note (the “2019A Note”) to the Authority. The payment terms of the Series 2019A Bonds, the Bond Indenture, the 2019A Loan Agreement and the 2019A Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of UABHS under the 2019A Loan Agreement and the 2019A Note constitutes the “Related Debt”; the 2019A Loan Agreement, the 2019A Note, the Bond Indenture and the Series 2019A Bonds constitute the “Related Debt Documents”; and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute "Debt Obligations" under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation June be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, 2019.

UAB HEALTH SYSTEM, on behalf of all Members of the Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2019A Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

EXHIBIT D

Form of Series 2019B Related Debt Obligation

Series 2019B Related Debt Obligation

No. _____

UAB HEALTH SYSTEM, an Alabama nonprofit corporation (“UABHS”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2019B Related Debt Obligation” or “this Obligation”) to Regions Bank (the “Holder”), in its capacity as trustee under the Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Fifth Supplemental Indenture dated June 1, 2019 (the “Fifth Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Fifth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

This Obligation is being issued to secure the obligations of UABHS with respect to the \$103,385,000 Revenue Bonds, Series 2019B (the “Series 2019B Bonds”), issued by UAB Medicine Finance Authority (the “Authority”) pursuant to a Trust Indenture dated June 1, 2019 (the “Bond Indenture”) between the Authority and Regions Bank, as trustee (in such capacity, the “Bond Trustee”). The Series 2019B Bonds are limited obligations of the Authority payable solely out of payments by UABHS under a Loan Agreement (Series 2019B) dated June 1, 2019 (the “2019B Loan Agreement”) between the Authority and UABHS. As evidence of its loan payment obligation, UABHS has issued its promissory note (the “2019B Note”) to the Authority. The payment terms of the Series 2019B Bonds, the Bond Indenture, the 2019B Loan Agreement and the 2019B Note are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the loan payment obligation of UABHS under the 2019B Agreement and the 2019B Note constitutes the “Related Debt”; the 2019B Loan Agreement, the 2019B Note, the Bond Indenture and the Series 2019B Bonds constitute the “Related Debt Documents”; and this Obligation constitutes a “Related Debt Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation June become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Related Debt Obligations constitute “Debt Obligations” under the Indenture. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee June treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation June be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, 2019.

UAB HEALTH SYSTEM, on behalf of all Members of the
Obligated Group

By: _____
[Title]

[SEAL]

Attest:

[Title]

Certificate of Authentication

This is the Series 2019B Related Debt Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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**SIXTH SUPPLEMENTAL INDENTURE
(Series 2024 Master Indenture Obligations)**

Dated October 29, 2024

Between

**UAB MEDICINE ENTERPRISE
on behalf of all Members of the Obligated Group**

and

**REGIONS BANK
as Trustee**

**Relating to the issuance of the
Series 2024 Master Indenture Obligations**

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**SIXTH SUPPLEMENTAL INDENTURE
(Series 2024 Master Indenture Obligations)**

SIXTH SUPPLEMENTAL INDENTURE (Series 2024 Master Indenture Obligations) dated October 29, 2024 entered into by **UAB MEDICINE ENTERPRISE**, an Alabama nonprofit corporation formerly known as UAB Health System (“UABME”), as the Obligated Group Representative, on its own behalf and on behalf of all other Members of the Obligated Group referred to below, and **REGIONS BANK**, an Alabama banking corporation, (the “Trustee”), as trustee under that certain Master Trust Indenture dated October 1, 2016, as amended and supplemented to date and as may be further amended, supplemented or modified from time to time (the “Indenture”), between the Obligated Group and the Trustee.

Recitals

A. The Obligated Group has duly authorized the creation, execution and delivery from time to time of its obligations of substantially the tenor provided in the Indenture (the “Obligations”), issuable in one or more series; and to evidence and secure the Obligations, and to provide for their authentication and delivery by the Trustee, the Obligated Group and the Trustee have entered into the Indenture.

B. The current Members of the Obligated Group under the Indenture are (i) UABME, (ii) The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”), (iii) University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“UAHSF”), and (iv) UAB Callahan Eye Hospital Authority, an Alabama public corporation, successor to The Callahan Eye Hospital Health Care Authority (“Callahan”; and together with UABME, UA Board, and UAHSF, the “Obligated Group”).

C. The Indenture has been previously amended and supplemented by the instruments described in *Exhibit A*.

D. Ascension Health, a Missouri nonprofit corporation (“Ascension”), is the sole corporate member of St. Vincent’s Health System, an Alabama nonprofit corporation (“STV”), and certain other legal entities affiliated with STV that own, manage, lease and/or operate a health care system in central Alabama (the “STV System”). UA Board has formed the UAB St. Vincent’s Health System Authority, an Alabama public corporation (the “Issuer”), to facilitate the acquisition of the membership interest in STV (the “STV Membership Interest”) from Ascension. The cost of acquiring the membership interest in STV will be financed through the issuance by the Issuer of the Bonds described below.

E. Simultaneously with the execution and delivery of this Supplemental Indenture, the Issuer is issuing the following series of bonds (collectively, the “Bonds”):

(1) Revenue Bonds, Series 2024A in the principal amount of \$290,000,000 (the “Series 2024A Bonds”) pursuant to a Trust Indenture (Series 2024A) dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Series 2024A Bond Indenture”) between the Issuer and Regions Bank, as trustee (in such capacity, the “Series 2024A Bond Trustee”). The Issuer will use the proceeds of the Series 2024A Bonds to finance (i) costs of acquisition of the STV Membership Interest, (ii) costs of capital improvements to the facilities of the Issuer, and (iii) costs of issuance with respect to the Series 2024A Bonds. The Series 2024A Bonds will be purchased by Bank of America, N.A., a national banking association (together with its permitted successors and assigns, “BANA”), pursuant to a Purchase Agreement dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Purchase Agreement”) between BANA and the Issuer.

(2) Revenue Bonds, Series 2024B in the principal amount of \$290,000,000 (the “Series 2024B Bonds”) pursuant to a Trust Indenture (Series 2024B) dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Series 2024B Bond Indenture”) between the Issuer and Regions Bank, as trustee (in such capacity, the “Series 2024B Bond Trustee”). The Issuer will use the proceeds of the Series 2024B Bonds to finance (i) costs of acquisition of the STV Membership Interest, (ii) costs of capital improvements to the facilities of the Issuer, and (iii) costs of issuance with respect to the Series 2024B Bonds. The Series 2024B Bonds will be purchased by Wells Fargo Municipal Capital Strategies LLC, a limited liability company organized under the laws of Delaware (together with its permitted successors and assigns, “Wells”), pursuant to a Continuing Covenant Agreement dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Wells Continuing Covenant Agreement”) between Wells and the Issuer.

(3) Taxable Revenue Bonds, Series 2024C in the principal amount of \$100,000,000 (the “Series 2024C Bonds”) pursuant to a Trust Indenture (Series 2024C) dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Series 2024C Bond Indenture”, and together with the Series 2024A Bond Indenture and the Series 2024B Bond Indenture, the “Bond Indentures”) between the Issuer and Regions Bank, as trustee (in such capacity, the “Series 2024C Bond Trustee”). The Issuer will use the proceeds of the Series 2024C Bonds to finance (i) costs of acquisition of the STV Membership Interest, (ii) costs of capital improvements to the facilities of the Issuer, (iii) certain working capital, operating and other general expenses of the Issuer and the STV System and (iv) costs of issuance with respect to the Series 2024C Bonds. The Series 2024C Bonds will be purchased by Regions Commercial Equipment Finance, LLC, an Alabama limited liability company (together with its permitted successors and assigns, “RCEF”), pursuant to a Continuing Covenant Agreement dated October 29, 2024 (as amended, supplemented or modified from time to time, the “RCEF Continuing Covenant Agreement”) between RCEF and the Issuer.

F. UABME, UA Board, UAHSF and Callahan, each acting in its individual capacity (collectively in such capacity, the “Guarantors”), will guarantee (i) the payment of debt service on the Bonds, (ii) the payment of the Purchase Price of the Bonds tendered for purchase on the related Mandatory Tender Date (as defined in the related Bond Indenture) at the end of the related initial Index Rate Period (as defined in the related Bond Indenture), (iii) the payment of any and all amounts owed to the respective lenders under the Purchase Agreement, the Wells Continuing Covenant Agreement and the RCEF Continuing Covenant Agreement, and (iv) the payment of any and all amounts owed to the trustees under the Bond Indentures pursuant to three separate guaranty agreements (collectively, the “Guaranty Agreements”):

(1) Guaranty Agreement (Series 2024A) dated October 29, 2024 (the “Series 2024A Bond Guaranty”) by the Guarantors in favor of the Series 2024A Bond Trustee under the Series 2024A Bond Indenture with respect to debt service on the Series 2024A Bonds, the payment of the Purchase Price of the Series 2024A Bonds tendered for purchase on the Mandatory Tender Date at the end of the initial Index Rate Period and the payment obligations of the Issuer under the Purchase Agreement and Series 2024A Bond Indenture. As evidence of, and security for, the obligations of the Guarantors under the Series 2024A Bond Guaranty, UABME, as Obligated Group Representative, has agreed to issue the Series 2024A Ancillary Obligation in the principal amount of \$290,000,000 (the “Series 2024A Ancillary Obligation”) to the Series 2024A Bond Trustee. The Series 2024A Ancillary Obligation is being issued pursuant to the Indenture, as supplemented by this Supplemental Indenture.

