



**NEW ISSUE**  
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**Moody's "A2"**  
**S&P "A+"**  
**See "RATINGS" herein**

*Subject to compliance by the Authority and the Borrowers (each as defined herein), as applicable, with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds (as defined herein) is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. See "TAX MATTERS" herein for a more detailed discussion of some of the tax consequences of owning the Bonds and APPENDIX E hereto for the proposed form of opinion of Bond Counsel.*

**\$300,000,000**  
**ORANGE COUNTY HEALTH FACILITIES AUTHORITY**  
**Hospital Revenue Bonds**  
**(Orlando Health Obligated Group)**  
**Series 2023A**

**ORLANDO HEALTH®**

**Dated:** Date of Delivery

**Due:** October 1, as shown on inside front cover

The Orange County Health Facilities Authority (the "Authority") is offering \$300,000,000 of its Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A (the "Bonds" or the "Series 2023A Bonds"). The Bonds will be issued initially in the Fixed Mode at the fixed interest rates described herein. The Bonds will mature on the dates and in the principal amounts as shown on the inside front cover.

The Bonds are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof, as described herein, and when issued will be initially registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds (the "Securities Depository"). **Purchasers will not receive certificates representing their interest in the Bonds purchased.** Purchases of the Bonds may be made only in book-entry form in authorized denominations by credit to participating broker-dealers and other institutions on the books of DTC as described herein. The principal of, premium, if any, and interest on the Bonds will be payable by U.S. Bank Trust Company, National Association, Jacksonville, Florida, as trustee (the "Bond Trustee"), to the Securities Depository, which will remit such payments in accordance with its normal procedures, as described herein. Interest is payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2023.

The Bonds will be issued under a Bond Trust Indenture dated February 2, 2023, as further described herein (the "Indenture"), between the Authority and the Bond Trustee, and the proceeds thereof will be loaned by the Authority to Orlando Health, Inc. ("Orlando Health"), Orlando Health Central, Inc. ("Health Central") and South Lake Hospital, Inc. ("South Lake" and collectively with Orlando Health and Health Central, the "Borrowers"), each a Florida not-for-profit corporation, pursuant to a Loan Agreement, dated February 2, 2023, among the Authority and the Borrowers (the "Loan Agreement") for the purposes set forth herein. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The obligations of the Borrowers with respect to the Bonds under the Loan Agreement will be evidenced by a direct note obligation, as more particularly described herein (the "Series 2023 Obligation"), issued by the Obligated Group pursuant to the Existing Master Indenture (as defined herein) between the Obligated Group (which currently consists of Orlando Health, Health Central, South Lake, OsceolaSC, LLC, a Delaware limited liability company ("Osceola") and OHI West, Inc., a Florida not-for-profit corporation ("OHI West," and collectively with Orlando Health, Health Central, South Lake and Osceola, the "Obligated Group")) and The Bank of New York Mellon, as master trustee (the "Master Trustee"), and will require payments by the Obligated Group sufficient to provide for the payment of the principal of, premium, if any, and interest on the Bonds. Concurrently with the issuance of the Bonds, the Existing Master Indenture will be amended, restated and replaced in its entirety by the Second Amended and Restated Master Indenture (as defined herein) and the obligations of the Obligated Group with respect to the Bonds will be subject to and governed by such Second Amended and Restated Master Indenture. See "SECURITY FOR THE BONDS" herein for a description of the security for the Series 2023 Obligation and all other Obligations issued under the Second Amended and Restated Master Indenture, and the assignment of accounts and Gross Revenues (as defined herein) of the Obligated Group (subject to the terms of the Second Amended and Restated Master Indenture). **By virtue of their purchase of the Bonds, the beneficial owners of the Bonds are granting their consent to the amendment, restatement and replacement of the Existing Master Indenture, as described herein.**

**THE BONDS, TOGETHER WITH INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND DO NOT CONSTITUTE A DEBT OR LIABILITY OF ORANGE COUNTY, FLORIDA ("ORANGE COUNTY"), THE STATE OF FLORIDA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, OR A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY, ORANGE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, OR THE TAXING POWERS OF ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE REVENUES DERIVED FROM THE LOAN AGREEMENT, THE SERIES 2023 OBLIGATION AND AS OTHERWISE PROVIDED IN THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER.**

The Bonds are subject to optional and extraordinary redemption, mandatory tender and purchase in lieu of optional redemption prior to maturity, as more fully described herein. See "THE SERIES 2023A BONDS – Redemption and Purchase" and "THE SERIES 2023A BONDS — Mandatory Tender of Series 2023A Bonds for Purchase on or after Optional Redemption Date on a Conversion Date" herein.

*This Official Statement summarizes certain terms of the Bonds only while such Bonds bear interest at rates established on the original issue date thereof. Should the Bonds, or portions thereof, be supported by any external credit or liquidity support, or be converted at the election of Orlando Health, as the Obligated Group Agent to operate in a different Interest Rate Mode (as defined herein) or to bear interest at new rates in the same mode, such Bonds will be subject to mandatory tender for purchase and, at that time, it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document will be prepared for such Bonds.*

Digital Assurance Certification has been retained by the Obligated Group Agent as dissemination agent on behalf of the Obligated Group in connection with filing their Annual and Quarterly Reports pursuant to their undertaking in accordance with Securities Exchange Commission Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to the making of an informed investment decision.

The Bonds are being purchased for reoffering by Morgan Stanley & Co. LLC, on its own behalf and on behalf of the other Underwriters below (collectively, the "Underwriters"). See "UNDERWRITING" herein.

*The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters, subject to prior sale and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel; and the approval of certain matters for the Authority by its general counsel, Loundes Drosdick Doster Kantor & Reed, P.A., Orlando, Florida; for the Obligated Group by their counsel, Carlton Fields, P.A., Tampa, Florida; and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, New York, New York. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about February 2, 2023.*

**Morgan Stanley**

**J.P. Morgan Securities LLC**

The date of this Official Statement is January 18, 2023.

**\$300,000,000**  
**Orange County Health Facilities Authority**  
**Hospital Revenue Bonds**  
**(Orlando Health Obligated Group)**  
**Series 2023A**

**MATURITY SCHEDULE**

<b>Maturity Date</b> <b>(October 1,)</b>	<b>Principal</b> <b>Amount</b>	<b>Interest</b> <b>Rate</b>	<b>Price</b>	<b>Yield</b>	<b>CUSIP†</b>
2027	\$8,275,000	5.00%	110.566	2.580%	68450LGU3
2028	12,400,000	5.00	112.336	2.640	68450LGV1
2029	12,830,000	5.00	113.807	2.720	68450LGW9
2030	13,705,000	5.00	115.299	2.770	68450LGX7
2031	15,900,000	5.00	116.482	2.840	68450LGY5
2032	20,030,000	5.00	117.768	2.880	68450LGZ2
2033	10,260,000	5.00	117.501*	2.990	68450LHA6
2034	11,245,000	5.00	116.073*	3.140	68450LHB4
2035	14,250,000	5.00	114.202*	3.340	68450LHC2
2036	10,010,000	5.00	112.458*	3.530	68450LHD0
2037	11,330,000	5.00	111.914*	3.590	68450LHE8
2038	11,780,000	5.00	111.014*	3.690	68450LHF5
2039	12,720,000	5.00	110.211*	3.780	68450LHG3
2040	10,615,000	5.00	109.857*	3.820	68450LHH1
2041	15,265,000	5.00	109.592*	3.850	68450LHJ7
2042	10,070,000	5.00	109.328*	3.880	68450LHK4
2053	99,315,000	5.00	107.070*	4.140	68450LHL2

† Copyright 2023, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders and none of the Authority, the Obligated Group, nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in part of the Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

\* Priced to April 1, 2033 call date.

## REGARDING USE OF THIS OFFICIAL STATEMENT

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY, THE OBLIGATED GROUP OR ANY MEMBER THEREOF, OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. 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 BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE OBLIGATED GROUP AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. 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, THEIR 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. EXCEPT UNDER THE HEADINGS "THE AUTHORITY" AND "LITIGATION - The Authority," THE INFORMATION CONTAINED HEREIN IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE AUTHORITY. THE INFORMATION ON THE OBLIGATED GROUP IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE AUTHORITY. THE INFORMATION REGARDING DTC HAS BEEN OBTAINED FROM DTC, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY THE AUTHORITY OR THE OBLIGATED GROUP. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY, THE OBLIGATED GROUP OR ANY OTHER ENTITY DESCRIBED HEREIN. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE AUTHORITY, THE OBLIGATED GROUP OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE PURCHASERS OR REGISTERED OWNERS OF THE BONDS.

**Neither the Authority, its counsel, nor any of its members, agents, employees or representatives has reviewed this Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Authority set forth under the captions "THE AUTHORITY" and "LITIGATION - The Authority" herein. Except with respect to the information contained under such captions, neither the Authority, its counsel, nor any of its members, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. Members of the Authority and any other persons executing the Bonds are not subject to personal liability by reason of the issuance of the Bonds.**

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES

HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

**This Official Statement, including the Appendices attached hereto, contains “forward-looking statements,” which generally can be identified with words or phrases such as “anticipates,” “believes,” “could,” “estimates,” “foresees,” “may,” “plan,” “predict,” “should,” “will,” or other words or phrases of similar import. All statements included in this Official Statement, including the Appendices attached hereto, that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made by the Obligated Group in light of their experience and perception of historical trends, current conditions and expected future developments as well as other factors they believe are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including without limitation, the information discussed under “CERTAIN BONDHOLDERS’ RISKS” in this Official Statement as well as additional factors beyond the Obligated Group’s and the Authority’s control. The important risk factors and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement, including the Appendices attached hereto, are qualified by these cautionary statements. There can be no assurance that the actual results or developments anticipated will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Obligated Group’s business or operations. All subsequent forward-looking statements attributable to the Obligated Group or the Authority or persons acting on their behalf are expressly qualified in their entirety by the factors and assumptions described above and in any documents containing those forward-looking statements. No person has any obligation to prepare or release any updates or revisions to any forward-looking statement. Furthermore, any “forward looking statements” included in this Official Statement, including the Appendices attached hereto, have not been compiled or examined by any independent accountants, including those of the Obligated Group.**

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTIONS OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM (“ELECTRONIC FORMAT”). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

ANY REFERENCES TO INTERNET WEBSITES IN THIS OFFICIAL STATEMENT ARE SHOWN FOR REFERENCE AND CONVENIENCE ONLY; UNLESS EXPLICITLY STATED TO THE CONTRARY, THE INFORMATION CONTAINED WITHIN THE WEBSITES AND ANY LINKS CONTAINED WITHIN THOSE WEBSITES ARE NOT INCORPORATED HEREIN BY REFERENCE AND DO NOT CONSTITUTE A PART OF THIS OFFICIAL STATEMENT.

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## OFFICIAL STATEMENT

**\$300,000,000**  
**Orange County Health Facilities Authority**  
**Hospital Revenue Bonds**  
**(Orlando Health Obligated Group)**  
**Series 2023A**

### INTRODUCTION

#### General

This Official Statement, including the cover page and Appendices hereto, is provided to furnish information with respect to the sale and delivery by the Orange County Health Facilities Authority (the “Authority”) of its \$300,000,000 Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A (the “Bonds” or the “Series 2023A Bonds”). The Series 2023A Bonds will be issued initially in the Fixed Mode at the fixed interest rates described herein.

The Authority is a public body corporate and politic created and existing under the laws of the State of Florida (the “State”), particularly the Health Facilities Authorities Law of the State (the “Act”), as a conduit issuer of revenue bonds. See “THE AUTHORITY” herein.

The Bonds are being issued pursuant to the Act and a Bond Trust Indenture dated February 2, 2023 (the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Bond Trustee”). The proceeds from the sale of the Bonds will be loaned by the Authority to Orlando Health, Inc. (“Orlando Health”), Orlando Health Central, Inc. (“Health Central”) and South Lake Hospital, Inc. (“South Lake” and collectively with Orlando Health and Health Central, the “Borrowers”), each a Florida not-for-profit corporation, pursuant to a Loan Agreement, dated February 2, 2023 (the “Loan Agreement”), among the Authority and the Borrowers. The proceeds from the sale of the Bonds will be used by the Borrowers, together with other moneys to finance, refinance, or reimburse the costs of acquiring, constructing, renovating and/or equipping (i) the health care facilities of Orlando Health consisting of: (a) two new free-standing emergency departments and related facilities in Longwood, Florida and in unincorporated Orange County, Florida, (b) various health care facilities on Orlando Health’s downtown Orlando, Florida campus, and (c) a new acute care hospital and related facilities on Orlando Health’s new Lakeland, Florida campus; (ii) the health care facilities of Health Central consisting of: (x) a new Medical Rehabilitation Hospital and related facilities on Health Central’s Ocoee, Florida campus, (y) various health care facilities on Health Central’s Ocoee, Florida campus, and (z) an addition to an existing building for use as a skilled nursing and memory care facility in Winter Garden, Florida, including related facilities; (iii) the health care facilities of South Lake consisting of a new bed tower addition to Orlando Health South Lake Hospital, as well as an expansion of the existing women’s pavilion located therein, including certain other related facilities on South Lake’s Clermont, Florida campus (collectively, the “Project”); and to finance costs of issuing the Bonds.

See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

This Official Statement summarizes certain terms of the Bonds only while such Bonds bear interest at rates established on the original issue date thereof. Should the Bonds or any portions thereof be converted at the election of the Obligated Group Agent (as defined herein) to operate in a different Interest Rate Mode (as defined herein) or to bear interest at new rates in the same mode, such Bonds will be subject to mandatory tender for purchase and, at that time, it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document will be prepared for such Bonds.

#### Security for the Bonds

***The Existing Master Indenture.*** Orlando Health, Health Central, South Lake, OsceolaSC, LLC, a Delaware limited liability company (“Osceola”) and OHI West, Inc., a Florida not-for-profit corporation (“OHI West”, and collectively with Orlando Health, Health Central, South Lake and Osceola, the “Obligated Group”) have previously entered into the Amended and Restated Master Trust Indenture dated as of August 1, 1999 with The Bank of New York Mellon, as master trustee (the “Master Trustee”) (as heretofore supplemented and amended, the “Existing Master Indenture”).

***Amendment and Restatement of the Master Indenture; Deemed Consent.*** Concurrently with the issuance of the Bonds, the Obligated Group intends to amend, restate and replace the Existing Master Indenture in its entirety. The Existing Master Indenture may be amended, restated and replaced upon receipt of the consent of the holders of not less than 51% in aggregate principal amount of the Obligations outstanding under the Existing Master Indenture, plus the consent of any party who has negotiated with the Obligated Group for consent rights over amendments, such as swap providers, holders of direct placement bonds and lenders under certain loan agreements (the “Required Consents”). **By acceptance of the Bonds, the purchasers thereof will be deemed to have consented to the amendment, restatement and replacement of the Existing Master Indenture in its entirety.** Upon the issuance of the Bonds, the holders of not less than 51% of the Obligations outstanding under the Existing Master Indenture and the parties to the Required Consents will have consented to the amendment and restatement and such amendment and restatement shall become effective. Therefore, the “Master Indenture” as described in this Official Statement is the Second Amended and Restated Master Trust Indenture (the “Second Amended and Restated Master Indenture” or the “Master Indenture”). See “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE.”

***Series 2023 Obligation; Security Interest in the Accounts and Gross Revenues of the Obligated Group.*** The obligations of the Borrowers with respect to the Bonds under the Loan Agreement will be evidenced by a direct note obligation (the “Series 2023 Obligation”) issued by the Obligated Group and (following the amendment, restatement and replacement of the Existing Master Indenture as described herein) will be an Obligation under the Master Indenture. The Series 2023 Obligation and all other Obligations outstanding under the Master Indenture will be secured by a security interest in the accounts and Gross Revenues of each Member of the Obligated Group, subject to the limitations set forth below. Such security interest is subject to prior security interests in the accounts and Gross Revenues (as defined in the Master Indenture) and is perfected only to the extent it can be perfected by a filing meeting the requirements of the UCC (as defined in the Master Indenture). Continuation statements meeting the requirements of the UCC must be filed every five years to continue the perfection of the security interest in the accounts and Gross Revenues. Orlando Health, Health Central, South Lake, Osceola and OHI West have covenanted and each future Obligated Group Member will be required to covenant under the Master Indenture to file or cause to be filed such continuation statements. Current or future federal or state laws may proscribe or restrict the assignment of rights arising out of Medicare, Medicaid or other federal or state programs, and no consent of any governmental agency or authority to the assignment of such rights has been or is required to be obtained by any Obligated Group Member. See “CERTAIN BONDHOLDERS’ RISKS” herein.

***The System and the Obligated Group.*** Orlando Health, its Subsidiaries (as defined in APPENDIX A hereto) and related organizations described in APPENDIX A, including Health Central, South Lake, Osceola and OHI West, form the Orlando Health System (the “System”). The System owns and operates eleven hospitals and seven free-standing emergency departments. Orlando Health owns and operates five acute-care hospitals and various other healthcare facilities; Health Central owns two acute-care hospitals, two skilled nursing facilities and other facilities; South Lake is an acute-care hospital located in Clermont, Florida doing business as Orlando Health South Lake Hospital; Osceola is an acute-care hospital in Saint Cloud, Florida, doing business as Orlando Health St. Cloud Hospital; and OHI West owns and operates the Bayfront Health St. Petersburg hospital (“Bayfront Health Hospital”) and its associated healthcare operations in St. Petersburg, Florida (the facilities of the Obligated Group are more particularly described in APPENDIX A). Orlando Health Puerto Rico, LLC, a subsidiary of Healthnet Services, Inc. (which is not part of the Obligated Group), recently acquired one acute care hospital located in Dorado, Puerto Rico. The physical facilities of the System are herein referred to as the “Facilities.” Only Orlando Health, Health Central, South Lake, Osceola and OHI West, as the Members of the Obligated Group, will be liable with respect to the Bonds and the Series 2023 Obligation, and the other entities included within the System will have no liability with respect to the Bonds or the Series 2023 Obligation. Orlando Health, acting as the “Obligated Group Agent,” is authorized to act for all Obligated Group Members for certain purposes under the Master Indenture. See “THE OBLIGATED GROUP,” “NON-OBLIGATED GROUP MEMBERS AND RELATED ORGANIZATIONS” and “SECURITY FOR THE BONDS” herein.

The Master Indenture creates a Credit Group consisting of the Obligated Group Members, Designated Affiliates, if any, Unlimited Credit Group Participants, if any, and Limited Credit Group Participants, if any. Additional entities may become Obligated Group Members or Credit Group Members, and any Obligated Group Member or Credit Group Member may cease to be an Obligated Group Member or Credit Group Member, upon satisfaction of the conditions set forth in the Master Indenture. **On the date of issuance of the Bonds, there will be no Designated Affiliates, and no Unlimited Credit Group Participants or Limited Credit Group Participants. No other entities or affiliates within the System, other than the Obligated Group Members, are obligated to make payments with respect to the Bonds, the Series 2023 Obligation or any other Obligations.** See “SECURITY FOR THE BONDS” herein and Section 401 – “Payment of



Principal, Premium, if any, and Interest; Credit Group Members” of the Master Indenture in “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE” hereto.

### **Limitation of Liability**

**THE BONDS, TOGETHER WITH INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND DO NOT CONSTITUTE A DEBT OR LIABILITY OF ORANGE COUNTY, FLORIDA (“ORANGE COUNTY”), THE STATE OF FLORIDA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF, OR A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY, ORANGE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, OR THE TAXING POWERS OF ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE REVENUES DERIVED FROM THE LOAN AGREEMENT, THE SERIES 2023 OBLIGATION AND AS OTHERWISE PROVIDED IN THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER.**

### **Redemption of Bonds**

The Bonds are subject to optional and extraordinary redemption, mandatory tender and purchase in lieu of optional redemption prior to maturity, as more fully described herein. See “THE SERIES 2023A BONDS – Redemption and Purchase” herein.

### **Appendices**

Definitions of certain terms used in this Official Statement are set forth herein under the captions “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT” in APPENDIX C hereto. This Official Statement contains brief descriptions of, among other things, the Bonds, the Obligated Group, the Indenture, the Loan Agreement, the Master Indenture and the Series 2023 Obligation. Such descriptions do not purport to be comprehensive or definitive, and references in this Official Statement to documents are qualified in their entirety by references to each such document, and references in this Official Statement to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Indenture. Until the issuance and delivery of the Bonds, draft copies of such documents may be obtained from Morgan Stanley & Co. LLC, 1585 Broadway, 16th Floor, New York, New York 10036, and from the Bond Trustee, U.S. Bank Trust Company, National Association, 225 Water Street, Suite 700, Jacksonville, Florida 32202 Attention: Corporate Trust. After the issuance and delivery of the Bonds, copies of such documents will be available for inspection at the principal corporate trust office of the Bond Trustee. Information concerning the Obligated Group, the System and its Facilities, and operations and certain financial information is included in APPENDIX A hereto. The audited consolidated financial statements of Orlando Health and Subsidiaries for each of the two fiscal years ended September 30, 2022 and 2021, are included in APPENDIX B hereto. A form of the Master Indenture described in this Official Statement is included in “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE” attached hereto.

## **THE AUTHORITY**

### **General**

The Authority is a public body corporate and politic created under the Act. Pursuant to the Act, the Authority is authorized to issue revenue bonds and to loan the proceeds thereof to private not-for-profit health care corporations in Orange County, Florida, to finance and refinance or provide reimbursement for the acquisition, construction or installation of qualifying projects, as defined under the Act.

The Bonds are limited obligations of the Authority payable by the Authority solely out of the revenues of the Authority received under the Loan Agreement (except certain unassigned rights), the Series 2023 Obligation, and other moneys pledged therefor under the Indenture. The Authority has no taxing power. The obligations of the Authority are not a debt, liability or obligation of Orange County, the State or any political subdivision thereof.

The Authority was created on December 20, 1977, by the Board of County Commissioners of Orange County, Florida, pursuant to the Act. The Board of County Commissioners designates the five members of the Authority. Members serve staggered terms of four years. Members receive no compensation, but are paid necessary expenses. Members may be directors, officers or employees of health facilities or banks. However, any member who is employed by or receives income from a health facility may not vote on any matter related to such facility. In authorizing the Bonds, the members of the Authority have relied upon information furnished by the Obligated Group and have made no independent investigation of the matters set forth in this Official Statement.

### **Limitation of Liability**

**THE BONDS, TOGETHER WITH INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND DO NOT CONSTITUTE A DEBT OR LIABILITY OF ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY, ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR THE TAXING POWERS OF ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE REVENUES DERIVED FROM THE LOAN AGREEMENT, THE SERIES 2023 OBLIGATION AND AS OTHERWISE PROVIDED IN THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER.**

### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAWS**

Section 517.051 of the Florida Statutes 1991, as amended, provides for the exemption from registration of governmental securities issued or guaranteed by the United States, any state of the United States, or any political subdivision or agency or instrumentality thereof, provided that if an issuer or guarantor of governmental securities has been in default at any time after December 31, 1975 as to principal and interest on any obligation of such issuer or successor of such issuer, its securities may not be offered or sold in Florida pursuant to the exemption except by means of an offering circular containing full and fair disclosure, as prescribed by rules of the Florida Financial Services Commission (the "Commission"). Under the rules of the Commission, the prescribed disclosure is not required if the information is not an appropriate disclosure because the information would not be considered material by a reasonable investor.

The Authority has the power to issue, and has issued bonds for the purpose of financing projects for other facilities. Bonds issued by the Authority for parties other than the Obligated Group may have been, or may be, in default as to principal and interest. The source of payment, however, for any such defaulted bonds is separate and distinct from the source of payment for the Bonds and, therefore, the default on such other bonds is not considered a material fact with respect to the payment of the Bonds.

**The Obligated Group is not and has not been in default at any time after December 31, 1975 as to principal or interest with respect to any of its respective obligations, including the Obligated Group's obligations to make payments of principal and interest for obligations issued by the Authority for the benefit of the Obligated Group.**

### **THE OBLIGATED GROUP**

Orlando Health is a Florida not-for-profit corporation headquartered in Orlando, Florida. It was formed in 1977, but traces its origins and history of serving residents of Orange County, Florida, and the surrounding counties to 1918. Health Central is a Florida not-for-profit corporation and has served the community since 1952. South Lake is a Florida not-for-profit corporation and has serviced its community since 1947. Osceola is a Delaware limited liability company that has served the residents of St. Cloud, Florida and the surrounding Osceola County communities for more than 50 years. OHI West is a Florida not-for-profit corporation that services residents in St. Petersburg, Florida and the surrounding counties. The System is a 3,245-bed system that includes 18 wholly-owned hospitals and free-standing emergency departments as well as other related healthcare facilities. The System provides acute care at the following hospitals:

- The largest hospital owned by Orlando Health is Orlando Health Orlando Regional Medical Center ("ORMC"), which operates 898 acute-care and rehabilitative beds. ORMC is one of only two providers of

level one trauma services in Central Florida and is one of only ten level one trauma centers in Florida. See “APPENDIX A – INFORMATION REGARDING THE OBLIGATED GROUP” for more information.

- Orlando Health Arnold Palmer Hospital for Children (“Arnold Palmer Hospital”) is a 156-bed hospital providing specialized care to children.
- Orlando Health Winnie Palmer Hospital for Women and Babies (“Winnie Palmer Hospital”) is a 350-bed hospital which includes 142 neonatal intensive care beds and, with the Arnold Palmer Hospital are known as Arnold Palmer Medical Center.
- Orlando Health Dr. P. Phillips Hospital (“Dr. P. Phillips Hospital”), formerly known as Sand Lake Hospital, is a 285-bed acute-care hospital serving southwest Orange County.
- Orlando Health South Seminole Hospital (“South Seminole Hospital”) is a 206-bed acute-care hospital and related healthcare facilities located in Seminole County, Florida.
- Orlando Health - Health Central Hospital (“Health Central Hospital”) is a 216-bed acute-care hospital acquired in 2012 from the West Orange Healthcare District, along with a 118-bed skilled nursing facility known as Health Central Park, a second 110-bed skilled nursing facility completed in 2021, and other outpatient clinics and physician practices, all located in Orange County, Florida, west of the ORMC’s main campus.
- Orlando Health – Horizon West Hospital (“Horizon West Hospital”) is a 60-bed acute-care hospital that opened in 2021 and is part of a medical center that is owned and operated by Health Central, including 23 ER patient rooms, outpatient diagnostics, laboratory services and offices for primary care physicians and specialists, which is located in west Orange County, Florida.
- Orlando Health St. Cloud Hospital (“St. Cloud Hospital”) is a full-service, 84-bed trauma hospital specializing in cardiology, critical care, infectious disease, orthopedics, radiology and full surgical services plus outpatient Rehabilitation Services and a Wound Healing & Hyperbaric Center located in St. Cloud, Florida.
- Orlando Health South Lake Hospital (“South Lake Hospital”) is a 177-bed acute-care and sub-acute-care hospital offering a full continuum of care for residents of Lake County, Florida.
- Bayfront Health Hospital is a 480-bed hospital acquired in late 2020 that offers heart and vascular services, surgical services, rehabilitation services, neurosciences, maternity care and emergency services and trauma care that is located in St. Petersburg, Florida.
- Doctors’ Center Hospital Orlando Health – Dorado (“Dorado”) is a 105-bed acute care hospital located in Dorado, Puerto Rico that was acquired by the System in October 2022. Dorado is not a member of the Obligated Group.

The first five hospitals named above are unincorporated divisions of Orlando Health. Health Central Hospital and Horizon West Hospital are owned by Health Central, South Lake Hospital is owned by South Lake, St. Cloud Hospital is owned by Osceola, and Bayfront Health Hospital is owned by OHI West. Dorado is owned by Orlando Health Puerto Rico, LLC, which is a subsidiary of Healthnet Services, Inc., which is not an Obligated Group Member. See “NON-OBLIGATED GROUP MEMBERS AND RELATED ORGANIZATIONS” below. For more information on the Obligated Group Members, see APPENDIX A hereto.

## **NON-OBLIGATED GROUP MEMBERS AND RELATED ORGANIZATIONS**

The following healthcare facilities and operations are **not** part of the Obligated Group.

Orlando Health owns or controls (directly or indirectly) Orlando Health Foundation, Inc., Orlando Health Medical Group, Inc., Orlando Physicians Network, Inc., Healthnet Services, Inc., Orlando Health Physician Partners, Inc., Orlando Cancer Center, Inc., and OHRI, LLC, which operates five imaging centers, and Orlando Health operates a cancer center on the ORMC campus under the name Orlando Health Cancer Institute. For more information on the non-obligated group members and related organizations of Orlando Health see “APPENDIX A – OBLIGATED GROUP AND NON-OBLIGATED ENTITIES – Non-Obligated Group Members.”

### **Financial Information**

Information concerning the Obligated Group, the System and its facilities and operations and certain financial information is included in APPENDIX A to this Official Statement. Audited consolidated financial statements of Orlando Health and Subsidiaries as of September 30, 2022 and 2021 and for each of the years then ended are included in APPENDIX B hereto.

## **PLAN OF FINANCE**

The proceeds from the sale of the Bonds will be loaned to the Borrowers and together with other moneys will be used by the Borrowers to: (i) finance, refinance, or reimburse the costs of acquiring, constructing, renovating and/or equipping the Project; and (ii) finance costs of issuing the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

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## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the Bonds.

<u>Sources of Funds</u>	
Principal Amount of Bonds	\$300,000,000
Original Issue Premium	33,743,161
Equity Contribution	<u>1,272,775</u>
<b>Total</b>	<b><u>\$335,015,936</u></b>
<u>Uses of Funds</u>	
Project Costs	\$332,420,045
Costs of Issuance <sup>1</sup>	<u>2,595,891</u>
<b>Total</b>	<b><u>\$335,015,936</u></b>

<sup>1</sup> Includes Underwriters' compensation, legal fees, accounting fees, rating agency fees, printing costs and other miscellaneous expenses relating to the issuance of the Bonds.

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**ANNUAL DEBT SERVICE ON THE BONDS  
AND OTHER OUTSTANDING BONDS AND OTHER LONG-TERM INDEBTEDNESS OF THE  
OBLIGATED GROUP**

The following table sets forth, for each Fiscal Year ending September 30 of the Obligated Group, the debt service requirements of the Obligated Group for the Bonds and the other Long-Term Indebtedness outstanding under the Master Indenture. Numbers may not add due to rounding.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Existing Debt Service<sup>(1)</sup></u>	<u>Total Combined Debt Service</u>
2023	--	\$2,458,333	\$119,839,754	\$122,298,087
2024	--	15,000,000	119,006,169	134,006,169
2025	--	15,000,000	118,870,582	133,870,582
2026	--	15,000,000	115,739,468	130,739,468
2027	--	15,000,000	114,475,823	129,475,823
2028	\$8,275,000	14,793,125	101,122,736	124,190,861
2029	12,400,000	14,276,250	244,685,892	271,362,142
2030	12,830,000	13,645,500	92,051,483	118,526,983
2031	13,705,000	12,982,125	91,840,311	118,527,436
2032	15,900,000	12,242,000	90,385,646	118,527,646
2033	20,030,000	11,343,750	87,153,576	118,527,326
2034	10,260,000	10,586,500	97,678,270	118,524,770
2035	11,245,000	10,048,875	97,232,469	118,526,344
2036	14,250,000	9,411,500	94,866,065	118,527,565
2037	10,010,000	8,805,000	99,714,226	118,529,226
2038	11,330,000	8,271,500	98,922,692	118,524,192
2039	11,780,000	7,693,750	99,051,217	118,524,967
2040	12,720,000	7,081,250	98,727,628	118,528,878
2041	10,615,000	6,497,875	101,413,097	118,525,972
2042	15,265,000	5,850,875	97,411,668	118,527,543
2043	10,070,000	5,217,500	103,239,925	118,527,425
2044	--	4,965,750	118,599,993	123,565,743
2045	--	4,965,750	125,369,343	130,335,093
2046	--	4,965,750	125,367,682	130,333,432
2047	--	4,965,750	125,371,440	130,337,190
2048	--	4,965,750	125,366,540	130,332,290
2049	--	4,965,750	419,236,832	424,202,582
2050	--	4,965,750	210,870,253	215,836,003
2051	--	4,965,750	108,639,354	113,605,104
2052	--	4,965,750	108,642,100	113,607,850
2053	--	4,965,750	108,640,200	113,605,950
2054	99,315,000	2,482,875	--	101,797,875
<b>Total</b>	<b><u>\$300,000,000</u></b>	<b><u>\$273,346,083</u></b>	<b><u>\$3,859,532,434</u></b>	<b><u>\$4,432,878,518</u></b>

<sup>(1)</sup> Includes debt service on Long-Term Indebtedness and leases. For purposes of calculating interest on the Series 2008E Bonds, an interest rate of 3.57% is assumed, which is the fixed rate of interest based on the related interest rate swap. For purposes of calculating interest on the Series 2011 Bonds, an interest rate of 3.86% is assumed, which is the fixed rate of interest based on the related interest rate swap.

## THE SERIES 2023A BONDS

*The following is a summary of certain provisions of the Series 2023A Bonds. Reference is made to the Series 2023A Bonds and to the Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference. See “APPENDIX C — DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT — THE BOND INDENTURE.” Terms not otherwise defined in the following summary have the meanings assigned thereto in APPENDIX C hereto. So long as DTC acts as securities depository for the Series 2023A Bonds, all references herein to “Bondholder” or “Bondholders” and to “owners” and “Holders” of Series 2023A Bonds shall be deemed to refer to Cede & Co., as nominee for DTC, and not to DTC Participants, Indirect Participants or Beneficial Owners (as said terms are hereinafter defined).*

*This Official Statement summarizes certain terms of the Series 2023A Bonds only while the Series 2023A Bonds bear interest at Fixed Rates established on the original issue date of the Series 2023A Bonds. Should the Series 2023A Bonds, or portions thereof, be converted at the Obligated Group Agent’s election to operate in a different Interest Rate Mode or to bear interest at new Fixed Rates, such Series 2023A Bonds will be subject to mandatory tender for purchase and, at that time, it is expected that another disclosure document will be prepared for such Series 2023A Bonds.*

### General

The Bonds will be issuable as fully registered bonds without coupons in the denominations of \$5,000 or integral multiples thereof. The Bonds will mature on the dates and will bear interest at the rates set forth on the inside front cover page of this Official Statement. The Series 2023A Bonds are being issued in a Fixed Period at the rates indicated on the inside front cover page of this Official Statement. **The Series 2023A Bonds, or portions thereof, may be converted, at the Obligated Group Agent’s election, to operate in one or more of a Daily Mode, a Two-Day Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a VRO Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a new Fixed Period, all as defined in the Indenture. Any such Conversion may occur only during the period the Series 2023A Bonds are subject to optional redemption pursuant to the provisions of the Indenture as described under “THE SERIES 2023A BONDS — Redemption and Purchase — Optional Redemption” below. See “THE SERIES 2023A BONDS — Mandatory Tender of Series 2023A Bonds for Purchase on or after Optional Redemption Date on a Conversion Date.”**

Interest on the Series 2023A Bonds (based on a 360-day year of twelve 30-day months) will be payable each April 1 and October 1 (each, an “Interest Payment Date”), commencing April 1, 2023, or if any April 1 and October 1 is not a Business Day, the next succeeding Business Day. The day next succeeding the last day of a Fixed Period and any Conversion Date is also an Interest Payment Date with respect to the Series 2023A Bonds.

The Series 2023A Bonds will be subject to optional and extraordinary optional redemption, and purchase in lieu of optional redemption prior to maturity as described under “THE SERIES 2023A BONDS — Redemption and Purchase.” Matters relating to the mechanics and certain procedures for issuance of and payments with respect to the Series 2023A Bonds are set forth herein.

The principal of, premium, if any, and interest and Purchase Price on the Series 2023A Bonds shall be payable in lawful money of the United States of America. Such principal, and premium, if any, and Purchase Price shall be payable upon presentment at the designated corporate trust office of the Bond Trustee, or its successor as Bond Trustee (the “Principal Office”). Interest on the Series 2023A Bonds shall be payable on each Interest Payment Date by the Bond Trustee by check mailed on the date on which due to the Bondholders of Series 2023A Bonds at the close of business on the fifteenth day of the month next preceding such Interest Payment Date, whether or not such day is a Business Day (each, a “Record Date”) in respect of such Interest Payment Date at the registered addresses of Bondholders as shall appear on the Bond Register as of the close of business of the Bond Trustee on such Record Date. In the case of any Bondholder of Series 2023A Bonds in an aggregate principal amount in excess of \$1,000,000 as shown on the Bond Register who, prior to the Record Date next preceding any Interest Payment Date, shall have provided the Bond Trustee with written wire transfer instructions containing the wire transfer address within the continental United States, interest payable on such Series 2023A Bonds shall be paid in accordance with the wire transfer instructions provided by the Bondholder of such Series 2023A Bond, it being understood that any such written instructions may be applicable to multiple interest payments.

The Bonds will be issued in book-entry only form and the ownership of one fully registered Bond for each maturity of the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds may be made through DTC in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their beneficial ownership interests in the Bonds. So long as Cede & Co. is the registered owner, the Bond Trustee will pay the principal of, premium, if any, and interest on the Bonds to DTC, which will remit such principal, premium, if any, and interest to the Beneficial Owners (as defined below under “Book-Entry Only System”) of the Bonds.

### **Book-Entry Only System**

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners of Beneficial Ownership Interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Indenture.

*The following information about the book-entry-only system applicable to the Bonds has been supplied by DTC. None of the Authority, the Obligated Group Members, the Bond Trustee or the Underwriters makes any representations, warranties or guarantees with respect to its accuracy or completeness.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered 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 Bond 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 is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC will be 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

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 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price payments and interest payments on the 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 Authority or the Bond Trustee, on payable 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 (nor its nominee), the Bond Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority, the Obligated Group and the Underwriters take no responsibility for the accuracy thereof.

