O.C.G.A. § 31-7-22(b)(2)(F) Response Regarding Bonded Indebtedness and Outstanding Loans

Please note that O.C.G.A. § 31-7-22(b)(2)(F) requires each nonprofit hospital in Georgia to post a "[l]isting of any bonded indebtedness, outstanding loans, and bond defaults, whether or not in forbearance; and any bond disclosure sites of the hospital."

Based on a reasonable interpretation, there are nine relevant hospitals within the Emory Healthcare system for purposes of disclosures under O.C.G.A. § 31-7-22: Emory University Hospital, Emory University Hospital Midtown, Emory University Orthopaedics & Spine Hospital, Emory University Hospital Smyrna, Emory Saint Joseph's Hospital, Emory Johns Creek Hospital, Emory Decatur Hospital, Emory Hillandale Hospital, and Emory Long Term Acute Care.

Currently, bonded indebtedness is held by Emory University. Bond revenue may be used in part for hospital-related projects, depending on a variety of factors and to the extent consistent with the issuance of the particular bond series. However, there are no separate bonds for individual hospitals. A listing of bonds held by Emory University and bonds held by Emory/Saint Joseph's, Inc. as of the fiscal year 2020 financials, as well as a brief description of material long-term indebtedness and lines of credit as of the fiscal year 2020 financials, appears in the Emory University Consolidated Financial Statements for FY 20, excerpted below. There are presently no bond defaults. (For more information regarding bonds, feel free to visit the Municipal Securities Rulemaking Board's "EMMA" website: https://emma.msrb.org/. Please note that this website is not maintained by, sponsored by, or affiliated with Emory University or Emory Healthcare.)

Long-term debt obligations related to a hospital are, for internal purposes, consolidated into an allocation for that hospital as it relates to the overall central Emory enterprise.

(16) Bonds and Notes Payable

Bonds and notes payable, including unamortized premiums, discounts, and issuance costs, consisted of the following as of August 31 (dollars in thousands):

	Average Interest Rate	Final Maturity	Outstanding Principal 2020	2019
Tax-exempt, fixed-rate revenue bonds:				
2020 Series B	4.63%	September 1, 2041	$ 486,470	$ –
2019 Series A	4.96	September 1, 2039	218,115	218,115
2019 Series B	5.00	September 1, 2048	39,725	39,725
2016 Series A	4.62	October 1, 2046	130,030	130,030
2016 Series B	4.22	October 1, 2043	201,280	204,385
2013 Series A	5.00	October 1, 2043	180,605	182,205
2011 Series A (1)	5.00	September 1, 2041	–	121,500
Total tax-exempt, fixed-rate revenue bonds			**1,256,225**	**895,960**
Tax-exempt, variable-rate revenue bonds:				
2013 Series B (2)	1.37	October 1, 2039	135,100	135,100
2013 Series C (1)	1.39	October 1, 2039	–	57,865
2005 Series B (1)	1.10	September 1, 2035	–	250,000
2005 Series C (1)	1.16	September 1, 2036	–	124,150
Total tax-exempt, variable-rate revenue bonds			**135,100**	**567,115**
Taxable, fixed-rate revenue bonds:				
2020 Series A	2.41	September 1, 2050	943,750	–
1994 Series C	8.00	October 1, 2024	3,545	4,100
1991 Series	8.85	April 1, 2022	85	133
Total taxable, fixed-rate revenue bonds			**947,380**	**4,233**
Taxable, variable-rate revenue bonds:				
1999 Series B (1)	1.54	November 1, 2029	–	8,105
1995 Series B (1)	1.57	November 1, 2025	–	1,750
1994 Series B (1)	2.57	October 1, 2024	–	6,375
Total taxable, variable-rate revenue bonds			**–**	**16,230**
Commercial Paper:				
2010 Program 1 - Tax-exempt (1)	1.66	August 1, 2050	–	164,422
2008 Program 1 - Taxable (1)	2.13	April 1, 2047	–	203,247
Total Commercial Paper			**–**	**367,669**
Unamortized bond premiums			233,401	136,687
Bond issuance costs			(9,191)	(7,834)
Total bonds and notes payable			**$ 2,562,915**	**$ 1,980,060**

(1) Various bonds were refunded with proceeds from the University's issuance of 2020 Series A and 2020 Series B bonds.