(2) Guaranty Agreement (Series 2024B) dated October 29, 2024 (the “Series 2024B Bond Guaranty”) by the Guarantors in favor of the Series 2024B Bond Trustee under the Series 2024B Bond Indenture with respect to debt service on the Series 2024B Bonds, the payment of the Purchase Price of the Series 2024B Bonds tendered for purchase on the Mandatory Tender Date at the end of the initial Index Rate Period and the payment obligations of the Issuer under the Wells Continuing Covenant Agreement and Series 2024B Bond Indenture. As evidence of, and security for, the obligations of the Guarantors under the Series 2024B Bond Guaranty, UABME, as Obligated Group Representative, has agreed to issue the Series 2024B Ancillary Obligation in the principal amount of \$290,000,000 (the “Series 2024B Ancillary Obligation”) to the Series 2024B Bond Trustee. The Series 2024B Ancillary Obligation is being issued pursuant to the Indenture, as supplemented by this Supplemental Indenture.

(3) Guaranty Agreement (Series 2024C) dated October 29, 2024 (the “Series 2024C Bond Guaranty”) by the Guarantors in favor of the Series 2024C Bond Trustee under the Series 2024C Bond Indenture with respect to debt service on the Series 2024C Bonds, the payment of the Purchase Price of the Series 2024C Bonds tendered for purchase on the Mandatory Tender Date at the end of the initial Index Rate Period and the payment obligations of the Issuer under the RCEF Continuing Covenant Agreement and Series 2024C Bond Indenture. As evidence of, and security for, the obligations of the Guarantors under the Series 2024C Bond Guaranty, UABME, as Obligated Group Representative, has agreed to issue the Series 2024C Ancillary Obligation in the principal amount of \$100,000,000 (the “Series 2024C Ancillary Obligation”) to the Series 2024C Bond Trustee. The Series 2024C Ancillary Obligation is being issued pursuant to the Indenture, as supplemented by this Supplemental Indenture.

G. After the execution and delivery of this Supplemental Indenture, the Obligations listed on *Exhibit B* will be the only outstanding Obligations under the Indenture.

H. All things have been done which are necessary to make the Series 2024A Ancillary Obligation, the Series 2024B Ancillary Obligation and the Series 2024C Ancillary Obligation, when executed by UABME and authenticated and delivered by the Trustee, the valid obligations of the Obligated Group, and to constitute this Supplemental Indenture a valid indenture and agreement according to its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Ancillary Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and of the acceptance of the respective Ancillary Obligations by the holders thereof, the Obligated Group covenants and agrees with the Trustee as follows:

ARTICLE ONE

Definition of Terms, Construction and Certain General Provisions

SECTION 1.1 Definition of Terms

For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) The terms defined in this Article and the Indenture have the meanings assigned to them in this Article and the Indenture and include the plural as well as the singular.

(ii) The term “this Supplemental Indenture” means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(iii) All references in this instrument to designated “Articles”, “Sections” and other subdivisions of this instrument are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(iv) All references in this instrument to designated “Articles”, “Sections” or other subdivisions of the Indenture are to the designated Articles, Sections and subdivisions of the Indenture as originally executed.

(v) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

“**Callahan**” means UAB Callahan Eye Hospital Authority, an Alabama public corporation.

“**Guarantors**” means, collectively, UABME, UA Board, UAHSF and Callahan, each acting in its individual capacity as a guarantor under the Series 2024A Bond Guaranty, the Series 2024B Bond Guaranty and the Series 2024C Bond Guaranty.

“**Indenture**” means that certain Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Trustee, as amended and supplemented, including this Supplemental Indenture and any other supplements or amendments to such instrument from time to time entered into pursuant to the applicable provisions of such instrument.

“**Issuer**” means UAB St. Vincent’s Health System Authority, an Alabama public corporation.

“**Obligated Group**” means UABME, UA Board, UAHSF, and Callahan.

“**Series 2024A Bonds**” means the \$290,000,000 Revenue Bonds, Series 2024A issued by the Issuer.

“**Series 2024A Bond Guaranty**” means that certain Guaranty Agreement (Series 2024A) dated October 29, 2024 by the Guarantors in favor of the Series 2024A Bond Trustee, as amended, supplemented or modified from time to time.

“**Series 2024A Ancillary Obligation**” means the Obligation issued to the Series 2024A Bond Trustee pursuant to *Article Two* of this Supplemental Indenture.

“**Series 2024B Bonds**” means the \$290,000,000 Revenue Bonds, Series 2024B issued by the Issuer.

“**Series 2024B Bond Guaranty**” means that certain Guaranty Agreement (Series 2024B) dated October 29, 2024 by the Guarantors in favor of the Series 2024B Bond Trustee, as amended, supplemented or modified from time to time.

“**Series 2024B Ancillary Obligation**” means the Obligation issued to the Series 2024B Bond Trustee pursuant to *Article Three* of this Supplemental Indenture.

“**Series 2024C Bonds**” means the \$100,000,000 Taxable Revenue Bonds, Series 2024C issued by the Issuer.

“**Series 2024C Bond Guaranty**” means that certain Guaranty Agreement (Series 2024C) dated October 29, 2024 by the Guarantors in favor of the Series 2024C Bond Trustee, as amended supplemented or modified from time to time.

“**Series 2024C Ancillary Obligation**” means the Obligation issued to the Series 2024C Bond Trustee pursuant to *Article Four* of this Supplemental Indenture.

“**Trustee**” means Regions Bank, an Alabama banking corporation, in its capacity as trustee under the Indenture.

“**UA Board**” means The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital.

“**UABME**” means UAB Medicine Enterprise, an Alabama nonprofit corporation formerly known as UAB Health System.

“**UAHSF**” means University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation.

SECTION 1.2 Date of Supplemental Indenture

The date of this Supplemental Indenture is intended as and for a date for the convenient identification of this Supplemental Indenture and is not intended to indicate that this Supplemental Indenture was executed and delivered on said date, this Supplemental Indenture being executed on the dates of the respective acknowledgments attached hereto.

SECTION 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.4 Execution in Counterparts

This Supplemental Indenture June be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE TWO

Series 2024A Ancillary Obligation

SECTION 2.1 Authorization of Series 2024A Ancillary Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2024A Ancillary Obligation”. The Series 2024A Ancillary Obligation shall be issued as security for the guaranty obligations of the Members of the Obligated Group, each acting in its individual capacity as a Guarantor, under the Series 2024A Bond Guaranty. The Series 2024A Ancillary Obligation shall be an Ancillary Obligation under *Section 4.1(a)(3)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2024A Ancillary Obligation shall be dated as of the date of delivery to the Series 2024A Bond Trustee. Only one Series 2024A Ancillary Obligation shall be outstanding at any time. Each Series 2024A Ancillary Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) All right, title and interest of the Issuer in and to the Series 2024A Bond Guaranty and the Series 2024A Ancillary Obligation are being assigned by the Issuer to the Series 2024A Bond Trustee as security for the payment of the Series 2024A Bonds and the payment obligations of the Issuer under the Purchase Agreement.

SECTION 2.2 Amount of Series 2024A Ancillary Obligation

The amount outstanding under the Series 2024A Ancillary Obligation shall be the outstanding principal amount of the Series 2024A Bonds. Any increase or reduction in the outstanding principal amount of the Series 2024A Bonds shall result in a corresponding increase or reduction in the amount of the Series 2024A Ancillary Obligation.

SECTION 2.3 Form of Series 2024A Ancillary Obligation

The form of the Series 2024A Ancillary Obligation shall be substantially as set forth in *Exhibit C*.

SECTION 2.4 Transfer of Series 2024A Ancillary Obligation

The Series 2024A Ancillary Obligation may not be transferred to any person other than the holder or holders of the Series 2024A Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE THREE

Series 2024B Ancillary Obligation

SECTION 3.1 Authorization of Series 2024B Ancillary Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2024B Ancillary Obligation”. The Series 2024B Ancillary Obligation shall be issued as security for the guaranty obligations of the Members of the Obligated Group, each acting in its individual capacity as a Guarantor, under the Series 2024B Bond Guaranty. The Series 2024B Ancillary Obligation shall be an Ancillary Obligation under *Section 4.1(a)(3)* of the Indenture and shall be issuable as a fully registered Obligation. The Series 2024B Ancillary Obligation shall be dated as of the date of delivery to the Series 2024B Bond Trustee. Only one Series 2024B Ancillary Obligation shall be outstanding at any time. Each Series 2024B Ancillary Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) All right, title and interest of the Issuer in and to the Series 2024B Bond Guaranty and the Series 2024B Ancillary Obligation are being assigned by the Issuer to the Series 2024B Bond Trustee as security for the payment of the Series 2024B Bonds and the payment obligations of the Issuer under the Wells Continuing Covenant Agreement.

SECTION 3.2 Amount of Series 2024B Ancillary Obligation

The amount outstanding under the Series 2024B Ancillary Obligation shall be the outstanding principal amount of the Series 2024B Bonds. Any increase or reduction in the outstanding principal amount of the Series 2024B Bonds shall result in a corresponding increase or reduction in the amount of the Series 2024B Ancillary Obligation.

SECTION 3.3 Form of Series 2024B Ancillary Obligation

The form of the Series 2024B Ancillary Obligation shall be substantially as set forth in *Exhibit D*.