THE AUTHORITY, THE OBLIGATED GROUP, THE BOND TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS, (II) CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC

ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT “PROCEDURES” OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE OBLIGATED GROUP OR ANY MEMBER THEREOF, THE BOND TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST OR PREMIUM, IF ANY, ON THE BONDS; (3) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BONDS TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

### **Registration, Transfer and Exchange**

For a description of the procedure to transfer ownership of a Bond while in the book-entry only system, see the preceding caption. The Bonds, if not then in book-entry only registration, are subject to the limitations described below.

Upon surrender for transfer of any Bond at the Principal Office of the Bond Trustee, the Authority shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds, without coupons, of the same Series and maturity and of authorized denomination for the aggregate principal amount which the registered owner is entitled to receive. Any Bond or Bonds may be exchanged at said office of the Bond Trustee for a like aggregate principal amount of a Bond of the same Series and maturity of other authorized denominations. The execution by the Authority of any Bond shall constitute full and due authorization of such Bond, and the Bond Trustee shall thereby be authorized to authenticate, date and deliver such Bond.

All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Trustee, duly executed by the registered owner or by such owner’s duly authorized attorney.

No service charge shall be imposed upon the owner for any exchange or transfer of Bonds. The Authority and the Bond Trustee may, however, require payment by the person requesting an exchange or transfer of Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Authority and the Bond Trustee shall not be required to register the transfer or exchange of any Bond after notice calling such Bond or portion thereof for redemption has been given or during the 15-day period preceding the mailing of such notice of redemption of Bonds of the same maturity.

### **Mandatory Tender of Series 2023A Bonds for Purchase on or after Optional Redemption Date on a Conversion Date**

At the option of the Obligated Group Agent, all of the Series 2023A Bonds, or portions thereof, may be converted to operate in one or more of a Daily Mode, a Two-Day Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a VRO Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a new Fixed Period on any date during the period such Fixed Bonds are subject to optional redemption pursuant to the provisions of the Indenture as described under “THE SERIES 2023A BONDS — Redemption and Purchase — Optional Redemption” below.

The Bond Trustee shall give Electronic Notice, confirmed by first class mail, of the Conversion to the Bondholders of the Series 2023A Bonds subject to Conversion, not fewer than 20 days prior to the Conversion Date. Such notice shall state, among other things: (i) the Mandatory Purchase Date; (ii) that such Series 2023A Bonds shall be subject to mandatory tender for purchase on such Mandatory Purchase Date due to Conversion; (iii) that Bondholders may not elect to retain such Series 2023A Bonds subject to mandatory tender; (iv) that all such Series 2023A Bonds subject to mandatory tender shall be required to be delivered to the Principal Office of the Bond Trustee on the Mandatory Purchase Date; (v) that if the Bondholder of any Series 2023A Bond subject to mandatory tender fails to deliver such Series 2023A Bond to the Bond

Trustee for purchase on the Mandatory Purchase Date, and if the Bond Trustee is in receipt of funds sufficient to pay the Purchase Price thereof, such Series 2023A Bond (or portion thereof) shall nevertheless be deemed purchased on the Mandatory Purchase Date and ownership of such Series 2023A Bond (or portion thereof) shall be transferred to the purchaser thereof; (vi) that any Bondholder that fails to deliver any Series 2023A Bond for purchase shall have no further rights thereunder or under the Indenture except the right to receive the Purchase Price thereof upon presentation and surrender of such Series 2023A Bond to the Bond Trustee and that the Bond Trustee will place a stop transfer against the Series 2023A Bonds subject to mandatory tender registered in the name of such Bondholder(s) on the Bond Register; (vii) that if moneys sufficient to effect such purchase shall have been provided through (a) the remarketing of such Series 2023A Bonds by the Remarketing Agent, or (b) funds provided by the Borrowers (if applicable), all such Series 2023A Bonds shall be purchased, and (viii) in the case of mandatory tender upon any proposed Conversion of Series 2023A Bonds, that such Conversion and such mandatory tender will not occur in the event any of the conditions to Conversion specified in the Indenture are not satisfied.

Such Conversion and mandatory tender will not occur unless the following shall occur: (i) a Favorable Opinion of Bond Counsel shall be provided with respect to such Conversion; and (ii) in the case of any Conversion of Series 2023A Bonds to any Interest Rate Mode (except a Direct Purchase Mode), prior to the Conversion Date, the Obligated Group Agent shall have appointed a remarketing agent and there shall have been executed and delivered a remarketing agreement. In addition to the conditions set forth above and notwithstanding the Obligated Group Agent's delivery of notice of the exercise of its option to effect a Conversion for the Series 2023A Bonds, such Conversion to the new Interest Rate Mode shall not take effect if: (a) the Remarketing Agent fails to determine, when required, the interest rate for the new Interest Rate Mode; (b) the notice to the Bondholders of such Series 2023A Bonds is not given when required; (c) sufficient funds are not available by the time specified in the Indenture on the Conversion Date to purchase all of such Series 2023A Bonds required to be purchased on such Conversion Date; or (d) not all of the Series 2023A Bonds are remarketed in the new Interest Rate Mode on the Conversion Date.

In connection with any proposed Conversion of Series 2023A Bonds from the Fixed Mode to one or more other Interest Rate Modes, the Obligated Group Agent has the right to deliver to the Bond Trustee and the Authority on or prior to 10:00 a.m., New York City time, on the second Business Day preceding the effective date of any such Conversion or second Business Day prior to the date on which the interest rate for the new Interest Rate Mode is to be determined, whichever is earlier, a notice to the effect that the Obligated Group Agent elects to rescind its election to implement any such Conversion. If the Obligated Group Agent rescinds the Conversion, the Bond Trustee shall give Electronic Notice, confirmed by first class mail, to the Bondholders of the Series 2023A Bonds subject to such Conversion, at their addresses as they appear on the Bond Register as of the date notice of rescission is received by the Bond Trustee from the Obligated Group Agent, on the Business Day next succeeding receipt of the notice of rescission. If the Obligated Group Agent rescinds its election to implement any such Conversion, then the mandatory tender arising as a result of such Conversion shall not occur and the Series 2023A Bonds will continue to bear interest at the current interest rates for the Fixed Period in effect immediately prior to such proposed Conversion Date.

***Payment of the Purchase Price; Consequences of Failure to Pay Purchase Price.*** Funds for the payment of the Purchase Price of the Series 2023A Bonds subject to purchase on a Mandatory Purchase Date shall be received by the Bond Trustee from the following sources and used in the order of priority indicated: (a) proceeds of the sale of the Series 2023A Bonds remarketed and furnished to the Bond Trustee by the Remarketing Agent; and (b) moneys required to be provided by or on behalf of the Borrowers to the Bond Trustee. **The Borrowers have no obligation to pay the Purchase Price of Series 2023A Bonds on a Conversion Date if sufficient remarketing proceeds are not available to purchase all such Series 2023A Bonds subject to mandatory tender on a Conversion Date.**

***Failed Conversion.*** If any condition precedent to the Conversion of the Interest Rate Mode on any Series 2023A Bonds required under the Indenture and more specifically described above shall not be satisfied, including delivery of the required Favorable Opinion of Bond Counsel, no purchase shall be consummated. **Failure of the Borrowers to provide sufficient funds for the purchase of all tendered Series 2023A Bonds on a Conversion Date shall not constitute an Event of Default under the Indenture or the Loan Agreement. If such Series 2023A Bonds are not purchased when required, then such Series 2023A Bonds shall continue to bear interest at the current interest rate as in effect immediately prior to such proposed Conversion Date.**

## **Redemption and Purchase**

***Optional Redemption.*** The Series 2023A Bonds maturing on and after October 1, 2033 are subject to redemption prior to their Maturity Date on or after April 1, 2033, at the option of the Obligated Group Agent, out of amounts prepaid on the Series 2023 Obligation, in whole or in part, at any time, and if in part by maturities or portions thereof designated by the Obligated Group Agent or, if not so designated, in inverse order of maturity (and if less than all of a single maturity is being redeemed, randomly within a maturity in such manner as may be designated by the Bond Trustee), at a redemption price equal to 100% of the Outstanding principal amount of the Series 2023A Bonds to be redeemed plus accrued interest thereon to the date of redemption and without premium.

***Extraordinary Optional Redemption.*** The Series 2023A Bonds are subject to extraordinary optional redemption prior to their Maturity Date, at the option of the Obligated Group Agent, out of amounts prepaid on the Series 2023 Obligation, in whole or in part (in such amounts as may be specified by the Obligated Group Agent) on any date, in the event of damage to or destruction of the Facilities (as defined in the Master Indenture) or any part thereof, or condemnation or sale consummated under threat of condemnation of such Facilities or any part thereof, from and to the extent of the proceeds of insurance or condemnation awards received by the Bond Trustee from the Borrowers, at a redemption price of 100% of the principal amount of the Series 2023A Bonds to be redeemed plus accrued interest to the redemption date and without premium.

## **Purchase in Lieu of Optional Redemption**

Notwithstanding the redemption provisions of the Indenture, any Series 2023A Bonds subject to optional redemption and cancellation pursuant to the provisions of the Indenture summarized under the heading “THE SERIES 2023A BONDS — Redemption and Purchase — Optional Redemption” above, shall also be subject to optional call for purchase by the Obligated Group Agent and, at the option of the Obligated Group Agent, holding, resale or cancellation by the Obligated Group Agent, at the same times as they would be subject to optional redemption and at a purchase price equal to the optional redemption price therefor. To exercise such option, the Obligated Group Agent shall give the Bond Trustee a Written Request exercising such option as though such Written Request were a written request for redemption, and the Bond Trustee shall thereupon give the Bondholders of the Series 2023A Bonds to be purchased notice of such purchase in the manner specified, and within the time period specified under the heading “THE SERIES 2023A BONDS — Notice of Redemption” and the purchase of such Series 2023A Bonds by the Obligated Group Agent shall be mandatory and enforceable against the Bondholders. On the date fixed for purchase pursuant to any exercise of such option, the Obligated Group Agent or its assignee shall pay the purchase price of the Series 2023A Bonds then being purchased to be delivered to the Bond Trustee in immediately available funds on the purchase date, and the Bond Trustee shall pay the same to the sellers of such Series 2023A Bonds against delivery thereof. Following such purchase, the Bond Trustee shall cause such Series 2023A Bonds to be registered in the name of the Obligated Group Agent or its assignee and shall deliver them to the Obligated Group Agent or its assignee. In the case of the purchase of less than all of the Series 2023A Bonds, the particular Series 2023A Bonds to be purchased shall be selected in accordance with the provisions summarized under the heading “THE SERIES 2023A BONDS — Selection of Series 2023A Bonds for Redemption” below. No purchase of the Series 2023A Bonds by the Obligated Group Agent pursuant to the provisions of the Indenture summarized in this paragraph shall operate to extinguish the indebtedness of the Authority evidenced thereby (subject to all the terms and limitations contained in the Indenture). Notwithstanding the foregoing, no purchase shall be made pursuant to the provisions of the Indenture summarized in this paragraph unless the Obligated Group Agent shall have delivered to the Bond Trustee and the Authority concurrently therewith a Favorable Opinion of Bond Counsel.

## **Selection of Series 2023A Bonds for Redemption**

Whenever provision is made in the Indenture for the redemption of less than all of the Series 2023A Bonds or any given portion thereof, the Bond Trustee shall select the Series 2023A Bonds to be redeemed, from all Series 2023A Bonds subject to redemption or such given portion thereof not previously called for redemption, as directed in writing by the Obligated Group Agent or, in the absence of such direction, in inverse order of maturity (and if less than all of a single maturity is being redeemed, randomly within a maturity in such manner as may be designated by the Bond Trustee).

## **Notice of Redemption**

Notice of redemption shall be mailed by the Bond Trustee, not less than 20 days nor more than 60 days prior to the redemption date to the Bondholders of Series 2023A Bonds called for redemption at their addresses appearing on the Bond Register as of the date of the giving of such notice. Each notice of redemption shall state the date of such notice, the series designation and date of issue of the Series 2023A Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Bond Trustee), the maturity date, the CUSIP numbers, if any, and, in the case of Series 2023A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that, subject to the deposit of sufficient funds with the Bond Trustee on or prior to the redemption date to effect the redemption and to prior rescission as described in the next paragraph, on that date there will become due and payable on each of the Series 2023A Bonds, the redemption price thereof or of the specified portion of the principal amount thereof in the case of a Series 2023A Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2023A Bonds be then surrendered.

Any notice of optional redemption shall state (i) that it is conditioned upon the deposit with the Bond Trustee on or prior to the redemption date of moneys in an amount equal to the amount necessary to effect the redemption and (ii) that the notice may be rescinded by written notice given to the Bond Trustee by the Obligated Group Agent on or prior to the date specified for redemption, and in either of such cases such notice and redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in the Indenture. Any Series 2023A Bond for which a notice of redemption has been rescinded or for which sufficient funds to pay the redemption price thereof have not been deposited with the Bond Trustee on or prior to the redemption date shall remain outstanding and neither the rescission of the notice nor the failure to fund the redemption price shall constitute an Event of Default under the Indenture. The Bond Trustee shall give notice of such rescission or failure to fund the redemption price as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such optional redemption was given.

## **Defeasance and Retained Call Rights**

The Indenture provides that the Bonds may be defeased prior to maturity or redemption by the deposit of cash or noncallable United States Government Obligations, or a combination thereof, sufficient to provide for the payment of all principal of and interest on the applicable Bonds through maturity or the date upon which the Bonds will be redeemed pursuant to the Indenture. Bonds that are defeased will no longer be entitled to any security under the Indenture or the Master Indenture, except for the right to payment from such cash and noncallable United States Government Obligations.

Upon the provision for payment of the Bonds or a portion thereof through a date subsequent to any optional redemption date as specified in the defeasance provisions of the Indenture, the optional redemption provisions of the Indenture allowing such Bonds to be called prior to maturity upon proper notice (notwithstanding provision for the payment of such Bonds having been made through a date subsequent to the first optional redemption date) shall remain available to the Authority, upon direction of the Obligated Group Agent, unless, in connection with making the deposit referred to in optional redemption provisions, the Authority, at the direction of the Obligated Group Agent, shall have irrevocably elected in writing to waive any future right to call the Bonds or portions thereof for redemption prior to maturity. Upon the provision for payment of the Bonds or a portion thereof prior to the maturity thereof as specified in the defeasance provisions of the Indenture, the Authority, upon direction of the Obligated Group Agent, may elect to pay such Bonds on the respective Maturity Dates therefor unless, in connection with making the deposits, the Authority, at the direction of the Obligated Group Agent, shall have irrevocably elected in writing to waive such right to provide for the payment thereof on the maturity date. No such redemption or restructuring shall occur, however, unless the Obligated Group Agent shall deliver on behalf of the Authority to the Bond Trustee (a) United States Government Obligations and/or cash sufficient to discharge such Bonds (or portion thereof) on the redemption date or dates or Maturity Date or Maturity Dates selected, (b) an opinion of an independent certified public accountant or firm of such accountants or financial institution experienced in delivering verification reports verifying that such United States Government Obligations, together with the expected earnings thereon, and/or any uninvested cash, will be sufficient to provide for the payment of such Bonds to the redemption or maturity dates, and (c) a Favorable Opinion of Bond Counsel. The Bond Trustee will give written notice of any such redemption or restructuring to the owners of the Bonds affected thereby and, if applicable, rescind any notice of redemption in the manner described above under the heading “THE SERIES 2023A BONDS – Redemption and Purchase.” See “APPENDIX C — DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT —

THE BOND INDENTURE — Defeasance,” “— Deposit of Moneys or Securities with Bond Trustee” and “— Redemption After Satisfaction of Bond Indenture.”

## SECURITY FOR THE BONDS

### General

The Bonds are limited obligations of the Authority payable solely from the trust estate under the Indenture, which consists of (i) the revenues and other amounts derived from the Series 2023 Obligation and the Loan Agreement (except for the rights of the Authority to payment of expenses and indemnity and to execute supplements and amendments to the Loan Agreement), (ii) all moneys and securities from time to time held by the Bond Trustee in the funds and accounts established under the Indenture.

Certain investment earnings on moneys held by the Bond Trustee will be transferred to the Rebate Fund established under the Tax Exemption Certificate and Agreement dated the date of delivery of the Bonds (the “Tax Exemption Agreement”), among the Authority, the Bond Trustee and the Borrowers. Amounts held in the Rebate Fund are not part of the “trust estate” pledged to secure the Bonds and, consequently, will not be available for payment of the Bonds.

In order to evidence the loan of the proceeds of the Bonds, the Obligated Group will issue to the Bond Trustee the Series 2023 Obligation in a principal amount equal to the aggregate principal amount of the Bonds. The Series 2023 Obligation will constitute an unconditional promise by the Obligated Group to pay amounts sufficient to pay the principal of (whether at maturity, by acceleration or call for redemption), premium, if any, and interest on the Bonds when due. See “Master Indenture” below.

The Authority will pledge and assign its rights in and to the Series 2023 Obligation and the Loan Agreement (except for its rights to payment of expenses and indemnity and to execute and deliver supplements and amendments to the Loan Agreement) to the Bond Trustee as security for the Bonds.

### Limited Obligations

**THE BONDS, TOGETHER WITH INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND DO NOT CONSTITUTE A DEBT OR LIABILITY OF ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY, ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR THE TAXING POWERS OF ORANGE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE REVENUES DERIVED FROM THE LOAN AGREEMENT, THE SERIES 2023 OBLIGATION AND AS OTHERWISE PROVIDED IN THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER.**

### The Series 2023 Obligation and the Master Indenture

The Obligated Group proposes to amend and restate the Existing Master Indenture in the form of the Second Amended and Restated Master Indenture attached hereto as “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE.” By the purchase of the Bonds, each Holder of the Bonds will be deemed to have irrevocably consented to the amendment, restatement and replacement of the Existing Master Indenture with the Second Amended and Restated Master Indenture. The Existing Master Indenture provides that the Existing Master Indenture may be supplemented and amended with the consent of the owners of not less than 51% in aggregate principal amount of the Outstanding Obligations. Upon the issuance of the Bonds, the holders of not less than 51% in aggregate principal amount of the Outstanding Obligations will have consented to the amendment and restatement of the Existing Master Indenture by the Second Amended and Restated Master Trust Indenture and the Second Amended and Restated Master Indenture will be effective. The summary below reflects certain provisions of the Master Indenture.

**Series 2023 Obligation.** As evidence of the obligation to make payments under the Loan Agreement, the Obligated Group will issue and deliver the Series 2023 Obligation to the Authority, and the Authority will pledge and assign the Series 2023 Obligation to the Bond Trustee pursuant to the Indenture. The Series 2023 Obligation will be in the same aggregate principal amount, will bear interest at the same rates, will be payable at the same times and in the same amounts and will have the same redemption and purchase requirements as the Bonds.

**Master Indenture.** The Series 2023 Obligation will be an “Obligation” of the Obligated Group under the Master Indenture. The Series 2023 Obligation and other outstanding Obligations and any Additional Obligations issued under the Master Indenture will be equally and ratably secured under the Master Indenture and will be joint and several obligations of Orlando Health, Health Central, South Lake, Osceola, OHI West and any future Obligated Group Members. At the time of issuance of the Bonds, Orlando Health, Health Central, South Lake, Osceola and OHI West will be the only Obligated Group Members. The Master Indenture provides that any Person may become an Obligated Group Member upon the satisfaction of certain conditions. Upon compliance with such conditions, such Person will be jointly and severally liable for the payment of the principal of and premium, if any, and interest on all Obligations when due and the performance of all other covenants, agreements and obligations under the Master Indenture and the Obligations, including the Series 2023 Obligation.

See “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE” for the terms of the Master Indenture, including certain restrictions imposed on the Obligated Group’s actions for the benefit of all holders of Obligations issued or outstanding under the Master Indenture. Such terms include, among others, provisions governing the sale, lease or other disposition of property.

**Designated Affiliates, Limited Credit Group Participants and Unlimited Credit Group Participants.** The Master Indenture permits the Obligated Group Agent to designate certain entities as “*Designated Affiliates*,” “*Limited Credit Group Participants*” and “*Unlimited Credit Group Participants*” under and in accordance with the Master Indenture. Designated Affiliates, Limited Credit Group Participants and Unlimited Credit Group Participants are not Obligated Group Members and are not liable for payments on the Obligations. Designated Affiliates, Limited Credit Group Participants and Unlimited Credit Group Participants are obligated to transfer moneys to the Obligated Group Agent if necessary to make payments on outstanding Obligations. Each Obligated Group Member covenants under the Master Indenture that it will cause each Designated Affiliate under its control and each Limited Credit Group Participant or Unlimited Credit Group Participant with which the Obligated Group Member maintains a contract or agreement to comply in all material respects with the terms and conditions of the Master Indenture which are applicable to such Person. **On the date of issuance of the Bonds, there will be no Designated Affiliates, and no Unlimited Credit Group Participants or Limited Credit Group Participants.** See Section 401 – “Payment of Principal, Premium, if any, and Interest; Credit Group Members” of the Master Indenture in “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE.”

**Pledge of Accounts and Gross Revenues.** All Obligations, including the Series 2023 Obligation, are secured by a pledge of accounts and Gross Revenues in accordance with the limitations, exceptions, exclusions, conditions and terms set forth in the Master Indenture. The Obligated Group has granted to the Master Trustee a security interest in its accounts and Gross Revenues, subject to certain exclusions, limitations and exceptions set forth in the Master Indenture. Accounts is defined in the Master Indenture to mean accounts as defined under the Florida Uniform Commercial Code. Gross Revenues is defined in the Master Indenture as “all gross revenues, rents, profits, receipts, benefits, royalties, money and income of each Obligated Group Member arising from services provided by each or any Member or arising in any manner with respect to, incident to or on account of any Obligated Group Member’s operations, including, without limitation, (i) any Obligated Group Member’s rights under agreements with insurance companies, Medicare, Medicaid, governmental units and prepaid health organizations, including rights to Medicare and Medicaid loss recapture under applicable regulations and (ii) gifts, grants bequests, donations, contributions and pledges to any Obligated Group Member and (iii) insurance proceeds or any award, or in lieu of an award, resulting from condemnation proceedings, and all rights to receive the foregoing, whether now owned or hereafter acquired by any Obligated Group Member and regardless of whether generated in the form of accounts, accounts receivable, contract rights, chattel paper, documents, general intangibles, instruments, investment property, proceeds of insurance and all proceeds of the foregoing, whether cash or noncash; excluding, however, gifts, grants, bequests, donations, contributions and pledges to a Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with its use for payments required under this Indenture or on the Indebtedness except that gifts, grants, bequests, donations, contributions and pledges which may be applied at the discretion of a Obligated Group Member to the payments due under this Indenture on the Indebtedness for any period shall not be excluded for purposes of determining Gross Revenues of such Obligated Group Member for such period.”

***No Mortgage on Facilities; Permitted Encumbrances.*** None of the Facilities of any Obligated Group Member will be mortgaged as security under the Master Indenture or for the Bonds. The Obligated Group Members have covenanted under the Master Indenture not to create or permit to be created any lien other than Permitted Encumbrances on their Property. Permitted Encumbrances could include prior liens on or security interests in a material portion of the Obligated Group's Property. For a list of Permitted Encumbrances under the Master Indenture, see the definition of "Permitted Encumbrances" in the Section 101 of the Master Indenture in "APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE" attached hereto.

***Rates and Charges.*** Pursuant to the Master Indenture, each Obligated Group Member covenants and agrees to, and each Obligated Group Member covenants to cause each Designated Affiliate under its control and each Unlimited Credit Group Participant or Limited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant), to conduct its business on a revenue producing basis and to exercise such skill and diligence as to provide income from its Property, together with other available funds, sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it under the Master Indenture, to the extent permitted by law. See Section 408 – "Rates and Charges" of the Master Indenture in "APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE" attached hereto.

Subject to the limited exceptions set forth in the Master Indenture and described in the following paragraph, if the Historical Actual Debt Service Coverage Ratio of the Credit Group for a particular Fiscal Year is less than 1.10:1, the Obligated Group Agent agrees to retain at the expense of the Obligated Group an Independent Consultant to make recommendations (the "Independent Consultant's Report") with respect to the rates, fees and charges of the Credit Group and the Credit Group's methods of operation and other factors affecting its financial condition in order to increase the Historical Actual Debt Service Coverage Ratio of the Credit Group for the succeeding year to at least 1.10:1.

Each Obligated Group Member shall follow, and each Obligated Group Member shall cause each Designated Affiliate under its control and each Limited Credit Group Participant or Unlimited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) to follow the recommendations of the Independent Consultant applicable to it to the extent feasible (as determined in the good faith judgment of the Governing Body of such Credit Group Member) and permitted by law, subject in the case of a Limited Credit Group Participant to the terms of its contract or agreement (as described in the definition of Limited Credit Group Participant). The provisions of the Master Indenture summarized under this sub-heading shall not be construed to prohibit any Credit Group Member from serving indigent patients to the extent required for such Credit Group Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of patients without charge or at reduced rates so long as such service does not prevent the Credit Group from satisfying the other requirements of the Master Indenture summarized under this sub-heading.

The Independent Consultant's Report referenced above need not be delivered if (I) there is filed with the Master Trustee (who shall provide a copy to each Related Bond Trustee and each Related Issuer) (i) a written report addressed to them of an Independent Consultant (which report, including without limitation, the scope, form, substance and other aspects thereof, is acceptable to the Master Trustee) which contains an opinion of such Independent Consultant that applicable laws or regulations have prevented the Credit Group from generating Income Available for Debt Service during such Fiscal Year in an amount sufficient to cause the Historical Actual Debt Service Coverage Ratio for such Fiscal Year to equal or exceed 1.10:1; (ii) the report of such Independent Consultant indicates that the rates charged by the Credit Group are such that, in the opinion of the Independent Consultant, the Credit Group has generated the maximum amount of Revenues given such laws or regulations; and (iii) the Historical Actual Debt Service Coverage Ratio of the System for such Fiscal Year was at least 1.00:1; or (II) there is filed with the Master Trustee (who shall provide a copy to each Related Bond Trustee and each Related Issuer), an Officer's Certificate of the Obligated Group Agent (i) stating that a Force Majeure Event occurred that prevented the Credit Group from generating Income Available for Debt Service during such Fiscal Year in an amount sufficient to cause the Historical Actual Debt Service Coverage Ratio for such Fiscal Year to equal or exceed 1.10:1, (ii) describing the nature of the Force Majeure Event and (iii) describing the steps the Credit Group is taking with respect to its rates, fees, charges, methods of operation, and other factors affecting its financial condition to improve the Historical Actual Debt Service Coverage Ratio in the following Fiscal Year. See Section 408 – "Rates and Charges" of the Master Indenture in "APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE."



Notwithstanding the foregoing, it will constitute an Event of Default under the Master Indenture if the Historical Debt Service Coverage Ratio of the Credit Group for two consecutive Fiscal Years is less than 1.00:1.

***Admission to and Withdrawal from the Obligated Group.*** Other organizations may become Obligated Group Members, and Obligated Group Members may withdraw from the Obligated Group, in accordance with the provisions of the Master Indenture. See Section 403 – “Entrance Into the Obligated Group” and Section 404 – “Cessation of Status as an Obligated Group Member” of the Master Indenture in “APPENDIX D - FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE.”

***Additional Indebtedness.*** The Master Indenture permits each Obligated Group Member to incur Additional Indebtedness (including Guaranties) upon the terms and subject to the conditions specified therein. See Section 411 – “Permitted Additional Indebtedness” of the Master Indenture in “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE.” The Master Indenture also permits the Obligated Group Members to enter into Interest Rate Agreements by issuing an Obligation. Obligations of an Obligated Group Member in respect of an Interest Rate Agreement will not constitute Indebtedness under the Master Indenture except to the extent such Interest Rate Agreement provides for the repayment of money borrowed or credit extended. Such Additional Indebtedness and Interest Rate Agreements may, but need not, be evidenced or secured by an Additional Obligation. Except to the extent entitled to all benefits of additional security as permitted by the Master Indenture and summarized below, all Obligations will be equally and ratably secured by the Master Indenture.

Subject to certain conditions set forth in the Master Indenture, Additional Indebtedness and Interest Rate Agreements incurred by an Obligated Group Member may be secured by security that meets the requirements under the Master Indenture for Permitted Encumbrances which does not extend to other Indebtedness (including the Bonds). Such security may include letters or lines of credit, insurance or Liens on Property (including health care Facilities of the Obligated Group), or security interests in a depreciation reserve, debt service or interest reserve or debt service or similar funds. The Master Indenture provides that Supplemental Master Indentures pursuant to which one or more series of Obligations is issued may provide for such supplements or amendments to the provisions of the Master Indenture, including the provisions thereof relating to the exercise of remedies upon the occurrence of an event of default, as are necessary to provide for such security and to permit realization upon such security solely for the benefit of the Obligations entitled thereto.

***Replacement Master Indenture.*** The Master Indenture provides that, upon the request of the Obligated Group Agent and the delivery of a Replacement Master Indenture, the Master Trustee shall accept the substitution of such Replacement Master Indenture for the Master Indenture and the liens, rights, and interests created hereby shall cease, determine, and become null and void and each Member of the Credit Obligated Group, the Master Trustee shall, at the expense of the Obligated Group Agent, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash, securities, and other personal property then held by it under the Master Indenture as part of the trust estate, all upon delivery to the Master Trustee of (a) evidence that any conditions precedent to the delivery of a Replacement Master Indenture set forth in any Related Bond Indenture or Related Loan Document have been satisfied, (b) an Opinion of Independent Counsel to the effect that the Replacement Master Indenture has been duly authorized, executed and delivered by, and constitutes the legal, valid, binding and enforceable obligation of, those Obligated Group Members who are parties to, or who otherwise have become jointly and severally obligated under, the Replacement Master Indenture, subject to customary exceptions, (c) and Officer’s Certificate to the effect that all requirements and conditions in the Master Indenture to the acceptance of the Replacement Master Indenture and the release of the Master Indenture have been complied with and satisfied, and (d) an Opinion of Bond Counsel to the effect that the acceptance of the Replacement Master Indenture and the release of the Master Indenture will not adversely affect the exclusion from gross income of interest under the Code on any Related Bonds and otherwise entitled to such exemption. See Section 704 “Replacement of Master Indenture” of the Master Indenture in “APPENDIX D - FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE.” See also “APPENDIX C – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT – THE BOND INDENTURE - Release and Substitution of the Obligation upon Delivery of Replacement Master Indenture.”

Upon the acceptance of a Replacement Master Indenture and the release of the Master Indenture pursuant to the provisions of the Master Indenture described above, all Outstanding Obligations under the Master Indenture (including the Series 2023 Obligation) will be deemed to be a note or obligation issued under and entitled to the security and benefits of the Replacement Master Indenture without the necessity of any amendment, exchange or replacement of such Obligations, unless and until such Obligations are exchanged for or replaced with a note or obligation issued under and entitled to the benefits of

the Replacement Master Indenture in accordance with the terms and conditions of the Replacement Master Indenture. The new obligated group could be financially and operationally different from the Obligated Group. The new obligated group could have substantial debt outstanding which would rank on a parity with the Series 2023 Obligation or any note or obligation issued in replacement therefor.

**Amendments.** The Obligated Group Members and the Master Trustee may modify the provisions of the Master Indenture in certain instances without the consent of the Holders of Obligations (including the Bond Trustee as the Holder of the Series 2023 Obligation) and in other instances with the consent of the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding, and the required percentage could be obtained from the Holders of Obligations other than the Series 2023 Obligation. See Section 701 – “Supplemental Master Indentures Not Requiring Consent of Obligation Holders” and Section 702 – “Supplemental Master Indentures Requiring Consent of Obligation Holders” in “APPENDIX D - FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE.”

**Outstanding Obligations.** Immediately following the issuance of the Bonds, the Obligated Group anticipates that the Series 2023 Obligation and the Obligations set forth in the table under the header “EXISTING INDEBTEDNESS” herein will be the only other Obligations Outstanding under the Master Indenture. See “EXISTING INDEBTEDNESS” herein.

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## EXISTING INDEBTEDNESS

The following table sets forth the Obligations issued under the Existing Master Indenture which were Outstanding as of December 31, 2022:

Date	Master Indenture Note	Amount and Description of Indebtedness Secured
1-25-07	KK	Obligation relating to Interest Rate Swap Agreement for the Series 2011 Bonds. <sup>(1)</sup>
1-25-07	MM	Obligation relating to Interest Rate Swap Agreement for the Series 2011 Bonds. <sup>(1)</sup>
6-18-08	SS	\$54,130,000 original aggregate principal amount of Hospital Revenue Bonds (Orlando Regional Healthcare System) Series 2008E (the “Series 2008E Bonds”) (of which \$28,255,000 is outstanding as of December 31, 2022).
7-3-19	RRR	Obligation securing all payment obligations under the Reimbursement Agreement with T.D. Bank, N.A. relating to the Series 2008E Bonds.
9-15-11	FFF	\$83,175,000 original aggregate principal amount of Hospital Revenue Bonds (Orlando Health, Inc.) Series 2011 (the “Series 2011 Bonds”) (all of which is outstanding as of December 31, 2022). <sup>(2)</sup>
4-27-16	JJJ	\$173,715,000 original aggregate principal amount of Hospital Revenue Refunding Bonds (Orlando Health Obligated Group), Series 2016A (the “Series 2016A Bonds”) (of which \$170,260,000 is outstanding as of December 31, 2022).
4-27-16	KKK	\$66,575,000 original aggregate principal amount of Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2016B (the “Series 2016B Bonds”) (all of which are outstanding as of December 31, 2022).
4-27-16	LLL	\$74,465,000 Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2016C (the “Series 2016C Bonds”) (all of which are outstanding as of December 31, 2022).
2-6-18	MMM	\$475,000,000 Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2018 (the “Series 2018 Bonds”) (of which \$450,000,000 is outstanding as of December 31, 2022).
2-6-18	NNN	Obligation related to Interest Rate Swap on the Series 2008E Bonds.
2-6-19	PPP	\$100,000,000 Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2019A (the “Series 2019A Bonds”) (all of which are outstanding as of December 31, 2022).
2-6-19	OOO	\$100,000,000 Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2019C (the “Series 2019C Bonds”) (all of which are outstanding as of December 31, 2022).
7-3-19	QQQ	\$144,050,000 Orange County Health Facilities Authority Hospital Revenue Refunding Bonds (Orlando Health Obligated Group), Series 2019B Forward Delivery (the “Series 2019B Bonds”) (of which \$82,435,000 is outstanding as of December 31, 2022).

2-26-20	SSS	Obligation relating to Loan Agreement between PNC Bank, National Association and Orlando Health.
10-7-20	UUU	\$317,420,000 Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2020A (the “Series 2020A Bonds”) (all of which are outstanding as of December 31, 2022).
10-7-20	VVV	\$199,355,000 Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2020B (the “Series 2020B Bonds”) (all of which are outstanding as of December 31, 2022).
2-15-22	WWW	\$321,415,000 original aggregate principal amount of Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2022 (the “Series 2022 Bonds”) (all of which are outstanding as of December 31, 2022).

(1) In connection with the issuance of the Series 2011 Bonds, the System restructured certain interest rate swap agreements related to certain prior revenue bonds whereby the variable rate on the Series 2011 Bonds is swapped to a fixed rate. See “Notes to Consolidated Financial Statements – 8. Long-Term Debt” in APPENDIX B hereto.

(2) The Series 2011 Bonds were issued by the Authority, on behalf of the System, as tax-exempt, multi-modal bonds, initially operating in bank purchase mode, and privately placed with SunTrust Bank (now known as Truist Bank).

See “ANNUAL DEBT SERVICE ON THE BONDS AND OTHER OUTSTANDING BONDS AND OTHER LONG-TERM INDEBTEDNESS OF THE OBLIGATED GROUP” herein and “HISTORICAL ACTUAL AND PRO FORMA DEBT SERVICE COVERAGE RATIOS OF THE OBLIGATED GROUP” in APPENDIX A.

## CERTAIN BONDHOLDERS’ RISKS

### General

As described herein, the principal of, premium, if any, and interest on the Bonds are payable solely from (i) amounts payable by the Borrowers under the Loan Agreement and the Series 2023 Obligation, (ii) moneys held by the Trustee in the funds and accounts established under the Indenture, (iii) under certain circumstances, proceeds from insurance and condemnation awards and (iv) the income from the temporary investment of any of the foregoing. Orlando Health and certain of its Subsidiaries, including, without limitation, Health Central, South Lake, Osceola and OHI West, and certain related organizations controlled by Orlando Health are collectively referred to as the “System”. No representation or assurance is given or can be made that revenues will be realized by the Obligated Group in amounts sufficient to pay debt service on the Bonds when due and other payments necessary to meet the obligations of the Obligated Group. These revenues are affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The risk factors discussed below should be considered in evaluating the Obligated Group’s ability to make payments in amounts sufficient to provide for payment of the principal of, premium, if any, and interest on the Bonds.

The Obligated Group is subject to a wide variety of federal and state regulations, as well as regulatory actions and legislative and policy changes by those governmental and private agencies that administer Medicare, Medicaid, and other payors, including, without limitation, actions by, among others, the Joint Commission, the Centers for Medicare and Medicaid Services (“CMS”) of the U.S. Department of Health and Human Services (“DHHS”), the U.S. Department of Justice (“DOJ”), the Attorney General of the State, and other federal, state, and local government agencies. The future financial condition of the Obligated Group could be adversely affected by, among other things, changes in the method and amount of payments to the Obligated Group by governmental and nongovernmental payors, the financial viability of these payors, increased competition from other health care entities, the costs associated with responding to governmental inquiries and investigations, demand for health care, other forms of care or treatment, changes in the methods by which employers purchase health care for employees, capability of management, changes in the structure of how health care is delivered and paid for, future changes in the economy, demographic changes, availability of physicians, nurses, and other health care professionals, malpractice claims, other litigation and COVID-19 (as defined herein).

The following section is intended only as a summary of certain risk factors relating to an investment in the Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an

investment in the Bonds. Potential investors should thoroughly review this entire Official Statement and the appendices hereto to make an informed investment decision.

