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 2021 financials, as well as a brief description of material long-term indebtedness and lines of credit as of the fiscal year 2021 financials, appears in the Emory University Consolidated Financial Statements for FY 21, 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.

The University has entered into a lease for space to serve as an expanded point of entry for imaging and surgical cases for Emory Healthcare, referred to as the Muscoskeletal Outpatient Center (MSK Center) at its Executive Park property. The University obtained the right of use of the asset with the corresponding lease effective September 13, 2021 aggregating $71.1 million.

Supplemental cash flow information related to leases for the year ended August 31 is as follows (in thousands):

	2021	2020
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 38,499	$ 41,811
Operating cash flows from finance leases	3,250	3,523
Financing cash flows from finance leases	1,591	4,087
Right-of-use assets obtained in exchange for new lease obligations		
Operating leases	16,054	15,253
Finance leases	1,369	311
Weighted-average remaining lease term -- finance lease	22 years	24 years
Weighted-average remaining lease term -- operating lease	8 years	8 years
Weighted-average discount rate -- finance lease	3.72%	3.82%
Weighted-average discount rate -- operating lease	2.06%	2.00%

(15) 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 2021	Outstanding Principal 2020
Tax-exempt, fixed-rate revenue bonds:				
2020 Series B	4.63%	September 1, 2041	$ 486,470	$ 486,470
2019 Series A	4.96	September 1, 2039	209,665	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	4.20	October 1, 2043	195,750	201,280
2013 Series A	5.00	October 1, 2043	178,460	180,605
Total tax-exempt, fixed-rate revenue bonds			**1,240,100**	**1,256,225**
Tax-exempt, variable-rate revenue bonds:				
2013 Series B (1)	0.48	October 1, 2039	135,100	135,100
Total tax-exempt, variable-rate revenue bonds			**135,100**	**135,100**
Taxable, fixed-rate revenue bonds:				
2020 Series A	2.41	September 1, 2050	943,750	943,750
1994 Series C	8.00	October 1, 2024	2,945	3,545
1991 Series	8.85	April 1, 2022	41	85
Total taxable, fixed-rate revenue bonds			**946,736**	**947,380**
Commercial Paper:				
2008 Program 1 - Taxable	2.13	April 1, 2047	–	–
Total Commercial Paper			**–**	**–**
Unamortized bond premiums			212,772	233,401
Bond issuance costs			(8,571)	(9,191)
Total bonds and notes payable			**$ 2,526,137**	**$ 2,562,915**

(1) 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 $75.0 million and $72.2 million in 2021 and 2020, respectively, net of capitalized interest of $2.8 million and $1.5 million in 2021 and 2020, respectively. During 2021, the average interest rate on the University's tax-exempt variable demand bonds was 0.48%. Related indices for this period were 0.06% for tax-exempt debt (SIFMA).

As of August 31, 2021, the aggregate annual maturities of bonds and notes payable for the next five years and thereafter are as follows (in thousands):

		2021
PAYABLE IN FISCAL YEAR:		
2022	$	11,536
2023		11,345
2024		11,450
2025		19,305
2026		300,690
Thereafter		1,967,610
		2,321,936
Unamortized net premium		212,772
Unamortized net bond issuance costs		(8,571)
	$	**2,526,137**

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.

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During 2020, the outstanding 2010 tax-exempt commercial paper of $164.4 million was refunded as part of the 2020 Series B bonds issuance and the program expired.

The 2008 taxable Commercial Paper program of $350.0 million had an outstanding balance of $0.0 million and $0.0 million, as of August 31, 2021 and 2020, 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 2021 or 2020.

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 was renewed but the affiliated line of credit was terminated effective February 8, 2021. The University entered into a syndicated line of credit of $750.0 million on April 16, 2021 that expires April 2026. There is also no outstanding balance as of August 31, 2021.

The University has a letter of credit with a commercial bank totaling $1.1 million. There were no outstanding balances as of August 31, 2021 or 2020. The letter of credit agreement expires March 2022.

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.