SECTION 3.4 Transfer of Series 2024B Ancillary Obligation

The Series 2024B Ancillary Obligation may not be transferred to any person other than the holder or holders of the Series 2024B Bonds, or a trustee or other legal representative for such holder or holders.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

[Signature pages follow]

ARTICLE FOUR

Series 2024C Ancillary Obligation

SECTION 4.1 Authorization of Series 2024C Ancillary Obligation

(a) The Obligated Group hereby authorizes to be issued under the Indenture and secured thereby a series of Obligations to be issued as a single Obligation designated the “Series 2024C Ancillary Obligation”. The Series 2024C Ancillary Obligation shall be issued as security for the guaranty obligations of the Members of the Obligated Group, each acting in its individual capacity as a Guarantor, under the Series 2024C Bond Guaranty. The Series 2024C Ancillary Obligation shall be an Ancillary Obligation under **Section 4.1(a)(3)** of the Indenture and shall be issuable as a fully registered Obligation. The Series 2024C Ancillary Obligation shall be dated as of the date of delivery to the Series 2024C Bond Trustee. Only one Series 2024C Ancillary Obligation shall be outstanding at any time. Each Series 2024C Ancillary Obligation shall be numbered separately from 1 upward, in the order of issuance.

(b) All right, title and interest of the Issuer in and to the Series 2024C Bond Guaranty and the Series 2024C Ancillary Obligation are being assigned by the Issuer to the Series 2024C Bond Trustee as security for the payment of the Series 2024C Bonds and the payment obligations of the Issuer under the RCEF Continuing Covenant Agreement.

SECTION 4.2 Amount of Series 2024C Ancillary Obligation

The amount outstanding under the Series 2024C Ancillary Obligation shall be the outstanding principal amount of the Series 2024C Bonds. Any increase or reduction in the outstanding principal amount of the Series 2024C Bonds shall result in a corresponding increase or reduction in the amount of the Series 2024C Ancillary Obligation.

SECTION 4.3 Form of Series 2024C Ancillary Obligation

The form of the Series 2024C Ancillary Obligation shall be substantially as set forth in *Exhibit E*.

SECTION 4.4 Transfer of Series 2024C Ancillary Obligation

The Series 2024C Ancillary Obligation may not be transferred to any person other than the holder or holders of the Series 2024C Bonds, or a trustee or other legal representative for such holder or holders.

ARTICLE FIVE

Miscellaneous

SECTION 5.1 Certification by the Obligated Group Representative

The Obligated Group Representative hereby certifies that no Indenture Default exists.

UAB MEDICINE ENTERPRISE, on behalf of all Members
of the Obligated Group

By: 

Name: S. Dawn Dargatzis
Title: Chief Executive Officer

[Execution continues on the following page]

*Signature Page to Sixth Supplemental Indenture for
UAB Medicine Enterprise*

REGIONS BANK, as Trustee under the Indenture

By: 

Name: Carmen J. Kilgore
Title: Vice President

*Signature Page to Sixth Supplemental Indenture for
Regions Bank*

EXHIBIT A

Previous Amendments and Supplements to the Indenture

First Supplemental Indenture (Series 2016A Master Indenture Obligation) dated October 1, 2016 between UABME, as Obligated Group Representative, on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016A Related Debt Obligation).

Second Supplemental Indenture (Series 2016B Master Indenture Obligation) dated October 1, 2016 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016B Related Debt Obligation).

Third Supplemental Indenture (Existing Debt Obligations) dated October 1, 2016 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016C Related Debt Obligation through the Series 2016N Related Debt Obligation).

Fourth Supplemental Indenture (Series 2017 Master Indenture Obligations) dated May 1, 2017 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2017A-1 Related Debt Obligation, the Series 2017A-2 Related Debt Obligation, the Series 2017B-1 Related Debt Obligation and the Series 2017B-2 Related Debt Obligation).

Fifth Supplemental Indenture (Series 2019 Master Indenture Obligations) dated June 1, 2019 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2019A Related Debt Obligation and the Series 2019B Related Debt Obligation).

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EXHIBIT B

Obligations Outstanding under Indenture upon delivery of this Supplement

- (i) The Series 2016B Related Debt Obligation (issued to secure payment of Revenue Bonds, Series 2016B issued by UAB Medicine Finance Authority)
- (ii) The Series 2016C Related Debt Obligation (issued to secure payment of University Hospital 2012-A Bonds)
- (iii) The Series 2016F Related Debt Obligation (issued to secure payment of the Callahan 2015-A Note)
- (iv) The Series 2016M Related Debt Obligation (issued to secure payment of the UAHSF 2015A Bonds)
- (v) The Series 2016N Related Debt Obligation (issued to secure payment of the UAHSF Line of Credit Note)
- (vi) The Series 2017A-1 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A-1, issued by UAB Medicine Finance Authority)
- (vii) The Series 2017A-2 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A-2, issued by UAB Medicine Finance Authority)
- (viii) The Series 2017B-1 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B-1, issued by UAB Medicine Finance Authority)
- (ix) The Series 2017B-2 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B-2, issued by UAB Medicine Finance Authority)
- (x) The Series 2019A Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2019A, issued by UAB Medicine Finance Authority)
- (xi) The Series 2019B Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2019B, issued by UAB Medicine Finance Authority)
- (xii) The Series 2024A Ancillary Obligation (issued to secure the payment obligations of the Members of the Obligated Group acting in their capacity as Guarantors with respect to the Series 2024A Bond Guaranty)
- (xiii) The Series 2024B Ancillary Obligation (issued to secure the payment obligations of the Members of the Obligated Group acting in their capacity as Guarantors with respect to the Series 2024B Bond Guaranty)
- (xiv) The Series 2024C Ancillary Obligation (issued to secure the payment obligations of the Obligated Group acting in their capacity as Guarantors with respect to the Series 2024C Bond Guaranty)

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EXHIBIT C

Form of Series 2024A Ancillary Obligation

Series 2024A Ancillary Obligation

No. _____

UAB MEDICINE ENTERPRISE, an Alabama nonprofit corporation (“UABME”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2024A Related Debt Obligation” or “this Obligation”) to Regions Bank (together with its successors and assigns, the “Holder”), in its capacity as trustee under the Series 2024A Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Sixth Supplemental Indenture dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Sixth Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Sixth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

Simultaneously with the issuance of this Obligation, UAB St. Vincent’s Health System Authority (the “Issuer”) has issued its Revenue Bonds, Series 2024A in the principal amount of \$290,000,000 (the “Series 2024A Bonds”) pursuant to a Trust Indenture (Series 2024A) dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Series 2024A Bond Indenture”) between the Issuer and Regions Bank, as trustee (in such capacity, the “Series 2024A Bond Trustee”). The Members of the Obligated Group, acting in their individual capacities (in such capacities, the “Guarantors”), have guaranteed (i) the payment of debt service on the Series 2024A Bonds, (ii) the payment of the Purchase Price of the Series 2024A Bonds tendered for purchase on the Mandatory Tender Date at the end of the initial Index Rate Period, (iii) the payment of any and all amounts owed by the Issuer to Bank of America, N.A. (together with its permitted successors and assigns, “BANA”) under that certain Purchase Agreement dated October 29, 2024 between BANA and the Issuer, and (iv) the payment of any and all amounts owed by the Issuer to the Series 2024A Bond Trustee pursuant to the Series 2024A Bond Indenture, all pursuant to a Guaranty Agreement (Series 2024A) dated October 29, 2024 (the “Series 2024A Bond Guaranty”) by the Guarantors in favor of the Series 2024A Bond Trustee.

This Obligation is being issued to evidence and secure the guaranty obligations undertaken by the Obligated Group Members, acting in their individual capacities as Guarantors, pursuant to the Series 2024A Bond Guaranty. The payment terms of the Series 2024A Bond Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the guaranty obligation of the Members of the Obligated Group, acting in their individual capacities as Guarantors, under the Series 2024A Bond Guaranty constitutes the “Ancillary Commitment”, the Series 2024A Bond Guaranty constitutes the “Ancillary Commitment Document”, and this Obligation constitutes an “Ancillary Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other

Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, 2024.

UAB MEDICINE ENTERPRISE, on behalf of all Members
of the Obligated Group

By: _____
Chief Executive Officer

Attest:

[Title]

Certificate of Authentication

This is the Series 2024A Ancillary Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

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EXHIBIT D

Form of Series 2024B Ancillary Obligation

Series 2024B Ancillary Obligation

No. _____

UAB MEDICINE ENTERPRISE, an Alabama nonprofit corporation (“UABME”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2024B Related Debt Obligation” or “this Obligation”) to Regions Bank (together with its successors and assigns, the “Holder”), in its capacity as trustee under the Series 2024B Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Sixth Supplemental Indenture dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Sixth Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Sixth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

Simultaneously with the issuance of this Obligation, UAB St. Vincent’s Health System Authority (the “Issuer”) has issued its Revenue Bonds, Series 2024B in the principal amount of \$290,000,000 (the “Series 2024B Bonds”) pursuant to a Trust Indenture (Series 2024B) dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Series 2024B Bond Indenture”) between the Issuer and Regions Bank, as trustee (in such capacity, the “Series 2024B Bond Trustee”). The Members of the Obligated Group, acting in their individual capacities (in such capacities, the “Guarantors”), have guaranteed (i) the payment of debt service on the Series 2024B Bonds, (ii) the payment of the Purchase Price of the Series 2024B Bonds tendered for purchase on the Mandatory Tender Date at the end of the initial Index Rate Period, (iii) the payment of any and all amounts owed by the Issuer to Wells Fargo Municipal Capital Strategies LLC (together with its permitted successors and assigns, “Wells”) under that certain Continuing Covenant Agreement dated October 29, 2024 between Wells and the Issuer, and (iv) the payment of any and all amounts owed by the Issuer to the Series 2024B Bond Trustee pursuant to the Series 2024B Bond Indenture, all pursuant to a Guaranty Agreement (Series 2024B) dated October 29, 2024 (the “Series 2024B Bond Guaranty”) by the Guarantors in favor of the Series 2024B Bond Trustee.