## **COVID-19 Pandemic**

**General.** The COVID-19 pandemic (“COVID-19”) has had, and continues to have, numerous and varied medical, economic, and social impacts, any and all of which may adversely affect the Obligated Group’s business and financial condition. National, state, and local governments have taken, and may continue to take, various actions, including the passage of laws and regulations, on a wide array of topics, in an attempt to slow the spread of COVID-19, to avoid overwhelming the health care systems, and to address the health and economic consequences of the pandemic. Many of these government actions have caused substantial changes to the way health care is provided and how society in general functions and some changes may have long-term consequences for the way health care services are provided, such as expanded use of telehealth services. Although COVID-19 vaccines are being administered in the U.S., many citizens remain unvaccinated and intermittent surges of COVID-19 continue to occur from time to time. Accordingly, it is impossible to predict what percentage of the population will ultimately be vaccinated, the duration of vaccine protection, and whether current vaccines will protect against new COVID-19 variants. Accordingly, it is not clear how long public health safety measures will remain in place or whether any new measures will be required.

It is generally expected that the overall impact of COVID-19 on the U.S. economy will continue to be broad based and materially adverse. The ultimate effect of the pandemic on the operations and financial condition of the Obligated Group cannot be predicted at this time due to the evolving nature of the pandemic, including uncertainties relating to its duration and severity, and the future actions of governmental authorities to contain or mitigate its impact, though such effect could be material and adverse.

**Operational Disruption.** COVID-19 has affected the Obligated Group’s ability to conduct normal business operations and, as a result, the operations, financial condition and financial performance of the Obligated Group has been, and may continue to be, adversely affected in significant ways. As with nearly all industries and companies, the Obligated Group expects to encounter further disruption in its operations as a result of COVID-19. As the COVID-19 pandemic continues and new variants emerge or the COVID-19 pandemic increases in severity or experiences intermittent surges, capacity and acuity of patients may vary significantly from time to time and the Obligated Group’s ability to conduct its operations and the cost of its operations may be materially adversely affected.

At times during the COVID-19 pandemic, health care providers have cancelled or delayed non-essential appointments and procedures in response to the direction or guidance of national, state and local public health agencies, including CMS and the State. Additionally, many state and local governments implemented mitigation measures including general “stay at home” or “shelter in place” orders the suspension of elective surgeries and other non-emergency medical services, and the limitation or closure of school systems and certain business activities in an effort to slow the spread of COVID-19. Re-implementation of certain mitigation measures and restrictions has occurred from time to time in some states due to spikes in COVID-19 cases and hospitalizations. Mitigation measures may continue to have an adverse impact on the operations and financial position of health care provider systems due to increased costs, potential reduction in overall patient volume and shifts in payor mix, among other things. It cannot be predicted whether progression of the COVID-19 pandemic will require that similar or new restrictions be implemented in the future. Even if vaccinations and/or sustained public health measures help reduce COVID-19 cases in the near term, public health measures may need to be sustained for prolonged periods of time to be effective in controlling and reducing the transmission of COVID-19.

In response to the continued spread of COVID-19, President Biden announced a COVID-19 Action Plan that, among other things, would require employers with one hundred or more employees to require their employees to get the COVID-19 vaccine or undergo weekly testing pursuant to a new Emergency Temporary Standard of the Occupational Safety and Health Administration (“OSHA”) and also would require vaccination for federal workers and contractors, as well as health care workers in hospitals, nursing facilities, and other institutions that receive Medicare and Medicaid reimbursement. On January 13, 2022, the United States Supreme Court (the “Supreme Court”) granted emergency relief to stay implementation of OSHA’s Emergency Temporary Standard with respect to large private companies. However, the Supreme Court allowed vaccine mandates to stand for medical facilities that receive Medicare or Medicaid payments. These vaccine mandates for medical facilities went into effect on February 20, 2022. On January 25, 2022, OSHA announced that it was withdrawing the Emergency Temporary Standard as an enforceable standard but not as a proposed rule. OSHA subsequently reopened the rule to public comment and submissions were due by May 23, 2022. Failure to comply with vaccination

mandates may result in exclusion from the Medicare or Medicaid programs. Compliance with vaccination mandates may increase operating costs or affect the Obligated Group's ability to recruit and retain employees.

The treatment of COVID-19 or other highly contagious diseases at Obligated Group facilities, as well as governmental and commercial entity responses to COVID-19 and resulting economic conditions, may adversely affect the Obligated Group's operations and financial performance in various ways, including but not limited to (1) an overburdening of facilities, (2) a quarantine, temporary shutdown or diversion of patients, (3) a disruption in the production or supply of pharmaceuticals, medical supplies and protective equipment and increases in the costs of such products, (4) professional or non-professional staff shortages or illnesses, (5) an increase in overhead costs due to additional costs incurred related to adjustments to the use of various facilities and to staffing during the pandemic, including overtime wages, mandated sick pay, and the use of more expensive contract staff to provide care, (6) significantly delayed payments from third-party payors, (7) increased numbers of professional liability lawsuits, (8) a larger number of uninsured patients due to increased unemployment rates, or (9) reduced patient volumes and operating revenues due to unaffected individuals deferring elective procedures or otherwise avoiding medical treatment. As the effects of, and responses to, the COVID-19 pandemic are far reaching and rapidly changing, the ultimate impact or costs of the COVID-19 pandemic cannot be predicted, but such impact and costs could be material and adverse.

**Governmental Relief.** A variety of federal efforts have been initiated in response to the economic disruption caused by COVID-19. On March 13, 2020 then President Trump declared a "national emergency" under both the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, which allowed access to disaster relief funds to address COVID-19 and related economic dislocation, and the National Emergencies Act, which allowed DHHS to waive certain guidelines related to federal health care programs, including Medicare and Medicaid, to address COVID-19. The U.S. Congress followed by passing a series of federal relief packages to address the COVID-19 crisis, including (1) the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 ("CPRSAA"), (2) the Families First Coronavirus Response Act ("FFA"), (3) the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), (4) Paycheck Protection Program and Health Care Enhancement Act ("Enhancement Act"), (5) the COVID-19 response and relief portions of the Consolidated Appropriations Act, 2021 ("2021 Appropriations Act"), and (6) the American Rescue Plan Act ("American Rescue Plan" and, collectively with the CPRSAA, FFA, CARES Act, Enhancement Act and 2021 Appropriations Act, the "COVID-19 Relief Acts"). The COVID-19 Relief Acts were largely designed to help fund COVID-19 testing, tracing, and treatment and to provide economic relief and other support for individuals and businesses, including hospitals and other health care providers. COVID-19 Relief Act measures that may alleviate some of the financial strain on hospitals and other health care providers include, among others: (1) a \$178 billion "Public Health and Social Services Emergency Fund" to reimburse eligible health care providers for "health care related expenses or lost revenues that are attributable to coronavirus" ("Provider Relief Fund"), (2) an increase in the Federal Medicaid Assistance Percentage for state Medicaid programs, and (3) various other Medicare and Medicaid policy changes that temporarily boost Medicare and Medicaid reimbursement or provide for additional flexibility in patient care during the COVID-19 emergency period. The timing, adequacy and other ultimate effects of the COVID-19 Relief Acts, or other federal or state stimulus relief programs on the Obligated Group, or the economy generally, cannot be predicted at this time. Although the federal government may consider future COVID-19 emergency response and relief legislation, the content and passage of any such legislation is uncertain.

The acceptance of funds from certain COVID-19 stimulus programs, including the Provider Relief Fund, is conditioned on eligibility and the acceptance of terms and conditions, and may be subject to other guidelines or requirements that may change from time to time. Additional guidance or clarifications concerning COVID-19 stimulus programs, including reporting, recordkeeping and repayment requirements, may be announced from time to time. Failure to comply with such guidelines or requirements could result in recoupment, False Claims Act liability, or other penalty or sanction.

**Recognition of Provider Relief Funds.** All Provider Relief Fund recipients must attest to the Provider Relief Fund "Terms and Conditions," which among other things, require the submission and maintenance of documentation to substantiate that relief funds were used for increased healthcare related expenses or lost revenue attributable to coronavirus. Payments in excess of healthcare related expenses or lost revenue attributable to coronavirus must be repaid. DHHS reserves the right to audit Provider Relief Fund recipients to ensure that this requirement is met and collect any Provider Relief Fund amounts that were made in error or exceed lost revenue or increased expenses due to COVID-19. Failure to comply with the Terms and Conditions may be grounds for recoupment or other penalties or sanctions.

DHHS has issued reporting requirements regarding the use of Provider Relief Fund distributions (“PRF Reporting Instructions”). The PRF Reporting Instructions direct health care providers receiving more than \$10,000 in Provider Relief Fund payments to provide expenditure reports relating to their Provider Relief Fund payments to the Health Resources and Services Administration (“HRSA”). The PRF Reporting Instructions create deadlines for use of the funds and associated reporting periods based on when funds were initially received. Generally, providers are expected to use the funds within approximately one year of receipt. The PRF Reporting Instructions also specify the formula for calculating a recipient’s lost revenues attributable to COVID-19.

The PRF Reporting Instructions have been revised or superseded several times and DHHS may release revised or additional Provider Relief Fund requirements or guidance in the future. Any future change to the formula for calculating lost revenues set forth in the PRF Reporting Instructions could have a potentially significant impact on whether a health care provider must repay a portion of its Provider Relief Fund payments. Management of the Obligated Group will continue to monitor compliance with the Terms and Conditions of the Provider Relief Fund. While not anticipated, if unable to attest to or comply with current or future Terms and Conditions, the ability of the Obligated Group to retain some or all of the distributions received may be impacted.

***Florida’s Healthcare Provider Liability Protection.*** On March 29, 2021, Governor Ron DeSantis signed legislation protecting certain business entities, educational institutions, governmental entities, religious institutions, and individuals from liability for claims related to COVID-19. The law is designed to curb the threat of unknown and potentially unlimited liability to such entities and institutions. It includes two new Florida Statutes, Sections 768.38 and 768.381, one of which is specific to healthcare providers. The first statute, Section 768.38, affords immunity from civil liability to a defendant that made a good faith effort to substantially comply with authoritative or controlling government-issued health standards or guidance at the time of the incident. Under this section, a defendant’s good faith effort to substantially comply with at least one set of standards or guidance is sufficient to avoid civil liability for a “COVID-19-related claim.” The second statute, Section 768.381, protects certain healthcare providers from COVID-19-related liability. Under this section, a healthcare provider can be found liable for a COVID-19-related claim only if a plaintiff can prove that the provider was grossly negligent or engaged in intentional misconduct. Moreover, a provider may be able to avoid liability if the defendant can establish an affirmative defense to a COVID-19-related claim. The defenses available to a healthcare provider include, but are not limited to, the healthcare provider’s inability to substantially comply with health standards due to insufficient time, conflicting standards, or a shortage of supplies. The protections provided under Section 768.381 were extended by Florida Senate Bill No. 7014, which was signed by Governor DeSantis on February 24, 2022 to apply to claims that have accrued before June 1, 2023. While Sections 768.38 and 768.381 exist for the benefit of entities such as the Obligated Group Members, there can be no assurances that these statutes will shield the Obligated Group Members from liability for a COVID-19 related claim or that either statute will remain in its current form.

***General Economic Factors and Credit Market Disruptions.*** COVID-19 has affected, and may continue to affect, travel, commerce and financial markets in the United States and globally and may affect economic growth worldwide. COVID-19 has resulted in volatility in the United States and global financial markets, and at times significant realized and unrealized losses in investment portfolios. Financial results, generally, and liquidity, in particular, may be materially diminished. Access to capital markets may be hindered and costs of borrowing may increase as a result. In addition, recent high rates of inflation have increased the cost of supplies, fuel, insurance, services and other items that impact health care providers generally.

The U.S. economy is unpredictable. Economic downturns and other unfavorable economic conditions have previously impacted the health care industry and health care providers’ business and financial condition, and as described above, COVID-19 has and may continue to adversely impact the U.S. economy. If general economic conditions worsen as a result of COVID-19, inflation, rising costs and/or other causes, the Obligated Group may not be able to sustain future profitability, 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 volumes and its ability to collect outstanding receivables. Additionally, following the passage of the Inflation Reduction Act of 2022 (which President Biden signed into law on August 16, 2022) 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 Obligated Group revenues and expenses, and consequently, its ability to make payments on the Series 2023 Obligation, 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 caused by COVID-19 or other pandemics, (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. All or any of the foregoing conditions could be exacerbated by COVID-19 or other pandemics.

### **Bankruptcy and Creditors' Rights; Limits on Claims Against Members; Other Matters Concerning the Financing Documents**

The Bonds are payable by the Authority solely from the trust estate pledged to the payment of the Bonds. Enforcement of remedies under the Indenture, the Master Indenture and the Series 2023 Obligation against a member of the Obligated Group may be limited or restricted by laws relating to bankruptcy and rights of creditors, and by application of general principles of equity applicable to the availability of specific performance or other equitable relief and may be substantially delayed in the event of litigation or statutory remedy procedures.

While organizations described in Section 501(c)(3) of the Internal Revenue Code ("Exempt Organizations"), such as the Obligated Group Members, are not subject to involuntary bankruptcy, such entities do have the right voluntarily to file a petition in bankruptcy. In any bankruptcy proceeding for Orlando Health, Health Central, South Lake, Osceola, OHI West or any future Member of the Obligated Group, payments made by any of them during the 90-day (or one-year, for "insiders" as defined in the federal Bankruptcy Code) period immediately preceding the filing of such bankruptcy petition may be avoidable as preferential transfers to the extent such payments allow the recipients to receive more than they would have received in the event of any such debtor's liquidation. Such a bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such member and its property and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over its property as well as various other actions to enforce, maintain or enhance the rights of a trustee. If the Bankruptcy Court so ordered, the property of such debtor, including accounts receivable and proceeds thereof, could be used for its financial rehabilitation. The rights of the Trustee or Master Trustee to enforce claims for payment could be delayed during the pendency of the bankruptcy proceeding.

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

In the event of bankruptcy of a Member of the Obligated Group, there is no assurance that certain covenants, including tax covenants, contained in the Indenture or other documents would survive. Accordingly, any member of the Obligated Group as a debtor in possession or a bankruptcy trustee appointed by the Bankruptcy Court could take action that might adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The legal right and practical ability of the Trustee and the Master Trustee to enforce rights and remedies may be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other similar laws affecting creditors' rights. Enforcement of such rights and remedies will depend upon the exercise of various remedies specified by such documents, which, in many instances, may require judicial actions that are subject to discretion and delay, that otherwise may not be readily available or that may be limited by certain legal or equitable principles.

The Series 2023 Obligation is cross-defaulted and secured on a parity with all other Obligations under the Master Indenture. Further, an Event of Default under the Master Indenture constitutes an Event of Default under the Indenture. See



“APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE – REMEDIES – Events of Default.”

### **Risks Relating to the Bonds and the Related Financing Documents**

**Secondary Market and Prices.** The Underwriters will not be obligated to engage in secondary trading or to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds, and no assurance can be given that the Bonds can be resold at their initial offering price for any period of time.

**Early Redemption of Bonds.** Prospective purchasers of the Bonds should consider carefully all possible factors which may cause the Bonds to be redeemed earlier than projected. This includes the possibility that the Obligated Group may elect to prepay their obligations under the Indenture.

**Modifications of the Indenture or the Master Indenture.** As described in “APPENDIX C – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT – THE BOND INDENTURE,” and “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE,” the Indenture and the Master Indenture permit modifications of the Indenture or the Master Indenture, respectively, in some cases with the consent of not less than a majority of the owners of the Bonds outstanding under the Indenture, or in the case of the Master Indenture, with the consent of not less than a majority of the owners of the Obligations outstanding under the Master Indenture.

### **Significant Risk Areas Summarized**

Certain of the primary risks associated with the operations of the Obligated Group are briefly summarized in general terms below and are explained in greater detail in subsequent sections. The occurrence of one or more of these risks could have a material adverse effect on the financial conditions and results of operations of the Obligated Group and, in turn, the ability of the Obligated Group to make payments under the Indenture and the Series 2023 Obligation.

**Disruption in the Credit Markets and Economic Factors.** Domestic and international financial crises over the past several years have adversely affected the U.S. and international economies, undermined confidence in the financial sector, reduced the availability of credit, increased the cost of credit and products and services, contributed to great volatility in the financial markets, reduced business activity and employment, increased business failures and decreases in personal income and increases in the incidence of poverty. There has been a particularly acute impact upon the financial sector causing many banks and other financial institutions to seek additional capital, to merge, and in some cases, to fail.

The Obligated Group has significant holdings in a broad range of investments, and market fluctuations have affected and will continue to affect materially the value of those investments. More stringent credit requirements could adversely affect the ability of the Obligated Group to obtain credit or otherwise access credit markets.

**Cybersecurity.** Despite the implementation of network security measures by the Obligated Group, its information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Such events or issues could lead to the inadvertent disclosure of protected health information or other confidential information, could have an adverse effect on the ability of the Obligated Group to provide health care services, or could result in government civil, criminal or monetary penalties.

**Reliance on Medicare and Medicaid.** Inpatient hospitals rely to a high degree on payment from the federal Medicare program and the joint federal and state Medicaid programs which are both undergoing significant changes and payment pressures as a result of government budgetary pressures as well as Health Care Reform. See “CERTAIN BONDHOLDERS’ RISKS – Affordable Care Act and Health Care Reform Initiatives” herein. These changes create uncertainty and could have a material adverse impact on hospitals’ payment stream from Medicare.

**Non-Compliance with Conditions of Participation.** The Obligated Group’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. See “CERTAIN BONDHOLDERS’ RISKS - Enforcement Activity - Compliance with Conditions of Participation” herein.

***Managed Care Exposure.*** Certain health care markets, including many communities in Florida, 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. Business failures by managed care companies also could have a material adverse impact on contracted hospitals and other health care providers in the form of payment shortfalls or delay, and/or continuing obligations to care for managed care patients without receiving payment. In addition, disputes with non-contracted payors are increasing and may result in an inability to collect billed charges from these payors.

***Acquisitions, Strategic Investments, Divestitures, Mergers, Joint Ventures and Other Affiliation Transactions.*** The System’s long-term strategy has included in the past and may continue to include in the future identifying and acquiring, investing in, partnering with, or merging with suitable healthcare organizations on acceptable terms, or divesting certain business lines or activities. From time to time, the System may enter into discussions with, and may acquire, make investments in, affiliate with or merge with other health care providers or businesses that complement the System’s business, or may terminate such activities. Such transactions include a number of risks and present financial, managerial and operational challenges. For example, acquired entities may not further the System’s business strategies as expected, unforeseen liabilities and litigation may arise in connection with an acquisition, the acquired enterprise may not be integrated with the System as successfully as planned, and the time and effort required of management to manage new acquisitions may detract from other initiatives, each or all of which could adversely affect the Obligated Group’s business or operating results. If the System decided to sell assets or a line of business, it may have difficulty selling on acceptable terms in a timely manner or at all. If any Obligated Group Member enters into agreements with respect to acquisitions, divestitures, or other transactions, these transactions, or parts of these transactions, may fail to be completed due to a variety of risks described in more detail below. If the System fails to complete a transaction, it may have incurred significant expenses in connection with such transaction, and the failed transaction may result in negative publicity and a negative perception of the System. For all these reasons, the pursuit of an acquisition, investment, divestiture, merger, joint venture or other affiliation could cause the System’s actual results to differ materially from those anticipated.

***Capital Needs vs. Capital Capacity.*** Hospital and other health care operations are capital intensive. Regulation, technology, and physician/patient expectations require constant and often significant capital investment. Total capital needs may outstrip capital capacity. Furthermore, capital capacity of hospitals and health systems may be reduced as a result of recent credit market dislocations, and it is uncertain how long those conditions may persist.

***Government Fraud Enforcement.*** Fraud in government funded health care programs is a significant concern of DHHS and many states and is one of the federal government’s prime law enforcement priorities. 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 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. This body of regulation impacts a broad spectrum of hospital and other health care provider commercial activity, including billing, accounting, recordkeeping, medical staff oversight, physician contracting and recruiting, cost allocation, clinical trials, discounts and other functions and transactions.

Violations and alleged violations may be deliberate, but also frequently occur in circumstances where management is unaware of the conduct in question as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that are highly technical in nature and do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. The government periodically conducts widespread investigations covering categories of services or certain accounting or billing practices. In addition, as described herein under “CERTAIN BONDHOLDERS’ RISKS – Affordable Care Act and Health Care Reform Initiatives,” the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the “Affordable Care Act” or the “ACA”) has resulted in provider enrollment screening, enhanced oversight periods for new providers and suppliers, and enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, and by requiring Medicare and Medicaid program providers and suppliers to establish compliance programs.

**Violations and Sanctions.** The government and/or private “whistleblowers” often pursue aggressive investigative and enforcement actions. The government has a wide array of civil, criminal and monetary penalties, 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 prospective restrictions that may have a materially adverse impact on hospital and other health care provider operations, financial condition and reputation. Multi-million dollar fines and settlements are common. These risks are generally uninsured. Government enforcement and private whistleblower suits may increase in the hospital sector. Most large hospital and other health care provider systems are likely to be adversely impacted.

**Shortage of Clinical Professionals.** From time to time, a shortage of physicians and nursing and other technical personnel occur which may have its primary impact on hospitals. Various studies have predicted that physician and nursing shortages will become more acute over time and grow to significant proportions. In addition, shortages of other professional and technical staff such as pharmacists, therapists, laboratory technicians and others may occur or worsen. Hospital operations, patient and physician satisfaction, financial condition and future growth could be negatively affected by physician and nursing and other technical personnel shortages, resulting in material adverse impact to hospitals. The ability to maintain adequate staffing has been exacerbated by the COVID-19 pandemic and could be further exacerbated by COVID-19 vaccination mandates imposed by employers or governmental agencies, including those required by CMS.

**Technical and Clinical Developments.** New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated, and that may dramatically change medical and hospital care. These could result in higher hospital costs, reductions in patient populations, lower utilization of hospital service and/or new sources of competition for hospitals.

**Costs and Restrictions from Governmental Regulation.** Nearly every aspect of hospital operation and health care delivery is regulated, in some cases by multiple agencies of government. The level and complexity of regulation appears to be increasing, bringing with it operational limitations, enforcement and liability risks, and significant and sometimes unanticipated cost increases.

**Proliferation of Competition.** Hospitals increasingly face competition from specialty providers of care and ambulatory care facilities. This may cause hospitals to lose essential inpatient or outpatient market share. Competition may be focused on services or payor classifications where hospitals realize their highest margins, thus negatively affecting programs that are economically important to hospitals. These new sources of competition may have a material adverse impact on hospitals, particularly where a group of a hospital’s principal physician admitters may curtail their use of a hospital service in favor of competitive facilities. See also “MARKET INFORMATION – Other Area Hospitals” and “- Competitor Developments in Central Florida” in APPENDIX A hereto.

**Increasing Consumer Choice; Increased Patient Responsibility for Costs.** Hospitals and other health care providers face increased pressure to be transparent and provide information about cost and quality of services, which may lead to a loss of business as consumers and others make choices about where to receive health care services based upon cost and quality. In addition, many employers are shifting additional responsibility for costs onto consumers in the form of higher co-insurance obligations and deductibles, which may result in patients delaying or foregoing needed care.

**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. Overall costs of the hospital workforce are high, and turnover is high. Pressure to recruit, train and retain qualified employees is expected to accelerate.

The following factors may materially increase hospital costs of operation:

**General Economic Conditions; Bad Debt and Indigent Care.** Hospitals and health care providers are economically influenced by the environment in which they are located. To the extent that state, county or city governments are unable to provide a safety net of medical services, pressure is applied to local hospital and providers to increase free care. Economic downturns and lower funding of state Medicaid programs may increase the number of patients treated by hospitals who are uninsured, underinsured or otherwise unable to pay for some or all of their care. Further, where employers are altering sponsored health plans to require increased patient responsibility for costs in the form of deductibles and copayments, the

number of patients who are unable to meet these cost-sharing obligations is likely to increase. These conditions may give rise to increased bad debt and higher indigent care utilization. At the same time, nonoperating revenue from investments may be reduced or eliminated. These factors may have a material adverse impact on hospitals. See also “MARKET INFORMATION” in APPENDIX A hereto and “CERTAIN BONDHOLDERS’ RISKS – COVID 19 Pandemic” above.

Tax-exempt hospitals often treat large numbers of indigent patients who are unable to pay in full for their medical care. General economic conditions that affect the number of employed individuals who have health coverage affects the ability of patients to pay for their care. Similarly, changes in governmental policy, which may result in coverage exclusions under local, state and federal health care programs (including Medicare and Medicaid) may increase the frequency and severity of indigent treatment by such hospitals and other providers. It also is possible that future legislation could require that tax-exempt hospitals and other providers maintain minimum levels of indigent care as a condition to federal income tax exemption or exemption from certain state or local taxes.

***Pension and Benefit Funds.*** As large employers, hospitals may incur significant expenses to fund pension and benefit plans for employees and former employees, and to fund required workers’ compensation benefits. Funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes. See the consolidated audited financial statements of Orlando Health and Subsidiaries included as APPENDIX B to this Official Statement, including, without limitation, note 10 thereto, for a discussion of the financial status of the Obligated Group’s pension programs.

***Medical Liability Litigation and Insurance.*** Medical liability litigation is subject to public policy determinations and legal and procedural rules that may be altered from time to time, with the result that the frequency and cost of such litigation, and resultant liabilities, may increase in the future. Hospitals may be affected by negative financial and liability impacts on physicians. Costs of insurance, including self-insurance, may increase dramatically.

***Facility Damage.*** Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from hurricanes, other natural causes, fire, deliberate acts of destruction, or various facilities system failures may have a material adverse impact on hospital operations and financial status. No assurance is given as to the continuation of existing insurance coverage, which, among other things, may not be available at a reasonable cost in the future. Climate change may increase the frequency or severity of extreme weather events and other natural disasters.

## **Nonprofit Healthcare Environment**

As nonprofit tax-exempt organizations, the Obligated Group Members are subject to federal, State and local laws, regulations, rulings and court decisions relating to their organization and operation, including their operation for charitable purposes. At the same time, the Obligated Group conducts large-scale complex business transactions and is a major employer in its geographic area. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex health care organization.

Recently, an increasing number of the operations or practices of health care providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for nonprofit tax-exempt organizations.

These challenges are broader than concerns about compliance with federal and State statutes and regulations, such as Medicare and Medicaid compliance, and instead in many cases are examinations of core business practices of the health care organizations. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, private use of facilities financed with tax-exempt bonds and others. These challenges and questions have come from a variety of sources, including state attorneys general, the Internal Revenue Service (the “IRS”), labor unions, Congress, state legislatures and patients, and in a variety of forums, including hearings, audits, and litigation.

***Action by Purchasers of Hospital Services and Consumers.*** Major purchasers of hospital services also could take action to restrain hospital charges or charge increases. Additionally and as a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. Decreased utilization could result, and hospitals’ revenues may be negatively impacted. In addition, consumers and groups on behalf of consumers are increasing pressure for hospitals and other health care providers

to be transparent and provide information about cost and quality of services that may affect future consumer choices about where to receive health care services.

***Challenges to Real Property Tax Exemptions.*** Recently, the real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. The real property tax exemptions of the Obligated Group Members have not been placed under review by state or local authorities.

The foregoing are some examples of the challenges and examinations facing nonprofit health care organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations and may indicate an increasingly more difficult operating environment for health care organizations, including the Obligated Group. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on hospitals.

## **Patient Service Revenue**

***The Medicare Program.*** Medicare is the federal health insurance system under which hospitals and other providers are paid for services provided to eligible elderly and disabled persons. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, blind, disabled or qualify for the End Stage Renal Disease Program. Medicare Part A covers inpatient hospital services, skilled nursing care, hospice and some home health care, and Medicare Part B covers physician services, outpatient hospital services, diagnostic tests, outpatient therapy and some supplies; Part C, also known as “Medicare Advantage,” which provides Medicare coverage through a managed care model; and Part D, which makes certain prescription drug plans available to Medicare beneficiaries. Medicare is administered by CMS, which delegates to the states the process for certifying hospitals to which CMS will make payment. In order to achieve and maintain Medicare certification, hospitals must meet CMS’s “Conditions of Participation” on an ongoing basis, as determined by the hospital’s state survey agency and/or CMS, and comply with the standards of The Joint Commission or other CMS-approved accrediting organization. The requirements for Medicare certification are subject to change, and, therefore, it may be necessary for hospitals to effect changes from time to time in their facilities, equipment, operations, personnel, billing, policies and services to ensure continued compliance.

As the U.S. population ages, more people will become eligible for the Medicare program. Current projections indicate that demographic changes and continuation of current cost trends will exert significant and negative forces on the overall federal budget. The Medicare program reimburses most hospitals based on a fixed schedule of rates based on categories of treatments or conditions. These rates change over time and there is no assurance that these rates will cover the actual costs of providing services to Medicare patients. Further, it is anticipated there will be reductions in rates paid to Medicare managed care plans that may ultimately be passed on to providers.

***Medicare Reimbursement for Hospital Inpatient and Outpatient Services.*** Medicare payments to hospitals for the delivery of certain inpatient and outpatient hospital services to program beneficiaries are based on prospective payment systems (“PPSs”) that essentially pays hospitals a fixed amount for each Medicare inpatient discharge or outpatient encounter. Under these PPSs, a hospital with costs exceeding the applicable payment rate would incur losses on such services provided to Medicare beneficiaries. There can be no assurance that PPS payments will be sufficient to cover all of the actual costs of providing hospital services to Medicare patients.

CMS periodically promulgates regulations, such as its annual inpatient PPS rules, to adjust the rates paid to hospitals based on its continuing experience with hospital operating and capital costs, and to implement various quality improvement, patient safety and fraud and abuse programs. The ACA expanded programs to improve the quality of care by establishing programs that adjust reimbursements for performance against value metrics, excessive readmissions, medical errors and preventable conditions such as hospital acquired infections. Depending on the mix of future services delivered, the overall effect of these programs to the inpatient PPS reimbursement rules may be to reduce Medicare reimbursement to the Obligated Group Members. Payments for both inpatient and outpatient services also are inflated each year by market basket adjustments, which often are reduced by productivity adjustments. The amount of these adjustments in a given year may substantially affect both inpatient and outpatient payments to the Obligated Group Members. Additionally, Congress from time-to-time adjusts these inflationary and productivity adjustments, and those changes could substantially affect both inpatient and outpatient payments to the Obligated Group Members. Congress also frequently enacts legislation affecting

Medicare payment amounts or regulatory obligations under the program. Administrative and legislative changes, such as these, could have a material impact on the operations, financial condition and financial performance, even in the absence of statutory changes, of the Obligated Group Members.

Section 603 of the Bipartisan Budget Act of 2015 (“Section 603”) included a revision to the payment system to be used to reimburse hospitals for outpatient services rendered at certain off-campus provider-based departments (“PBDs”). Effective January 1, 2017, most hospital off-campus PBDs that began furnishing services on or after November 2, 2015 are no longer eligible to be paid under PPS. How and how much they would be paid, and what other rules would apply to these entities and grandfathered facilities were left to CMS to determine. On November 1, 2016, CMS released the final rule implementing Section 603. Generally, CMS chose to pay affected hospitals a rate that is approximately 50 percent of the outpatient PPS rate, with some limited exceptions. Effective January 1, 2018 the applicable payment amount was further reduced. These changes could have a material impact on the Group Members’ operations, financial condition and financial performance. Additionally, if CMS or Congress revisit this payment amount in the future, and further lower it below current levels, such change also could have a material impact on the Group Members’ operations, financial condition and financial performance.

***Medicare and Medicaid Audits and Withholdings.*** Healthcare providers participating in Medicare and Medicaid are subject to audits and retroactive audit adjustments with respect to reimbursement claimed under those programs, and the representations upon which such reimbursements are claimed. There can be no assurance any such future adjustments will not be material or that the Obligated Group’s reserves for such purpose will be adequate to cover any such adjustments. Both Medicare and Medicaid regulations also provide for withholding payments in certain circumstances. Any such withholding with respect to the Obligated Group Members could have a material adverse effect on the financial condition and results of operations of the Obligated Group. In addition, contracts between hospitals and third-party payors often have contractual audit, setoff and withhold provisions that may cause substantial, retroactive adjustments. Such contractual adjustments also could have a material adverse effect on the financial condition and results of operations of the Obligated Group. No assurance can be given that in the future a Medicare payment or other payment will not be withheld that would materially and adversely affect the financial condition or results of operations of the Obligated Group.

In light of the complexity of the regulations relating to the Medicare program, and the nature of ongoing audits and compliance activities as described above, there can be no assurance that the Obligated Group Members will not be the subject of any such activities.

***Health Plans and Managed Care.*** Most private health insurance coverage is provided by various types of “managed care” plans, including health maintenance organizations (“HMOs”) and preferred provider organizations (“PPOs”) that generally use discounts and other economic incentives to reduce or limit the cost and utilization of health care services. To control costs, managed care plans typically contract with hospitals and other providers for discounted prices, review medical services for medical necessity, require members to pay copayments and deductibles, and channel patients to contracted providers of health care services. Medicare and Medicaid also purchase hospital care using managed care options. Payments to hospitals from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

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

Many HMOs and PPOs currently pay providers on a negotiated fee-for-service basis or, for institutional care, on a fixed rate per day of care, which, in each case, usually is discounted from the usual and customary charges for the care provided. Currently, the Obligated Group has no managed care capitated contracts for its facilities (inpatient and outpatient services).

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

Failure to maintain contracts could have the effect of reducing the Obligated Group's market share and net patient service revenue. Conversely, participation may result in lower net income if participating hospitals are unable to adequately contain their costs. Thus, managed care poses one of the most significant business risks (and opportunities) the hospitals face. See "MANAGED CARE PARTICIPATION" in APPENDIX A hereto.

**The Medicaid Program.** Medicaid is a program for medical assistance, funded jointly by the federal government and the states, for certain needy individuals and their dependents. Under Medicaid, the federal government provides limited funding to states that have medical assistance programs that meet federal standards. Pursuant to these broad federal guidelines, each state establishes its own eligibility standards; determines the type, amount, duration and scope of services; sets the payment rates for services; and administers its own programs. Payments made to health care providers under the Medicaid program are subject to change as a result of federal or state legislative and administrative actions, including changes in the methods for calculating payments, the amount of payments that will be made for covered services and the types of services that will be covered under the program. Such changes have occurred in the past and may be expected to occur in the future, particularly in response to federal and state budgetary constraints. Any future reduction in the level of Medicaid spending by the federal government is likely to have an adverse impact on the revenues of the Obligated Group derived from the Medicaid program.

The ACA made changes to Medicaid funding and substantially increased the potential number of Medicaid beneficiaries. Previously, the Supreme Court ruled that states could decline to expand Medicaid coverage without losing their existing federal funding for the program. Because increased Medicaid funding generally brings more patients to most hospital providers, certain outcomes, such as a state refusing to expand Medicaid coverage, while Medicaid payment cuts are implemented, could put hospital providers at greater risk. While management of the Obligated Group cannot predict the effect of these changes to the Medicaid program on the operations, results from operations or financial condition of the Obligated Group, historically Medicaid has reimbursed at rates below the cost of care. Therefore, increases in the overall proportion of Medicaid patients pose a risk. It is uncertain to what extent this risk may be mitigated if the increased Medicaid utilization population replaces previously uncompensated patients.

Many states, including Florida, continue to face severe financial challenges, including erosion of general fund tax revenues, which factors have resulted in a shortfall between revenue and spending demands. Such financial challenges may negatively affect hospitals in many ways, including, but not limited to, a greater number of individuals who qualify for Medicaid, further reductions in Medicaid reimbursement rates and further changes in Medicaid enrollment eligibility.

Changes in qualification criteria, covered benefits, and reimbursement amounts could have a material effect on the Obligated Group's net revenue and operating margin. With increased benefit limitations and more restrictive payments for services, reductions in reimbursement could be materially greater than current estimates and could result in more uninsured patients. Accordingly, there can be no assurance that Medicaid payments are or will continue to be adequate.

**Florida Medicaid Reform.** Florida's Medicaid program has been undergoing significant reform. Previously, the Florida Legislature created legislation leading to the creation of the Statewide Medicaid Managed Care (the "SMMC") Managed Medical Assistance Program ("MMA"). The SMMC is a Medicaid program through which Medicaid beneficiaries receive medical services. Medicaid beneficiaries enroll in one of several types of managed care plans, which include health maintenance organizations, provider service networks, the Children's Medical Services network and MMA specialty plans that are designed to serve populations with distinct diagnoses or chronic conditions (e.g., HIV/AIDS, serious mental and behavioral health issues, pediatric patients with chronic conditions). Most Medicaid recipients must enroll in the SMMC program. On April 6, 2022, Governor DeSantis signed into law certain modifications to SMMC which, among various other technical and clarifying changes, reduced the number of SMMC regions from 11 to 9. Language requiring essential providers to contract with each managed care plan under the SMMC was stricken from the bill before it was signed into law, but the efforts to include such provisions in potential subsequent legislation could be revived in the future.

The SMMC consists of 9 regions throughout Florida. MMA Program plans are required to offer certain minimum covered services, including emergency medical services, hospital inpatient services, hospital outpatient services, and physician services (including physician assistant services). However, each MMA Program plan may offer varying additional benefits that may change periodically. Providers will also enroll as Medicaid providers in various MMA Program plans. However, MMA Program plans are not required to accept any willing provider. MMA Program plans may limit the number or types of providers in their networks based upon credentials, quality indicators, and charges, although they must include a sufficient number of providers to meet the needs of plan enrollees. Decisions made by the various MMA Program plans

relating to provider enrollment, benefits covered in addition to minimum covered services, geographic regions served within the State, reimbursement paid for health care items and services furnished, and other matters may have a financial impact or other effects upon the Obligated Group Members.