(2) 2013 Series B bonds are floating rate notes and the interest rate is based on a spread to The Securities Industry and Financial Markets Association Index (SIFMA).

The University incurred interest expense of $72.2 million and $83.5 million in 2020 and 2019, respectively, net of capitalized interest of $1.5 million and $0.0 million in 2020 and 2019, respectively.

As of August 31, 2020, the aggregate annual maturities of bonds and notes payable for the next five years and thereafter are as follows (in thousands):

		2020
PAYABLE IN FISCAL YEAR:		
2021	$	16,769
2022		11,536
2023		11,345
2024		11,450
2025		19,305
Thereafter		2,268,300
		2,338,705
Unamortized net premium		233,401
Unamortized net bond issuance costs		(9,191)
	$	**2,562,915**

During 2020, the University refunded its 1994 Series B bonds, 1995 Series B bonds, 1999 Series B bonds, 2011 Series A bonds, and a portion of the 2005 Series B bonds and 2008 taxable Commercial Paper program totaling $332.6 million with proceeds from the University's issuance of 2020 Series A bonds. Additionally, the University funded $600.0 million for general corporate purposes with proceeds from the University's issuance of the 2020 Series A bonds. The University also refunded its 2005 Series C bonds, 2013 Series C bonds, 2010 tax-exempt Commercial Paper program, and a portion of the 2005 Series B bonds and 2008 taxable Commercial Paper program totaling $603.2 million with proceeds from the 2020 Series B bonds. The University recognized a net accounting gain of $4.4 million in conjunction with issuance of the 2020 Series A and 2020 Series B bonds, which is included in nonoperating activities, net in the accompanying 2020 consolidated statement of activities.

On August 18, 2010, the University established a $400.0 million tax-exempt Commercial Paper program and issued the final program order of $164.4 million in September 2018. During 2020, the outstanding commercial paper was refunded as part of the 2020 Series B bonds issuance. The University cannot issue additional commercial paper under the 2010 tax-exempt Commercial Paper program.

In 2008, the University established a $100.0 million taxable Commercial Paper program. The taxable Commercial Paper program was increased to $150.0 million in 2014 and to $350.0 million in 2019. As of August 31, 2020 and 2019, the University has an outstanding balance of $0.0 million and $203.2 million, respectively, under this program.

The University has a standby credit facility to enable the University to purchase tendered variable rate debt in the event of a failed remarketing. Currently, it has one diversified facility totaling $175.0 million that is committed for this sole purpose and cannot be used for operating needs of the University. There were no draws against this line of credit in 2020 or 2019.

Emory Healthcare entered into an affiliation agreement with one of its payors effective June 11, 2018, which was renewed in June 2020. This affiliation agreement includes, among other provisions, a $100.0 million line of credit to Emory University, which can be utilized for any purpose that advances the charitable mission of Emory Healthcare. The affiliation agreement and related line of credit expire on September 1, 2021. There is no outstanding balance on this line of credit as of August 31, 2020 or 2019. The University has an additional $725.0 million of lines credit with three commercial banks for which there is also no outstanding balance as of August 31, 2020. The three lines of credit mature in March and April 2021.

The University has two letters of credit with a commercial bank totaling $1.3 million. There were no outstanding balances as of August 31, 2020 or 2019. The letter of credit agreements have varying expiration dates through fiscal year 2021.

The terms of the University's long-term debt provide for certain financial and nonfinancial covenants, including provisions as to the use of the proceeds, limits as to arbitrage and bond issuance costs, and various other administrative requirements.