This Obligation is being issued to evidence and secure the guaranty obligations undertaken by the Obligated Group Members, acting in their individual capacities as Guarantors, pursuant to the Series 2024B Bond Guaranty. The payment terms of the Series 2024B Bond Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the guaranty obligation of the Members of the Obligated Group, acting in their individual capacities as Guarantors, under the Series 2024B Bond Guaranty constitutes the “Ancillary Commitment”, the Series 2024B Bond Guaranty constitutes the “Ancillary Commitment Document”, and this Obligation constitutes an “Ancillary Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other

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Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an "Indenture Default", as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

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IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, 2024.

UAB MEDICINE ENTERPRISE, on behalf of all Members
of the Obligated Group

By: _____
Chief Executive Officer

Attest:

[Title]

Certificate of Authentication

This is the Series 2024B Ancillary Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

By _____
Authorized Officer

D-3

EXHIBIT E

Form of Series 2024C Ancillary Obligation

Series 2024C Ancillary Obligation

No. _____

UAB MEDICINE ENTERPRISE, an Alabama nonprofit corporation (“UABME”, which term includes any successor corporation under the Indenture hereinafter referred to), on behalf of itself and all other Members of the Obligated Group, for value received, has issued this Obligation (the “Series 2024C Related Debt Obligation” or “this Obligation”) to Regions Bank (together with its successors and assigns, the “Holder”), in its capacity as trustee under the Series 2024C Bond Indenture referred to below. This Obligation is being issued under and pursuant to a Master Trust Indenture dated October 1, 2016, as amended and supplemented (the “Indenture”), between the Members of the Obligated Group and Regions Bank, an Alabama banking corporation (in such capacity, the “Trustee”, which term includes any successor trustee under the Indenture). The Obligated Group and the Trustee have entered into a Sixth Supplemental Indenture dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Sixth Supplemental Indenture”) supplementing the Indenture and authorizing this Obligation. As used herein, the term “Indenture” includes the Indenture as originally executed and all amendments and supplements to the Indenture in accordance with its terms, including the Sixth Supplemental Indenture. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. This Obligation and all other Obligations issued under the Indenture are herein collectively referred to as the “Obligations”.

Simultaneously with the issuance of this Obligation, UAB St. Vincent’s Health System Authority (the “Issuer”) has issued its Taxable Revenue Bonds, Series 2024C in the principal amount of \$100,000,000 (the “Series 2024C Bonds”) pursuant to a Trust Indenture (Series 2024C) dated October 29, 2024 (as amended, supplemented or modified from time to time, the “Series 2024C Bond Indenture”) between the Issuer and Regions Bank, as trustee (in such capacity, the “Series 2024C Bond Trustee”). The Members of the Obligated Group, acting in their individual capacities (in such capacities, the “Guarantors”), have guaranteed (i) the payment of debt service on the Series 2024C Bonds, (ii) the payment of the Purchase Price of the Series 2024C Bonds tendered for purchase on the Mandatory Tender Date at the end of the initial Index Rate Period, (iii) the payment of any and all amounts owed by the Issuer to Regions Commercial Equipment Finance, LLC (together with its permitted successors and assigns, “RCEF”) under that certain Continuing Covenant Agreement dated October 29, 2024 between RCEF and the Issuer, and (iv) the payment of any and all amounts owed by the Issuer to the Series 2024C Bond Trustee pursuant to the Series 2024C Bond Indenture, all pursuant to a Guaranty Agreement (Series 2024C) dated October 29, 2024 (the “Series 2024C Bond Guaranty”) by the Guarantors in favor of the Series 2024C Bond Trustee.

This Obligation is being issued to evidence and secure the guaranty obligations undertaken by the Obligated Group Members, acting in their individual capacities as Guarantors, pursuant to the Series 2024C Bond Guaranty. The payment terms of the Series 2024C Bond Guaranty are hereby incorporated by reference in this Obligation. For purposes of the Indenture, the guaranty obligation of the Members of the Obligated Group, acting in their individual capacities as Guarantors, under the Series 2024C Bond Guaranty constitutes the “Ancillary Commitment”, the Series 2024C Bond Guaranty constitutes the “Ancillary Commitment Document”, and this Obligation constitutes an “Ancillary Obligation”.

The Obligations are joint and several obligations of each Member of the Obligated Group, subject to the limited source of payment specified in the Indenture for UA Board. The Obligations and other payments obligations of UA Board are limited obligations payable solely out of the assets and revenues of University Hospital. The Obligations and other payment obligations of all other

Obligated Group Members are full faith and credit obligations of such Members for the payment of which the full faith and credit of such Members is pledged.

A copy of the Indenture is on file at the Office of the Trustee, and reference is hereby made to the Indenture for a description of the properties pledged and assigned, the nature and extent of the security, the rights of the Holder of the Obligations issued thereunder, and the terms upon which this Obligation is authenticated and delivered.

If an “Indenture Default”, as defined in the Indenture, shall occur, amounts due on this Obligation may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Indenture and waivers of past defaults thereunder and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Obligations, or a specified percentage of the Holders of Debt Obligations. Any such consent or waiver by the Holder of this Obligation shall be conclusive and binding upon such Holder and upon all future Holders of this Obligation and of any Obligation issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Obligation.

The Holder of this Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Obligated Group and the Trustee may treat the person in whose name this Obligation is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Obligation is overdue, and neither the Obligated Group nor the Trustee shall be affected by notice to the contrary. This Obligation may be transferred only as provided in the Indenture.

No covenant or agreement contained in this Obligation or the Indenture shall be deemed to be a covenant or agreement of any trustee, officer, agent or employee of any Member of the Obligated Group, and neither any member of the governing body of any Member of the Obligated Group nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Obligation do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be duly executed.

Dated: _____, 2024.

UAB MEDICINE ENTERPRISE, on behalf of all Members
of the Obligated Group

By: _____
Chief Executive Officer

Attest:

[Title]

Certificate of Authentication

This is the Series 2024C Ancillary Obligation referred to in the within-mentioned Indenture.

Date of authentication: _____

REGIONS BANK, as Trustee

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By _____
Authorized Officer

Execution Copy

**SEVENTH SUPPLEMENTAL INDENTURE
(Addition of New Members to Obligated Group)**

Dated June 30, 2026

Between

**UAB MEDICINE ENTERPRISE,
on behalf of all Current Members of the Obligated Group,
The New Members of the Obligated Group described herein,**

and

**REGIONS BANK
as Trustee**

**Providing for the Addition of New Members
To the Obligated Group**

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**SEVENTH SUPPLEMENTAL INDENTURE
(Addition of New Members to Obligated Group)**

SEVENTH SUPPLEMENTAL INDENTURE (Addition of New Members to Obligated Group) dated June 30, 2026 entered into by **UAB MEDICINE ENTERPRISE**, an Alabama nonprofit corporation formerly known as UAB Health System (“UABME”), as the Obligated Group Representative, on its own behalf and on behalf of the Current Members of the Obligated Group referred to below, **REGIONS BANK**, an Alabama banking corporation, (the “Trustee”), as trustee under that certain Master Trust Indenture dated October 1, 2016, as amended and supplemented to date and as may be further amended, supplemented or modified from time to time (the “Indenture”), between the Obligated Group and the Trustee, and the following entities that will become Members of the Obligated Group upon the effectiveness of this Seventh Supplemental Indenture: **UAB ST. VINCENT’S HEALTH SYSTEM AUTHORITY**, an Alabama public corporation, **ST. VINCENT’S BIRMINGHAM**, an Alabama nonprofit corporation, **ST. VINCENT’S EAST**, an Alabama nonprofit corporation, **ST. VINCENT’S BLOUNT**, an Alabama nonprofit corporation, **ST. VINCENT’S CHILTON, LLC**, an Alabama limited liability company, and **ST. VINCENT’S ST. CLAIR, LLC**, an Alabama limited liability company.

Recitals

A. The Obligated Group has duly authorized the creation, execution and delivery from time to time of its obligations of substantially the tenor provided in the Indenture (the “Obligations”), issuable in one or more series; and to evidence and secure the Obligations, and to provide for their authentication and delivery by the Trustee, the Obligated Group and the Trustee have entered into the Indenture.

B. The current Members of the Obligated Group under the Indenture are (i) UABME, (ii) The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (“UA Board”), acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital (“University Hospital”), (iii) University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation (“UAHSF”), and (iv) UAB Callahan Eye Hospital Authority, an Alabama public corporation, successor to The Callahan Eye Hospital Health Care Authority (“Callahan”; and together with UABME, UA Board, and UAHSF, the “Current Members of the Obligated Group”).

C. The Indenture has been previously amended and supplemented by the instruments described in *Exhibit A*.

D. After the execution and delivery of this Supplemental Indenture, the Obligations listed on *Exhibit B* will be the only outstanding Obligations under the Indenture.

E. In accordance with the terms of *Section 13.3* of the Master Indenture, each of the following corporations or other legal entities wishes to become a Member of the Obligated Group and is executing this Supplemental Indenture for the purpose of becoming a Member of the Obligated Group (each, a “New Member” and collectively, the “New Members”): (i) UAB St. Vincent’s Health System Authority, (ii) St. Vincent’s Birmingham, (iii) St. Vincent’s East, (iv) St. Vincent’s Blount, (v) St. Vincent’s Chilton, LLC and (vi) St. Vincent’s St. Clair, LLC.

F. All things have been done which are necessary to constitute this Supplemental Indenture a valid indenture and agreement according to its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

In consideration of the premises and of the admittance of the New Members into the Obligated Group, the Obligated Group covenants and agrees with the Trustee as follows:

ARTICLE ONE

**Definition of Terms, Construction
and Certain General Provisions**

SECTION 1.1 Definition of Terms

For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) The terms defined in this Article and the Indenture have the meanings assigned to them in this Article and the Indenture and include the plural as well as the singular.