**Florida Hospital Directed Payment Program.** In Florida, hospitals are reimbursed approximately 60% of their Medicaid costs. The difference between the actual cost to provide care to a Medicaid beneficiary and the payment the hospital receives in reimbursement is known as the “Medicaid shortfall.” To address the Medicaid shortfall, as part of the 2021 General Appropriations Act, the Florida Legislature authorized the Agency for Health Care Administration (the “AHCA”) to establish the Medicaid Hospital Directed Payment Program (“Hospital DPP”) for the State’s fiscal year 2021-2022 and, during its 2022 legislative session, approved the continuation of the Hospital DPP program for the State’s 2022-2023 fiscal year. The Hospital DPP program operates on a regional basis and provides enhanced payments to participating hospitals in a region where intergovernmental transfers are contributed.

The Federal government provides matching dollars to the share contributed by the State. For nonpublic hospitals, local governments pass special assessments to collect from nonpublic hospitals only. Such assessments do not impose any costs on the State or local governments. Local governments send the collected funds to the State, where they draw down the Federal match. That pool of money (the nonfederal share made up of local government contributions, with the addition of the Federal match) is disbursed to hospitals in participating regions through Medicaid managed care organizations (“MCOs”) responsible for reimbursing providers.

Orlando Health has hospitals in regions three and seven, two of the regions participating in the Hospital DPP program for the current program year. Orange, Lake and Osceola Counties adopted the required ordinance in September 2022 and passed the resolution to establish the assessment for the State fiscal year 2022-2023. Given the dependency on Medicaid as a payor, the Hospital DPP program represents a potential significant source of revenue for Orlando Health. Orlando Health paid assessments of \$55.6 million to Orange, Lake and Osceola Counties in November 2022. Orlando Health has recognized approximately \$131.1 million expected to be received from the MCOs within “other receivables and other revenue” in its financial statements as of and for the fiscal year ended September 30, 2022. However, the System does not currently expect to receive any such receivables until the end of March 2023 at the earliest, and there could be further delays in the receipt of such funds. See audited consolidated financial statements of Orlando Health and Subsidiaries included in APPENDIX B hereto, including note 3 thereof. A failure to timely receive such reimbursements, or to receive the full amount of the reimbursements expected, would likely materially and adversely impact the financial performance and results of operations for the System.

Moreover, notwithstanding the Florida Legislature’s extension of the program for the State’s 2022-2023 fiscal year, the future of the Hospital DPP is uncertain. The Hospital DPP requires annual approval by CMS. There is no guaranty that CMS approval for future years will be granted or whether conditions to such approval will be imposed that negatively impact the benefits of the Hospital DPP to the System. Moreover, CMS has previously challenged the legality of some directed payment programs in Texas, among other things, for allegedly failing to comply with (or demonstrate compliance with) certain provisions of the Social Security Act (the “SSA”) and implementing regulations. In particular, CMS has expressed concern that certain private mitigation agreements among providers may exist in Texas and that such agreements would violate the provisions of the Act and regulations. Ultimately, the Texas Health and Human Services Commission partially prevailed in litigation and CMS approved the Texas plans. However, the U.S. Health & Human Services Office of Inspector General has already initiated audits in Texas which may eventually result in possible modifications to the funding source for state directed payments. Thus, programs like the Hospital DPP and reimbursement amounts (if any) for future fiscal years are uncertain, especially in light of matters associated with State and Federal budgets and budgeting processes, CMS and judicial interpretations of government regulations, and political, economic and other factors and considerations, many of which cannot be predicted at this time. Any challenges to the Hospital DPP, refusal by CMS to grant the required annual approvals thereunder, reversal or modification of any prior approvals granted by CMS, delays in reimbursement funding payments being made, conditions being imposed on reimbursement funding approval or payment, reductions in the amounts approved for reimbursement thereunder or other adverse changes to or impacts on the Hospital DPP may materially and adversely impact the System’s future financial performance and results of operations.

**Florida Indigent Assistance.** Florida’s Public Medical Assistance Act (the “Assistance Act”) provides a mechanism for the funding of health care services to indigent persons. The Assistance Act imposes upon each hospital in the State an assessment in an amount equal to 1.5% of each hospital’s annual net operating revenue for inpatient services and 1% of the annual operating revenue for outpatient services each fiscal year, with the exception of outpatient radiation therapy services.



AHCA determines such revenues based on a hospital's actual experience reported to AHCA and certifies the amount of the assessment for each hospital within six months after the end of each hospital's fiscal year. The assessment is payable to and collected by AHCA in equal quarterly amounts, on or before the first day of each calendar quarter beginning with the first full calendar quarter that occurs after AHCA certifies the amount of assessment for each hospital. All moneys collected pursuant to the Assistance Act are to be deposited into the Public Medical Assistance Trust Fund. AHCA may impose administrative fines for the failure of any hospital to timely pay its quarterly assessment. Purchasers, successors or assignees of a facility, which are subject to AHCA's jurisdiction, are liable for any assessments, fines or penalties incurred by a facility or its employees, regardless of when it was identified.

Budget deficits for the State may lead to changes to the Medicaid program and such changes may have a material adverse effect on the operations or financial condition of the Obligated Group.

**Medicaid Payment for Preventable Medical Errors.** On June 6, 2011, CMS published a final rule implementing Provider Preventable Conditions as authorized by section 2702 of the ACA. The final rule became effective July 1, 2011. The provisions of this rule prohibit federal payments to states under section 1903 of the SSA for any amounts expended for providing medical assistance for health care-acquired conditions.

**Disproportionate Share Payments.** Medicare and Medicaid programs provide additional payment for hospitals that serve a disproportionate share of certain low income patients ("Medicare and Medicaid DSH"). The ACA substantially reduced Medicare and Medicaid disproportionate share payments over the last decade. Further, under a September 2013 final rule issued by CMS, the methodology to allocate the ACA-mandated reduction in Medicare and Medicaid DSH payments to the states was finalized. There can be no assurance that the Obligated Group Members will continue to qualify for disproportionate share status in the future or continue to receive distributions at current levels. There also can be no assurance that disproportionate share payments will not be further decreased or eliminated in the future. Subsequent to the required ACA Medicare and Medicaid DSH reductions, two separate pieces of legislation were passed into law that delayed the scheduled ACA Medicare and Medicaid DSH cuts. The Bipartisan Budget Act of 2013 and the related amendment, "Pathway for SGR Reform Act of 2013," included a number of modifications to Medicare and Medicaid. Inclusive in these modifications was a delay in the additional Medicare and Medicaid DSH cuts. Medicare and Medicaid DSH payments provide additional payments to hospitals that serve a disproportionate number of low-income patients. The ACA reduced Medicare and Medicaid DSH payments, starting in 2014, to reflect the expected decrease in uncompensated care as reform increases the number of patients with insurance.

**State Budget.** Many states face significant financial challenges, including erosion of general fund tax revenues, falling real estate values, slowing economic growth and higher unemployment, each of which may continue or worsen over the coming years. These factors, in some instances, have resulted in shortfalls between anticipated revenues and spending demands.

The financial challenges facing states may negatively affect health care organizations in a number of ways. Some states, including Florida, may enact legislation designed to reduce their Medicaid expenditures through eligibility restrictions (causing a greater number of indigent, uninsured or underinsured patients) and additional reductions in Medicaid payment rates. In the 2022-2023 Florida state budget, \$309 million of automatic rate enhancements related to Medicaid were eliminated and those funds were reallocated to general Medicaid funding. This led to several hospitals in the state of Florida losing a portion of their Medicaid funding, including hospitals in the System, which lost approximately \$20.6 million. The ACA provides for significant expansions to the Medicaid program, and the ACA may shift further funding responsibility from the federal government to state governments, exacerbating the states' financial challenges.

**Recovery Audit Contractor Program.** CMS has implemented a Recovery Audit Contractor ("RAC") program on a nationwide basis pursuant to which CMS contracts with private contractors to conduct pre- and post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program. The ACA expands the RAC program's scope to include managed Medicare plans and Medicaid claims. CMS also employs Medicaid Integrity Contractors ("MICs") to perform post-payment audits of Medicaid claims and identify improper payments. These programs tend to result in retroactively reduced payment and higher administration costs to hospitals.

## Affordable Care Act and Health Care Reform Initiatives

The ACA was enacted in 2010. The Affordable Care Act was intended to address disparities in access, cost, quality and delivery of health care to United States residents.

The changes to various aspects of the health care system in the ACA are far-reaching and include substantial adjustments to Medicare reimbursement, establishment of individual and employer mandates for health insurance coverage, extension of Medicaid coverage to certain populations, provision of incentives for employer-provided health care insurance, restrictions on physician-owned hospitals, and increased efficiency and oversight provisions. The provisions of the ACA were structured to take effect over time, ranging from immediately upon passage to ten years from passage. Most of the significant health insurance coverage reforms began in 2014. The ACA also requires the promulgation of substantial regulations with significant effects on the health care industry.

The ACA changed the sources and methods by which consumers pay for health care. The ACA also imposed new requirements for employers' provision of health insurance to their employees and dependents. One of the primary goals of the ACA was to provide or make available, or subsidize the premium costs of, health care insurance for otherwise uninsured (or underinsured) consumers who fall below certain income levels. The ACA was intended to accomplish that objective by a number of means, including creating state organized insurance markets in which individuals and small employers can purchase health care insurance; providing income-based subsidies for premium costs to individuals and families; mandating that individual consumers obtain and certain employers provide a minimum level of health care insurance; establishing insurance reforms, such as prohibiting denials of coverage for pre-existing conditions; and expanding existing public programs, such as Medicaid.

Some of the specific provisions of the ACA that may affect hospital operations, financial performance or financial conditions are described below. This listing is not exhaustive. The ACA is complex and comprehensive, and includes a myriad of new programs and initiatives and changes to existing programs, policies, practices and laws

- Annual inflation adjustments to Medicare payments have been reduced.
- Many state Medicaid programs have expanded to a broader population.
- Medicare has begun reducing payments to hospitals found to have an excess readmissions ratio for certain conditions.
- To reduce waste, fraud, and abuse in public programs, the ACA provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.
- Medicare payments to certain hospitals to cover conditions acquired during hospitalization have been reduced and federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited.
- A value-based purchasing program has been established under the Medicare program. Under this program, hospital payments will increase or decrease depending on a hospital's performance vis-à-vis established quality measures.
- Medicaid Disproportionate Share Hospital ("DSH") allotments to each state have also been reduced, based on state-wide reduction in uninsured and uncompensated care.

In general, the provisions of the ACA that encourage or mandate health care coverage for individuals can be expected to increase demand for health care and reduce the amount of uncompensated care of health care providers. However, the reimbursement paid by the payers of the newly insured may be inadequate to cover costs. Revisions to the Medicare reimbursement program will also likely reduce Medicare reimbursement levels. The practical consequences of the ACA, as well as of other future federal and state actions affecting the health care delivery system cannot be foreseen. In

particular, any legal, legislative or executive action that delays the implementation of new employer mandates, reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, or otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the Obligated Group's business or financial condition.

### **Challenges to the Affordable Care Act**

Due to the controversial nature of health care reform generally, implementation of the ACA has been, and remains, politically controversial. Since its enactment, the ACA has faced a stream of opposition from Republican lawmakers calling for its repeal and/or replacement, along with a string of lawsuits challenging various aspects of the law. To date, the ACA has survived three major Supreme Court challenges and no bills wholly repealing the ACA have passed both chambers of Congress. However, a tax reform bill passed in late 2017 effectively eliminated a key provision of the ACA – a tax penalty associated with failing to maintain health coverage (the “Individual Mandate Tax Penalty”) by reducing the penalty to zero dollars effective 2019. New legal or legislative challenges to the ACA may occur in the future.

In addition to actual and possible legislative changes or legal challenges, executive branch actions and policies could impact the viability of the ACA. For example, executive branch action has the potential to significantly impact the ACA insurance exchange market by causing a reduction in the number of healthy individuals in the ACA health insurance exchanges, a reduction in the number of plans available on the health insurance exchanges, and/or an increase in insurance premiums. President Biden has taken, and is expected to continue to undertake, executive actions that will strengthen and build on the ACA and may reverse certain policies of the prior administration that are seen as undermining the ACA.

It is impossible to predict the likelihood of any future ACA repeal bills or other health care reform bills becoming law, or the subsequent effects of any such legislative actions, legal decisions, or current or future executive actions, though such effects could materially impact the Obligated Group's business or financial condition. In particular, any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the Obligated Group's business or financial condition.

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

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

### **Government Regulation of Relationships between Hospitals, Physicians and Other Providers and Suppliers**

**General.** The health care industry is highly dependent on a number of factors that may limit the ability of the Obligated Group to meet its obligations under the Master Indenture. Among other things, participants in the health care industry are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third-party reimbursement programs. Discussed below are certain of these factors that could have a significant effect on the future operations and financial condition of the Obligated Group.

**Civil and Criminal Fraud and Abuse Laws and Enforcement.** Federal and state health care fraud and abuse laws regulate both the provision of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered to beneficiaries. Under these laws, hospitals and others can be penalized for a wide variety of

conduct, including submitting claims for services that are not provided, billing in a manner that does not comply with government requirements or submitting inaccurate billing information, billing for services deemed to be medically unnecessary, or billings accompanied by an illegal inducement to utilize or refrain from utilizing a service or product.

Federal and state governments have a broad range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud, including the exclusion of a hospital from participation in the Medicare/Medicaid programs, civil monetary penalties, executing corrective action plans, and suspension of Medicare/Medicaid payments. Fraud and abuse cases may be prosecuted by one or more governmental entities and/or private individuals, and more than one of the available sanctions may be, and often are, imposed for each violation. The ACA authorizes the Secretary of DHHS to exclude a provider's participation in Medicare and Medicaid, as well as suspend payments to a provider pending an investigation or prosecution of a credible allegation of fraud against the provider.

Laws governing fraud and abuse apply to all individuals and health care enterprises with which a hospital does business, including other hospitals, home health agencies, long term care entities, infusion providers, pharmaceutical providers, insurers, HMOs, PPOs, third party administrators, physicians, physician groups, and physician practice management companies. Fraud and abuse prosecutions can have a catastrophic effect on a provider and potentially a material adverse impact on the financial condition of other entities in the health care delivery system of which that entity is a part.

Based upon the prohibited activity in which the provider has engaged, governmental agencies and officials may bring actions against providers under civil or criminal False Claims Acts, statutes prohibiting referrals for compensation (including the federal "Anti-Kickback Law") or fee-splitting, or the "Stark Law" (each discussed below), which prohibits certain referrals by a physician to certain organizations in which the physician has a financial relationship, unless an exception applies. The civil and criminal monetary assessments and penalties arising out of such investigations and prosecutions may be substantial.

**False Claims Act.** The federal False Claims Act ("FCA") makes it illegal to knowingly submit or present a false, fictitious or fraudulent claim for payment or approval for payment for which the federal government provides, or reimburses at least some portion of the requested money or property. A number of states, including Indiana, have passed similar false claims statutes, some of which expand the prohibition against false claims submitted to non-government third-party payors. Because the term "knowingly" is defined broadly under the law to include not only actual knowledge but also deliberate ignorance or reckless disregard of the facts, the FCA can be used to punish a wide range of conduct. The ACA amends the FCA by expanding the number of activities that are subject to civil monetary penalties to include, among other things, failure to report and return known overpayments within statutory limits. FCA investigations and cases have become common in the health care field and may cover a range of activity from submission of intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. Penalties under the FCA are severe and may include damages equal to three times the amount of the alleged false claims, as well as substantial per claim civil monetary penalties. These fines can add up quickly and result in multimillion dollar judgments or settlements. Additionally, violation or alleged violation of the FCA can result in payment suspension pending investigation, the imposition of corporate integrity agreements, or exclusion from Medicare and Medicaid.

The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called "qui tam" actions. Qui tam plaintiffs, or "whistleblowers," can share in the damages recovered by the federal government or recover independently if the government does not participate. The FCA has become one of the federal government's primary weapons against health care fraud and suspected fraud. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse impact on a hospital and other health care providers. Some regulators and whistleblowers have asserted that claims submitted to governmental payors that do not comply fully with regulations or guidelines come within the scope of the FCA.

**Anti-Kickback Law.** The federal "Anti-Kickback Law" is a criminal statute that prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral of a patient (or to induce a referral) or the ordering or recommending of the purchase (or lease) of any item or service that is paid by any federal or state health care program. The Anti-Kickback Law applies to many common health care transactions between persons and entities with which a hospital does business, including hospital-physician joint ventures, medical director agreements, physician recruitment agreements, physician office leases and other transactions. The ACA amended the Anti-Kickback Law to provide explicitly that a claim that includes items or services resulting from a violation of the Anti-Kickback Law constitutes a false or fraudulent claim for purposes of the FCA. Another amendment provides that

an Anti-Kickback Law violation may be established without showing that an individual knew of the statute's proscriptions or acted with specific intent to violate the Anti-Kickback Law, but only that the conduct was generally wrongful. In January 2021, DHHS published final rules that revised the regulations implementing the Anti-Kickback Law to facilitate certain coordinated care and other value-based arrangements among hospitals, physicians and other providers, in order to address concerns that such arrangements might violate the Anti-Kickback Law.

Violations or alleged violations of the Anti-Kickback Law most often result in settlements that require multi-million dollar payments and onerous corporate integrity agreements. The Anti-Kickback Law can be prosecuted either criminally or civilly. A criminal violation may be prosecuted as a felony, subject to a fine of up to \$25,000 for each act (which may be each item or each bill sent to a federal program), imprisonment and exclusion from the Medicare and Medicaid programs, any of which would have a significant detrimental effect on the financial stability of most hospitals. In addition, civil monetary penalties of \$50,000 per item or service in noncompliance (which may be each item or each bill sent to a federal program) or an "assessment" of three times the amount collected may be collected. Increasingly, the federal government and qui tam relators are prosecuting violations of the Anti-Kickback Law under the FCA, based on the argument that claims resulting from an illegal kickback arrangement are also false claims for FCA purposes.

In addition to the federal Anti-Kickback Law, many states, have anti-kickback and/or fee-splitting statutes designed to prohibit inducements or improper remuneration for the referral of patients. In some cases, state statutes are broader or carry larger fines than corresponding federal law. Management of the Obligated Group believes its policies, procedures and business arrangements have been and currently are in material compliance with the Anti-Kickback Law and state anti-kickback and fee-splitting laws and regulations but no assurance can be given that a violation will not be found. Any sanctions imposed as a result of an Anti-Kickback Law or similar state law violation could have a material adverse effect on the Obligated Group's business or financial condition.

**Stark Referral Law.** The Ethics in Patient Referrals Act of 1989 ("Stark I"), as amended in the Omnibus Budget Reconciliation Act of 1993 ("Stark II") (collectively, the "Stark Law"), prohibits any physician from referring Medicare or Medicaid covered patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, and radiology and other imaging services) to entities with which the referring physician has a financial relationship unless that relationship fits within an exception to the Stark Law. It also prohibits a hospital furnishing the designated services from billing Medicare, or any other payor or individual for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark Law violation. If certain substantive and technical requirements of an applicable exception are not satisfied, many ordinary business arrangements between hospitals and physicians may fall within the gambit of the Stark Law, thus triggering the prohibition on referrals and billing. Most providers of designated health services with physician relationships have some exposure to liability under the Stark Law.

Penalties for violation of the Stark Law include denial of payment, recoupment, refunds of amounts paid in violation of the law, exclusion from the Medicare or Medicaid program, and substantial civil monetary penalties for each arrangement or scheme intended to circumvent or to violate the statute, and for false reporting or failure to report certain information required under the law. Violation of the Stark Law may also provide the basis for a claim under the FCA (see discussion above).

Medicare may deny payment for all services performed based on a prohibited referral and a hospital that has billed for prohibited services is obligated to refund the amounts collected from the Medicare program or to make a self-disclosure to CMS under its Self-Referral Disclosure Protocol ("SRDP"). For example, if an office lease between a hospital and a large group of heart surgeons is found to violate the Stark Law, the hospital could be obligated to repay CMS for the payments received from Medicare for all of the heart surgeries performed by all of the physicians in the group for the duration of the lease; a potentially significant amount. As a result, even relatively minor, technical violations of the Stark Law may trigger substantial refund obligations. Moreover, if the violations of the Stark Law were knowing, the government may also seek substantial civil monetary penalties, and in some cases, a hospital may be excluded from the Medicare and Medicaid programs. Increasingly, the federal government is prosecuting Stark Law violations under the FCA, based on the argument that claims resulting from an illegal referral arrangement are also false claims for FCA purposes.

There are exceptions to the self-referral prohibition for many of the customary financial arrangements between physicians and providers, including personal services arrangements and leases. An arrangement must comply with every requirement of a Stark Law exception or the arrangement is in violation of the Stark Law. In November 2020, DHHS issued

a final rule modernizing and clarifying the regulations implementing the Stark Law. As with the Anti-Kickback Law final rule, the revisions are intended to promote certain arrangements that enhance care coordination, improve quality, and reduce waste under the Medicare program.

CMS has established a voluntary self-disclosure program, the SRDP discussed above, under which hospitals and other entities may report Stark Law violations and seek a reduction in potential refund obligations. The limited publicly available information with respect to the SRDP program suggests that most voluntary self-disclosure submissions remain under consideration by CMS for an extended period of time, and that it is difficult to predict how CMS will react to any specific voluntary self-disclosure. The Obligated Group Members may make self-disclosures under this program as appropriate from time to time.

***Civil Monetary Penalties Law.*** The federal Civil Monetary Penalties Law (“CMPL”) provides for administrative sanctions against health care providers for a broad range of billing and other abuses. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Under the Affordable Care Act, Congress amended the CMPL to authorize civil monetary penalties for a number of additional activities, including (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment, (ii) failing to grant the OIG timely access for audits, investigations, or evaluations, and (iii) failing to report and return a known overpayment within statutory time limits. The CMPL authorizes imposition of civil monetary penalties ranging from \$10,000 to \$50,000 for each item or service improperly claimed and each instance of prohibited conduct. Health care providers may be found liable under the CMPL even when they did not have actual knowledge of the impropriety of the claim. It is sufficient that the provider “should have known” that the claim was false, and ignorance of the Medicare regulations is no defense.

***Review of Outlier Payments.*** CMS is reviewing health care providers that are receiving large proportions of their Medicare revenues from outlier payments. Health care providers found to have obtained inappropriately high outlier payments will be subject to further investigation by the CMS Program Integrity Unit and potentially the OIG. Management does not believe that any potential review of its Medicare revenues would materially adversely affect its results of operations of the System.

***Patient Records and Confidentiality.*** HIPAA, as amended by the HITECH Act (discussed below), protects the privacy and security of individually identifiable health information through regulations on Standards for Privacy of Individually Identifiable Health Information (the “Privacy Rule”), Security Standards for the Protection of Electronic Protected Health Information (the “Security Rule”), Standards for Notification in the Case of Breach of Unsecured Protected Health Information comprising (the “Breach Notification Rule”), and Rules for Compliance and Investigations, Impositions of Civil Monetary Penalties, and Procedures for Hearings (the “Enforcement Rule”), (the Privacy Rule, the Security Rules, the Breach Notification Rule, and the Enforcement Rule are collectively referred to as the “HIPAA Rules”).

The American Recovery and Reinvestment Act of 2009 (“ARRA”) includes several provisions that were intended to provide financial relief to the health care sector, including a requirement that states promptly reimburse health care providers under the Medicaid system and subsidiary to the recently unemployed for health care insurance premium costs. The Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”), enacted as part of the ARRA, established a framework for the implementation of a nationally-based information technology platform, including incentive payments that commenced in 2011 to eligible health care providers to encourage implementation of health information technology and “meaningful use” of certified electronic health record technology (“CEHRT”).

The HIPAA Rules, developed through successive waves of the administrative rulemaking process, are extensive and complex. Violations of HIPAA can result in civil monetary penalties and criminal penalties. Provisions of the HITECH Act amend HIPAA by (i) increasing the maximum civil monetary penalties for violations of HIPAA, (ii) granting limited enforcement authority of HIPAA to state attorneys general, (iii) extending the reach of HIPAA beyond “covered entities,” to include “business associates” of covered entities, (iv) imposing a breach notification requirement on HIPAA covered entities and business associates, (v) limiting certain uses and disclosures of individually identifiable health information, (vi) restricting covered entities’ marketing communications, and (vii) permitting the imposition of civil monetary penalties for a HIPAA violation even if an entity did not know and would not, by exercising reasonable diligence, have known of a

violation. The HITECH Act also requires the DHHS Office for Civil Rights (“OCR”) to conduct periodic audits of covered entity and business associate compliance with the HIPAA Rules.

***Security Breaches and Unauthorized Releases of Personal Information.*** As noted above, state and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals’ personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information, which may include demographic information, social security numbers, financial information and health information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed.

In a large hospital or health system, there can often be security incidents related to patient information, which stem from a variety of causes ranging from external or internal deliberate invasions by individuals or employees, to inadvertent loss or misdirection of paper or electronic records, to theft of hardware or software.

***Cybersecurity Risks.*** Health care providers are highly dependent upon integrated electronic medical record and other information technology systems to deliver high quality, coordinated and cost-effective health care. These systems necessarily hold large quantities of highly sensitive protected health information that is highly valued on the black market. As a result, the electronic systems and networks of health care providers are considered likely targets for cyber-attacks and other potential breaches of their systems. Any breach or cyber-attack that limits a health facility’s ability to access its information technology systems or electronic medical records or otherwise compromises patient data could result in the disruption or cessation of facility operations, patient safety issues, the loss of patient records, the payment of significant ransoms, negative press, and/or the imposition of substantial fines or penalties for violation of HIPAA or similar state privacy laws, any of which may adversely affect a health facility’s business or financial condition. As cybersecurity threats continue to evolve, the health care providers may not be able to anticipate certain attack methods in order to implement effective protective measures and may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. Insurance for cyber-attacks may not be sufficient to offset the impact of a material loss event. Additionally, the Obligated Group’s IT systems routinely interface with and rely on third party systems that are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third party service provider could harm the Obligated Group’s business or financial condition. Although the Obligated Group has insurance against some cyber risks and attacks, it may not be sufficient to offset the impact of a material loss event.

In December 2021, Ultimate Kronos Group, a major payroll and human resources software vendor that handles employee time and scheduling for Orlando Health and other healthcare facilities, experienced a cyber-attack affecting its clients on a nationwide basis. As a result, Orlando Health took alternative measures to recover employee time and track hours internally during the Kronos system downtime. While inconvenient, the attack did not have a material adverse effect on the Obligated Group’s operations or finances.

***Licensing, Surveys, Investigations and Accreditations.*** Health facilities are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements of state licensing agencies and The Joint Commission. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other reviews generally conducted in the normal course of business of health facilities. Loss of, or limitations imposed on, hospital licenses or accreditations could reduce hospital utilization or revenues, or a hospital’s ability to operate all or a portion of its facilities or to bill various third party payors. Certain states can levy penalties against hospitals that experience certain significant patient care events, including those that are classified as posing “immediate jeopardy” to patient health and safety.

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

**Medicare and Medicaid Audits.** Hospitals that participate in the Medicare and Medicaid programs are subject from time to time to audits and other investigations relating to various aspects of their operations and billing practices, as well as to retroactive audit adjustments with respect to reimbursements claimed under those programs. Medicare and Medicaid regulations also provide for withholding reimbursement payments under certain circumstances. New billing rules and reporting requirements for which there is not clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health care programs.

**Enforcement Activity.** Enforcement activity against health care providers has increased, and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals and physician groups will be subject to an audit, investigation or other enforcement action regarding the health care fraud laws mentioned above. See “Enforcement Activity” below.

**Regulation of Patient Transfer.** The Emergency Medical Treatment and Active Labor Act (“EMTALA”) requires hospitals that have emergency rooms to provide medical screening and stabilizing treatment before transferring a patient who is medically unstable or in labor to another facility, unless the patient asks to be transferred or a physician certifies that the benefits of the transfer outweigh the risks. The law further prohibits hospitals from delaying such screening or treatment in order to inquire about an individual’s method of payment. Failure to comply with EMTALA can result in exclusion from the Medicare and/or Medicaid programs as well as civil and criminal penalties. In addition, hospitals may be liable for claims brought by any individual who has suffered harm as a result of such violation. Accordingly, failure of acute-care hospitals to meet their responsibilities under EMTALA could adversely affect their financial condition.

**Liability Under State Laws.** Health care providers in Florida also are subject to prosecution and civil penalties under a variety of State laws, notably the following:

**Florida False Claims Act.** Florida’s civil FCA is modeled on the federal law, expanding the prohibition against the submission of false claims to commercial and private third party payors. Pursuant to the Florida FCA, the Department of Legal Affairs of the Office of the Attorney General (the “Department of Legal Affairs”) may, after investigation by the Medicaid Fraud Control Unit of the Department of Legal Affairs, bring an action against any person who knowingly presents a false claim for payment or approval. No proof of specific intent to defraud is required. Actions also may be brought by the Florida Department of Financial Services and by a private person. If found liable under this statute, the individual or facility may be liable for civil penalties, as well as for treble damages.

**Florida Patient Self-Referral Act.** In 1992, the Florida Legislature enacted the Patient Self-Referral Act. This law contains provisions that are similar to those of the federal Fraud and Abuse Law and the Stark Law described above. The Florida Legislature has amended the Patient Self-Referral Act several times, most commonly to expand the prohibitions contained therein. In addition, in 1996 the Florida Legislature adopted a patient brokering law that contains certain expansions of the prohibitions and makes it unlawful for any person, provider or facility to engage in any fee-splitting arrangement to induce referrals, or in return for the referral of patients or patronage. The prohibition also applies to commissions, bonuses, rebates, kickback and bribes. Unlike the federal laws, the Florida laws apply to all patients regardless of payor class. Although the Obligated Group Members believe that they are in compliance with these laws and regulations, there can be no assurance that federal or state regulatory authorities will not challenge past, current or future activities under these laws, and there can be no assurance that the Obligated Group Members will not be found to have violated these laws, and if so, whether any enforcement activity would have a material adverse effect on the operations and financial condition of the Obligated Group Members.

**Florida Hospital Licensing Law.** Florida’s hospital licensing law includes a requirement for treatment of persons with emergency medical conditions that is similar to that contained in the Medicare law. While the Obligated Group Members believe that they are in material compliance with licensure requirements, there can be no assurance that the AHCA will not challenge the Member’s past, current or future activities under these laws and regulations, or that they will be able to comply on a cost effective basis with licensure requirements that may be enacted or adopted in the future.



## **Enforcement Activity**

Enforcement activity against health care providers has increased, and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals and physician groups will be subject to an audit, investigation, or other enforcement action regarding the health care fraud laws mentioned above. In addition, enforcement agencies increasingly pursue sanctions for violations of health care fraud and abuse laws through administrative actions. Administrative regulations may require less proof of a violation than do criminal laws, and, thus, health care providers may have a higher risk of imposition of monetary penalties as a result of administrative enforcement actions.

Enforcement authorities are often in a position to compel settlements by providers charged with or being investigated for false claims violations by withholding or threatening to withhold Medicare, Medicaid and/or similar payments and/or by instituting criminal action. Judicial resolution of a dispute with the government may be unavailable as a practical matter because a hospital may not want to run the risk of an adverse result which could jeopardize the continued viability of the organization. The cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement. For these reasons an additional risk is that a hospital is subject to new and untested interpretations of applicable law and regulations of the enforcement authorities for which redress by judicial process may not be available as a practical matter. Therefore, regardless of the merits of a particular case, a hospital could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation and business of a hospital, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described above, and therefore penalties or settlement amounts often are compounded. Generally these risks are not covered by insurance. Enforcement actions may involve multiple hospitals in a health system, as the government often extends enforcement actions regarding health care fraud to other hospitals in the same organization. Therefore, Medicare fraud related risks identified as being materially adverse as to a hospital could have materially adverse consequences to a health system taken as a whole.

***Exclusions from Medicare or Medicaid Participation.*** The government may exclude a hospital from Medicare/Medicaid program participation that is convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from the Medicare/Medicaid program means that a hospital would be terminated from participation and no program payments can be made. Any hospital exclusion could be a materially adverse event. In addition, exclusion of hospital employees may be another source of potential liability for hospitals or health systems.

***Compliance with Conditions of Participation.*** CMS, in its role of monitoring participating providers' compliance with Conditions of Participation in the Medicare program, may determine that a provider is not in compliance with its conditions of participation. In that event, a notice of termination of participation may be issued or other sanctions potentially could be imposed. See "CERTAIN BONDHOLDERS' RISKS – Patient Service Revenue - Florida Hospital Directed Payment Program" above for more detail on active CMS litigation for noncompliance.

***Increased Enforcement Affecting Research.*** In addition to increasing enforcement of laws governing payment and reimbursement, the federal government has also stepped up enforcement of laws and regulations governing the conduct of clinical trials at hospitals. DHHS elevated and strengthened its Office of Human Research Protection, one of the agencies with responsibility for monitoring federally funded research. In addition, the National Institutes of Health significantly increased the number of facility inspections that these agencies perform. The Food and Drug Administration ("FDA") also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. Moreover, the Office of Inspector General of DHHS, in its "Work Plans," has included several enforcement initiatives related to reimbursement for experimental drugs and devices (including kickback concerns). The United States Department of Justice may also become involved in enforcement actions relating to the use of federal funds or submission of information to federal agencies. There

have been a number of recent government investigations and settlements involving hospital use of federal grant funding in connection with clinical trials and also a settlement involving the submission of claims to Medicare for services provided in a clinical trial. These agencies' enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs, and errors in billing of the Medicare or Medicaid programs for care provided to patients enrolled in clinical trials that is not eligible for Medicare reimbursement can subject certain Obligated Group Members to sanctions as well as repayment obligations.

## **Business Relationships and Other Business Matters**

***Integrated Physician Groups.*** Hospitals and health care systems often own, control or have affiliations with relatively large physician groups. Generally, the sponsoring hospital or health care system is the primary capital and funding source for such alliances and may have an ongoing financial commitment to provide growth capital and support operating deficits. These types of alliances are generally designed to respond to trends in the delivery of medicine to better integrate hospital and physician care, to increase physician availability to the community and/or to enhance the managed care capability of the affiliated hospitals and physicians. These goals may not be achieved, however, and an unsuccessful alliance may be costly and counterproductive to all of the above-stated goals.

These types of alliances are likely to become increasingly important to the success of hospitals in the future as a result of changes to the health care delivery and reimbursement systems that are intended to restrain the rate of increases of health care costs, encourage coordinated care, promote collective provider accountability and improve clinical outcomes. The ACA authorizes several alternative payment programs for Medicare that promote, reward or necessitate integration among hospitals, physicians and other providers.

Whether these programs will achieve their objectives and be expanded or mandated as conditions of Medicare participation cannot be predicted. However, Congress and CMS have clearly emphasized continuing the trend away from the fee-for-service reimbursement model, which began in the 1980s, with the introduction of the prospective payment system for inpatient care, and toward an episode-based payment model that rewards use of evidence-based protocols, quality and satisfaction in patient outcomes, efficiency in using resources, and the ability to measure and report clinical performance. This shift is likely to favor integrated delivery systems, which may be better able than stand-alone providers to realize efficiencies, coordinate services across the continuum of patient care, track performance and monitor and control patient outcomes. Changes to the reimbursement methods and payment requirements of Medicare, which is the dominant purchaser of medical services, are likely to prompt equivalent changes in the commercial sector, because commercial payors frequently follow Medicare's lead in adopting payment policies.

While payment trends may stimulate the growth of integrated delivery systems, these systems carry with them the potential for legal or regulatory risks. Many of the risks discussed herein regarding the current regulatory environment, may be heightened in an integrated delivery system. The foregoing laws were not designed to accommodate coordinated action among hospitals, physicians and other health care providers to set standards, reduce costs and share savings, among other things. CMS and the agencies that enforce these laws have enacted some regulations and guidance, and are expected to institute additional regulatory exceptions, safe harbors or waivers that will enable providers to participate in payment reform programs. However, the additional guidance do not fully clarify these issues, and there can be no assurance that any further regulations or guidance issued will sufficiently clarify the scope of permissible activity. State law prohibitions, such as the bar on the corporate practice of medicine, or state law requirements, such as insurance laws regarding licensure and minimum financial reserve holdings of risk-bearing organizations, may also introduce complexity, risk and additional costs in organizing and operating integrated delivery systems. Tax-exempt hospitals also face the risk in affiliating with for-profit entities that the IRS will determine that compensation practices or business arrangements result in private benefit or private use or generate unrelated business income for the hospitals.

In addition, integrated delivery systems present business challenges and risks. Inability to attract or retain participating physicians may negatively affect managed care, contracting and utilization. The technological and administrative infrastructure necessary both to develop and operate integrated delivery systems and to implement new payment arrangements in response to changes in Medicare and other payor reimbursement is costly. Hospitals may not achieve savings sufficient to offset the substantial costs of creating and maintaining this infrastructure.

The ability of hospitals or health care systems to conduct integrated physician operations may be altered or eliminated in the future by legal or regulatory interpretation or changes, or by health care fraud enforcement. In addition,

participating physicians may seek their independence for a variety of reasons, thus putting a hospital or health care system's investment at risk, and potentially reducing its managed care leverage and/or overall utilization.

**Hospital Pricing.** Inflation in hospital costs may evoke action by legislatures, payors or consumers. It is possible that legislative action at the state or national level may be taken with regard to the pricing of health care services, which in turn could adversely affect the Obligated Group's patient service revenues.

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

**Physician Supply.** Sufficient community-based physician supply is important to hospitals and other health care providers. CMS annually reviews overall physician reimbursement formulas for Medicare and Medicaid. Changes to such physician reimbursement formulas by CMS could lead to physicians ceasing to accept Medicare and/or Medicaid patients. Regional differences in reimbursement by commercial and governmental payors, along with variations in the costs of living, may cause physicians to avoid locating their practices in communities with low reimbursement or high living costs. Hospitals and health systems may be required to invest additional resources in recruiting and retaining physicians, or may be required to increase the percentage of employed physicians in order to continue serving the growing population base and maintain market share.

