

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 2022 financials, as well as a brief description of material long-term indebtedness and lines of credit as of the fiscal year 2022 financials, appears in the Emory University Consolidated Financial Statements for FY 22, 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.

EMORY UNIVERSITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

(12) 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	
			2022	2021
Tax-exempt, fixed-rate revenue bonds:				
2022 Series A	5.00%	September 1, 2032	\$ 212,055	\$ —
2020 Series B	4.63	September 1, 2041	486,470	486,470
2019 Series A	4.96	September 1, 2039	201,790	209,665
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	4.19	October 1, 2043	192,905	195,750
2013 Series A	5.00	October 1, 2043	178,335	178,460
Total tax-exempt, fixed-rate revenue bonds			1,441,310	1,240,100
Tax-exempt, variable-rate revenue bonds:				
2022 Series B	1.81	September 1, 2052	110,380	—
2013 Series B ⁽¹⁾	0.79	October 1, 2039	—	135,100
Total tax-exempt, variable-rate revenue bonds			110,380	135,100
Taxable, fixed-rate reveue bonds:				
2020 Series A	2.41	September 1, 2050	943,750	943,750
1994 Series C	8.00	October 1, 2024	2,295	2,945
1991 Series	8.85	April 1, 2022	—	41
Total taxable, fixed-rate revenue bonds			946,045	946,736
Taxable, variable-rate reveue bonds:				
2022 Series C-1 ⁽²⁾	2.68	September 1, 2052	110,450	—
2022 Series C-2 ⁽²⁾	2.69	September 1, 2052	110,445	—
Total taxable, variable-rate revenue bonds			220,895	—
Unamortized bond premiums			238,788	212,772
Bond issuance costs			(9,972)	(8,571)
Total bonds and notes payable			\$ 2,947,446	\$ 2,526,137

⁽¹⁾ Average Securities Industry and Financial Markets Association Index (SIFMA) from September 1, 2021 through August 11, 2022 plus a Floating Rate Notes (FRN) spread of 42 basis points

⁽²⁾ Average reset rates taken from Electronic Municipal Market Access (EMMA), plus credit facility and remarketing fees

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The University incurred interest expense of \$76.2 million and \$75.0 million in 2022 and 2021, respectively, net of capitalized interest of \$7.6 million and \$2.8 million in 2022 and 2021, respectively. During 2022, the average interest rate on the University's tax-exempt variable demand bonds was 0.85% and taxable variable bonds was 2.68%. Related indices for this period were 0.44% for tax-exempt debt (SIFMA), and 0.66% for taxable debt.

As of August 31, 2022 the aggregate annual maturities of bonds and notes payable for the next five years and thereafter are as follows (in thousands):

	2022
PAYABLE IN FISCAL YEAR:	
2023	\$ 11,345
2024	11,450
2025	9,990
2026	290,610
2027	11,825
Thereafter	2,383,410
	2,718,630
Unamortized net premium	238,788
Unamortized net bond issuance costs	(9,972)
	\$ 2,947,446

During fiscal year 2022, the University funded \$450.0 million for general corporate purposes with proceeds from the University's issuance of the 2022 Series A, 2022 Series B, 2022 Series C-1 and 2022 C-2 bonds. Additionally, the University refunded its 2013 Series B bonds totaling \$135.1 million with proceeds from the University's issuance of 2022 Series A bonds.

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, 2022 and 2021, respectively, under this program. On December 5, 2022, December 6, 2022, and December 12, 2022, the University issued \$75.0 million of 60-day commercial paper, \$75.0 million of 60-day commercial paper, and \$75 million of 30-day commercial paper, respectively, under this program.

The University has three credit facilities to enable the University to purchase tendered variable rate debt in the event of a failed remarketing. It has a direct-pay letter of credit supporting the 2022 C-1 bonds totaling \$110.45 million, a standby bond purchase agreement supporting 2022C-2 bonds totaling \$110.45 million, and a revolving credit agreement supporting any self-liquidity debt totaling \$175.0 million. These credit facilities are committed for the sole purposes of supporting these debt instruments and cannot be used for operating needs of the University. There were no draws against any of these facilities in 2022 or 2021.

The University has a syndicated line of credit of \$750.0 million that expires April 2026. There is no outstanding balance as of August 31, 2022, and 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, 2022 or 2021. The letter of credit agreement expires March 2023.

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.