(ii) The term “this Supplemental Indenture” means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(iii) All references in this instrument to designated “Articles”, “Sections” and other subdivisions of this instrument are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(iv) All references in this instrument to designated “Articles”, “Sections” or other subdivisions of the Indenture are to the designated Articles, Sections and subdivisions of the Indenture as originally executed.

(v) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

“**Callahan**” means UAB Callahan Eye Hospital Authority, an Alabama public corporation.

“**Current Members of the Obligated Group**” means UABME, UA Board, UAHSF, and Callahan.

“**Indenture**” means that certain Master Trust Indenture dated October 1, 2016 between the Obligated Group and the Trustee, as amended and supplemented, including this Supplemental Indenture and any other supplements or amendments to such instrument from time to time entered into pursuant to the applicable provisions of such instrument.

“**New Members of the Obligated Group**” means UAB STV Authority, UAB STV Birmingham, UAB STV East, UAB STV Blount, UAB STV Chilton and UAB STV St. Clair.

“**Obligated Group**” means UABME, UA Board, UAHSF, Callahan, UAB STV Authority, UAB STV Birmingham, UAB STV East, UAB STV Blount, UAB STV Chilton and UAB STV St. Clair.

“**Trustee**” means Regions Bank, an Alabama banking corporation, in its capacity as trustee under the Indenture.

“**UA Board**” means The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital.

“**UAB STV Authority**” means UAB St. Vincent’s Health System Authority, an Alabama public corporation.

“**UAB STV Birmingham**” means St. Vincent’s Birmingham, an Alabama nonprofit corporation.

“**UAB STV Blount**” means St. Vincent’s Blount, an Alabama nonprofit corporation.

“**UAB STV Chilton**” means St. Vincent’s Chilton, LLC, an Alabama limited liability company.

“**UAB STV East**” means St. Vincent’s East, an Alabama nonprofit corporation.

“**UAB STV St. Clair**” means St. Vincent’s St. Clair, LLC, an Alabama limited liability company.

“**UABME**” means UAB Medicine Enterprise, an Alabama nonprofit corporation formerly known as UAB Health System.

“**UAHSF**” means University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation.

SECTION 1.2 Date of Supplemental Indenture

The date of this Supplemental Indenture is intended as and for a date for the convenient identification of this Supplemental Indenture and is not intended to indicate that this Supplemental Indenture was executed and delivered on said date, this Supplemental Indenture being executed on the dates of the respective acknowledgments attached hereto.

SECTION 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.4 Execution in Counterparts

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE TWO

Addition of New Members into Obligated Group

SECTION 2.1 Agreement of New Members

(a) Each of the entities listed as a New Member in the recitals to this Supplemental Indenture represents that it is executing and delivering this Supplemental Indenture for the purpose and with the intent of becoming a Member of the Obligated Group in accordance with the terms of **Section 13.3** of the Indenture.

(b) Each of the New Members hereby agrees to become jointly and severally liable (together with UABME, University Hospital, UAHSF and Callahan and all other Members of the Obligated Group) for the payment of all Obligations Outstanding under the Indenture and for the performance of all obligations of the Obligated Group under the Indenture.

SECTION 2.2 Consent of Current Members of Obligated Group

The Current Members of the Obligated Group have consented in writing to each of the New Members becoming a Member of the Obligated Group in accordance with **Section 13.3(a)(2)** of the Indenture. A copy of the executed consent is attached to this Supplement as **Exhibit C**.

SECTION 2.3 Opinion of Counsel

A copy of the opinion of counsel required by **Section 13.3(a)(4)** of the Indenture is attached to this Supplement as **Exhibit D**.

ARTICLE THREE

Miscellaneous

SECTION 3.1 Certification by the Obligated Group Representative

The Obligated Group Representative hereby certifies that no Indenture Default exists.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

[Signature pages follow]

UAB MEDICINE ENTERPRISE, on behalf of all Current
Members of the Obligated Group

By: 
Name: Dawn Bulgarella
Title: Chief Executive Officer

[Execution continues on the following page]

*Signature Page to Seventh Supplemental Indenture for
UAB Medicine Enterprise*

UAB ST. VINCENT'S HEALTH SYSTEM AUTHORITY

By: 
Name: Dawn Bulgarella
Title: CEO

[Execution continues on the following page]

*Signature Page to Seventh Supplemental Indenture for
UAB St. Vincent's Health System Authority*

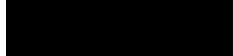
ST. VINCENT'S BIRMINGHAM

By: 
Name: Dawn Bulgarella
Title: CEO

[Execution continues on the following page]

*Signature Page to Seventh Supplemental Indenture for
St. Vincent's Birmingham*

ST. VINCENT'S BLOUNT

By: 
Name: Dawn Bulgarella
Title: CEO

[Execution continues on the following page]

*Signature Page to Seventh Supplemental Indenture for
St. Vincent's Blount*

ST. VINCENT'S CHILTON, LLC

By: _____

Name: Dawn Bulgarella

Title: CEO

[Execution continues on the following page]

*Signature Page to Seventh Supplemental Indenture for
St. Vincent's Chilton, LLC*

ST. VINCENT'S EAST

By: _____

Name: Dawn Bulgarella

Title: CEO

[Execution continues on the following page]

*Signature Page to Seventh Supplemental Indenture for
St. Vincent's East*

ST. VINCENT'S ST. CLAIR, LLC

By: _____

Name: Dawn Bulgarella
Title: CEO

[Execution continues on the following page]

REGIONS BANK, as Trustee under the Indenture

By: _____

Name: Carmen J. Kilgore
Title: Vice President

*Signature Page to Seventh Supplemental Indenture for
St. Vincent's St. Clair, LLC*

*Signature Page to Seventh Supplemental Indenture for
Regions Bank*

EXHIBIT A

Previous Amendments and Supplements to the Indenture

First Supplemental Indenture (Series 2016A Master Indenture Obligation) dated October 1, 2016 between UABME, as Obligated Group Representative, on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016A Related Debt Obligation).

Second Supplemental Indenture (Series 2016B Master Indenture Obligation) dated October 1, 2016 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016B Related Debt Obligation).

Third Supplemental Indenture (Existing Debt Obligations) dated October 1, 2016 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2016C Related Debt Obligation through the Series 2016N Related Debt Obligation).

Fourth Supplemental Indenture (Series 2017 Master Indenture Obligations) dated May 1, 2017 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2017A-1 Related Debt Obligation, the Series 2017A-2 Related Debt Obligation, the Series 2017B-1 Related Debt Obligation and the Series 2017B-2 Related Debt Obligation).

Fifth Supplemental Indenture (Series 2019 Master Indenture Obligations) dated June 1, 2019 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2019A Related Debt Obligation and the Series 2019B Related Debt Obligation).

Sixth Supplemental Indenture (Series 2024 Master Indenture Obligations) dated October 29, 2024 between UABME, as Obligated Group Representative on its own behalf and on behalf of the other Members of the Obligated Group, and the Trustee (authorizing the issuance of the Series 2024 Ancillary Obligations in connection with certain guaranty obligations of the Obligated Group).

A-1

EXHIBIT B

Obligations Outstanding under the Indenture upon delivery of this Supplement

- (i) The Series 2016B Related Debt Obligation (issued to secure payment of Revenue Bonds, Series 2016B issued by UAB Medicine Finance Authority)
- (ii) The Series 2016C Related Debt Obligation (issued to secure payment of University Hospital 2012-A Bonds)
- (iii) The Series 2016F Related Debt Obligation (issued to secure payment of the Callahan 2015-A Note)
- (iv) The Series 2016N Related Debt Obligation (issued to secure payment of the UAHSF Line of Credit Note)
- (v) The Series 2017A-1 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A-1, issued by UAB Medicine Finance Authority)
- (vi) The Series 2017A-2 Related Debt Obligation (issued to secure payment of the Revenue Bond, Series 2017A-2, issued by UAB Medicine Finance Authority)
- (vii) The Series 2017B-1 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B-1, issued by UAB Medicine Finance Authority)
- (viii) The Series 2017B-2 Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2017B-2, issued by UAB Medicine Finance Authority)
- (ix) The Series 2019A Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2019A, issued by UAB Medicine Finance Authority)
- (x) The Series 2019B Related Debt Obligation (issued to secure payment of the Revenue Bonds, Series 2019B, issued by UAB Medicine Finance Authority)
- (xi) The Series 2024A Ancillary Obligation (issued to secure the payment obligations of the Members of the Obligated Group acting in their capacity as Guarantors with respect to the Series 2024A Bond Guaranty)
- (xii) The Series 2024B Ancillary Obligation (issued to secure the payment obligations of the Members of the Obligated Group acting in their capacity as Guarantors with respect to the Series 2024B Bond Guaranty)
- (xiii) The Series 2024C Ancillary Obligation (issued to secure the payment obligations of the Obligated Group acting in their capacity as Guarantors with respect to the Series 2024C Bond Guaranty)

B-1

EXHIBIT C

Consent of Current Members of the Obligated Group

UAB Medicine Enterprise, an Alabama nonprofit corporation, The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama, acting through its operating division The University of Alabama at Birmingham on behalf of University Hospital, University of Alabama Health Services Foundation, P.C., an Alabama nonprofit professional corporation, and UAB Callahan Eye Hospital Authority, an Alabama public corporation (collectively, the "Current Members of the Obligated Group"), are the current Members of the Obligated Group under that certain Master Trust Indenture dated October 1, 2016, as amended and supplemented (the "Master Indenture"), between the Current Members of the Obligated Group and Regions Bank, as master trustee.