**Competition Among Health Care Providers.** Increased competition from a wide variety of sources, including but not limited to other hospitals and health care systems, inpatient and outpatient health care facilities, long-term care and skilled nursing services facilities, clinics, joint venture arrangements with physicians and others, may adversely affect the utilization and revenues of hospitals. Existing and potential competitors may not be subject to various restrictions applicable to hospitals, and competition, in the future, may arise from new sources. See "APPENDIX A – MARKET INFORMATION" hereto.

Competition may be focused on services or payor classifications where hospitals realize their highest margins, thus negatively affecting programs that are economically important to hospitals. These new sources of competition may have a material adverse impact on hospitals, particularly where a group of a hospital's principal physician admitters may curtail their use of a hospital service in favor of competitive facilities. Commercial outpatient services, currently among the most profitable for hospitals, may be lost to competitors who can provide these services in an alternative, less costly setting. Freestanding ambulatory surgery centers, for example, may divert significant commercial outpatient volumes traditionally performed at full-service hospitals, which rely upon the revenues generated from commercial outpatient services to fund other less profitable services, and thus the decline of such business may result in the significant reduction of profitable income to the hospital. For example, a large hospital may rely heavily on its outpatient orthopedic surgery programs to generate a revenue stream that may cover certain fixed overhead costs. If a significant number of such a hospital's orthopedic surgeons develop their own specialty surgery center and take with them their patient base, a hospital could experience a rapid and dramatic decline in net revenues that is not proportionate to the number of patient admissions or patient days lost. It is also possible that the competing specialty entity would not be subject to any regulatory requirements to accept indigent patients or beneficiaries of other payor and government programs, leaving low-pay patient populations in the full-service hospital. In certain cases, such an event could be materially adverse to a hospital.

Additionally, scientific and technological advances, new procedures, drugs and devices, preventive medicine and outpatient health care delivery may reduce both inpatient and outpatient utilization and revenues of a hospital in the future or otherwise lead the way to new avenues of competition. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology.

**Alternative and Integrated Delivery Systems.** The Obligated Group Members face increased competition from other hospital facilities and integrated health care delivery systems in their service areas, from HMOs and from other entities providing health care services to the population which the Obligated Group presently serves. The Obligated Group does, and

in the future will, face increased competition from other hospitals and skilled nursing facilities and from other health care providers that offer comparable health care services to the population which each of the Members presently serves. This competition could include the establishment, construction or renovation of hospitals, skilled nursing facilities, HMOs, ambulatory surgical centers, private laboratories and radiological services.

Increased competition also has resulted from: (i) the development of alternative health care delivery systems (such as HMOs and PPOs) in the service areas of the Obligated Group, competition with other hospitals to provide health care services to enrollees of HMOs and PPOs, and competition for patients with delivery systems of HMOs and PPOs providing services at their own or other facilities; (ii) competition for enrollees between traditional insurers, whose patients generally have a free choice of hospitals, and HMOs and PPOs, which may own their own hospitals or substantially restrict the hospitals and physicians from which their enrollees can receive services; (iii) competition for patients between physicians, who generally use hospitals, and non-physician practitioners such as nurse-midwives, nurse practitioners, chiropractors, physical and occupational therapists and others, who may not generally use hospitals; and (iv) competition from nursing homes, home health agencies, ambulatory care facilities, ambulatory surgical centers, rehabilitation and therapy centers, physician group practices, and other nonhospital providers which provide services for which patients currently rely on hospitals.

**Accountable Care Organization.** The changes in the ACA have given rise to Accountable Care Organizations, (“ACOs”) are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to their Medicare patients. The goal of coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors. When an ACO succeeds both in delivering high-quality care and spending health care dollars more wisely, it will share in the savings it achieves for the Medicare program. Medicare offers several ACO programs: a Medicare Shared Savings Program (“MSSP”), a program that helps a Medicare fee-for-service program providers become an ACO; an Advance Payment ACO Model, a supplementary incentive program for selected participants in the Shared Savings Program, and a Pioneer ACO model, designed for early adopters of coordinated care. Participating in an ACO is purely voluntary for providers. The Obligated Group with their physician affiliates began participating in a Medicare Shared Savings ACO, Collaborative Care of Florida, LLC on January 1, 2013. The ACO’s participation in the MSSP was most recently renewed on July 1, 2019. The statutes, regulations and guidance applicable to ACOs are extensive, complex and uncertain as it is under continuous revision by government regulators. ACOs implicate the many of the risks discussed in sections on “Federal and State Fraud and Abuse Laws and Regulations,” “Anti-Kickback Laws,” and “Stark Law”. ACOs are new entities that have become available as a result of the ACA, which include innovative reimbursement and patient care models. In light of the complexity of the Medicare ACO requirements and the novel payment and patient care structures being developed, there can be no assurance that participation in an ACO will have a positive financial impact on the Obligated Group. Moreover, ACO participation could have a material adverse effect on patient volumes, reimbursement, the financial condition and operations of the Obligated Group.

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

**Staffing.** From time to time, the health care industry has suffered from a scarcity of nursing personnel, respiratory therapists, pharmacists and other trained health care technicians. In addition, aging medical staffs and difficulties in recruiting physicians are leading to physician shortages. A significant factor underlying this trend includes a decrease in the number of persons entering such professions. This is expected to intensify in the future, aggravating the general shortage and increasing the likelihood of hospital-specific shortages. Competition for physicians and employees, coupled with increased recruiting and retention costs will increase hospital operating costs, possibly significantly. This trend could have a material adverse impact on hospitals.

**Professional Liability Claims and General Liability Insurance.** In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional

liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers. Insurance does not provide coverage for judgments for punitive damages.

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

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

**Other Class Actions.** Hospitals have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for hospitals and health systems. These class action suits have most recently focused on hospital billing and collections practices, and they may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals and health systems in the future.

**Acquisitions, Mergers and Other Affiliation Transactions.** Acquisitions, mergers, strategic investments, partnerships, divestitures and other similar business transactions are an important part of the System's growth strategy. The System has completed a significant number of acquisitions and strategic investments in recent years and expects to make additional acquisitions and strategic investments and enter other strategic relationships in the future. See "APPENDIX A – STRATEGY AND PLANS FOR THE FUTURE – Recent Initiatives" hereto.

The System may pursue acquisitions, mergers, investments, joint ventures and other transactions to increase market penetration, enter new geographic markets and expand the scope of services provided. There can be no guarantee that the System will identify suitable acquisition candidates or transaction partners, that such transactions will be completed on acceptable terms or that the newly acquired organization will be able to integrate successfully into the operations of the System. If the System decided to sell assets or a line of business, it may have difficulty selling on acceptable terms in a timely manner or at all. If any Obligated Group Member enters into agreements with respect to acquisitions, divestitures, or other transactions, these transactions, or parts of these transactions, may fail to be completed due to factors such as failure to obtain regulatory or other approvals, antitrust hurdles and disputes or litigation, difficulties obtaining financing for the transaction, and other risks. The pursuit of any particular transaction may cause the System to forgo the prospect of entering into other transactions or making other capital allocation decisions that could help achieve its strategic objectives. If the System fails to complete a transaction, it may have incurred significant expenses in connection with such transaction which cannot be recovered, and the failed transaction may result in negative publicity and a negative perception of the System.

Acquisitions or other transactions engaged in by the System have been and could be of significant size and involve operations in multiple jurisdictions or new areas where the System has not previously operated. The System used a significant amount of cash and incurred substantial indebtedness in connection with the financing and refinancing of the acquisitions of South Lake Hospital, St. Cloud Hospital, Bayfront Health Hospital and Dorado, which were completed during the last four years. See the consolidated audited financial statements of Orlando Health and Subsidiaries included as APPENDIX B hereto, including, without limitation, notes 8 and 13 thereto, for a discussion of certain financing matters related to such acquisitions. Subject to the terms of the Master Indenture, the Obligated Group may borrow money or incur other liabilities to finance acquisitions, investments and other transactions and complete the integration of the acquired entities. Such borrowings might not be available on terms as favorable as the Obligated Group's current borrowing terms and would likely reduce liquidity and increase leverage, which could negatively impact ratings on the Obligated Group's outstanding debt, including the Bonds, and increase the System's vulnerability to adverse economic and industry conditions. Furthermore, the Master Indenture and other financing agreements relating to the Obligated Group's outstanding indebtedness contain financial covenants and restrictive covenants including limitations on leverage, indebtedness, liens, sale and leaseback transactions and mergers and other fundamental changes. Compliance with these restrictive covenants can be affected by events beyond the System's control or ability to predict, including by events and circumstances arising in connection with acquired entities. In addition, a breach of these covenants could result in an event of default with respect to

the indebtedness, which, if not cured or waived, could result in the indebtedness becoming immediately due and payable and could have a material adverse effect on the System's business, financial condition or operating results.

Acquisitions, mergers, strategic investments, joint ventures and other similar transactions are difficult, time-consuming, and pose a number of risks, including:

- Failure of acquired healthcare entities and businesses to achieve projected revenues;
- Problems in integrating the acquired businesses with the System's existing business;
- Difficulties entering into new markets in which the System is not experienced or where competitors may have stronger positions;
- Potential downward pressure on operating margins due to lower operating margins of acquired businesses, increased headcount costs and other expenses associated with adding and supporting new healthcare operations and related services;
- Difficulties in retaining and integrating key employees and medical personnel;
- Substantial reductions of the System's cash resources and/or the incurrence of debt;
- Failure to realize expected synergies or cost savings;
- Difficulties in integrating or expanding healthcare operational and administrative systems, including information technology and human resources systems;
- Difficulties in negotiating, governing and realizing value from strategic investments and partnerships;
- Assumption of known and unanticipated liabilities, including debt, tax, litigation, cybersecurity and commercial-related risks, and the related expenses and diversion of resources;
- Incurrence of costs and use of additional resources to remedy issues identified prior to or after an acquisition;
- Disruption of ongoing business operations, including diversion of management's attention and uncertainty for employees, particularly during the post-acquisition integration process;
- Potential negative impacts on relationships with patients, communities in which the System operates, suppliers and business partners;
- Exposure to new operational risks, regulations, and business customs to the extent acquired operations are located in regions where the System is not already conducting business;
- The need to implement controls, processes and policies at acquired healthcare providers that may have previously lacked such controls, processes and policies in areas such as cybersecurity, information technology, privacy and more;
- Negative impact on the System's net income and results of operations resulting from acquisition or investment-related costs; and
- Requirements imposed by government regulators in connection with their review of an acquisition, including required divestitures or restrictions on the conduct of the System's business or the acquired business.

Moreover, the acquisition and integration of other businesses would divert management attention from other business activities. The growth and expansion of the System's healthcare services and the increase in full-time employees to provide services resulting therefrom place significant challenges on the System's management, operational and financial resources, including managing multiple relationships with healthcare providers, suppliers, regulators, medical insurance and reimbursement providers, and other third parties. This diversion, together with other difficulties that may be incurred in integrating an acquired business, could have a material adverse effect on the System's business, financial condition and results of operations. As the System continues to grow in number of employees and facilities, it may be required to implement more complex organizational management structures, which could increase the costs of operations and negatively affect the workplace culture the System strives to maintain. If the System continues to grow, its technology systems, procedures or internal controls may not be adequate. If the System is unable to effectively manage growth and manage the foregoing risks, the acquisitions, strategic investments and other business transactions that the System completes may have a material adverse effect on its business, results of operations and financial condition.

***Antitrust.*** Enforcement of the antitrust laws against healthcare providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances including medical staff privilege disputes, third-party contracting, physician relations, and joint venture, merger, affiliation and acquisition activities. In some respects, the application of the federal and state antitrust laws to healthcare providers is still evolving, and enforcement activity by federal and state agencies appears to be increasing. At various times, healthcare providers may be subject to an investigation by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Violation of the antitrust laws could be subject to criminal and civil enforcement by federal and state agencies, as well as by private litigants.

From time to time, the Obligated Group Members 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 Obligated Group Members 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 Obligated Group Members, 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 System 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.

***Certificate of Need Program.*** Florida law provides for a Certificate of Need ("CON") program which historically applied to the offering or development of certain health care-related projects and institutional health services. The CON program in Florida is administered by the AHCA. Florida's CON program historically required, among other things, AHCA's review of proposed establishment of, additions to, conversions of, or substantial changes in certain health services by or on behalf of the System under certain conditions, and depending upon the type of health care facility; the new construction or establishment of additional facilities; the replacement of existing facilities to be located on different sites; provides for expedited review of certain health-care-related projects; and exempts certain health-care-related projects from review.

In the 2019 legislative session, a bill was passed effective July 1, 2019, that: (1) eliminated the requirement to obtain a CON prior to establishing a general acute-care or long-term acute-care hospital, and (2) eliminated the requirement that a hospital must obtain a CON prior to offering a new tertiary service. Tertiary services include: pediatric cardiac catheterization; pediatric open-heart surgery; neonatal intensive care units; comprehensive rehabilitation; medical or surgical services which are experimental or developmental in nature to the extent that the provision of such services is not yet contemplated within the commonly accepted course of diagnosis or treatment for the condition addressed by a given service;

heart, kidney, liver bone marrow, lung transplantation; pancreas and islet cells and heart/lung transplantation; adult open heart surgery; and neonatal and pediatric cardiac and vascular surgery. The bill specifies that AHCA may continue to use the CON rules for the regulation of a tertiary service until such time as AHCA adopts licensure rules for such services.

Effective July 1, 2021, the bill eliminates the requirement to obtain CON prior to establishing a new class II, III or IV hospital. Class II hospitals include children's and women's hospitals; Class III hospitals include specialty medical, rehabilitation, and psychiatric, and substance abuse hospitals; and Class IV hospitals are specialty hospitals restricted to offering Intensive Residential Treatment Facility Services for Children.

No assurance can be given as to the ability of the Obligated Group to obtain CON approval for future projects necessary for the maintenance of competitive rates and charges or quality and scope of care. The Obligated Group has all CONs or letters of exemption required for the operation of their facilities and its current capital projects.

No assurance can be given that the Florida CON Law will not be amended or repealed, in whole or in part, following the date of this Official Statement as part of an amendment to the Florida state constitution or by other change in law.

### **Tax Reform**

Tax reform legislation (the "Tax Act") was passed by both houses of Congress and signed into law on December 22, 2017. A previous version of tax reform legislation had proposed to eliminate the federal tax-exemption of private activity bonds issued after December 31, 2017, including bonds for the benefit of organizations, such as the Obligated Group Members, that are tax-exempt under Section 501(c)(3) of the Code (directly or indirectly). The Tax Act did not contain this provision, but did eliminate the exemption for interest on advance refunding bonds. Section 501(c)(3) organizations such as the Obligated Group Members will therefore no longer be permitted to use proceeds of an issue of tax-exempt bonds to refinance existing debt unless such debt is paid within ninety days of the related issuance.

The Tax Act contained numerous other tax changes affecting tax-exempt organizations, including changes to unrelated business income tax provisions and a new executive compensation excise tax imposed on an exempt organization with respect to certain highly-compensated individuals. All or any of such provisions and/or other provisions affecting the Obligated Group contained in current or future tax reform legislation, may materially impact the future cost and/or availability of borrowed funds, the market price or marketability of the bonds in the secondary market, and the operations, financial position and cash flows of the Obligated Group.

### **Tax-Exempt Status**

The IRS has intensified its scrutiny of a broad variety of contractual relationships commonly entered into by tax-exempt hospitals with physicians and for-profit entities, such as recruitment arrangements, income guarantees and joint ventures. The IRS has issued detailed hospital audit guidelines and has commenced intensive audits of select health care providers to determine whether the activities of these providers are consistent with their continued tax-exempt status. The IRS has indicated that, in certain circumstances, violation of the fraud and abuse statutes could constitute grounds for revocation of a hospital's tax-exempt status. Any suspension, limitation, or revocation of the tax-exempt status of or assessment of significant tax liability could have a material adverse effect on the Obligated Group Members.

Intermediate sanctions provisions of the Code impose penalty excise taxes in lieu of (and in certain situations, in addition to) revocation of tax-exempt status where an exempt organization is found to have engaged in an "excess benefit transaction" with a "disqualified person," meaning that organization insiders have received some type of unreasonable compensation or excessive economic benefit from the organization. The tax is imposed both on the disqualified person receiving such excess benefit and on any officer, director, trustee or other person having similar powers or responsibilities who participated in the transaction willfully or without reasonable cause, knowing it would involve "excess benefit."

### **ACA Requirements for Tax-Exempt Status**

As part of the ACA, Congress enacted Section 501(r) of the Code, which imposes additional requirements for hospitals and other designated health care organizations to be treated as tax-exempt under Code Section 501(c)(3). Under these rules, in order to maintain their tax-exempt status hospitals must establish and publicize written financial assistance



policies, conduct community health needs assessments at least once every three years and describe in their annual tax returns how they are addressing the needs identified in such assessments. Tax-exempt hospitals are also subject to limitations on their collection activities and the amounts they can charge for emergency or other medically necessary care for individuals eligible for financial assistance. Failure to comply can result in fines and the loss of a hospital's tax-exempt status.

### **Risks Related to Variable Rate Indebtedness**

The Obligated Group has previously incurred indebtedness that is variable rate and therefore subject to risks associated generally with variable rate indebtedness including renewal risk of credit and liquidity facilities and put risk at the option of the holder. Such interest rates vary from time to time, and are subject to increase for a variety of factors associated with the credit characteristics of both the Obligated Group and the credit or liquidity provider, and risks associated with general economic conditions that could cause an increase in interest rates. Such indebtedness is subject to conversion to fixed interest rates, which rates are likely to be higher than the rates borne on the indebtedness while bearing interest at variable rates.

### **Utilization of Derivatives Markets**

Orlando Health has in the past utilized, and Orlando Health and the other Obligated Group Members in the future may utilize, the derivatives markets with interest rate swaps to manage exposure to interest rate volatility. The interest rate swaps are designed to hedge variable rate indebtedness and are structured so that Orlando Health pays a fixed rate. Orlando Health has entered into multiple interest rate swaps to hedge the variable cash flows associated with existing variable rate indebtedness. In the event of an early termination of any swap, Orlando Health or another Member of the Obligated Group may owe a payment to the related swap provider, and such amount, which cannot currently be calculated, may be substantial. The payment obligations of Orlando Health or a Member of the Obligated Group under the swap agreements will not alter the obligations of Orlando Health or a Member of the Obligated Group to pay or make payments with respect to principal of, redemption price and purchase price of, and interest on any other indebtedness. See the audited consolidated financial statements of Orlando Health and Subsidiaries included in APPENDIX B hereto, including notes 2, 4 and 8 thereof, for additional information on derivative financial instruments. See also "APPENDIX A – DERIVATIVE TRANSACTIONS" for a discussion of Orlando Health's outstanding swap transactions.

The Obligated Group Members have a Board approved policy with respect to the utilization of interest rate swap transactions which takes into account termination risks, counterparty risks and other risks associated with such transactions.

### **Libor Phase Out Could Affect Swap Transactions and Future Cost of Funds**

The Obligated Group's outstanding interest rate swap transactions (the "Swaps") bear interest at rates that are currently determined using, or are currently payable on, a London Interbank Offered Rate ("LIBOR") index. In 2017, the U.K. Financial Conduct Authority (the "UK FCA"), the body that regulates and supervises the publication of LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR, in part based on the existence in the LIBOR market of manipulation of the index by those involved in submitting rates for the calculation of LIBOR.

On November 30, 2020, the ICE Benchmark Administration Limited announced its plan to extend the date that most U.S. Dollar LIBOR values (including those applicable to the Swaps) would cease being computed and published from December 31, 2021 to June 30, 2023. The Obligated Group has amended its long term debt facilities to replace LIBOR with the secured overnight financing rate (SOFR) as the basis for the interest it pays on such facilities. Although the Obligated Group has confirmed with the banks that are the counter-parties to the Swaps that they will invoke and apply the ISDA protocol regarding the replacement of LIBOR under such Swaps, if future uncertainty surrounding the calculation of LIBOR in the meantime results in sudden changes in LIBOR rates, the payments required to be made, if any, under the Swaps, may be materially adversely affected. Further, the phase out of LIBOR and migration to SOFR or any other replacement interest rate base may increase the costs and availability of financing or otherwise materially adversely affect the Obligated Group depending on the market levels of any such replacement rates and the vulnerability to manipulation, if any, of any such replacement rate. Ultimately, the replacement of LIBOR with SOFR or any other successor rate could cause the amount of interest payable on the Obligated Group's long-term debt to be different or higher than expected.

## **Labor Relations**

Not-for-profit health care providers and their employees are under the jurisdiction of the National Labor Relations Board. At the present time, none of the System's employees are members of unions or receive union wages and benefits. The System is recruiting nurses, medical technicians, physicians in certain specialties and other qualified professional personnel. Availability of such qualified professionals in most markets served by the System is limited. The nursing shortage has resulted in increased costs due to overtime payments and an increased use of contract nurses. Unionization of employees or a shortage of qualified professional personnel could cause an increase in payroll costs beyond those projected. The System cannot control the prevailing wage rates in its respective service areas and any increase in such rates will directly affect the costs of its operations. The ability to maintain adequate staffing has been exacerbated by the COVID-19 pandemic and could be further exacerbated by COVID-19 vaccination mandates imposed by employers or governmental agencies, including those required by CMS.

## **Other Factors**

***Amendments to Master Indenture.*** Certain amendments to the Master Indenture may be made with the consent of the holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under the Master Indenture. These amendments could be made without the consent of the holders of the Bonds.

Purchasers of the Bonds should be aware that the covenants contained in the Master Indenture may in the future be changed, diluted, or made less restrictive by future amendments to which they do not consent. See "APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE – Supplemental Master Indentures Not Requiring Consent of Obligation Holders" hereto.

***Gross Revenue Pledge.*** The effectiveness of the security interest in the accounts and Gross Revenues of the Obligated Group pledged pursuant to the Master Indenture may be limited by a number of factors, including (i) the absence of an express provision permitting assignment of receivables due the System under the Medicare and Medicaid programs or under the contract(s) between the Obligated Group Members and Blue Cross, and present or future prohibitions against assignment contained in any federal statutes or regulations; (ii) certain judicial decisions that cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of the Obligated Group Members, to collect and retain accounts receivable from Medicare, Medicaid, general assistance and other governmental programs; (iii) statutory liens; (iv) rights arising in favor of the United States of America or any agency thereof; (v) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vi) federal bankruptcy laws which may affect the priority of claims against the assets of the Obligated Group and the enforceability of the Master Indenture or the security interest in the Gross Revenues which are earned by the Obligated Group within 90 days preceding and after any effectual institution of bankruptcy proceedings by or against the Obligated Group; (vii) rights of third parties in the Obligated Group's revenues converted to cash and not in the possession of the Trustee or the Master Trustee; and (viii) claims that might gain priority if appropriate financing or continuation statements are not filed in accordance with the Florida Uniform Commercial Code as from time to time in effect.

## **Matters Relating to Enforceability of the Master Indenture**

***General.*** The obligations of the Obligated Group Members to make payments of debt service on the Series 2023 Obligation and other Obligations issued pursuant to and under the Master Indenture would be joint and several. If the proceeds of the Series 2023 Obligation or such other Obligations were not loaned or otherwise distributed to such Obligated Group Member, such Series 2023 Obligation or such other Obligations may not be enforceable to the extent such payments: (a) are requested to make payments on such Series 2023 Obligation or such other Obligations which are issued for a purpose that is not consistent with the charitable purposes of the Obligated Group Member from which such payment is requested or which is issued for the benefit of any entity other than a Tax-Exempt Organization; (b) are requested to be made from any Property which is donor restricted or which is subject to a direct or express trust which does not permit the use of such Property for such payments; (c) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Obligated Group Member from which such payment is requested; or (d) are requested to be made pursuant to any loan violating applicable usury laws. Due to the absence of clear legal precedent in this area, the extent to which the Property of any present or future Obligated Group Member falls within category (b) referred to above cannot be determined and could be substantial.

An Obligated Group Member may not be required to make payments on Obligations issued by or for the benefit of another Obligated Group Member to the extent any such payment would render such Obligated Group Member insolvent or would conflict with, not be permitted by or would be subject to recovery for the benefit of other creditors of such Obligated Group Member under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear precedent in the law as to whether payments by an Obligated Group Member in order to pay debt service on the Obligations issued by or for the benefit of another Obligated Group Member may be voided by a trustee in bankruptcy in the event of a bankruptcy of the Obligated Group Member or by third-party creditors in an action brought pursuant to state fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under state fraudulent conveyance statutes, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or state fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to compel an Obligated Group Member to pay debt service on Obligations issued by or for the benefit of another Obligated Group Member, a court might not enforce such a payment in the event it is determined that such Member is analogous to a guarantor and that fair consideration or reasonably equivalent value for such guaranty was not received and that the incurrence of such obligation has rendered and will render the Obligated Group Member insolvent or the Obligated Group Member is or will thereby become undercapitalized or that the Obligated Group Member intended to incur or believed it would incur debts beyond its ability to pay at maturity.

There exist common law authority and authority under state statutes for the ability of the state courts to terminate the existence of a not-for-profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes. Such court action may arise on the court's own motion or pursuant to a petition of the state attorney general or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

In addition, the provisions of the Master Indenture provide certain limitations on the ability of Bondholders to pursue payment of the Series 2023 Obligation. See "APPENDIX D — FORM OF SECOND AMENDED AND RESTATED MASTER INDENTURE — REMEDIES — Remedies; Rights of Obligation Holders" hereto.

***Direct Purchase Bonds.*** The Authority has issued one series of tax-exempt variable rate revenue bonds for the benefit of Orlando Health that have been purchased directly by a bank and may, in the future, issue variable or fixed rate revenue bonds for the benefit of the Obligated Group which may be purchased directly by a bank or banks or other financial institutions (herein, a "Purchaser") in a private placement ("Direct Purchase Bonds"). As of the date hereof, Direct Purchase Bonds are outstanding in the aggregate principal amount of \$83,175,000, all of which are subject to mandatory tender by the Purchaser for purchase by Orlando Health on October 1, 2041.

The Authority loaned the proceeds from the sale of the Direct Purchase Bonds to Orlando Health pursuant to a separate loan agreement ("Series 2011 Loan Agreement") for such series of the Direct Purchase Bonds, and Orlando Health issued and delivered to the Trustee for such series of the Direct Purchase Bonds (the "Direct Purchase Trustee") a separate Obligation issued under the Existing Master Indenture ("Direct Purchase Obligation"). Concurrently with the issuance of the Direct Purchase Bonds, Orlando Health also entered into a Credit Agreement and a Purchase Contract, all as amended through the date hereof, with the Purchaser ("the Series 2011 Loan Agreement, the Credit Agreement and Purchase Contract herein collectively, the "Direct Purchase Loan Documents") for such series of the Direct Purchase Bonds.

A Direct Purchase Loan Document may contain covenants in addition to, or that vary from, the covenants contained in the Master Indenture, and such covenants may be waived, modified or amended by the Purchaser or a related Purchaser without notice to or consent by the related Direct Purchase Trustee, the holder of the related Direct Purchase Obligation or any other person. If an event of default occurs under a Direct Purchase Loan Document, the related Purchaser may give notice thereof to the related Direct Purchase Trustee and an event of default will occur under the related Direct Purchase Loan Document, thereby causing an event of default under the related bond indenture ("Direct Purchase Indenture"). Upon the occurrence of an event of default under a Direct Purchase Indenture, the related Direct Purchase Trustee may exercise any of the remedies provided in the related Direct Purchase Indenture, including the acceleration of the related Direct Purchase

Bonds and the related Direct Purchase Obligation prior to an acceleration of all other Obligations issued and outstanding under the Master Indenture.

### **Bond Ratings**

There is no assurance that any rating assigned to the Bonds will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds.

### **Investment Performance**

The Obligated Group has had in the past and the Obligated Group continues to have holdings in a broad range of investments. Market fluctuations have affected and will continue to affect materially the value of those investments and those fluctuations may be and historically have been material.

Investment income has contributed significantly to the Obligated Group's financial results. The Obligated Group retains the services of investment consultants and professional money managers to assist in all aspects of the investment portfolio except for the funds held by the Trustee. The Finance Committee of the Board of Directors of Orlando Health (the "Board") has established investment policies for each pool of investments and the money managers are required to comply with these policies. There can be no assurance of returns on the investment portfolio or the investment strategy that will be pursued by the Obligated Group in the future. The Obligated Group records its investments at market value. Interest income, net of capitalized interest income and dividend income, and realized and unrealized gains and losses are included in investment income. See audited consolidated financial statements of Orlando Health and Subsidiaries included in APPENDIX B hereto, including notes 4 and 5 thereof, for additional information on the Obligated Group's investments.

### **Tax-Exempt Status and Other Tax Matters**

***Maintenance of Tax-Exempt Status of Interest on the Bonds.*** The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States Treasury, and a requirement that its Authority file an information report with the IRS. See "TAX MATTERS" herein. The Authority has covenanted in the Indenture, and the Borrowers have covenanted in the Loan Agreement, that each will comply with such requirements. Future failure by the Authority or by the Borrowers to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Bonds as taxable, retroactively to the date of issuance. The Authority has covenanted in the Indenture, and the Borrowers have covenanted in the Loan Agreement, that each will not take any action or refrain from taking any action that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

The IRS, under its compliance check program, has from time to time sent post-issuance compliance questionnaires to several hundred nonprofit corporations that have borrowed on a tax-exempt basis regarding their post-issuance compliance with various requirements for maintaining the federal tax exemption of interest on their bonds. The questionnaire includes questions relating to the borrower's (i) record retention, which the IRS has particularly emphasized, (ii) qualified use of bond-financed property, (iii) arbitrage yield restriction and rebate requirements, (iv) debt management policies, and (v) voluntary compliance and education.

The hospital-specific reporting obligations generally are set forth in a Schedule H to the Form 990. On Schedule H, hospitals and health systems must report how they provide community benefit, community building activities, specify certain billing and collection practices, identify charity care and bad debt practices, describe certain joint venture activities, including percentage ownership and/or control by the tax-exempt entity, certain interested persons and physicians and provide a description of affiliated operated health care facilities. Schedule K requires detailed information related to all outstanding bond issues of tax-exempt borrowers, including information regarding operating, management and research contracts as well as private use compliance. Tax-exempt organizations must also complete Schedule J, which requires reporting of compensation information for the organizations' officers, directors, trustees, key employees, and other highly compensated employees.

Section 4958 of the Code imposes excise taxes on “excess benefit transactions” between “disqualified persons” and tax-exempt organizations such as the Obligated Group. According to the legislative history and regulations associated with Section 4958, these excise taxes may be imposed by the IRS either in lieu of or in addition to revocation of exemption. These intermediate sanctions may be imposed in situations in which a “disqualified person” (such as an “insider”) engages in “excess benefit transactions” such as (i) a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receipt of unreasonable compensation from a tax-exempt organization or (iii) receipt of payment in an arrangement that violates the prohibition against private inurement. A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of \$20,000 per transaction. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organizational manager) if the excess benefit is not corrected within a specified period of time. Fair market value and reasonable compensation for tax purposes typically reflect a range rather than a specific dollar amount, and the IRS does not rule in advance on whether a transaction results in more than fair market value payment or more than reasonable compensation to a disqualified person. Although it is not possible to predict what enforcement action, if any, the IRS might take related to potential excess benefit transactions, consistent with the legislative history of Section 4958, regulations issued by the IRS in March 2008 indicate that not all excess benefit transactions jeopardize exempt status. Rather, the IRS will consider all relevant facts and circumstances including: the size and scope of the organization’s activities that further exempt purposes; the size, scope and frequency of any excess benefit transactions; whether the organization has implemented appropriate safeguards reasonably designed to prevent future excess benefit; and whether the organization has made good faith efforts to correct any excess benefit such as by obtaining repayment of the amount of any excess benefit.

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

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

There is no assurance that an IRS review relating to the charitable activities of Orlando Health and Subsidiaries, including, without limitation, Health Central, South Lake, Osceola and OHI West, would not adversely affect the market value of the Bonds or of other outstanding tax exempt indebtedness of the Obligated Group Members. Additionally, the Bonds or other tax-exempt obligations issued for the benefit of the Obligated Group may be, from time to time, subject to examinations or audits by the IRS.

The Obligated Group believes that the Bonds properly comply with the tax laws. In addition, on the date of issuance of the Bonds, Bond Counsel will render an opinion with respect to the tax-exempt status of the Bonds, as described under the caption “TAX MATTERS.” No ruling with respect to the Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts. There can be no assurance that an examination of the Bonds will not adversely affect the Bonds or the market value of the Bonds. See “TAX MATTERS” herein.

***Limitations on Contractual and Other Arrangements Imposed by the Internal Revenue Code.*** As tax-exempt organizations, Obligated Group Members are limited with respect to their use of practice income guarantees, reduced rent on medical office space, low interest loans, joint venture programs and other means of recruiting and retaining physicians. Uncertainty in this area has been reduced somewhat by the issuance by the IRS of guidelines on permissible physician recruitment practices. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals

and has issued a detailed audit guide suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on or revocation of their tax-exempt status or assessment of additional tax. Any suspension, limitation, or revocation of the Borrowers' tax-exempt status or assessment of significant tax liability would have a materially adverse effect on the Borrowers and might lead to loss of tax exemption of interest on the Bonds.

### **Changes in Law**

Current and future legislative proposals, if enacted into law, clarification of the Internal Revenue Code of 1986, as amended (the "Code") or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation. See "TAX MATTERS" herein for further information regarding the tax status of the Bonds.

### **TAX MATTERS**

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the Borrowers have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to compliance by the Authority and the Borrowers with the above-referenced covenants, under present law, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Code. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the Borrowers with respect to certain material facts within the knowledge of the Authority and the Obligated Group and will rely on the opinion of Carlton Fields, P.A., special counsel to the Obligated Group, that the Borrowers are 501(c)(3) organizations and as to certain other matters. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts which it deems relevant to render such opinion and is not a guarantee of any result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The issue price for original issue discount and market discount purposes (the "Investor Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The Investor Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside front cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the public offering, but at a price different from the Investor Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized

when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Authority as a taxpayer and the holders of the Bonds may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

## **RATINGS**

Moody's Investors Service ("Moody's") and Standard and Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("S&P") have assigned their municipal bond ratings of "A2" (stable outlook) and "A+" (stable outlook), respectively, to the Bonds based on the credit of the Obligated Group. Such ratings reflect only the views of the respective rating agencies, and are not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of such ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich St., New York, New York 10007, Telephone (212) 556-1658 and from S&P, 55 Water Street, New York, New York 10014, Telephone (212) 438-2124. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings on the Bonds will remain in effect for any given period of time or that the ratings may not be lowered, suspended or withdrawn entirely by either such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the secondary market price of the Bonds.

Neither the Authority, the Obligated Group nor the Underwriters have undertaken the responsibility of taking any action with respect to possible changes in such ratings or of bringing any such changes to the attention of holders of the Bonds except as otherwise set forth in the Continuing Disclosure Agreement, which requires the Obligated Group to post changes to such ratings to EMMA (defined herein) in accordance with the Rule (defined herein). See "CONTINUING DISCLOSURE" herein and "FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE OBLIGATED GROUP" in APPENDIX F hereto.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (“Bond Counsel”), which has been retained by, and acts as, Bond Counsel to the Authority. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP, has, at the request of the Authority, reviewed the information under the captions “THE SERIES 2023A BONDS” (apart from the information relating to DTC and its book-entry only system), “SECURITY FOR THE BONDS (apart from the information appearing under the subcaption “Outstanding Obligations”),” “TAX MATTERS,” “APPENDIX C - DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT” and “APPENDIX D – FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE” solely to determine (i) whether such information describing or summarizing certain provisions of the Bonds, the Indenture (apart from the information relating to The Depository Trust Company and its book-entry only system), the Loan Agreement and the Master Indenture, are accurate summaries of such provisions in all material respects, and (ii) whether such information contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. In addition, in its capacity as Bond Counsel, Chapman and Cutler LLP, at the request of the Authority, has reviewed the information in the Official Statement under the caption “TAX MATTERS,” concerning certain federal tax matters relating to the Bonds, in order to determine that such information is an accurate summary in all material respects. The review described in this paragraph was undertaken solely at the request and for the benefit of the Authority and did not include any obligation to establish or confirm factual matters set forth herein.

Certain legal matters will be passed upon for the Authority by its general counsel, Lowndes Drosdick Doster Kantor & Reed, P.A., Orlando, Florida; for the Obligated Group by their counsel, Carlton Fields, P.A., Tampa, Florida; and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, New York, New York.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **FINANCIAL ADVISOR**

The Borrowers have retained Kaufman, Hall & Associates, LLC (“Kaufman Hall”), Skokie, Illinois, a municipal advisory firm registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board, 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.

## **INDEPENDENT AUDITORS**

The consolidated financial statements of Orlando Health, Inc. and Subsidiaries as of September 30, 2022 and 2021 and for each of the years then ended, included in APPENDIX B to this Official Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their report thereon appearing in APPENDIX B to this Official Statement.

## **CONTINUING DISCLOSURE**

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. Orlando Health, as Obligated Group Agent, has assumed all responsibility for continuing



disclosure to the Bondholders as described below, and the Authority shall have no liability to the holders of the Bonds or any other person with respect to continuing disclosure pursuant to the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the “Rule”).

Orlando Health, as Obligated Group Agent of the Obligated Group, in a Continuing Disclosure Agreement related to the Bonds (the “Undertaking”), will covenant for the benefit of holders and beneficial owners of the Bonds to provide (i) certain financial information and operating data relating to the Obligated Group following the end of each Fiscal Year (the “Annual Report”), commencing with the report for the Fiscal Year ending September 30, 2023, (ii) certain quarterly financial information and operating data (the “Quarterly Financial and Operating Information”) relating to the Obligated Group following the end of each fiscal quarter, commencing with the report for the fiscal quarter ended December 31, 2022, and (iii) notices of the occurrence of certain enumerated events, if material. The Annual Report, the Quarterly Financial and Operating Information and any notices of material events will be filed by or on behalf of the Obligated Group with the Municipal Securities Rulemaking Board (the “MSRB”) electronically through MSRB’s Electronic Municipal Market Access System (“EMMA”). The specific nature of the information to be contained in the Annual Report, the Quarterly Financial and Operating Information and the notices of material events is set forth in APPENDIX F hereto. The covenant has been made in order to assist the Underwriters in complying with the Rule. See “FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE OBLIGATED GROUP” attached as APPENDIX F hereto.