Each of the following entities (each, a "New Member") wishes to become a Member of the Obligated Group and has agreed to become jointly and severally liable (together with the Current Members of the Obligated Group) for the payment of all Obligations Outstanding under the Master Indenture and for the performance of all obligations of the Obligated Group under the Master Indenture: (i) UAB St. Vincent's Health System Authority, (ii) St. Vincent's Birmingham, (iii) St. Vincent's East, (iv) St. Vincent's Blount, (v) St. Vincent's Chilton, LLC and (vi) St. Vincent's St. Clair, LLC. Pursuant to **Section 13.3(a)(2)** of the Master Indenture, each of the Current Members of the Obligated Group hereby consents to each New Member becoming a Member of the Obligated Group under the Master Indenture.

Dated: June 30, 2026

UAB MEDICINE ENTERPRISE

By: _____

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA,
acting through its operating division The University of Alabama
at Birmingham on behalf of University Hospital

By: _____

**UNIVERSITY OF ALABAMA HEALTH SERVICES FOUNDATION,
P.C.**

By: _____

UAB CALLAHAN EYE HOSPITAL AUTHORITY

By: _____

C-1

EXHIBIT D

Opinion of Counsel

D-1

June 30, 2026

VIA UNITED STATES MAIL:

Regions Bank, as Master Trustee
Birmingham, Alabama

RE: Addition of New Members to Obligated Group

Ladies and Gentlemen:

This opinion is delivered pursuant to **Section 13.3(a)(4)** of that certain Master Trust Indenture dated October 1, 2016, as heretofore amended and supplemented (the “Master Trust Indenture”), between UAB Medicine Enterprise (“UABME”), UA Board, acting through its University of Alabama at Birmingham operating division on behalf of University Hospital (“University Hospital”), University of Alabama Health Services Foundation, P.C. (“UAHSF”), and UAB Callahan Eye Hospital Authority (“Callahan”), comprising the current Members of the Obligated Group (the “Current Members of the Obligated Group”), and Regions Bank, as master trustee (the “Master Trustee”).

Each of the following corporations or other legal entities wishes to become a Member of the Obligated Group under the Master Trust Indenture (each, a “New Member” and collectively, the “New Members”): (i) UAB St. Vincent’s Health System Authority (“UAB STV Authority”), (ii) St. Vincent’s Birmingham (“UAB STV Birmingham”), (iii) St. Vincent’s East (“UAB STV East”), (iv) St. Vincent’s Blount (“UAB STV Blount”), (v) St. Vincent’s Chilton, LLC (“UAB STV Chilton”) and (vi) St. Vincent’s St. Clair, LLC (“UAB STV St. Clair”). To evidence the New Members’ addition to the Obligated Group, UABME, on behalf of itself and the other Current Members of the Obligated Group, the New Members and the Master Trustee are executing and delivering that certain Seventh Supplemental Indenture (Addition of New Members to the Obligated Group) dated June 30, 2026 (the “Seventh Supplemental Indenture”), further amending and supplementing the Master Trust Indenture. The Master Trust Indenture, as heretofore amended and supplemented and as further amended and supplemented by the Seventh Supplemental Indenture, is referred to herein as the “Master Indenture”. Capitalized terms not otherwise defined in this opinion shall have the meaning assigned in the Master Indenture.

Pursuant to the Seventh Supplemental Indenture, each of the New Members has agreed to become jointly and severally liable (together with the Current Members of the Obligated Group) for the payment of all Obligations Outstanding under the Master Indenture and for the performance of all obligations of the Obligated Group under the Master Indenture. The Current Members of the Obligated Group have consented in writing to each of the New Members becoming a Member of the Obligated Group in accordance with **Section 13.3(a)(2)** of the Master Indenture.

For purposes of this opinion, references to the “Obligated Group” or the “Members of the Obligated Group” shall be construed to refer to UABME, UA Board, UAHSF, Callahan, UAB STV Authority, UAB STV Birmingham, UAB STV East, UAB STV Blount, UAB STV Chilton and UAB STV St. Clair.

I have acted as counsel to the Members of the Obligated Group in connection with the execution and delivery of the Seventh Supplemental Indenture and the other transactions described in this opinion. In such capacity, I have examined the Seventh Supplemental Indenture, the Consent of Current Members of the Obligated Group, and such law and certified proceedings, certifications and other documents as I have deemed necessary to give the opinions below. As to various questions of fact material to my opinion, I have relied upon representations made in the documents described above and upon certificates of certain officers of the Members of the Obligated Group and the Master Trustee, without undertaking to verify the same by independent investigation.

In arriving at the opinions expressed below, I have assumed, without independent investigation, (i) the genuineness of all signatures of, and the authority of, all persons (other than the Members of the Obligated Group) signing the documents examined by me in connection with this opinion on behalf of the parties thereto; and (ii) the due execution and delivery of all documents by all parties other than the Members of the Obligated Group.

Based on the foregoing, and subject to the qualifications and limitations set forth herein, I am of the opinion that the Seventh Supplemental Indenture been duly authorized, executed and delivered by each Member of the Obligated Group that is a party thereto, and constitutes the legal, valid and binding agreement of each Member of the Obligated Group, enforceable against each Member of the Obligated Group in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. The opinions given in this opinion letter are given as of the date set forth above, and I assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to my attention, or any changes in law that may later occur.

Yours Very Truly,



W. John Daniel
General Counsel and Senior Vice Chancellor
University of Alabama System

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APPENDIX J

Forms of Approving Opinions of Bond Counsel

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September 1, 2026

Holders of the Bonds referred to below

Re: \$ _____ Revenue Bonds, Series 2026A (the “Bonds”), issued by UAB Medicine Finance Authority

This bond opinion is delivered in connection with the issuance of the above-referenced bonds (the “Bonds”) by UAB Medicine Finance Authority, a public corporation organized under the laws of the State of Alabama (the “Authority”). The Bonds are being issued pursuant to a Trust Indenture (Series 2026A) dated September 1, 2026 (the “Indenture”) between the Authority and Regions Bank, an Alabama banking corporation, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Indenture.

The Bonds are being issued to provide financing for the benefit of UAB Medicine Enterprise, an Alabama nonprofit corporation formerly known as UAB Health System (“UABME”), and the other members of the Obligated Group described below.

The Authority and UABME have entered into a Loan Agreement (Series 2026A) dated September 1, 2026 (the “Loan Agreement”) providing, among other things, that UABME will make loan payments at times and in amounts sufficient to pay debt service on the Bonds. The payment obligations of UABME under the Loan Agreement will be a full faith and credit obligation of UABME for which its full faith and credit have been pledged. As evidence of its payment obligation, UABME has delivered its promissory note (the “Note”) to the Authority pursuant to the Loan Agreement. The rights of the Authority under the Loan Agreement and the Note have been assigned to the Trustee pursuant to the Indenture.

UABME, The Board of Trustees of The University of Alabama (“UA Board”), acting through its University of Alabama at Birmingham operating division on behalf of University Hospital (“University Hospital”), University of Alabama Health Services Foundation, P.C., UAB Callahan Eye Hospital Authority, UAB St. Vincent’s Health System Authority, St. Vincent’s Birmingham, St. Vincent’s East, St. Vincent’s Blount, St. Vincent’s Chilton, LLC, and St. Vincent’s St. Clair, LLC (collectively, the “Obligated Group”) are the Members of the Obligated Group under a Master Trust Indenture dated October 1, 2016, as heretofore amended and supplemented (the “Master Indenture”), between the Obligated Group and Regions Bank, as trustee (the “Master Trustee”). UABME, as representative of the Obligated Group, is authorized to issue notes and other obligations (the “Master Indenture Obligations”) under the Master Indenture to evidence or secure debt or other obligations of the Obligated Group. The Master Indenture Obligations constitute joint and several obligations of the members of the Obligated Group. The liability of the Obligated Group members other than UA Board is a full faith and credit liability. The liability of UA Board under the Master Indenture is limited to the assets and revenues of University Hospital. The Master Indenture Obligations are secured by a pledge of the revenues of the Obligated Group.

UABME’s obligations under the Loan Agreement are secured by a Master Indenture Obligation issued under the Master Indenture with respect to the Bonds (the “2026A Master Indenture Obligation”). The rights of the Authority under the 2026A Master Indenture Obligation have been assigned to the Trustee pursuant to the Indenture.

The Bonds are limited obligations of the Authority payable solely out of payments by UABME pursuant to the Loan Agreement and Note and payments by the Obligated Group pursuant to the 2026A Master Indenture Obligation.

The Bonds are secured by the Trust Estate established under the Indenture, which includes (i) payments by UABME pursuant to the Loan Agreement and Note, (ii) payments by the Obligated Group pursuant to the 2026A Master Indenture Obligation, and (iii) money in the funds and accounts established under the Indenture.

In connection with the issuance of the Bonds and the delivery of this bond opinion, we have acted as bond counsel to the Authority and special counsel to UABME and the Obligated Group.

For purposes of this opinion, the term “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

As to various questions of fact material to our opinion, we have relied upon representations made in the documents described above and upon certificates of certain public officials and officers of the Authority, UABME and the Trustee (including without limitation certificates by the Authority and UABME as to the use of Bond proceeds which are material to our opinions in paragraphs 5 and 6 below), without undertaking to verify the same by independent investigation.

Based on the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The Authority has been duly organized and is validly existing as a public corporation under the laws of the State of Alabama.

2. The Authority has corporate power and authority to enter into and perform its obligations under the Indenture and to issue and deliver the Bonds. The execution, delivery, and performance by the Authority of its obligations under the Indenture and the issuance and delivery of the Bonds by the Authority have been duly authorized by all requisite corporate action, and the Indenture and the Bonds have been duly executed and delivered by the Authority.