Digital Assurance Certification (“DAC”) has been retained as dissemination agent on behalf of the Obligated Group in connection with filing its Annual Reports pursuant to its Undertaking.

A failure by the Obligated Group to comply with its Undertaking will not constitute an event of default under the Loan Agreement (although holders of the Bonds will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **UNDERWRITING**

The Series 2023A Bonds are being purchased by Morgan Stanley & Co. LLC, on behalf of itself and J.P. Morgan Securities LLC (collectively, the “Underwriters”) at an aggregate purchase price of \$332,420,045.45 (which represents the principal amount of the Series 2023A Bonds, less an Underwriters’ discount of \$1,323,115.80, plus original issue premium of \$33,743,161.25). The Contract of Purchase with respect to the Bonds (the “Contract of Purchase”) among the Underwriters, the Authority and Orlando Health, on behalf of itself and as Obligated Group Agent, provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Contract of Purchase.

Pursuant to the Contract of Purchase, the Obligated Group will indemnify the Underwriters and the Authority against losses, claims and liabilities arising out of any untrue statement of a material fact contained in this Official Statement or the omission therefrom of any material fact in connection with the transactions contemplated by this Official Statement.

In addition to the compensation described above, the Underwriters may receive additional compensation in connection with providing certain investments with respect to the funds under the Indenture.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or

instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective 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.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC (“JPMS”), an underwriter 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 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

## **LITIGATION**

### **The Authority**

There is not now pending or, to the knowledge of the Authority, threatened, any litigation restraining or enjoining the issuance, sale or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which the Bonds are to be issued. There is no litigation pending or, to the Authority’s knowledge, threatened which in any manner questions the right of the Authority to enter into the Loan Agreement with the Borrowers or to secure the Bonds in the manner provided in the Indenture.

### **The Obligated Group**

There is not now pending or, to the knowledge of Orlando Health (as the Obligated Group Agent), threatened, any litigation or any proceeding before any governmental agency against or affecting any member of the Obligated Group which questions the right of the Borrowers to execute, deliver and perform their obligations under the Loan Agreement or the Series 2023 Obligation.

No litigation, proceedings or investigations are pending or, to the knowledge of Orlando Health (as the Obligated Group Agent), threatened against any member of the Obligated Group except: (i) litigation being defended by insurance companies on behalf of the Obligated Group in which the recoveries, if any, should be within the Obligated Group’s applicable insurance policy limits or litigation for which adequate self-insurance is provided and (ii) litigation, proceedings and investigations which, in the opinion of Orlando Health (as the Obligated Group Agent), are either unlikely to be adversely determined or unlikely, if determined adversely, to result in a material adverse effect on the operations or financial condition of the Obligated Group, considered as a whole.

## **BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS**

The Act provides that bonds issued pursuant thereto are securities in which all public officers and public bodies of the State and its political subdivisions and all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. The Act also provides that bonds issued pursuant thereto are securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is now or may hereinafter be authorized by law. No representation is made as to the eligibility of the Bonds for investment or any other purpose under any law of any other state.

## MISCELLANEOUS

The Obligated Group has furnished all information in this Official Statement, except in the sections captioned “THE AUTHORITY,” “THE SERIES 2023A BONDS - Book-Entry Only System,” “TAX MATTERS,” “LEGAL MATTERS,” “FINANCIAL ADVISOR,” “UNDERWRITING” and “LITIGATION - The Authority,” and has furnished the information in the Appendices, except APPENDIX E. The Authority assumes no responsibility for the accuracy or completeness of the information in this Official Statement except in the sections “THE AUTHORITY” and “LITIGATION - The Authority.”

The references herein to the Act, the Indenture, the Loan Agreement, the Series 2023 Obligation, the Existing Master Indenture, the Master Indenture and other documents referred to in this Official Statement are brief summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to the Act and such documents.

The agreement of the Authority and the Bond Trustee with the owners of the Bonds is fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements are made in this Official Statement involving matters of opinion, estimates or projections, whether or not expressly stated as such, they are not to be construed as representations of fact or guaranty of any kind.

The use of this Official Statement has been duly approved by the Authority and the execution and delivery hereof has been approved by Orlando Health, as Obligated Group Agent of the Obligated Group.

ORLANDO HEALTH, INC.,  
as Obligated Group Agent

By:     /s/ Leslie Flake      
Title: Chief Financial Officer and Senior Vice President

**APPENDIX A**

**INFORMATION REGARDING THE OBLIGATED GROUP**

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## INTRODUCTION

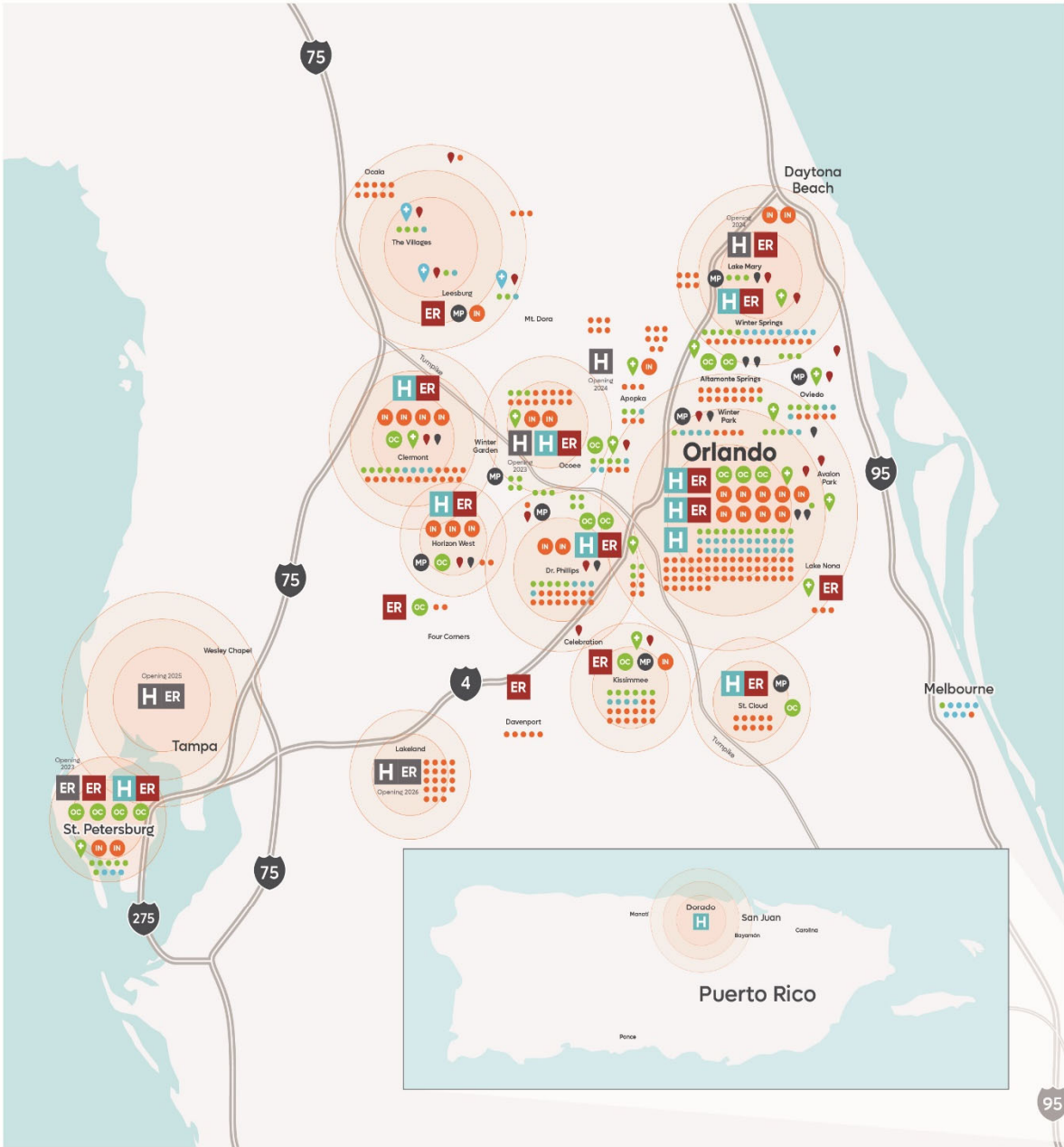
Orlando Health, Inc. (“Orlando Health” or the “Corporation”) is a not-for-profit healthcare organization with \$8.1 billion of assets as of September 30, 2022. Headquartered in Orlando, Florida, the system’s oldest hospital was founded in 1910 and today the system encompasses several healthcare facilities offering primary and specialist physician care, secondary and tertiary acute care and rehabilitation care. Orlando Health and certain of its hereinafter-defined Subsidiaries are collectively referred to herein as the “System”. See “Organizational Structure” below.

The System is recognized for its pediatric and adult Level One Trauma program, co-located at Orlando Health Arnold Palmer Hospital for Children (“APH”) and Orlando Health Orlando Regional Medical Center (“ORMC”). The System is also home to Orlando Health Winnie Palmer Hospital for Women & Babies, which houses the nation’s largest neonatal intensive care unit under one roof and is the only facility in the southeast to offer open fetal surgery to repair the most severe form of spina bifida. Orlando Health also operates the Orlando Health National Training Center for Olympic athletes. With a robust Graduate Medical Education program that hosts more than 350 residents and fellows, Orlando Health has pioneered research including therapies for end-stage breast cancer and identifying biomarkers to detect traumatic brain injury.

Orlando Health is a 3,245-bed system that includes 18 wholly owned hospitals and emergency departments; rehabilitation services, cancer institutes, heart institutes, imaging and laboratory services, wound care centers, physician offices for adults and pediatrics, skilled nursing facilities, an in-patient behavioral health facility under the management of Acadia Healthcare, home healthcare services in partnership with LHC Group, and urgent care centers in partnership with FastMed Urgent Care. Nearly 3,300 physicians, representing more than 90 medical specialties and subspecialties, have privileges across the System, which employs more than 25,000 team members. Areas of clinical excellence are orthopedics, heart and vascular, cancer care, neurosciences, gastroenterology, surgery, pediatric specialties, neonatology, women’s health and trauma.

Orlando Health hospitals are: Orlando Health Orlando Regional Medical Center; Bayfront Health St. Petersburg, Orlando Health Dr. P. Phillips Hospital; Orlando Health South Lake Hospital; Orlando Health South Seminole Hospital; Orlando Health – Health Central Hospital; Orlando Health Horizon West Hospital; Orlando Health Arnold Palmer Hospital for Children; Orlando Health Winnie Palmer Hospital for Women & Babies, Orlando Health St. Cloud Hospital and, effective October 1, 2022, Doctors’ Center Hospital Orlando Health – Dorado in Dorado, Puerto Rico. Additionally, Orlando Health has established several institutes where the System’s highest level of clinical care, research and education are concentrated. These programs include the following: Orlando Health Cancer Institute, Orlando Health Heart & Vascular Institute, Orlando Health Jewett Orthopedic Institute, Orlando Health Digestive Health Institute, Orlando Health Neuroscience Institute, and Orlando Health Women’s Institute.

In its fiscal year ended September 30, 2022, Orlando Health served approximately 142,000 inpatients and more than 3.9 million outpatients. During the fiscal year ended September 30, 2021, Orlando Health provided approximately \$782.1 million in total value to the communities it serves in the form of charity care, community benefit programs and services, community-building activities and more.





## **HISTORY**

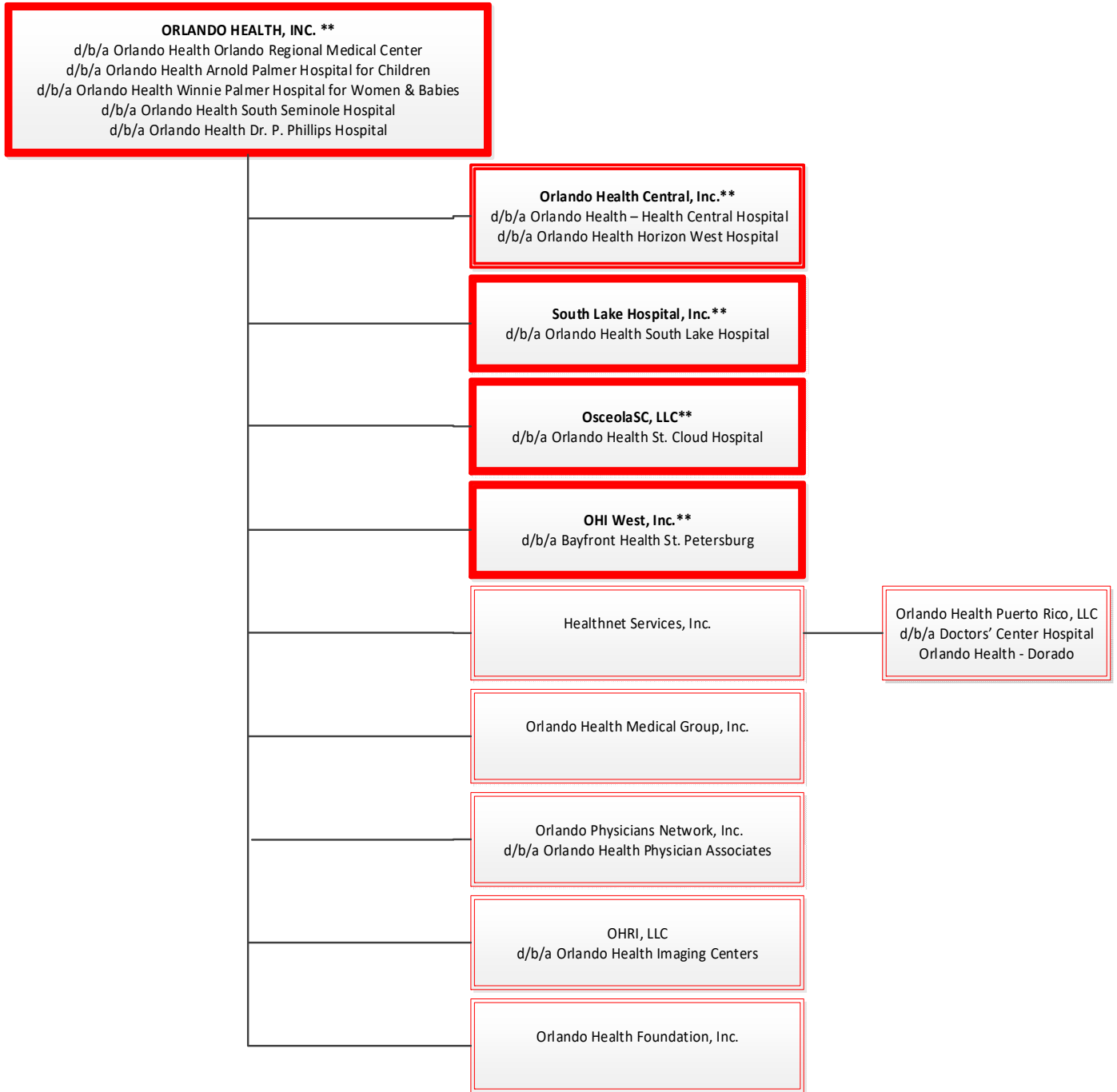
Orlando Health encompasses facilities throughout Central Florida, extending to the Gulf Coast of Florida, and most recently in Puerto Rico, as the result of the acquisition of Doctor's Center Hospital Orlando Health -Dorado. Orlando Health offers primary and specialist physician care, secondary and tertiary acute care and rehabilitation care. Specialized treatment includes medicine, surgery, cardiology, oncology, pediatrics, orthopedics, obstetrics and emergency care. The Corporation also owns and operates a variety of healthcare related organizations, including a multi-specialty physician group, a primary care physician group, several surgical and imaging centers, a clinically integrated network and an accountable care organization.

## **ORGANIZATIONAL STRUCTURE**

The Corporation controls various affiliates ("Subsidiaries") as the sole or majority member, sole shareholder or through Board appointment and approval of all major transactions. Since the Corporation has a greater than 50 percent controlling interest in the Subsidiaries, the accounts of the Subsidiaries are included in the consolidated financial statements of the Corporation.

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Below is an organizational chart of the System.



**\*\* Obligated Group Members**

## ORLANDO HEALTH OVERVIEW

The System provides acute care at the following hospitals:

Orlando Health Orlando Regional Medical Center (“ORMC”). ORMC is a major teaching hospital located in downtown Orlando and is the Corporation’s flagship medical center. ORMC includes a total of 898 acute care and rehabilitative beds, is one of Florida’s statutory teaching hospitals, and offers graduate medical education in eight physician specialties and 30 fellowship programs. ORMC is the site of Central Florida’s only Level One trauma center in its primary service area for adults and an American Burn Association certified Burn Center. ORMC’s 845-acute bed tertiary care center focuses in cardiovascular, neurosciences, digestive health oncology, orthopedics and trauma. It is one of Central Florida’s largest providers of intensive and progressive-care services.

A 74,000 square-foot Ambulatory Care Center (“ACC”) is connected to ORMC, which facilitates efficient exchange of staff and equipment between ORMC and the ACC. ACC provides a variety of sophisticated diagnostic and interventional procedures along with outpatient surgical cases. The center is currently being expanded to house the Digestive Health Institute along with the multi-specialty outpatient surgery center.

Orlando Health Arnold Palmer Medical Center. The Arnold Palmer Medical Center includes the Arnold Palmer Hospital for Children and the Winnie Palmer Hospital for Women & Babies. The hospitals are physically adjoined, facilitating the provision of specialty neonatal and intensive pediatric services as needed to newborns, as well as transport of patients and staff and the provision of shared ancillary and support services. This structure supports cost effective care to patients of both facilities.

Orlando Health Arnold Palmer Hospital for Children (“Arnold Palmer Hospital” or “APH”). Arnold Palmer Hospital is located two blocks from ORMC on the downtown campus and includes 156 licensed beds. Arnold Palmer Hospital is the setting for the provision of specialized care to the children of Central Florida. State-of-the-art pediatric services are provided by a comprehensive staff, which includes pediatric subspecialty physicians.

Orlando Health Winnie Palmer Hospital for Women & Babies (“Winnie Palmer Hospital”). Winnie Palmer Hospital opened in 2006 and includes programs and services focusing on the unique needs of pregnant women and newborns. An average of 13,000 births a year take place at the facility, positioning the facility as one of the busiest obstetrical centers in the United States. In FY 2019, Winnie Palmer Hospital launched its successful in-utero surgery program to repair spina bifida, a spinal defect developed by the fetus during the early stages of pregnancy. It is the first and only hospital in the state of Florida to offer this unique procedure and meets an important need across the state and southeast region. While fetal surgery is not a cure for spina bifida, studies show that it can significantly reduce the need for a spinal shunt at birth and can improve the child’s mobility and leg function. The fetal surgery program at Orlando Health began with the recruitment of Samer Elbabaa, MD, a pediatric neurosurgeon who has performed nearly 100 of these procedures in his career. During the program’s first year, Dr. Elbabaa performed nearly a dozen cases on mothers and their unborn babies. Winnie Palmer Hospital’s 350 total beds include 142 neonatal intensive care beds, making it one of the largest neonatal intensive care units in the United States.

Together, the two facilities operate under the Arnold Palmer Medical Center license, which includes 506 licensed beds (364 acute care, 90 NICU Level II, and 52 NICU Level III).

Orlando Health Dr. P. Phillips Hospital (“Dr. P. Phillips Hospital”). Dr. P. Phillips Hospital is a medical and surgical facility serving southwest Orange County, located 10 miles southwest of the ORMC campus. Dr. P. Phillips Hospital is licensed for 285 acute care beds. Dr. P. Phillips Hospital opened in

1985 and serves Southwest Orlando community residents and visitors near Walt Disney World, Universal Studios, Sea World, International Drive and other area attractions. Dr. P. Phillips Hospital's services include: 24-hour emergency services (with 56 adult and pediatric beds); surgical services (including robotic and minimally invasive surgery, neurosurgery, colorectal surgery, vascular surgery and orthopedics); 4-room catheterization lab handling diagnostics; interventional and EP cardiovascular care; diagnostic and interventional imaging services (including radiology, nuclear medicine, and angiography); cancer care, an accredited Chest Pain and Heart Failure Program; certified Hip and Knee Replacement programs; and a designated Stroke Program. Dr. P. Phillips Hospital is also home to an endoscopy center for hospital patients and a freestanding endoscopy center for ambulatory patients along with a comprehensive wound care center (including hyperbaric oxygen therapy for wound care). Dr. P. Phillips Hospital also has a 24-bed freestanding ER in Osceola County and an 18-bed freestanding ER located in Randal Park.

Orlando Health South Seminole Hospital ("South Seminole"). South Seminole is a 206-bed acute care hospital located in Longwood, Florida, 15 miles north of the ORMC campus. Of its 206 beds, 126 are acute care and 80 are inpatient behavioral health. South Seminole is a full-service community hospital that provides services for critical care, medical-surgical and behavioral health patients, and has a 37-bed emergency department, surgical department, endoscopy center and diagnostic cardiac catheterization laboratory. South Seminole also provides a full range of outpatient services including hyperbaric oxygen therapy for wound care, diagnostic and interventional radiology, nuclear medicine, laboratory, surgical, MRI, and outpatient psychotherapy services. South Seminole currently operates a 25-bed freestanding ER on the site of the future Lake Mary Hospital.

Orlando Health- Health Central Hospital ("Health Central"). Health Central operates a 216-bed acute care hospital ("Health Central Hospital"), and a 118-bed skilled nursing facility ("Health Central Park"), just west of Orlando, Florida. Health Central has completed a substantial campus development with the construction of a \$28 million cancer center and a 110-bed skilled nursing facility, consisting of a 60-bed rehabilitation unit, a 40-bed Alzheimer's unit, and a 10-bed hospice unit.

Orlando Health Horizon West Hospital ("Horizon West"). Health Central also operates Horizon West which is a 60-bed acute care hospital located in Winter Garden, Florida just west of Orlando, Florida. Horizon West is Orlando Health's newest facility that recently opened in January 2021. Horizon West is a full-service community hospital with a 23-bed emergency department, medical offices, and an outpatient rehabilitation suite.

Orlando Health South Lake Hospital ("South Lake"). Orlando Health has been the sole member of South Lake since 2019, prior to which it held a 50 percent membership interest. South Lake is a 147-bed acute care hospital with 30 additional sub-acute beds. Located in Lake County, Florida, South Lake offers the surrounding communities a diverse and comprehensive scope of services including cardiac catheterization, cardiopulmonology and diagnostic imaging services, obstetrics, emergency, and rehabilitation.

Orlando Health St. Cloud Hospital ("St. Cloud"). OsceolaSC, LLC, dba St. Cloud Regional Medical Center, is an 84-bed hospital with associated healthcare operations in St. Cloud, Florida. Prior to taking full ownership in 2020, the System held a 20 percent minority interest in the hospital for more than 15 years.

Bayfront Health St. Petersburg ("BHSP"). Effective October 1, 2020, the System finalized the purchase of the 480-bed Bayfront Health St. Petersburg and its associated healthcare operations in St. Petersburg, Florida from an affiliate of Community Health Systems, Inc. Located in Pinellas County, Florida, BHSP provides a diverse and comprehensive scope of services. BHSP is a teaching hospital that provides comprehensive services in trauma and emergency care; orthopedics, obstetrics and gynecology;

cardiac medicine and surgery (specializing in valve surgery); neurosciences (with its own epilepsy center); sports medicine; surgery and rehabilitation. More than 550 physicians are on staff with specialties ranging from open-heart surgery to fertility treatment.

It is also home to Bayflite, an air medical helicopter transport program. Bayflite, the largest hospital-based flight program in the Southeastern United States, was started more than two decades ago and is the first flight program in Florida that carried lifesaving blood on every flight.

Bayfront Health St. Petersburg is nationally accredited by the Joint Commission and also maintains the following accreditations and certifications: Level II Trauma Center, Level III Regional Perinatal Intensive Care Center, Comprehensive Stroke Center (DNV accredited), Level IV Epilepsy Center (NAEC accredited), and Total Hip & Knee Replacement.

*Doctors' Center Hospital Orlando Health – Dorado (“Dorado”)*. Effective October 1, 2022, the System finalized the purchase from SHC Holdings, LLC of the 105-bed acute-care hospital, Sabanera Health – Dorado and its associated healthcare operations in Dorado, Puerto Rico. The purchase price was \$122.5 million. Doctors' Center Hospital is continuing to manage day-to-day operations of Dorado.

The following services distinguish the System in the Central Florida market:

**Level One Trauma Center** – Orlando Health is the only provider of Level One trauma services in its primary service area in Central Florida and is one of only 10 Level One trauma centers serving Florida's 67 counties. ORMC treats adults and APH treats children needing trauma services. ORMC's trauma center is one of the busiest in the state and nation. Orlando Health is the only hospital in the area licensed for air transport from the scene of accidents across 15 counties in a 100-mile radius. In fiscal year 2022, the Air Care Team transported 2,312 patients.

One of the nation's busiest Level One trauma centers, ORMC saw 6,359 trauma cases in fiscal year 2022 and APH saw an additional 1,121 pediatric cases.

**Orlando Health Cancer Institute (“OHCI”)** – OHCI is a comprehensive, multidisciplinary cancer program serving the adult oncology needs of the Central Florida region. Since 1984, it has been accredited by the Commission on Cancer, a program of the American College of Surgeons that recognizes cancer care programs. The current medical staff consists of 59 medical, surgical and radiation oncologists with specialties in brain and spine, genitourinary, breast, gastrointestinal, gynecologic, head and neck, hematology, melanoma and sarcoma, thoracic, dental oncology, and aesthetic and reconstructive oncology needs. The robust radiation oncology program includes the Marjorie and Leonard Williams Center for Proton Therapy, the first proton therapy center in Central Florida, and one of only six in the state. OHCI is one of Florida's five state-designated Cancer Centers of Excellence. It also is accredited by the American Society of Clinical Oncology (“ASCO”) Quality Outpatient Practice Initiative (“QOPI”), the National Accreditation Program for Breast Centers (“NAPBC”) as well as the American College of Radiation (“ACR”)/American Society of Radiation Oncology (“ASTRO”) for the radiation oncology department.

**Statutory Teaching Hospital** – Orlando Health is one of the hospitals in Florida recognized as a statutory teaching hospital. The post graduate medical education programs include eight teaching programs and fellowships in 30 specialties. A statutory teaching hospital is defined in Florida law as a hospital officially affiliated with an accredited Florida medical school exhibiting activity in graduate medical education as measured by appropriate accreditation bodies.

**Perinatal Care Center** – Winnie Palmer Hospital for Women & Babies is a state-designated Regional Perinatal Intensive Care Center, which requires the provision of the highest acuity neonatal

services, pediatric subspecialist support and high-risk obstetrics. The unique integration of these programs at the Winnie Palmer Hospital for Women & Babies distinguishes Orlando Health from local competitors. In addition, Winnie Palmer Hospital for Women & Babies received Perinatal Care Recertification from The Joint Commission in 2021. It is among approximately 60 hospitals in the country, and the only one in Central Florida, to earn this recognition.

**Pediatric Subspecialty Services** – The System offers a comprehensive range of pediatric subspecialists, including more than 120 physicians employed by Orlando Health Medical Group, Inc.

**Orlando Health Heart and Vascular Institute (“OHHVI”)** – Since 2011, OHHVI has served the Central Florida community as a clinically integrated, quality driven model of care for cardiovascular services. The multidisciplinary group includes the following subspecialties: general cardiology, advanced cardiac imaging, advanced heart failure, interventional cardiology, electrophysiology, cardiac surgery, and vascular surgery. Programs include structural heart disease, atrial fibrillation, cardio-oncology, aortic surgery, vascular surgery comprehensive heart failure, chest pain, pulmonary hypertension, prevention and wellness, and cardiac rehabilitation. The OHHVI is composed of 77 cardiologists, who delivered care to almost 33,000 new patients and more than 408,000 established visits in fiscal year 2022. OHHVI also delivers cardiology services in the acute-care setting at seven System hospitals.

**Orlando Health Neuroscience and Rehabilitation Institute** - At the Orlando Health Neuroscience & Rehabilitation Institute, the multidisciplinary team of neurologists and neurosurgeons specializes in advanced procedures and techniques for conditions that affect the body’s nervous system, including the brain, spinal cord and nerves. It offers both inpatient and outpatient services and sophisticated diagnostic testing capabilities. Neurological specialties include stroke, neuro-oncology, movement disorders, neurospine and brain surgery, memory disorders and brain trauma and rehabilitation. As the area’s only Level One Trauma Center, Orlando Health’s Neuroscience Rehabilitation Institute offers the most advanced neurological care available. Additionally, this institute has achieved advanced certification as a Comprehensive Stroke Center (Orlando Health Orlando Regional Medical Center) and Primary Stroke Centers (Orlando Health Dr. P. Phillips Hospital, Orlando Health – Health Central Hospital, Orlando Health South Lake Hospital, Orlando Health South Seminole Hospital).

**Orlando Health Jewett Orthopedic Institute** – The Orlando Health Jewett Orthopedic Institute is one of the largest orthopedic and sports medicine practices in its primary service area in Central Florida. According to the Journal of American Academy of Orthopedic Surgeons, Orlando Health’s orthopedic residency program ranks fourth in the United States, with more than 70 years of excellence in graduate medical education. This institute provides comprehensive care for over 220,000 patients each year. Doctors specialize in joint replacement, hand and upper extremities, foot and ankle, orthopedic trauma, sports medicine, concussions, musculoskeletal radiology and bone health.

**Orlando Health Women’s Services** - Orlando Health provides a full-range of women’s healthcare services including well-woman care, women’s imaging, breast and bone health, labor and delivery services including maternal fetal medicine for high risk pregnancies, urogynecology, gynecologic oncology and minimally invasive gynecological surgery. Orlando Health Winnie Palmer Hospital for Women & Babies is home to a Level III NICU that cares for the tiniest babies. In addition, the team of fetal care specialists and surgeons are the only team in the southeast who are able to perform innovative procedures to repair the most severe form of spina bifida, including in-utero surgery.

**Orlando Health Digestive Health Institute** - The Orlando Health Digestive Health Institute is a national and international destination for care, offering comprehensive and coordinated care to evaluate, diagnose and treat a wide range of conditions affecting the digestive tract and gastrointestinal organs, including the most complex cases. The team of physician leaders specialize in the most advanced

treatments for complex digestive conditions, including subspecialty care in gastroenterology, pancreatology, inflammatory bowel diseases (IBD), motility, hepatology and therapies focusing on advanced endoscopy. They deliver therapeutic options supported by sophisticated technology and procedures, including minimally invasive approaches.

**Robotic Surgery Epicenters of Excellence** – The System has one of the largest groups of da Vinci Epicenters of Excellence and experts in robotic surgery in the United States. More than 7,000 robotic procedures are performed annually with 20 advanced surgical robots offering the latest technology. Four robotic surgery centers were selected to be Epicenters of Excellence because of their patient outcomes, safety record and the surgeons’ extensive experiences performing a high volume of successful robotic surgeries. To be designated as an epicenter, surgeons within a specific medical specialty must serve as robotic surgery trainers and mentors to other doctors seeking to learn robotic surgery. The System’s Robotic Surgery Epicenters of Excellence are in the specialties of general surgery, gynecologic cancer, gynecologic surgery, thoracic surgery and weight loss surgery.

## **STRATEGY AND PLANS FOR THE FUTURE**

The Corporation’s vision is to be “a trusted leader inspiring hope through the advancement of health.” Its mission is “to improve the health and quality of life of the individuals and the communities it serves.” The Corporation stresses exceptional patient care as a top priority and its strategies serve to support the delivery of this care.

Orlando Health’s strategic direction is guided by a strategic planning framework known as “The Orlando Health Way.” Launched in 2015, the planning process is centered on six strategic imperatives meant to guide the future direction of the Corporation. This strategic planning framework combined with a disciplined long-range capital allocation methodology is designed to result in continued improved market position for the System. The Corporation is in the execution and realization phase of its strategic plan, the objectives of each imperative are described below.

- Embrace Quality and Safety - To be an organization that is recognized locally and nationally for quality and safety.
- Earn Physician Loyalty - To be a good, trusted partner for physicians.
- Become the Best Place to Work - To be an irresistible place to work and the first place people in healthcare want to work.
- Drive Growth and Innovation - To grow and regain Orlando Health’s market share, and to do it with innovation by thinking and doing things differently.
- Strengthen Economics - To be an organization that is financially healthy.
- Serve Customers Well - To be easy to use as a healthcare system – a place that gives and receives great care.

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# THE ORLANDO HEALTH WAY



## Recent Initiatives

***Expanding Access.*** The System continues its expansion of strategic access points across the Orlando market area and beyond to serve nearby communities that are outside the original primary service area (including Osceola, Lake, Pinellas and Polk Counties) and, most recently, in response to the growing Puerto Rican population in the United States, specifically in Central Florida, to address community need in both Orlando and Puerto Rico. In 2019, the System acquired South Lake Hospital in Lake County. In 2020, the System acquired St. Cloud Hospital in Osceola County. In 2020, the System acquired Bayfront Health St. Petersburg in Pinellas County. In October 2022, the System acquired Sabanera Health – Dorado (now Doctors’ Center Hospital Orlando Health – Dorado) in Dorado, Puerto Rico. The System’s number of ambulatory access points increased from 92 locations in 2016 to 312 locations in 2022. The System also has embarked on a regional cancer center expansion that provides oncology services more conveniently to patients who reside in communities surrounding Orlando. Aside from surgeries, patients can receive the treatments they need close to home and under one roof. In addition to the main campus site of Orlando Health Cancer Institute, four regional care centers are located at Health Central Hospital campus, in the community of Lake Mary close to South Seminole Hospital, on the Dr. P. Phillips Hospital campus and on the South Lake Hospital campus. Since the inception of the regional cancer centers in 2016, there has been a shift of the System’s oncology patients being treated on the ORMC campus with an increase of patients receiving oncology care in a community setting. With the addition of additional sub-specialties into the regional care centers, the Corporation expects the trend to continue and patients will travel to the main ORMC campus only for complex surgeries, stem cell transplants, and clinical trials and procedures that are best delivered in high volume, highly specialized tertiary care setting such as the ORMC campus.

A similar expansion strategy is also underway with the System’s specialty and primary care practices. OHHVI has grown to consist of 77 cardiologists, 4 cardiac surgeons, and 7 vascular surgeons at 24 locations in six counties. Orlando Health Physician Associates (“OHPA”), now has more than 176 primary care physicians and 63 advanced practice providers at 86 clinical locations in five counties.



Another important access expansion for the System has been the acquisition of Jewett Orthopedic Clinics (“Jewett”) in January 2020. Jewett had a presence in the Orlando area for over 80 years. The addition of 25 orthopedic physicians and a well-recognized practice with more than 220,000 patient visits per year, helps establish Orlando Health as one of the largest providers of orthopedic services in the state of Florida. Construction of the Orthopedic Institute located on the downtown campus is currently underway with an expected completion date in 2023.

In April of 2021, the System acquired FHV Health, a multispecialty medical group of 19 physicians and 10 locations, including primary care, cardiology practices, and urgent care facilities in Lake, Sumter, and Marion counties.

By expanding its geographic footprint, the System is working towards achieving scale required to drive better outcomes, rapidly deploy innovation, extend clinical capabilities across the enterprise and meet the needs of all patients, wherever they are located.

From time to time, the System evaluates and pursues potential acquisition, merger and affiliation candidates as part of its overall strategic planning and development process, which includes strengthening the System’s presence in both its primary and secondary service areas. Because of the integration occurring throughout the health care industry, the System may from time-to-time consider such strategic transactions. Management of the System is continually evaluating business opportunities that may involve the addition or acquisition of, or affiliation with, other organizations and enterprises, or the divestiture of enterprises that members of the Obligated Group or their affiliates currently own or operate or with which members of the Obligated Group or their affiliates are currently affiliated. The System is often in simultaneous discussions regarding potential combinations. Most discussions do not result in formal collaboration. The System does not typically disclose such discussions unless and until a definitive agreement is reached.

***Upcoming Capital Projects.*** To meet the healthcare needs of the community, the System continues to invest in strategic capital projects across the region, with plans to spend more than \$3.7 billion on such projects during the next 60 months. Key projects include:

- **Orlando Health Jewett Orthopedic Institute:** Located on the downtown Orlando campus, the institute is designed to include an acute care hospital with up to 75 inpatient beds, 10 operating rooms, clinical research and conference center developed in partnership with Orlando Health-employed orthopedic physicians. The institute is to include a medical pavilion with outpatient clinics, an imaging suite, and an ambulatory surgery center with 12 operating rooms and three procedure rooms. An 830-space parking deck has been constructed to support the institute. Construction is underway and is scheduled to be complete in early 2023 and summer 2023 on the medical pavilion and hospital, respectively. Total project costs for the complex are expected to be \$365 million.
- **Orlando Health Lakeland Highlands Hospital:** Located in Polk County, southwest of Orlando, the hospital will be a seven-story tower and have 302 inpatient beds, nearly 30 ICU/progressive care rooms, a 16 room women’s birthing program, and a 48-bed emergency department. The facility will include space for a future neonatal intensive care unit. Total project costs are estimated to be \$575 million and will be partially funded with the Series 2023A Bond proceeds. The target for completion is spring of 2026.
- **Orlando Health Lake Mary Hospital:** Located in the city of Lake Mary in Seminole County, north of Orlando, the hospital will include two bed towers and have 210 inpatient beds plus a future neonatal intensive care unit. Additional scope includes six operating rooms, two cath labs, an **interventional** radiology suite, imaging, ten observation beds, a chapel, kitchen and

dining areas, a gift shop, full support areas, a surface parking lot, and site improvements. Construction began in 2021 and the hospital is expected to open in summer 2024. Total project costs for the hospital are expected to be \$300 million and are being funded with proceeds from the Corporation's 2022 bond offering.

- **Orlando Health South Lake Hospital Bed Tower and Women's Program:** Located in the city of Clermont in Lake County, this project includes a 5-story bed tower addition to the existing Orlando Health South Lake Hospital as well as an expansion of the existing women's pavilion. The women's pavilion expansion includes a new postpartum unit, a renovated and expanded Labor & Delivery unit, and renovations to ground floor clinic space. The bed tower includes women's outpatient services, an Intensive Care Unit, shell space for a future Neonatal Intensive Care Unit, a medical-surgical unit and a shell floor for a future bed unit. Total project costs are estimated to be \$145 million and will be partially funded with the Series 2023A Bond proceeds. The target for completion of this project is January 2024.
- **Orlando Health ORMC Surgical Expansion:** The project includes the addition of 5 operating rooms, an intraoperative magnetic resonance imaging (indri) operating room, expansion of pre-op and post-op capacity, expansion of the Post Anesthesia Care Unit, and expansion of waiting rooms. This project is expected to be complete in summer 2023 with total costs estimated at \$80 million including associated enabling infrastructure and central energy plant capacity.
- **Orlando Health Digestive Health Institute:** A new Digestive Health Institute with total costs estimated at \$43 million is comprised of two phases. The first phase was completed in January 2022 and transformed the existing second floor of the Ambulatory Care Center on the downtown Orlando campus, adding four procedure rooms and support areas. Phase 2 is currently underway and includes a building addition and fit-out of two added procedure rooms, pre-post, lobby, research, offices and clinic space on the third floor. The target dates for completion for Phase Two is June 2023 and October 2023.
- **Orlando Health Neuroscience Institute:** A new 45,000 square-foot, three-story medical office building on the downtown Orlando campus will be home to neuroscience practices. With an estimated cost of \$35 million, the project includes a series of enabling projects and demolition of an existing building for the redevelopment of that site. This project is expected to be completed in February 2024.
- **Orlando Health ORMC Bone Marrow Transplant (BMT) Program:** This program includes a new infusion suite on the third level of the Ambulatory Care Center, an expanded pharmacy, and administrative offices relocated and constructed on the fourth floor of the Ambulatory Care Center. A new 16-bed BMT/oncology unit will be completed on the fifth floor of the cancer institute and a new BMT infusion area on its fourth floor. This is a phased \$39.5 million project with multiple stages that will continue through the next several years.
- **Orlando Health Women's Institute:** This project has various phases of work to consolidate and enhance women's services within key locations on the downtown Orlando campus. The primary project is within Orlando Health Winnie Palmer Hospital for Women & Babies and the overall scope includes renovations for Imaging, Breast Health, WICU, Triage and Urogyn, Advanced GYN, and Fetal care as well as the addition of 3 new operating rooms and associated support spaces. The total project cost is \$42.5 million and is expected to be completed during 2024.

- **Orlando Health ORMC Ambulatory Care Center Expansion:** This \$23 million project is underway and includes a four-story, 54,000-square-foot building shell addition to the south and west sides of the Ambulatory Care Center on the downtown Orlando campus. The scope of work involves major moving of underground utilities and building services, as well as new utility tunnel and service relocations, three new elevators, a new mechanical penthouse, driveway changes and patient drop-off canopy. This project is expected to be completed in June 2023.
- **Orlando Health Advanced Rehabilitation Institute:** This \$14.5 million project includes a two-floor renovation of a recently built skilled nursing facility to convert to a 53-bed Medical Rehabilitation Hospital with intensive programs for stroke, Neuro, and trauma patients. The facility includes a state-of-the-art rehabilitation gymnasium and treatment facility and is expected to be completed in April 2023. The project will be partially funded with the Series 2023A Bond proceeds.
- **Orlando Health - Health Central Park:** This project involves demolition of two 1960 vintage skilled nursing wings of a Skilled Nursing Facility with 100 existing beds to remain. The two new wings and central core will add 40 memory Care Beds, 60 Skilled Nursing beds, and 10 advanced acute care nursing beds. The central core will include reception, a rehab space, administrative offices, new laundry, and expansion of the kitchen capacity. There will also be finish upgrades to the dining and connection hallways. This project has a value of \$40 million and will be partially funded with the Series 2023A Bond proceeds. The target for completion is spring 2024.
- **Bayfront Health Emergency Room and Medical Pavilion - Crossroads:** The \$38 million project now under construction includes a 14,800 square foot Free-Standing Emergency Department (FSED) affiliated with Bayfront Health St. Petersburg on the first floor of a 3-story, 44,400 square foot medical office building. The FSED has 12 treatment rooms including 1 Resuscitation Room, 1 Triage room, CT, Rad Room, lab, nurses' station and support space. Future plans include fit out of the second and third floor medical office space. The FSED is scheduled to open in spring 2023.
- Four additional freestanding emergency facilities and multiple general acute care hospitals are in the planning or design stages to be located throughout central and west Florida.

***Orlando Health Strategic Innovations and the Foundry program.*** Orlando Health has created a comprehensive innovation platform that serves as a key driver of the Growth & Innovation strategic imperative. Components of the program include:

- Orlando Health Ventures (OHV), a corporate venture fund
- The Foundry, an internal accelerator
- Partnerships, a program to partner with outside companies to help address key issues
- Grants, a grants program to provide support to promising ideas and concepts

Innovation is critical to the Corporation's continued goal of better patient outcomes, more efficient business processes, and in helping to establish a sustainable competitive advantage. With the challenges of healthcare reform and reduced payments, a coordinated innovation initiative provides access to new, innovative healthcare products and services that allow for better patient care in a difficult environment.

Orlando Health believes it is well positioned to capture value from a coordinated innovation platform by virtue of its robust academic enterprise, high clinical volumes, and talented medical staff serving as a strong foundation from which to launch a comprehensive innovation initiative. Orlando Health began this initiative with the formation of the Orlando Health Ventures, a corporate venture capital fund focused on opportunities in healthcare services, healthcare IT, medical device and biopharma services.

Subsequently, the System launched an initiative to innovate how it provides health care and the tools it uses to deliver that care, based on input from team members and physicians. Through the Foundry program, Orlando Health Strategic Innovations provides a structured framework that transforms ideas and concepts into commercial businesses or products. The Foundry program is designed to support team members and physicians from across the System in their efforts to develop, test and implement new processes that improve healthcare delivery and patient outcomes. Orlando Health's commitment is to support the best ideas gathered from its team and help transform them into successful products and potentially new companies.

The Foundry is a structured process for selected Orlando Health innovators to refine their concept, validate market opportunity, identify product development or services needs and develop a plan for growth, including go-to-market strategy and funding needs. Foundry recipients receive:

- Mentorship and guidance: Innovators/Teams are matched with an Innovation Advisor to learn about high-impact methods for rapidly validating solutions
- Recognition: At the end of each cycle, ideas are presented to the larger community to celebrate innovation
- Opportunity for Investment: Innovators/Teams have the opportunity to pitch their ideas to receive investment to test and develop their idea further

The Corporation also has been active in the "Partnership" initiative which is designed to align the System with world class organizations to help solve some of healthcare's most challenging issues. An example of this is Orlando Health's relationship with Mastercard and its predictive analytics platform in the System's value-based care (VBC) initiatives. A test-and-learn approach to data analysis is commonly used in industries from retail to telecommunications and is often tailored to individual organizations within each sector. In healthcare, the approach enables health systems and hospitals to quantify the causal impact of VBC by measuring results against a well-matched control. This enables providers to understand which patients or areas respond best, and then identify how to maximize return on investment for each initiative, program or department.

To accelerate application, the System is applying VBC in community settings in addition to at ORMC, specifically targeted population health across the System. VBC permits Orlando Health to test multiple initiatives and scale the results across the Network. The Corporation regularly pilots, implements, tests and refines new models to cut costs while improving clinical outcomes and patient experiences.

***Strengthening Clinical Integration.*** To meet the continuing challenges of cost, reimbursement, quality management and competitive pressures, the System is focusing on clinical integration designed to improve quality, coordination of care and the total cost of care for its patients. Over the past several years, the System made significant operational and financial changes, including:

- Acquiring three hospitals located in the System's service area
- Acquiring Jewett Orthopedic Clinic and partnering to create a regional orthopedic institute

- Implementing the Epic electronic health records platform across all of the System’s facilities and outpatient sites
- Partnering with FastMed on 14 co-branded urgent care centers
- Leading Florida’s first hospital-based Medicare accountable care organization (ACO)
- Participating in multiple shared savings programs with commercial payors and employers, including Aetna, Florida Blue, Cigna, United, and Disney
- Implementing online scheduling for Emergency Room visits and appointment process with primary care physicians and specialists
- Launching an online medical referral platform to streamline appointment process with specialists and tracking utilization trends, including out-migration
- Strengthening affiliations with community physicians through more active leadership roles and participation in shared savings programs

To enhance patient access, the System has partnered with FastMed and currently operates 14 CareSpot Urgent Care branded clinics across Central Florida. This provides another layer of care for non-acute cases and is especially attractive to young adults who want instant access to healthcare and may not have an established primary care physician.

The System continues to strategically hire physicians with targeted skills and is extending its affiliations with community physicians through Orlando Health Network (“OHN”), the System’s clinically integrated network (CIN) that now is composed of nearly 5,800 providers, including 3,000 primary care physicians and specialists and 2,000 advanced practice and clinical providers. This group has been integral in creating Orlando Health’s HMO offering for Walt Disney World cast members and supporting other value-based network arrangements.

Through OHN, the organization seeks to hold employed and affiliated providers accountable for generating high-performance results. An essential element of OHN is achieving objective better-quality results than market based on a defined set of indicators. With the implementation of multiple population health data platforms, the System is able to collect previously unobtainable data from the network’s disparate electronic medical records and meld it with payer-provided claims information and the System’s internal platforms to create an information-rich record for each patient in the network. This enables the System to:

- Monitor and manage the efficiency of a large network of physicians
- Track utilization and wellness metrics for all of its patients
- Manage complex, chronic, and acute care needs
- Implement targeted patient interventions and workflows
- Report network risk, quality, outcome, and cost performance results
- Continue to value patient choice

Management believes clinical integration efforts such as these will continue to further improve quality, patient safety, patient satisfaction and efficiency for all managed populations.

### **Employed Physicians**

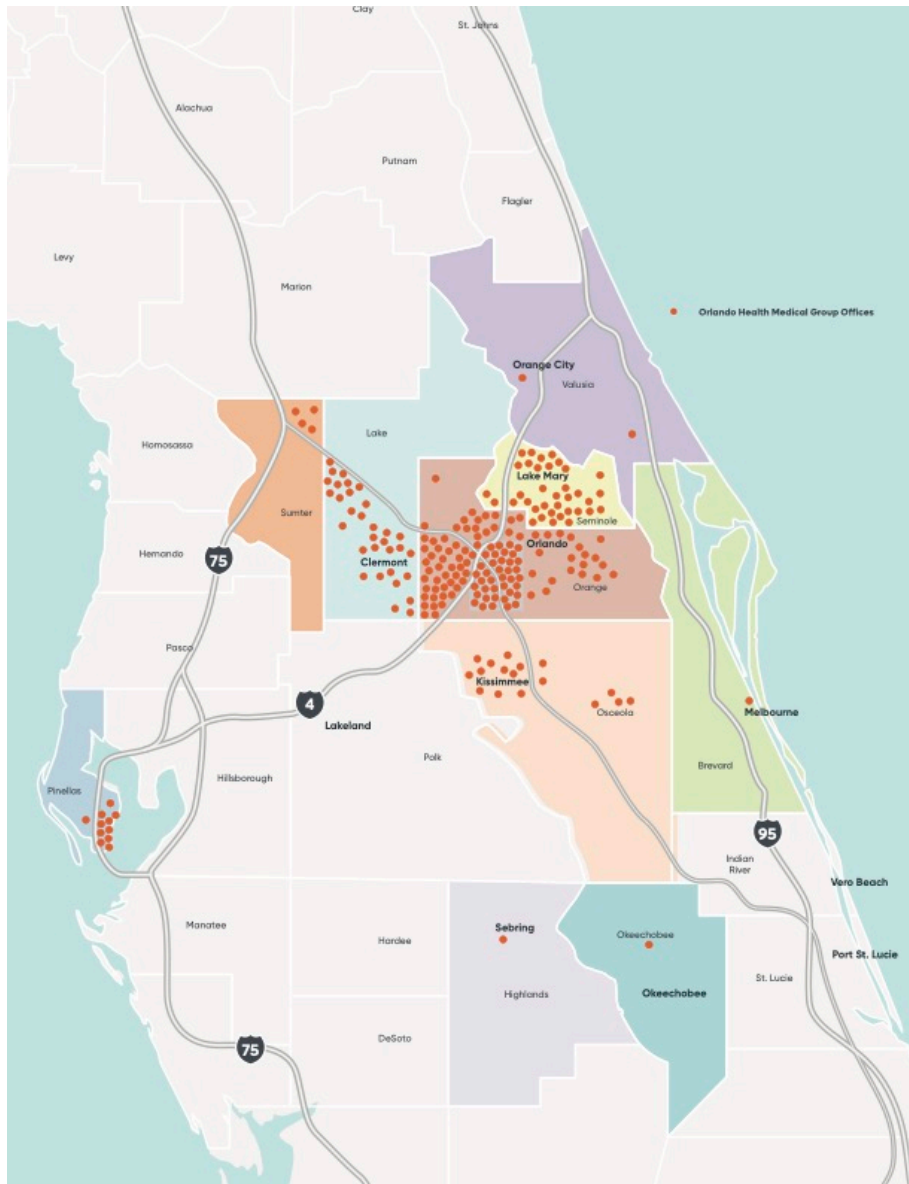
The System has been adding to its complement of employed physicians as part of its strategy to meet the healthcare needs of the community in a more efficient and coordinated manner. This will continue into the future to fill unmet specialist needs in certain segments of its market, improve the coordination of care, improve patient access, improve outcomes, control costs, and provide for graduate physician training in its residency and multiple fellowship programs. As of September 30, 2022, the System employed 1,043 physicians, compared to 879 as of September 30, 2021. This represents an 18.7 percent increase in employed physicians over this period. As of September 30, 2022, physicians were employed in the following areas:

	<b>Number of Employed Physicians</b>
Primary Care	189
Hospitalists and Intensivists	228
Cardiologists	96
Pediatric Subspecialists	120
Oncologists	78
All Other Practices	<u>332</u>
Total	<u>1,043</u>

Source: Records of the Corporation

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The following map highlights the scope and geographic distribution of the System's major physician practice locations.



**Value-Based Care and Population Health.** The System manages over 300,000 lives under value-based care arrangements. These are contracts with payers and employers that reward Orlando Health and participating employed and community physicians for delivering high quality and low cost healthcare. This includes a direct-to-employer arrangement with Disney Worldwide Services and Orlando Health employees. Orlando Health has value-based arrangements with: Aetna, Cigna, Florida Blue, United Healthcare, and several other health insurers, including those offering Medicare advantage plans. The commercial insurance arrangements are managed under Orlando Health Physician Partners, Inc. dba Orlando Health Network. From fiscal years 2013 to 2020, OHN earned approximately \$90 million in incentives and generated more than \$160 million in savings to its payer partners, including the management of its own self-insured health plan for Orlando Health employees, known as the Orlando Health Team Member Health Plan. Today, approximately \$1.6 billion in healthcare expenditures are currently under management across all value-based care arrangements are managed by OHN.

Orlando Health's wholly owned subsidiary Collaborative Care of Florida, LLC dba Orlando Health Collaborative Care, was founded in 2012 and holds a Medicare Shared Savings Program (MSSP) contract with the Centers for Medicare and Medicaid (CMS). Orlando Health has participated since 2013 under this arrangement, transitioning from the legacy MSSP Track One model to the MSSP Enhanced model in July 2019. This new model of the program features both shared savings and shared losses (downside risk) for financial and quality performance, as opposed to the Track One model that provides upside only incentive for providers. Since inception, Orlando Health Collaborative Care has been among the lowest cost and highest quality groups in the region and across the state, generating savings to CMS in every program year to date.

**Recent Capital Projects.** The System's management is developing plans and strategies to provide options in the setting and delivery of care to reduce the length of stay and cost of care. To respond to these challenges and meet the health care needs of the community, the System continues to invest in capital improvements, and during the last five fiscal years, has spent approximately \$1.7 billion on land, land improvements, buildings and equipment, including:

- In May 2022, the Orlando Health Emergency Room – Reunion Village opened on a 22.5-acre campus in the Champions Gate/Reunion area of southwest Orlando. Phase 1 included a freestanding emergency department with 11 treatment rooms, results waiting, imaging, ambulance bay and helipad.
- From January 2021 through September 2021, the System fully deployed the integrated Epic comprehensive electronic medical record platform to all 10 hospitals then owned and over 200 ambulatory clinics.
- In June 2021, The Randall Park Freestanding Emergency Room and Medical Pavilion opened on a 15-acre campus in the Lake Nona area of southeast Orlando. Phase 1 included an ED with 12 treatment rooms, results waiting, imaging, ambulance bay and helipad. The second and third floors include shell space for 28,000 square-feet of medical office.
- In January 2021, the second phase of the Orlando Health Horizon West campus in west Orange County was completed with 60 inpatient beds.
- In September 2020, a 42,000 square foot fit out of a new 48-bed patient care unit on the fifth floor of Tower A at Orlando Health Dr. P. Phillips Hospital opened.
- In September 2020, a new five-story 53,000 square foot medical office building with an integrated 894-space parking deck opened.



- In September 2019, Phase 1 of the 30-acre Lake Mary campus opened with a two-story Freestanding Emergency Room with 25 exam rooms and a second-floor shell space. Shortly thereafter, a nearby three-story medical pavilion with imaging suite, pharmacy, lab and specialty physician practices was completed and opened on the same campus. As discussed above, an acute care hospital is currently under construction on the Lake Mary campus.
- August 2019, the build-out of approximately 30,000 square feet of a shelled existing floor in the ORMC North Tower facility was completed. The expansion includes a 16-bed metabolic bariatric surgery unit and a 16-bed neuro/spine unit.
- In January 2019, the Osceola Freestanding Emergency Room and Medical Pavilion opened at the Osceola Corporate Center. Phase 1 of the Osceola campus includes a three-story, 67,000 square foot building with a freestanding ER that has 24 exam rooms on the first floor, a combination of family and specialty practices on the second floor, and cardiology, pediatrics and maternal fetal medicine practices on the third floor.
- In October 2018, Phase 1 of the Orlando Health Horizon West campus was completed and includes a two-story, 78,000 square foot freestanding emergency room and medical pavilion. The ER has 12 patient exam rooms and four observation rooms. Second floor medical office space was built out and opened in winter 2019. A new Central Energy Plant was constructed concurrent with Phase 1.
- The Orlando Health Cancer Institute at Health Central was completed and opened in August 2018. This regional oncology facility is a two-story, 30,000 square foot state-of-the-art, comprehensive cancer center that delivers supportive and holistic patient care. With its opening, Orlando Health became the 9th hospital in the United States to offer innovative cancer treatment with MRIdian, which provides tumor visualization through real-time MRI images during radiation therapy allowing the physician to stop or reshape dose delivery without altering patient treatment position. This minimizes damage to adjacent tissue and allows tailored beam delivery.
- In July 2018, the Four Corners Freestanding Emergency Room and Medical Pavilion opened. It consists of a two-story, 40,000 square foot building and includes an ER on the first floor with 10 patient exam rooms, two observation rooms, and lab and imaging outpatient services. Second floor medical office shell space is available for future growth and expansion of service lines at the Four Corners campus.
- In June 2018, the new Blue Cedar Freestanding Emergency Room and Medical Pavilion opened. Developed in partnership with G3 Development, the single-story 20,000 square foot ER and one-story 20,000 square foot medical office building expand South Lake Hospital's ambulatory footprint in Lake County.
- In 2018, an Emergency Department expansion and renovation at South Lake Hospital's main campus included the buildout of the emergency room and waiting areas. It added ten additional exam rooms and shell space for ten more rooms.
- Throughout fiscal years 2018 to 2022, 31 real estate acquisitions were completed totaling \$124.9 million. Another three real estate acquisitions totaling \$25.2 million have closed or are pending to close in fiscal year 2023.

## OBLIGATED GROUP AND NON-OBLIGATED ENTITIES

### The Obligated Group

**General.** The Obligated Group was created under the Amended and Restated Master Trust Indenture, dated as of August 1, 1999, as previously supplemented (the “Existing Master Indenture”). Contemporaneously with the issuance of the Bonds, the Existing Master Indenture will be amended, restated and replaced in its entirety by the Second Amended and Restated Master Trust Indenture (as supplemented, the “Master Indenture”), and the Obligated Group will continue to be obligated for the payment of debt service on any outstanding bonds or debt issued under the Master Indenture, and is subject to any other obligation or restriction set forth in any agreement, note, or indenture entered into or issued by the Obligated Group in connection with the issuance of any debt or related obligations issued under the Master Indenture. As of September 30, 2022, the Corporation, Orlando Health Central, Inc. (“Orlando Health – Health Central”), South Lake Hospital, Inc. (“Orlando Health South Lake”), OsceolaSC, LLC (“Orlando Health St. Cloud”), and OHI West, Inc. (“Bayfront Health St. Petersburg” or “BHSP”) were the only Members of the Obligated Group and represented approximately 89 percent of consolidated total revenues and 96 percent of consolidated total assets of the System.

**The Corporation.** Five of the Corporation-owned hospitals are unincorporated divisions of the Corporation and include Orlando Health Orlando Regional Medical Center, Orlando Health Arnold Palmer Hospital for Children, Orlando Health Winnie Palmer Hospital for Women & Babies, Orlando Health Dr. P. Phillips Hospital, and Orlando Health South Seminole Hospital. Orlando Health - Health Central, Orlando Health South Lake, Orlando Health St. Cloud and Bayfront Health St. Petersburg, which collectively own five hospitals, are all separate corporations and are members of the Obligated Group.

The following services are centralized within the Corporation to provide standard and consistent policies and procedures and internal controls: information systems, finance and accounting, revenue cycle, managed care management, human resources, marketing and planning, supply chain, and construction management.

### Non-Obligated Group Members

**Subsidiaries.** The Subsidiaries described below are not Members of the Obligated Group and will not become members of the Obligated Group prior to the issuance of the Bonds, they are not and are not anticipated to become obligated for the payment of debt service on any outstanding bonds or debt issued under the Master Indenture, or subject to any other obligation or restriction set forth in any agreement, note, or indenture entered into or issued by the Obligated Group in connection with the issuance of any outstanding bonds, or debt issued under the Master Indenture. Additionally, none of Health Central’s, South Lake’s, St. Cloud’s, or Bayfront Health St. Petersburg’s subsidiaries are Members of the Obligated Group.

Orlando Health Medical Group, Inc. (“OHMG”). OHMG is a Florida not-for-profit corporation governed by a board of directors appointed by the Corporation. OHMG is the employer and operator of all specialty physician practices of Orlando Health. OHMG is led by a physician executive and other executives with practice management and physician development skills. OHMG also provides physician practice management and billing services for OPN.

Orlando Cancer Center, Inc. (“OCC”). OCC is a Florida not-for-profit corporation governed by a board of directors appointed by OHMG, which the Corporation controls. OCC holds a non-controlling interest in an outpatient joint venture and certain real estate investments.

Orlando Physicians Network, Inc. (“OPN”). OPN is a Florida not-for-profit corporation governed by a board of directors appointed by the Corporation. During 2013, certain primary care physicians employed by OHMG moved to OPN to allow for its physicians to participate in more than one accountable care organization. In September 2020, the primary care physicians employed by Physicians Associates, LLC, a prior Orlando Health subsidiary, were assigned to OPN so that all primary care physicians are now employed through one legal entity which is doing business as Orlando Health Physicians Associates (“OHPA”).

Orlando Health Foundation, Inc. (“Foundation”). The Foundation is a Florida not-for-profit corporation governed by a board of directors appointed by the Corporation. Since 1982, the Foundation has supported the Corporation by obtaining philanthropic support for a variety of programs and equipment.

Healthnet Services, Inc. (“Healthnet”). Healthnet is a Florida for-profit corporation governed by a board of directors appointed by the Corporation. Healthnet was formed to hold investments and properties of the Corporation and engage in various non-tax exempt functions and operations of a PPO network. Healthnet is the parent of Orlando Health Puerto Rico, LLC, which acquired Dorado in October 2022.

OHRI, LLC (“OHRI”). OHRI (dba Orlando Health Imaging Centers) is a Florida limited liability company. The System entered into a joint venture agreement with an unrelated party to purchase five imaging centers effective as of December 1, 2014, at which time Healthnet invested \$1.5 million for a 51 percent interest in OHRI. During 2020, the remaining ownership percentage of OHRI was acquired and Healthnet assigned its interests to Orlando Health, which now holds a 100 percent ownership interest in OHRI. OHRI currently operates nine imaging centers.

Orlando Health Physician Partners, Inc. (“OHPP”). OHPP is a Florida for-profit corporation created in 2011 and governed by a board of directors approved by Healthnet, which the Corporation controls. OHPP was assigned the right to contract with payors on behalf of all physicians of the System. OHPP is the only member of Collaborative Care of FL, LLC (“CCF”), a Florida for-profit corporation created in 2012. CCF is an accountable care organization participating in the Medicare Shared Savings Program.

## AWARDS AND RECOGNITION

Across a spectrum of services and facilities, the System has been recognized both locally and nationally with a variety of awards. The following are examples of recent awards and accolades:

### System Recognition

- Orlando Health was recognized with a 2022 eHealthcare Leadership Award, honoring the best websites and digital communications from healthcare organizations across the country. Winners were selected out of 1,000 entries, and Orlando Health received a Gold Award in the Best Digital Physician Engagement category for the Orlando Health Physician Wellness and Resilience website.
- Orlando Health was the recipient of a Grand Award in the 2022 APEX competition recognizing outstanding professional communicators in North America. APEX awards for Publication Excellence are conferred by Communication Concepts, Inc., a publication advisory service. The Orlando Health team received four additional Awards of Excellence for writing and publications on the topic of wellness and prevention.

- Orlando Health achieved Epic’s Gold Stars Award with a perfect 10 score after less than two years using Epic comprehensive health record system. The Gold Stars program is designed to help members of the Epic community identify system features they can use to improve their clinical and financial outcomes and ultimately, their patients’ experience. See “INFORMATION TECHNOLOGY” herein.
- Orlando Health received College of Healthcare Information Management Executives (CHIME) Most Wired Performance Excellence Award with a Level 9 (out of 10) ranking, its highest score to date. CHIME assesses how well healthcare organizations apply advanced technologies in their clinical and business programs to improve healthcare.

## Hospital Accolades

- Orlando Health hospitals were again recognized as Best Hospitals with high-performing care for 2022-2023 by *U.S. News & World Report*. In the regional ranking of hospitals, Orlando Health ranked #8 in Florida and #2 in the Orlando Metro Area. Orlando Health Dr. P. Phillips Hospital, Orlando Health Orlando Regional Medical Center (ORMC), Orlando Health South Lake Hospital, Orlando Health South Seminole Hospital and Bayfront Health St. Petersburg were named as high performing in a total of 12 categories: aortic valve surgery, heart attack, heart bypass surgery, heart failure, chronic obstructive pulmonary disease (COPD), colon cancer surgery, diabetes, hip replacement, kidney failure, knee replacement, lung cancer surgery, stroke.
- U.S. News & World Report recognized Orlando Health Arnold Palmer Hospital for Children as a top pediatric hospital in Florida and #8 in the southeast region. For the 13th consecutive year, it (together with Orlando Health Winnie Palmer Hospital for Women and Babies) was named among the top 50 pediatric facilities in the nation with national designations in five specialties for 2022-2023: pediatric diabetes and endocrinology, pediatric neurology and neurosurgery, pediatric orthopedics, pediatric urology, and neonatology.
- Orlando Health Dr. P. Phillips, Orlando Health ORMC, Orlando Health South Lake, Orlando Health South Seminole and Orlando Health Winnie Palmer were among 148 hospitals named to the inaugural list of Best Hospitals in America published by Money on its digital platform in partnership with The Leapfrog Group. The rankings are based on several factors that assess the quality of care a hospital provides.
- For the Fall 2022 grading period, Orlando Health Dr. P. Phillips, Orlando Health ORMC, Orlando Health – Health Central and Orlando Health South Lake received “A” grades for patient safety from The Leapfrog Group, an independent nonprofit organization committed to driving quality, safety and transparency in the U.S. health system. For Orlando Health South Lake, this was its 9th consecutive “A” grade.
- In December 2022, the Leapfrog Group also honored three Orlando Health hospitals with Top Hospital awards: Orlando Health ORMC as a Top Teaching Hospital, Orlando Health Winnie Palmer as a Top Teaching Hospital and Orlando Health Arnold Palmer Hospital as a Top Children's Hospital. The highest-performing hospitals on the Leapfrog Hospital Survey are recognized annually with the prestigious Leapfrog Top Hospital award.
- Across the organization, Orlando Health has 25 active Beacon Awards for Excellence in bedside care – more than any other healthcare system in Florida. The distinction is awarded

by the American Association of Critical-Care Nurses to units that employ evidence-based practices to improve patient and family outcomes.

- The American Heart Association recognized five Orlando Health hospitals for consistently following the most up-to-date, research-based guidelines for the treatment of stroke. Bayfront Health St. Petersburg, Orlando Health Dr. P. Phillips, Orlando Health ORMC, Orlando Health South Lake and Orlando Health South Seminole received the American Heart Association's Get with the Guidelines® Stroke Gold Plus award for providing quality stroke care. Orlando Health ORMC and Bayfront Health St. Petersburg also received the association's Target: Stroke Elite Honor Roll award.
- Orlando Health ORMC received the Environmental Services Department of the Year Award from the Association for the Health Care Environment (AHE), a Professional Membership Group, of the American Hospital Association. Orlando Health ORMC was recognized in the 500+ Beds category. The Environmental Services Department of the Year Award provides national recognition for the significant contributions made by an environmental services department to the overall patient experience and for achieving a healthcare organization's mission.
- Orlando Health South Seminole received the 2022 Champion of Philanthropy Award from the Foundation for Seminole State College. This annual award recognizes organizations for their strong support of the college's programs and services. Orlando Health South Seminole was selected in recognition of its long-time partnership with the college.
- Orlando Health Winnie Palmer Hospital received an evaluation of 95 out of 100 and the designation of "LGBTQ+ Healthcare Equality Top Performer" in the Human Rights Campaign Foundation's Healthcare Equality Index (HEI). A record 906 healthcare facilities actively participated in the 2022 HEI survey, and only 251 of those earned the top designation. Orlando Health Winnie Palmer is one of only two facilities in Central Florida to receive this accolade.

### **Accreditations and Certifications**

- Orlando Health facilities regularly receive certifications by The Joint Commission, the nation's oldest and largest accrediting body in healthcare. Current certifications include:
  - Advanced Comprehensive Stroke Center
  - Advanced Total Hip and Total Knee Replacement
  - Perinatal Care
  - Primary Stroke Center
  - Spine Surgery
- The ORMC Institute for Advanced Rehabilitation earned re-accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF), recognizing the institute's comprehensive, integrated inpatient rehabilitation program as well as specialty programs for brain injury, spinal cord and stroke as meeting the highest standards in quality, safety and outcome measures.
- In the most recent comprehensive ratings, Orlando Health again received the highest rating in two categories measured for adult cardiac surgery by the Society of Thoracic Surgeons (STS).

Orlando Health ranked in the top tier for aortic valve replacement (AVR) surgery and coronary artery bypass surgery (CABG). These accomplishments earned Orlando Health a 3-star rating in two overall categories. For AVR surgeries, a 3-star rating was achieved by only 4.2 percent of cardiac surgery centers. For CABG, a 3-star rating placed Orlando Health within the top 20.2 percent of participating surgery centers.

- Bayfront Health St. Petersburg’s level 4 epilepsy program was re-accredited by the National Association of Epilepsy Centers for the 18th consecutive year. A level 4 program indicates the hospital can offer a complete evaluation and treatment for epilepsy, including surgery when appropriate. Bayfront Health St. Petersburg is one of only nine adult level 4 epilepsy centers in Florida.
- Orlando Health Cancer Institute earned a three-year accreditation from the National Accreditation Program for Rectal Cancer (NAPRC), a quality program of the American College of Surgeons. Achieving this accreditation requires compliance with the high standards set forth by NAPRC, which sets top benchmarks for cancer care in quality, systemwide team collaboration and excellence in patient outcomes.
- Orlando Health South Lake received a Silver Certification under the National Safe Sleep Hospital Program for implementing hospital-wide best practices and educating parents and caregivers on sleep safety to help prevent sudden infant death syndrome (SIDS). The recognition is conferred by Cribs for Kids, a national organization that advocates for the standardization of safe sleep practices in alignment with the American Academy of Pediatrics (AAP) guidelines.
- Orlando Health Arnold Palmer and Orlando Health Winnie Palmer achieved Magnet® re-designation, the gold standard for nursing’s contribution to quality patient care, safety, research and service excellence.
- The Orlando Health RN Residency program achieved prestigious national accreditation for six Orlando Health campuses, demonstrating excellence in transitioning newly licensed Registered Nurses into practice settings. The program is accredited by the American Nurses Credentialing Center’s Commission (ANCC) on Accreditation in Practice Transition Programs. It also is recognized by the ANCC Practice Accreditation Program® as an Industry-Recognized Apprenticeship Program by the U.S. Department of Labor.

### **Employment-Related Awards**

- Orlando Health was named the highest-ranking healthcare organization in the state of Florida on the *Forbes* America’s Best Large Employers list. Ranking 86th out of 500 large organizations nationwide, Orlando Health was recognized as #19 of 35 employers that are classified in the “Healthcare & Social” industry category, making Orlando Health one of the nation’s top 20 healthcare employers and #1 in Florida.
- *PEOPLE* magazine recognized Orlando Health with the PEOPLE Companies that Care designation for 2022. On this list of the top 100 companies across the nation, Orlando Health ranked among the top 10 healthcare organizations in the U.S. and one of only five companies selected in Florida.
- Orlando Health earned Great Place to Work® Certification for 2022. This global certification recognizes outstanding places of employment and is based entirely on what team members said

about their experience working at Orlando Health in a survey of 5,000 randomly selected team members. Six out of eight team members who completed the survey said Orlando Health is a great place to work. In addition, 86 percent said they feel good about the ways the organization contributes to the community, and 86 percent also said they were made to feel welcome when they joined the organization.

- Orlando Health was named one of the 150 Top Places to Work in Healthcare for 2022 by Becker's Healthcare. The national list, published in *Becker's Hospital Review*, features organizations that promote diversity within the workforce, employee engagement and professional growth.
- Orlando Health was named as an *Orlando Sentinel* Top Workplace for 2022, recognizing companies in Central Florida that demonstrate a positive work environment and healthy workplace culture. Honorees are selected based entirely on employee feedback gathered through an anonymous workplace survey.
- Orlando Health was recognized as one of *Orlando Business Journal's* 2022 Diversity in Business Award winners. This program honors Central Florida companies, organizations and business leaders for going above and beyond in embracing inclusion and equality across all areas of diversity, including age, disability, gender, sexual orientation, race and religion.
- Three Orlando Health hospitals (Orlando Health South Seminole, Orlando Health Horizon West Hospital and Orlando Health St. Cloud Hospital) received *Modern Healthcare's* Best Places to Work 2022 award, with Orlando Health South Seminole receiving this recognition for the third consecutive year.
- Kelly Nierstedt, senior vice president of Orlando Health and current president of Orlando Health ORMC (president of Orlando Health Winnie Palmer at the time of award), was recognized as one of *Modern Healthcare's* Top Women Leaders for 2022. She is just one of 40 women recognized nationwide for this honor.

## ACCREDITATIONS AND AFFILIATIONS

The System's hospitals are accredited by The Joint Commission, which is the nation's oldest and largest standards-setting and accrediting body in healthcare. The Joint Commission accreditation is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. CMS has given The Joint Commission "deemed status" as its surveying body, and hospitals are surveyed by The Joint Commission at least every three years. Health Central received full accreditation in November 2019 and they are anticipating their next survey at any time. The Corporation's hospitals received full accreditation during the most recent triennial surveys during 2021.

Orlando Health clinical laboratories are accredited by the College of American Pathologist (CAP), the national Gold Standard in Laboratory Medicine, a deemed authority by the Centers for Medicare and Medicaid Services (CMS). CAP surveyors perform biennial on-site inspections for the assessment of program compliance and reaccreditation. Orlando Health clinical laboratories received full accreditation during the most recent inspections in 2019 and 2021. Bayfront Health St. Petersburg laboratories received full accreditation by The Joint Commission in October 2021 and St. Cloud Hospital received full accreditation by The Joint Commission in February 2022.

Orlando Health is one of the select few statutory teaching hospitals in the State of Florida that provides training to resident/fellow physicians. In order to provide teaching opportunities for medical

students, master affiliation agreements are maintained with the University of Florida College of Medicine, and Florida State University College of Medicine. As of September 30, 2022, Orlando Health's Graduate Medical Education (GME) program hosts more than 350 residents and fellows including more than 40 who are enrolled at Bayfront Health St. Petersburg. In order to provide teaching opportunities for medical students, master affiliation agreements are maintained with the University of Florida College of Medicine, and Florida State University College of Medicine. Orlando Health sponsors a total of 24 accredited training programs: seven residency and 13 fellowship programs with the Accreditation Council for Graduate Medical Education (ACGME), and four additional ACGME programs that train at Orlando Health that are sponsored by the University of Florida. In addition, there are seven non-ACGME accredited fellowship programs and a Pharmacy Residency program that trains at Orlando Health. Bayfront Health St. Petersburg has three (ACGME) accredited programs and a non-ACGME pharmacy program.