3. The Bonds constitute legal, valid and binding limited obligations of the Authority, payable as to principal, premium (if any) and interest solely out of payments by UABME pursuant to the Loan Agreement and Note and payments by the Obligated Group pursuant to the 2026A Master Indenture Obligation.

4. The Indenture constitutes a legal, valid and binding obligation of the Authority and is enforceable against the Authority in accordance with its terms. The Indenture creates a valid lien on the rights of the Authority under the Loan Agreement and the Note (except for certain rights to indemnification and reimbursement of expenses granted to the Authority) and the rights of the Authority to the 2026A Master Indenture Obligation.

5. Under existing law, interest on the Bonds will be excluded from gross income of the holders thereof for purposes of federal income taxation, except that the members of the Obligated Group or the Authority, by failing to comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds, may cause interest on the Bonds to be included in gross income of the holders thereof, retroactive to the date of issuance. The members of the Obligated Group and the Authority have covenanted that they will comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income. The Indenture provides that certain changes may not be made to the terms of the Bonds and related documents or in the security for the Bonds unless the Trustee receives an opinion of nationally recognized bond counsel stating in effect that such change will not cause interest on the Bonds to be included in gross income.

6. Under existing law, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

7. Interest on the Bonds is exempt from State of Alabama income taxation.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Indenture may be limited by (1) bankruptcy, insolvency or other similar laws affecting the enforcement of creditors’ rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the following matters: (i) federal tax consequences arising with regard to the Bonds, other than the opinions expressed in paragraphs 5 and 6 above; and (ii) the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

MAYNARD NEXSEN PC

By: _____
Kevin W. Beatty

December 2, 2026

Holders of the Bonds referred to below

Re: \$ _____ Revenue Bonds, Series 2026C (the “Bonds”), issued by UAB Medicine Finance Authority

This bond opinion is delivered in connection with the issuance of the above-referenced bonds (the “Bonds”) by UAB Medicine Finance Authority, a public corporation organized under the laws of the State of Alabama (the “Authority”). The Bonds are being issued pursuant to a Trust Indenture (Series 2026C) dated December 1, 2026 (the “Indenture”) between the Authority and Regions Bank, an Alabama banking corporation, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Indenture.

The Bonds are being issued to provide financing for the benefit of UAB Medicine Enterprise, an Alabama nonprofit corporation formerly known as UAB Health System (“UABME”), and the other members of the Obligated Group described below.

The Authority and UABME have entered into a Loan Agreement (Series 2026C) dated December 1, 2026 (the “Loan Agreement”) providing, among other things, that UABME will make loan payments at times and in amounts sufficient to pay debt service on the Bonds. The payment obligations of UABME under the Loan Agreement will be a full faith and credit obligation of UABME for which its full faith and credit have been pledged. As evidence of its payment obligation, UABME has delivered its promissory note (the “Note”) to the Authority pursuant to the Loan Agreement. The rights of the Authority under the Loan Agreement and the Note have been assigned to the Trustee pursuant to the Indenture.

UABME, The Board of Trustees of The University of Alabama (“UA Board”), acting through its University of Alabama at Birmingham operating division on behalf of University Hospital (“University Hospital”), University of Alabama Health Services Foundation, P.C., UAB Callahan Eye Hospital Authority, UAB St. Vincent’s Health System Authority, St. Vincent’s Birmingham, St. Vincent’s East, St. Vincent’s Blount, St. Vincent’s Chilton, LLC, and St. Vincent’s St. Clair, LLC (collectively, the “Obligated Group”) are the Members of the Obligated Group under a Master Trust Indenture dated October 1, 2016, as heretofore amended and supplemented (the “Master Indenture”), between the Obligated Group and Regions Bank, as trustee (the “Master Trustee”). UABME, as representative of the Obligated Group, is authorized to issue notes and other obligations (the “Master Indenture Obligations”) under the Master Indenture to evidence or secure debt or other obligations of the Obligated Group. The Master Indenture Obligations constitute joint and several obligations of the members of the Obligated Group. The liability of the Obligated Group members other than UA Board is a full faith and credit liability. The liability of UA Board under the Master Indenture is limited to the assets and revenues of University Hospital. The Master Indenture Obligations are secured by a pledge of the revenues of the Obligated Group.

UABME’s obligations under the Loan Agreement are secured by a Master Indenture Obligation issued under the Master Indenture with respect to the Bonds (the “2026C Master Indenture Obligation”). The rights of the Authority under the 2026C Master Indenture Obligation have been assigned to the Trustee pursuant to the Indenture.

The Bonds are limited obligations of the Authority payable solely out of payments by UABME pursuant to the Loan Agreement and Note and payments by the Obligated Group pursuant to the 2026C Master Indenture Obligation.

The Bonds are secured by the Trust Estate established under the Indenture, which includes (i) payments by UABME pursuant to the Loan Agreement and Note, (ii) payments by the Obligated Group pursuant to the 2026C Master Indenture Obligation, and (iii) money in the funds and accounts established under the Indenture.

In connection with the issuance of the Bonds and the delivery of this bond opinion, we have acted as bond counsel to the Authority and special counsel to UABME and the Obligated Group.

For purposes of this opinion, the term “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

As to various questions of fact material to our opinion, we have relied upon representations made in the documents described above and upon certificates of certain public officials and officers of the Authority, UABME and the Trustee (including without limitation certificates by the Authority and UABME as to the use of Bond proceeds which are material to our opinions in paragraphs 5 and 6 below), without undertaking to verify the same by independent investigation.

Based on the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The Authority has been duly organized and is validly existing as a public corporation under the laws of the State of Alabama.

2. The Authority has corporate power and authority to enter into and perform its obligations under the Indenture and to issue and deliver the Bonds. The execution, delivery, and performance by the Authority of its obligations under the Indenture and the issuance and delivery of the Bonds by the Authority have been duly authorized by all requisite corporate action, and the Indenture and the Bonds have been duly executed and delivered by the Authority.

3. The Bonds constitute legal, valid and binding limited obligations of the Authority, payable as to principal, premium (if any) and interest solely out of payments by UABME pursuant to the Loan Agreement and Note and payments by the Obligated Group pursuant to the 2026C Master Indenture Obligation.

4. The Indenture constitutes a legal, valid and binding obligation of the Authority and is enforceable against the Authority in accordance with its terms. The Indenture creates a valid lien on the rights of the Authority under the Loan Agreement and the Note (except for certain rights to indemnification and reimbursement of expenses granted to the Authority) and the rights of the Authority to the 2026C Master Indenture Obligation.

5. Under existing law, interest on the Bonds will be excluded from gross income of the holders thereof for purposes of federal income taxation, except that the members of the Obligated Group or the Authority, by failing to comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds, may cause interest on the Bonds to be included in gross income of the holders thereof, retroactive to the date of issuance. The members of the Obligated Group and the Authority have covenanted that they will comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income. The Indenture provides that certain changes may not be made to the terms of the Bonds and related documents or in the security for the Bonds unless the Trustee receives an opinion of nationally recognized bond counsel stating in effect that such change will not cause interest on the Bonds to be included in gross income.

6. Under existing law, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

7. Interest on the Bonds is exempt from State of Alabama income taxation.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Indenture may be limited by (1) bankruptcy, insolvency or other similar laws affecting the enforcement of creditors’ rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the following matters: (i) federal tax consequences arising with regard to the Bonds, other than the opinions expressed in paragraphs 5 and 6 above; and (ii) the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

MAYNARD NEXSEN PC

By: _____
Kevin W. Beatty

APPENDIX K

The DTC Book Entry System

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APPENDIX K

The DTC Book Entry System

Information concerning DTC and the book entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the Underwriters, the Bond Trustee or UABME .

The Bonds will be available only in book entry form in Authorized Denominations. The Depository Trust Company (“DTC”), New York, New York, will act as the initial securities depository for each series of the Bonds. Each series of the Bonds will be issued as fully registered securities in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17 A 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.

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

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

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

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Book-Entry Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Book-Entry Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Book-Entry Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Book-Entry Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority, the Bond Trustee or UABME, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NONE OF THE AUTHORITY, UABME, NOR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO 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 PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF, OR TENDER PRICE, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY 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 BOND INDENTURES TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references in this Official Statement to the Bondholders, holders or registered owners of the Bonds (other than under the caption "TAX STATUS" herein) will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference will 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 will be sent by UABME or the Bond Trustee to DTC only.

As long as the book entry system is used for the Bonds, UABME and the Bond Trustee will give any notices required to be given to Holders of the Bonds only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the action premised

on such notice. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may desire to make arrangements with a Direct Participant or Indirect Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners will be forwarded in writing by such Direct Participant or Indirect Participant.

NONE OF THE AUTHORITY, UABME OR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE BONDS.

For every transfer and exchange of a beneficial ownership interest in the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge, that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority or UABME may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities Depository). In that event, Bond certificates will be printed and delivered to DTC.

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APPENDIX L

Proposed Forms of Continuing Disclosure Agreements

The form of Continuing Disclosure Agreement attached hereto is the form of the Continuing Disclosure Agreement to be dated September 1, 2026, relating to the Series 2026A Bonds. The Continuing Disclosure Agreement relating to the Series 2026C Bonds will be substantially similar to the form attached here, with the difference reflecting the different series designation, the loan agreement being that for the Series 2026C Bonds, the different date of issuance, and other similar differences.

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CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (the “**Agreement**”) is entered into by **UAB MEDICINE ENTERPRISE**, an Alabama nonprofit corporation (“**UABME**”), on behalf of itself and the other members of the Obligated Group under the Master Indenture referred to below. The members of the Obligated Group are the “**Obligors**” for purposes of this Agreement and Rule 15c2-12.

UABME and the other members of the Obligated Group have entered into a Master Trust Indenture dated October 1, 2016, with Regions Bank, as master trustee, as previously supplemented and amended and as further supplemented and amended in connection with the issuance of the Bonds referred to below (the “**Master Indenture**”). UABME is the Obligated Group Representative with respect to the Obligated Group and is authorized to enter into this Agreement on behalf of the Obligated Group. Entities may withdraw from, or be added to, the Obligated Group from time to time in accordance with the terms of the Master Indenture. The current members of the Obligated Group are identified in the Official Statement referred to below.

This Agreement is being delivered in connection with the issuance by UAB Medicine Finance Authority, an Alabama public corporation (the “**Authority**”), of its \$[] Revenue Bonds, Series 2026A (the “**Bonds**”). The Bonds are being issued pursuant to a Trust Indenture (Series 2026A) dated September 1, 2026 (the “**Bond Indenture**”), between the Authority and Regions Bank, as trustee, to refinance certain indebtedness issued for the benefit of certain members of the Obligated Group. Pursuant to the Master Indenture, each of the Obligors is liable for payment of the Bonds.

In consideration of the purchase of such Bonds by the beneficial owners thereof, the Obligors covenant and agree as follows:

Section 1. Definitions

Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Bond Indenture and in the Master Indenture. In addition, the terms set forth below shall have the meaning assigned unless the context clearly otherwise requires:

“**EMMA**” means the MSRB’s Electronic Municipal Market Access System (EMMA) established pursuant to the Rule.

“**MSRB**” means the Municipal Securities Rulemaking Board.

“**Obligors**” means UABME and the other members of the Obligated Group under the Master Indenture.

“**Official Statement**” means the Official Statement dated [], 2026, with respect to the Bonds.

“**Rule**” means Rule 15c2-12 adopted by the Securities and Exchange Commission, as the same may be amended from time to time.

“**Series 2026A Loan Agreement**” means the Loan Agreement dated [_____] 1, 2026 between the Authority and UABME, respecting the Bonds.

Section 2. Purpose and Beneficiaries of this Agreement

This Agreement is entered into by the Obligors for the benefit of the holders of the Bonds in order to assist the underwriter or underwriters for the Bonds in complying with the requirements of the Rule.

The Bonds are limited, nonrecourse obligations of the Authority. The Authority is not an “obligor” under the Rule and has no responsibility for the continuing disclosure obligations contained in this Agreement.

Section 3. Annual Financial Information

(a) Within 150 days after the end of each fiscal year, the Obligors shall file with the MSRB (i) unaudited financial statements for the Obligated Group substantially in the form included in APPENDIX B to the Official Statement (except as otherwise provided in **Section 4(c)**) and (ii) information about operating statistics and financial performance of the Obligated Group for such fiscal year, but not partial year information, substantially in the form included in APPENDIX A to the Official Statement under the following headings:

- (1) Table 5. Pro Forma Debt of Obligated Group
- (2) Table 6. Annual Debt Service Requirements on Debt
- (3) Table 7. Utilization Statistics
- (4) Table 8. Statements of Revenues, Expenses and Changes in Net Position
- (5) Table 9. Statements of Net Position
- (6) Table 10. Sources of Revenue
- (7) Table 11. Financial Ratios

(b) The Obligors may omit or modify any part of the annual information required by this section if the operations to which it relates have been discontinued or materially changed. The Obligors will include an explanation to that effect as part of the annual information for the year in which such event first occurs.

(c) If any amendment is made to this Agreement, the annual information for the year in which such amendment is made shall contain a description of the reasons for such amendment and its impact on the type of information being provided.

(d) If the membership of the Obligated Group changes (*i.e.*, any member is added or withdraws), the annual information required by this section shall include a description of the change. Each new member shall become an Obligor and shall comply with the terms of this Agreement.

Section 4. Audited Financial Statements

(a) Other than as set forth in (b) for the UAB STV Obligor (defined below), within 30 days after receipt by each Obligor, but in no event more than 150 days after the end of each fiscal year, each Obligor shall file with the MSRB audited financial statements of such Obligor. The audited financial statements shall be prepared on a basis consistent with the accounting and auditing standards used to prepare the financial statements for such Obligor attached as an appendix to the Official Statement, as such standards may be modified from time to time under generally accepted accounting and auditing standards applicable to the Obligor. For the avoidance of doubt, this subsection (a) applies only to those Obligor that are not UAB STV Obligor.

(b) Within 30 days after receipt by UAB St. Vincent's Health System Authority ("**UAB STV Authority**"), but in no event more than 150 days after the end of each fiscal year, UAB STV Authority shall file with the MSRB the consolidated audited financial statements of UAB STV Authority, which include (i) UAB STV Authority, (ii) St. Vincent's Birmingham, (iii) St. Vincent's East, (iv) St. Vincent's Blount, (v) St. Vincent's Chilton, LLC, and (vi) St. Vincent's St. Clair (collectively, the "**UAB STV Obligor**"). The audited financial statements shall be prepared on a basis consistent with the accounting and auditing standards used to prepare the financial statements for UAB STV Authority attached as an appendix to the Official Statement, as such standards may be modified from time to time under generally accepted accounting and auditing standards applicable to UAB STV Authority.

(c) If audited financial statements for the Obligated Group (or particular members thereof) are, in the future, prepared on a consolidated or combined basis, (i) such annual audited financial statements of the Obligated Group (or particular members thereof) may be filed with the MSRB rather than audited financial statements for each such Obligor referred to in **Section 4(a) or Section 4(b)** and (ii) it shall no longer be necessary for the Obligated Group (or particular members thereof) to file the annual unaudited financial statements referred to in **Section 3(a)(i)**. Such audited financial statements may include affiliates that are not Obligor (*i.e.*, not members of the Obligated Group); provided, however, that the audited financial statements shall contain unaudited combining statements that separately identify Obligor (members of the Obligated Group).

Section 5. Quarterly Financial Information

(a) Within 60 days after the end of each of the first three quarters of the fiscal year, and within 75 days after the end of the fourth quarter of the fiscal year, the Obligor shall file with the MSRB information about operating statistics and financial performance for the period ending on the last day of such quarter, together with comparative information for the corresponding period of the prior fiscal year, substantially in the form included in APPENDIX A to the Official Statement under the following headings:

- (1) Table 7. Utilization Statistics
- (2) Table 8. Statements of Revenues, Expenses and Changes in Net Position
- (3) Table 9. Statements of Net Position

(4) Table 10. Sources of Revenue

(b) The Obligors may omit or modify any part of the quarterly information required by this section if the operations to which it relates have been discontinued or materially changed. The Obligors will include an explanation to that effect as part of the quarterly information for the quarter in which such event first occurs (or, if such event occurs in the last quarter of the fiscal year, as part of the annual financial information provided by Section 4).

Section 6. Event Disclosure

(a) In a timely manner not in excess of 10 business days after the occurrence of the event, the Obligors shall file with the MSRB notice of the occurrence of any of the following events affecting the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of the holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar events affecting an Obligor;
- (13) the consummation of a merger, consolidation, or acquisition involving an Obligor or the sale of all or substantially all of the assets of an Obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material: and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of an Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligor, any of which affect security holders, if material; and

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligor, any of which reflect financial difficulties.

As used herein, “**Financial Obligation**” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term financial obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

(b) In a timely manner, the Obligors shall file with the MSRB notice of failure to make a filing, on or before the date specified in this Agreement, of annual information required by *Section 3* or *Section 4* of this Agreement.

Section 7. Consequences of Failure to File

If the Obligors fail to comply with any provision of this Agreement, the holder of any Bond may seek mandamus or specific performance by court order, to cause the Obligors to comply with their obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Bond Indenture or any other financing document related to the issuance of the Bonds, including, without limitation, the Series 2026A Loan Agreement and the Master Indenture. The sole remedy under this Agreement shall be an action to compel performance.

Section 8. Amendment

This Agreement may be amended by the Obligors if the amendment is required by, or consistent with, changes to, or interpretations of, the Rule made by governmental authority after the Bonds are issued.

Section 9. Termination

(a) This Agreement shall terminate when (i) all Bonds have been paid or defeased in accordance with the terms of the Bond Indenture or (ii) the continuing disclosure obligation of the Rule is no longer applicable to the Bonds.

(b) Any Obligor may terminate its obligations under this Agreement if and when such Obligor no longer remains an obligated person with respect to the Bonds.

Section 10. Filing

(a) The Obligors shall make the information filings required or permitted by this Agreement with the MSRB through the MSRB’s Electronic Municipal Market Access System (EMMA).

(b) All documents provided to the MSRB pursuant to this Agreement shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(c) Information about the filing system and requirements of EMMA is available at www.emma.msrb.org.

Section 11. Additional Information

The Obligors may, in their sole discretion, file with the MSRB additional notices with information not required by this Agreement or the Rule. Such additional filings may be discontinued by the Obligors at any time in their sole discretion.

Section 12. No Indirect Beneficiaries

This Agreement is for the benefit of the underwriter or underwriters for the Bonds and the holders of the Bonds and shall not create rights or benefits for any other person or entity.

Section 13. Agent for Filings

The Obligors may appoint an agent for purposes of making the filings required or permitted by this Agreement, but no such appointment, or failure of such agent to perform, shall relieve the Obligors of their responsibilities under this Agreement.

Section 14. Governing Law

This Agreement shall be governed by the laws of the State of Alabama.

Dated: September [], 2026.

UAB MEDICINE ENTERPRISE, on its own behalf and
on behalf of each other member of the Obligated
Group

By: _____
Name: _____
Title: _____

UAB MEDICINE



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