## **INFORMATION TECHNOLOGY**

During the past several years, the System has invested strategically in a variety of clinical, business and administrative information systems. Operations are driven by extensive levels of automation spanning all levels of care and service lines as well as revenue cycle, finance, analytics, supply chain, marketing and other departmental functions. The System's Health Information Exchange capabilities enable robust sharing of patient information within and outside its continuum of care, encompassing local and statewide providers. The System began its transition to the more integrated Epic comprehensive electronic medical records in March 2019 and fully deployed the platform to all 10 Florida hospitals and over 200 ambulatory clinics from January through September 2021, including the integration of two newly acquired hospitals and several clinics. Total capital costs of the new comprehensive health record cost approximately \$220 million.

Underscoring the effectiveness of the Epic implementation, Orlando Health ranked among the top 10 percent of organizations using Epic. Orlando Health achieved Epic's designation as a Gold Stars Level Ten organization, an accomplishment that less than 10% of all Epic customer have met or exceeded. The Epic Gold Stars program assesses how well a health system has adopted the Epic comprehensive health record features, which the program tracks relative to all other Epic users. Only ten percent of Epic customers are Level Nine or higher and only four percent are the highest level, Level Ten.

The System's investments in healthcare information technology (HIT) along with the necessary people talent and industry best processes have also resulted in improved clinical operations, quality, patient safety and overall efficiency. These outcomes have been acknowledged for seven consecutive years by the College of Healthcare Information Management Executives with CHIME's Most Wired Quality Award for achieving certified Level 9 (out of 10) for demonstrating commitment to leveraging technology for the benefit of patients. Orlando Health received this honor in two categories: acute and ambulatory care. While Level 9 reflects an overall ranking, Orlando Health earned CHIME's highest mark (Level 10) in four specific categories: Analytics & Data Management, Security, Infrastructure, and Interoperability & Population Health. Compared to the prior year, Orlando Health's Acute score increased eight percent and the percentile (the score compared to other systems) increased more than 13 percent.

Cybersecurity is a top priority for Orlando Health. Orlando Health has a strategy focused on delivering an effective cybersecurity program through utilizing governance, risk management and an integrated security technology platform that safeguards business interest and computing infrastructure.



## MARKET INFORMATION

### Service Area

The System provides tertiary, secondary and certain primary care services to residents of Orange, Seminole, Osceola and Lake counties (the “Greater Orlando Four County Area”). As measured by the U.S. Census Bureau, the System’s service area is located among some of the fastest growing metropolitan statistical areas (“MSAs”) including The Villages, Orlando, Lakeland and Tampa-St. Petersburg. The System’s secondary service area includes Volusia and Polk counties, which are to the northeast and southwest of the primary service area, respectively. Neither Pinellas County (Bayfront Health St. Petersburg) nor Dorado, Puerto Rico (Dorado) is considered in the primary or secondary service area for Orlando Health.

### Origin of Admissions

During the year ended September 30, 2022, 87.7 percent of the Obligated Group’s (including Health Central, South Lake, and Bayfront Health St. Petersburg) inpatient admissions originated from its primary service area (the Greater Orlando Four-County Area) and Pinellas County, and 4.7 percent from its secondary service area of Polk and Volusia counties. The following table summarizes the percentage of inpatient admissions by county:

#### Percentage Inpatient Origin by County

	Year Ended September 30,	
	2022	2021
<i><b>Primary Service Area</b></i>		
Orange County	50.2%	49.4%
Seminole County	8.9	8.6
Lake County	11.7	12.3
Osceola County	<u>8.1</u>	<u>8.1</u>
	78.9%	78.4%
<i><b>Secondary Service Area</b></i>		
Polk County	2.6%	2.5%
Volusia County	<u>2.1</u>	<u>2.0</u>
	4.7%	4.5%
Pinellas County	8.8%	9.3%
<i><b>All Other</b></i>		
	<u>7.6%</u>	<u>7.8%</u>
	100.0%	100.0%

Source: Records of the Corporation

**Service Area Demographics**

Over the next five years, the population of the Greater Orlando Four-County Area is expected to increase by 173,000 or 6.3 percent.

	2023	2028 (Projected)
<b>Population Total</b>	2,766,572	2,939,981
Growth from 2023	-	6.3%
<b>Gender</b>		
Male	49.2%	49.8%
Female	50.8%	50.2%
<b>Age</b>		
Ages 0-17	21.8%	20.2%
Ages 18-44	35.6	35.9
Ages 45-64	24.7	25.0
65+	<u>17.9</u>	<u>18.9</u>
	100.0%	100.0%

Source: The Claritas Company and Sg2 Analytics

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## Central Florida Economy

The Central Florida economy includes business and governmental activities in the Orlando-Kissimmee-Sanford MSAs and is composed of a variety of industries as summarized in the table below.

Industry Title	August 2022*	Orlando-Kissimmee-Sanford	
		Nonagricultural Employment by Industry	
		% of Total	12 Month Change
Mining & Logging	0.2	0.0%	0.0%
Construction	77.3	5.7%	-7.0%
Manufacturing	54.7	4.0%	9.0%
Trade, Transportation & Utilities	261.2	19.1%	6.3%
Information	26.6	1.9%	3.1%
Financial Activities	86.7	6.3%	2.5%
Professional & Business Services	254.4	18.6%	4.6%
Education & Health Services	165.3	12.1%	0.9%
Leisure & Hospitality	270.8	19.8%	14.7%
Other Services	44.3	3.2%	6.7%
Government	127.0	9.3%	1.5%
Total Nonfarm	1,368.5	100.0%	5.3%

Note: \*Number of Persons in thousands

Source: Bureau of Labor Statistics Current Employee Statistics, Updated 11/1/2022

[www.bls.gov/eag-fl\\_orlando\\_msa.htm](http://www.bls.gov/eag-fl_orlando_msa.htm)

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With the addition of Bayfront Health St. Petersburg, Orlando Health has expanded into the Tampa-St. Petersburg-Clearwater market. The market is larger and more diverse than the Orlando-Kissimmee-Sanford market and is summarized in the table below.

**Tampa-St. Petersburg-Clearwater  
Nonagricultural Employment by Industry**

<b>Industry Title</b>	<b>August 2022*</b>	<b>% of Total</b>	<b>12 Month Change</b>
Mining & Logging	0.3	0.0%	0.0%
Construction	87.2	6.0%	1.9%
Manufacturing	72.4	4.9%	4.9%
Trade, Transportation & Utilities	273.1	18.6%	5.5%
Information	28.5	1.9%	2.9%
Financial Activities	136.4	9.3%	5.4%
Professional & Business Services	276.1	18.8%	3.3%
Education & Health Services	223.3	15.2%	2.4%
Leisure & Hospitality	170.5	11.6%	12.0%
Other Services	49.6	3.4%	10.2%
Government	150.5	10.3%	0.1%
<b>Total Nonfarm</b>	<b>1,467.9</b>	<b>100.0%</b>	<b>4.6%</b>

Note: \*Number of Persons in thousands

Source: Bureau of Labor Statistics Current Employee Statistics, Updated 11/1/2022  
[www.bls.gov/eag/fl\\_tampa\\_msa.htm](http://www.bls.gov/eag/fl_tampa_msa.htm)

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## Other Area Hospitals

In addition to the System's hospital facilities, the health care systems and independent hospitals listed below operate facilities that provide acute inpatient health care services within the Greater Orlando Four-County Area. The System's primary competitors are AdventHealth and HCA. Presented below are the number of licensed beds for the System's competitors in the Greater Orlando Four-County Area.

	<b>Licensed Beds</b>	<b>Percent of Total</b>
<b><i>Orlando Health and Affiliates</i></b>		
Arnold Palmer Medical Center	506	6.7%
Dr. P. Phillips Hospital	285	3.8%
Health Central	216	2.9%
Orlando Regional Medical Center	898	11.9%
South Seminole Hospital	206	2.7%
South Lake Hospital	177	2.3%
Horizon West Hospital	60	0.8%
St. Cloud Hospital	84	1.1%
	<hr/>	<hr/>
	2,432	32.2%
<b><i>AdventHealth</i></b>		
AdventHealth Orlando	1,400	18.6%
AdventHealth Altamonte Springs	393	5.2%
AdventHealth Apopka	120	1.6%
AdventHealth Celebration	317	4.2%
AdventHealth East Orlando	295	3.9%
AdventHealth Kissimmee	242	3.2%
AdventHealth Waterman	300	4.0%
AdventHealth Winter Park	373	4.9%
AdventHealth Winter Garden	80	1.1%
	<hr/>	<hr/>
	3,520	46.7%
<b><i>HCA</i></b>		
Central Florida Regional Hospital	221	2.9%
Osceola Regional Medical Center	404	5.4%
Poinciana Medical Center	76	1.0%
UCF Lake Nona Medical Center	64	0.8%
Oviedo Medical Center	64	0.9%
	<hr/>	<hr/>
	829	11.0%
<b><i>UF Health</i></b>		
Leesburg Regional Medical Center	330	4.4%
	<hr/>	<hr/>
<b><i>Nemours</i></b>		
Nemours Children's Hospital	130	1.7%
	<hr/>	<hr/>
<b><i>Other Hospitals</i></b>		
	302	4.0%
	<hr/>	<hr/>
	7,543	100.0%
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## Market Share

The following summarizes market share percentages of inpatient admissions for the System's hospitals and the other hospital systems in the Greater Orlando Four-County Area. The System's key competitors in this region are AdventHealth and HCA. On a combined basis, the System's hospitals and AdventHealth have a market share in excess of 75 percent. The System's hospitals have consistently captured in excess of one-third of the inpatient adult market and approximately 40 percent of the pediatric market.

	<b>Qtr. Ended 31-Mar 2022</b>	<b>Year Ended 30-Sep 2021</b>	<b>Year Ended 30-Sep 2020</b>	<b>Year Ended 30-Sep 2019</b>
<b><i>All Inpatient Cases (excludes normal newborn)</i></b>				
Orlando Health (the System)	35.9%	36.5%	36.5%	36.1%
AdventHealth	41.0%	40.8%	40.1%	39.5%
HCA Hospitals	10.3%	10.0%	10.4%	10.9%
Nemours	0.5%	0.4%	0.5%	0.5%
UF Leesburg Regional	2.4%	2.5%	2.5%	2.5%
All Other	9.9%	9.8%	10.0%	10.5%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b><i>Pediatrics (age 0-14, excluding all newborns)</i></b>				
Orlando Health (the System)	38.2%	40.7%	40.7%	44.6%
AdventHealth	28.7%	24.0%	25.5%	20.4%
HCA Hospitals	0.0%	0.0%	2.7%	4.3%
Nemours	10.3%	11.5%	12.7%	13.3%
UF Leesburg Regional	0.1%	0.2%	0.4%	0.3%
All Other	22.7%	23.6%	18.0%	17.1%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b><i>All Newborns</i></b>				
Orlando Health (the System)	44.9%	45.9%	46.9%	47.8%
AdventHealth	42.6%	43.7%	42.2%	41.4%
HCA Hospitals	8.1%	6.3%	7.2%	7.0%
Nemours	0.5%	0.2%	0.2%	0.2%
Leesburg Regional	2.6%	2.6%	2.7%	2.4%
All Other	1.3%	1.3%	0.8%	1.2%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: AHCA 2022. Market share statistics for the Corporation include South Lake and St. Cloud hospitals for all years presented.

## **Tampa/St. Petersburg Service Area**

Bayfront Health St. Petersburg has 480 licensed beds, which is 4.3% of the total licensed beds for the region. The two major competitors in the market are BayCare and HCA hospitals. AdventHealth and Tampa General also have a significant market presence in the area. BayCare has 32.6% market share and HCA has 29.0% market share. Bayfront Health St. Petersburg has 3.6% market share. The demographics for Tampa are similar to Orlando with 5.2% population growth expected between 2023 and 2028. The primary difference is the 65+ age cohort which is 21.5% of the population in 2023 and expected to grow to 23.8% by 2028.

## **Puerto Rico Service Area**

The Puerto Rico hospital sector includes 69 facilities, of which 55 are private institutions. Of those, 37 are for-profits reflecting the island's majority for-profit landscape. The largest provider systems include Metro Pavia Health, Mennonite Health System, HIMA San Pablo, and Doctor's Center System. There are approximately 12,000 licensed beds on the island.

Having lost significant population after Hurricane Maria in 2017, Puerto Rico's population has remained around 3.2 million since 2020. The population is expected to remain flat through 2030. Payer mix for the island is approximately 33% commercial, 46% Medicaid, 14% Medicare and 8% uninsured.

## **Competitor Developments in Central Florida**

In the Orlando area, HCA, AdventHealth, and UF Health have continued to grow through 2021 and 2022.

### **HCA**

After experiencing delays in 2020, HCA's UCF Lake Nona Medical Center opened in March 2021 followed by the Champions Gate ER in October 2021.

In 2022, HCA announced plans to rebrand and rename their hospitals in Florida. HCA continues to expand around the perimeter of Orlando, with plans to add a 60-bed inpatient tower to their Trailwinds Village ER in Wildwood, and to build fee standing ERs in the Eustis, Lee Vista, and UCF areas. HCA also continues to reinvest in their existing facilities, recently completing a \$9.9M expansion of HCA Florida Poinciana Hospital, and a \$7.7M expansion to HCA Florida Lake Monroe Hospital.

### **AdventHealth**

AdventHealth acquired a 27% noncontrolling interest in HealthFirst for \$350 million in January 2020. The agreement is designed to share savings between AdventHealth and HealthFirst for individuals located in counties with AdventHealth hospitals covered by the HealthFirst Health Plan.

Osceola County Partin Settlement Health Park and freestanding ER opened in August 2020. Another health park is planned for Lake Nona, where AdventHealth opened a freestanding ER in August 2020. In July 2020, AdventHealth opened a five-story patient tower at its AdventHealth Celebration campus in Osceola County. The tower includes 80 patient rooms and has space for another 40 beds if necessary.

AdventHealth began construction on the Innovation Tower in Orlando in February 2021 and opened the facility in September 2022. The Innovation Tower is home to the headquarters of Rothman

Orthopaedics. The orthopaedic partnership, announced in 2020, has also opened an office in Davenport and plans to open additional offices from Palm Coast to Polk County.

In May 2021, AdventHealth partnered with Disney World Resorts to create AdventHealth World of Wellness. The system will become the official Health Care Provider and Virtual Health Care Provider within Disney's Resorts Division. AdventHealth also has announced plans to build a freestanding ER at Flamingo Crossings Town Center, west of Walt Disney World.

AdventHealth opened its Clermont freestanding ER in November 2021, the Clermont Health Park in January 2022, and the AdventHealth Winter Garden hospital (an addition to the existing freestanding room) in May 2022. AdventHealth also announced plans to build a freestanding ER and health park in Millenia and a health park in Lake Mary.

## **UF Health**

In January of 2020, UF Health officially entered the market through the acquisition of Leesburg Regional Medical Center and The Villages Regional Hospital. UF Health and The Villages also jointly opened a Freestanding ER in Wildwood in late January 2020.

UF Health announced plans to build a 200-bed medical facility to provide care to the residents of The Villages and surrounding areas in Lake County. UF Health also announced plans to consolidate its heart center on to one floor of The Villages hospital by early 2023.

## **GOVERNANCE AND MANAGEMENT**

### **Board of Directors**

The Corporation is governed by a Board of Directors ("Board"). The bylaws of the Corporation provide that all corporate powers of the Corporation and its business and affairs shall be managed under the direction of the Board. Under the bylaws, the Board shall have not less than seven directors. The Board currently consists of eight directors. Standing committees of the Board include the Executive Committee, Finance & Audit Committee and Quality Committee. The Executive Committee has the authority to transact the regular business of the Board between Board meetings, subject to certain limitations. The Finance & Audit Committee makes recommendations to the Board regarding budgets; significant capital expenditures; other major financial related matters and recommends the selection of the independent auditors for the System. The Quality Committee is responsible for the oversight of patient safety, quality of care, critical risk management and patient experience for the Corporation.

Generally, Directors serve three-year terms. Directors usually do not hold office for more than three consecutive full three-year terms, except directors who are also officers of the Corporation and continue as directors through tenure as an officer or as a result of other isolated situational exceptions. The immediate past Chairman of the Board may serve one additional two-year term as director regardless of prior service as a director.

In keeping with Orlando Health's Conflict of Interest Disclosure policy, board and board committee members, disclose all interests that could result in a conflict of interest. Disclosure is accomplished annually, at the start of each of fiscal year.



Name	Date of Appointment	Current Term Expires	Office Held	Occupation
Brian Besanceney	2017	2023	Chairman	Sr. VP, Chief Communications Officer, The Boeing Company
Mike Packnett	2019	2025	Vice Chairman	President/CEO, Parkview Health
Jim Hyler	2019	2025		Former Vice Chairman & COO, First Citizens Bank
Kathryn Garrett, MD	2019	2025		Independent Physician
Teri Fontenot	2021	2024		CEO Emeritus, Woman's Hospital, Former Chairwoman, American Hospital Association
Dale Jenkins	2021	2024		Former CEO, Curi
David Brown	2022	2025		Partner and former member of the executive committee of Nelson Mullins Riley & Scarborough, LLP
David W. Strong	2015	N/A	President/CEO	President/CEO, Orlando Health, Inc.

## Executive Management

**David Strong, President/CEO, Age 58:** David became president and CEO of Orlando Health on April 9, 2015. Under his leadership, Orlando Health has received some of the most prestigious national accolades in healthcare, including Best Hospital awards from U.S. News & World Report, Fortune and Modern Healthcare magazines; Top Hospital awards from the patient-safety advocates at The Leapfrog Group; and Beacon Awards for excellence at the patient bedside from the American Association of Critical-Care Nurses. In addition to ambulatory locations and hospitals, the organization owns Orlando Health Strategic Innovations, an innovation platform with a corporate venture fund that invests in promising early-stage healthcare companies from around the world.

Prior to joining Orlando Health, David was Chief Operating Officer of the University of North Carolina (UNC) Health Care and President of UNC REX Healthcare. Earlier in his career, he served as Chief Operating Officer at Mercy Health System Oklahoma and Executive Vice President/Chief Operating Officer at Our Lady of the Lake Regional Medical Center in Baton Rouge, Louisiana.

David currently serves as vice chair of the CHRISTUS Health Board in Dallas and on the Finance and Strategy, Audit, Executive and Governance Committees. He is the chair of the Safety Net Hospital Alliance of Florida. In addition, David is on the boards of Navvis & Company, LLC in St. Louis, Missouri; the Florida Chamber of Commerce; and the Florida Hospital Association.

**Jamal A. Hakim, MD, Chief Operating Officer, Age 61:** As Chief Operating Officer, Jamal oversees the daily operations and management of all Orlando Health hospitals and their patient care. Jamal has served Orlando Health in various capacities since 1991, including Chief of Staff (2009 to 2011) and Interim President and CEO (2013 to 2015). In 2011, he was appointed the organization's first Chief of Quality and Clinical Transformation, overseeing the development and implementation of a system-wide quality plan that has since resulted in numerous quality awards and recognitions for Orlando Health hospitals and services.

Jamal is board certified in anesthesia and is a practicing anesthesiologist at Orlando Health Winnie Palmer Hospital for Women & Babies. He earned his bachelor's degree in chemistry from Duke University, completed medical school at Indiana University and performed his anesthesia residency at the University of Florida.

**Leslie Flake, BSN, Chief Financial Officer, Age 47:** Leslie oversees all facets of financial operations for Orlando Health. The areas include finance, revenue management and the organization's clinically integrated network, which consistently appears on Becker's annual list of top performers.

Leslie has more than 20 years of experience as a finance leader for integrated healthcare systems across the country. Prior to joining Orlando Health, she was Senior Vice President of Finance at Spectrum Health, a not-for-profit hospital system based in Grand Rapids, Michigan. This system had 14 hospitals more than 31,000 team members, \$9 billion in net revenue, a medical group and the nation's third-largest provider-sponsored health plan prior to the merger in February 2022 with Beaumont Health (now known as Corewell Health).

Leslie earned a Bachelor of Science in nursing and a Master of Business Administration from Brigham Young University in Provo, Utah. She has served as a board member for several community and business organizations during her career.

**R. Erick Hawkins, Chief Administrative Officer, Age 49:** In his role as Chief Administrative Officer, Erick leads the organization's strategic planning, business development, asset strategy and innovation efforts. Erick is also responsible for the Orlando Health Foundation and External and Government Relations. Erick currently serves on the Board of Trustees for the Florida Chamber of Commerce.

Erick previously served as Chief Financial Officer and Vice President of Heart and Vascular Services for UNC REX Healthcare in Raleigh. In that position, he was the executive responsible for the organization's strategic innovations, which included the development of REX Health Ventures, a corporate venture capital fund.

Other leadership positions have included president of the board of directors for Hospice of Wake County, member of the Executive Leadership Team for the American Heart Association's Triangle Heart Ball, and member of the Leukemia & Lymphoma Society's Triangle Light the Night Walk's Executive Leadership Council.

Erick earned a bachelor's degree from Yale University and an MBA from Duke University's Fuqua School of Business.

**Sunil S. Desai, MD, Senior Vice President, Orlando Health; President, Orlando Health Medical Group, Age 56:** As president of Orlando Health Medical Group (OHMG), Sunil is responsible for leading the strategic and operational direction of more than 1,000 employed clinicians. He also practices part-time in the intensive care unit of Orlando Regional Medical Center.

Sunil is board certified in internal medicine, pulmonary medicine, critical care medicine and sleep medicine. Previously, he was a program director, intensivist and staff physician at several hospitals within the University of Pittsburgh Medical Center system in Pennsylvania. He also served as adjunct clinical faculty at the University of Detroit, conducted research, and authored journal abstracts, manuscripts and presentations.

Before joining Orlando Health, Sunil served as President of Christus St. Vincent Medical Group in Santa Fe, New Mexico. Earlier in his career, Sunil was Chief Medical Officer of Presence Health/Presence Medical Group in Chicago, Illinois, where he developed and implemented a quality plan for the medical group. He also served as medical director of Presence Telehealth Center, delivering remote clinical services such as teleICU, telestroke, telesitter and telepharmacy.

Sunil earned his medical degree at Karnatak University in India. He completed a residency in internal medicine at Wayne State University in Detroit, Michigan and was the chief medical resident. He completed a fellowship in pulmonary, critical care and sleep medicine at the University of Pittsburgh Medical Center in Pennsylvania.

**George Ralls, MD, Senior Vice President and Chief Medical Officer, Age 59:** George serves as the senior physician leader responsible for ensuring the highest quality and efficiency of care is delivered at Orlando Health. His duties include overseeing the System's clinical quality, clinical care delivery systems and outcomes. In addition, he provides executive leadership for graduate medical education, organizational performance improvement, medical staff services and clinical research.

George joined Orlando Health as the chief quality officer for Orlando Health ORMC, and most recently served as the System's chief quality officer. He is clinically active in emergency medicine at Orlando Health ORMC and has been a member of the medical staff since 2001. After earning his medical degree at the University of Miami School of Medicine (Florida), he completed his residency in emergency medicine at Orlando Health ORMC, serving as chief resident.

Prior to his administrative roles at Orlando Health, George was the deputy county administrator and director of health and public safety for Orange County. In that role, he provided leadership for Orange County's Corrections, Fire Rescue and Health Services departments, partnering with community leaders and public officials to address major issues in the community.

**Karen Frenier, RN, ANE, Senior Vice President, Human Resources and Chief Nurse Executive, Age 64:** Karen oversees all aspects of human resource operations for Orlando Health. These areas include team member recruitment, compensation and benefits, education and training, organizational development, HR information systems, team member relations, and team member engagement. As chief nurse executive, she is responsible for corporate nursing and patient-care services for the organization.

As a former nurse, Karen has held numerous leadership positions at Orlando Health, most recently as vice president/chief human resources officer. Previously, she served as president of Orlando Health South Seminole Hospital, president of Orlando Health Dr. P. Phillips Hospital and vice president of operations for Orlando Health Orlando Regional Medical Center (ORMC).

Karen earned a Bachelor of Science in Nursing from Florida Southern University, Lakeland, and an MBA from the University of Phoenix. She is currently a member of the Seminole State College Foundation board. She has served as the American Lung Association Asthma Walk chairperson for Orlando Health and as a chairperson for Orlando Health ORMC's annual Heart Walk campaign. Throughout her career, Karen has received numerous distinctions, and in 2015 was named Business Executive of the Year Honoree by the *Orlando Business Journal*.

**Novlet Mattis, Senior Vice President, Chief Digital and Information Officer, Age 60:** Novlet provides executive leadership for information technology, digital capability, supply chain, and systems that advance clinical and business strategies, digitally engage patients, providers and business, and optimize operational processes.

Prior to joining Orlando Health in 2018, Novlet was with Ascension Health in St. Louis, where she served as vice president of information technology, supporting more than 125 hospitals across the U.S. as well as international joint ventures. She was also vice president of IT and chief information officer at UNC REX Healthcare in Raleigh, North Carolina, and has held leadership positions at Dell Global Services, Lucent Technologies and AT&T.

Novlet earned a bachelor's in business administration from Howard University and an MBA from George Washington University, both in Washington, DC. She is a Certified Healthcare CIO through the College of Healthcare Information Management Executives.

### **Environmental, Social and Governance Standards**

Orlando Health recognizes the need to focus on the impact its operations have on the environment and minimize such impact for the good of its patients, its community and society at large. The System fosters this vision through procurement in which environmental conservation is awarded priority and by establishing an environmentally friendly system that benefits the well-being of all team members, patients, and the surrounding community. The main objective of Orlando Health's Diversity and Minority Business Development department is to provide diverse suppliers equal access to business opportunities at Orlando Health.

Orlando Health is committed to improving the health of its community by providing community benefit, various community health activities, conducting a community health needs assessment and developing an implementation plan, funding community grants, and investing in the communities it serves through donations and charitable purpose sponsorships. A community coalition focusing on promoting, collaborating, and participating in community events is also in place, which consists of numerous community organizations and partners, with the System serving as the backbone organization. During 2021, the System provided \$133.6 million in charity care as part of the \$782.1 million total value to the community.

Orlando Health is committed to implementing strategies and initiatives that will advance diversity, equity, and inclusion in all forms. It strives for an organizational culture that is driven by its core values of respect, integrity, teamwork and excellence, based on the recognition that the ability to understand, value, and succeed in a multicultural world is critical to innovation and continued success in a changing healthcare landscape. Orlando Health is working to increase consistency across patient access in collection of race and ethnicity data to facilitate accurate identification of health care disparities, as well as applying specific focus on reducing disparities in pre-natal and post-partum maternal and fetal care outcomes. Orlando Health is also committed, along with several statewide community partners, to participation in an Equity Train-the-Trainer program to leverage health providers' understanding of health equity and to support the implementation of health equity-oriented actions through exploration of strategies to increase patient satisfaction, improve treatment adherence, increase communication, and reduce patient mistrust.

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## MEDICAL STAFF

As of September 30, 2022, the combined medical staffs of Orlando Health, Health Central, South Lake, St. Cloud and Bayfront Health St. Petersburg consisted of 3,284 active physicians and dentists (excluding honorary staff). The presentation reflects reporting a physician once, regardless of their number of location privileges. The following table highlights some of the key medical staff statistics as of September 30, 2022.

### September 30, 2022

Total Physicians	3,284
Board certified physicians	2,994
Percent board certified	91%
Average age of total physicians (years)	51

Specialty	Total Physicians	Number of Board Certified Physicians	Percent Board Certified Physicians	Average Age of Total Physicians
Anesthesiology	105	94	90	50
Cardiology	137	131	96	52
Dentistry/OMS	31	20	65	51
Dermatology	26	24	92	55
Critical Care Medicine	46	41	89	43
Emergency Medicine	165	144	87	44
Family Practice	260	244	94	51
Gastroenterology	76	67	88	53
Internal Medicine	474	419	88	47
Nephrology	69	66	96	53
Neurology	73	66	90	52
Neurosurgery	35	31	89	49
Obstetrics/Gynecology	271	254	94	50
Oncology/Hematology	59	52	88	49
Ophthalmology	63	57	90	52
Orthopedics/Podiatry	185	156	84	50
Other Specialties	286	266	93	51
Otolaryngology	43	43	100	52
Pathology	28	26	93	56
Pediatric	469	442	94	50
Plastic Surgery	48	43	90	52
Psychiatry	47	42	89	51
Radiology	107	100	93	48
Surgery	138	129	93	52
Urology	43	37	86	60
<b>Totals</b>	<b>3,284</b>	<b>2,994</b>	<b>91</b>	<b>51</b>

Source: Records of the Corporation

## **MEDICARE AND MEDICAID PROGRAMS**

Medicare pays the System based on a DRG based prospective payment system for inpatient services and capital. Outpatient services are paid by Medicare on an Ambulatory Payment Classification-based prospective payment system.

Medicaid pays the System for inpatient care based on the 3M All Patient Refined Diagnosis-Related Group APR-DRG system adjusted weights for the Florida population. Outpatient services are paid on the 3M Enhanced Ambulatory Payment Group (EAPG). For the state year beginning July 1, 2022, teaching facilities share approximately \$698 million in state distributions based on the weighted number of residents at each teaching hospital compared to total residents in the state. During the state year beginning July 1, 2022, Orlando Health will receive approximately \$21.0 million of these funds.

### **Florida Hospital Directed Payment Program**

In Florida, hospitals are reimbursed approximately 60% of their Medicaid costs. The difference between the actual cost to provide care to a Medicaid beneficiary and the payment the hospital receives in reimbursement is known as the “Medicaid shortfall.” To address the Medicaid shortfall, as part of the 2021 General Appropriations Act, the Florida Legislature authorized the Agency for Health Care Administration (AHCA) to establish the Medicaid Hospital Directed Payment Program (Hospital DPP) for the State. The Hospital DPP program operates on a regional basis and provides enhanced payments to participating hospitals in a region where Intergovernmental Transfers are contributed.

The Federal government provides matching dollars to the share contributed by the State. For nonpublic hospitals, local governments pass special assessments to collect from nonpublic hospitals only. Such assessments do not impose any costs on the State or local governments. Local governments send the collected funds to the State, where they draw down the Federal match. That pool of money (the nonfederal share made up of local government contributions, with the addition of the Federal match) is disbursed to hospitals in participating regions through Medicaid managed care organizations (MCOs) responsible for reimbursing providers.

Orlando Health has hospitals in regions three and seven, two of the regions participating in the program. The State received approval for Year 2 of Hospital DPP on September 29, 2022. Orange, Lake, and Osceola Counties adopted the required ordinances in September 2022 and passed the resolutions to establish the assessment for the State fiscal year 2022-2023. Given the dependency on Medicaid as a payor, the Hospital DPP program represents a potential significant source of revenue for Orlando Health. Orlando Health paid assessments of \$55.6 million to Orange, Lake and Osceola Counties in November 2022 which was accrued within other current liabilities and supplies and other expense as of and for the year ended September 30, 2022. The System also recognized approximately \$131.1 million within other receivables and other revenue as of and for the year ended September 30, 2022. The Hospital DPP program requires annual approval by the Center for Medicare and Medicaid Services (CMS). As such, amounts for future fiscal years are uncertain given matters associated with State and Federal budgets, CMS and judicial interpretation of governmental regulations, which are subject to political issues, economic factors, and other considerations that cannot be predicted at this time.

## **MANAGED CARE PARTICIPATION**

The System contracts with certain health maintenance organizations and preferred provider organizations, which pay the System based on varied reimbursement methodologies, such as percentage of charges, DRG, or per diems. As of September 30, 2022, the System has contracted with all major preferred provider organizations (PPO), health maintenance organizations (HMO), and point of service organizations

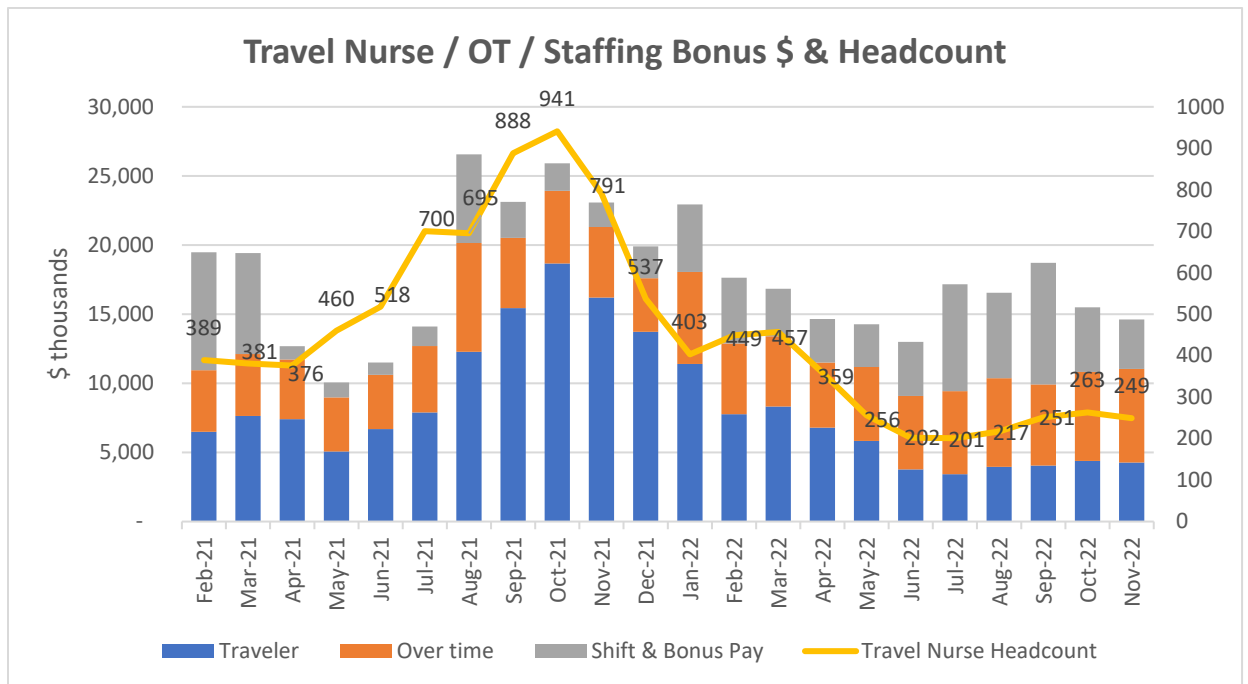
(POS) in the area. The System currently has contracts with most of the commercial HMO, POS and PPO payors, and has access to over 95 percent of Medicare Advantage plans and 100 percent of the Medicaid Managed Medical Assistance plans in the market. The top six plans represent over 90 percent of the commercial market and include Aetna, AvMed, Florida Blue, Cigna/Great West, Humana, and United Healthcare. The majority of managed care contracts cover one-year periods. The System has been successful in renewing its contracts annually with rate increases over the last several years.

### HUMAN RESOURCES AND EMPLOYEE RETIREMENT PLAN

The System employs approximately 25,000 team members, of which 22% are nursing staff. No employees of the System are currently represented by a union.

During the year ended September 30, 2022, the System’s overall turnover rate was 27.2 percent and within the nursing population, the voluntary RN turnover rate was 30.3 percent. The comprehensive recruiting plan for the System for 2022 resulted in an overall vacancy rate of 13 percent as of September 30, 2022. The System continues to invest in the training and development of new graduate RNs, including the hiring of 452 graduate nurses during the fiscal year.

The System has utilized “travel nurses” to address certain shortfalls in its nursing staff caused by the nation’s nursing shortage. The number of travel nurses utilized by the System spiked in the summer and fall of 2021 due to COVID-19, but has since stabilized. The following chart indicates the number of travel nurses, along with the overall expenses related thereto, utilized by the System between February 2021 and November 2022:



In response to the continued recruitment and retention challenges, the System has undertaken several activities to reimagine nursing pay models, enhance workforce development partnerships, investment in the education and upskilling of team members, and accelerate hiring and onboarding processes.

The System is experiencing the larger national workforce trends and resulting pressures in staffing and recruitment, as well as increased expenses. In response, the System has undertaken several improvement activities to reimagine nursing pay models, enhance workforce development partnerships, invest in the education and upskilling of team members, and accelerate hiring and onboarding processes. Because the System relies heavily on its human resources, management works hard to maintain satisfactory relationships with all team members and believes that employee engagement will remain strong as a result of management's ongoing efforts to improve communications and strengthen the workplace culture.

Orlando Health has 401(a) and 403(b) defined contribution plans and most employees are eligible to participate. Currently, 94% of eligible team members are contributing to their retirement at an average total savings rate of 6.2%. For most plan participants, the System matches the first 2% of the participants' contributions plus 50% of the participants' contributions up to 8% or 10% of the participants' compensation, based on years of service.

### **LITIGATION**

No litigation, proceedings or investigations are pending or, to the knowledge of the Corporation, threatened against the Corporation, Orlando Health -Health Central, Orlando Health South Lake, Orlando Health St. Cloud, or Bayfront Health St. Petersburg except: (i) litigation being defended by insurance companies on behalf of the Corporation, Orlando Health -Health Central, Orlando Health South Lake, Orlando Health St. Cloud, or Bayfront Health St. Petersburg in which the recoveries, if any, should be within the applicable insurance policy limits or litigation for which adequate self-insurance is provided and (ii) litigation, proceedings and investigations which, in the opinion of the Corporation are either unlikely to be adversely determined or unlikely, if determined adversely, to result in a material adverse effect on the combined operations, financial condition, or cash flows of the Corporation, Orlando Health -Health Central, Orlando Health South Lake, Orlando Health St. Cloud, and Bayfront Health St. Petersburg, considered as a whole.

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## SOURCES OF PATIENT REVENUES AND UTILIZATION OF PATIENT SERVICES

The table below lists the approximate percentage of gross patient charges for hospital services by payor category and patient services utilization statistics.

	Year Ended September 30,		
	2022	2021	2020
<i>Payor Mix</i>			
Medicare (includes HMO's)	40.3%	38.9%	38.1%
Medicaid (includes HMO's)	17.4	17.0	16.3
Managed Care	32.0	34.1	33.9
Commercial	3.5	2.7	3.1
Self-Pay	4.6	5.4	6.3
Other	2.2	1.9	2.3
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<i>Average Licensed Beds</i>			
	2,908	2,890	2,286
<i>Average Licensed Beds in Service</i>			
	2,798	2,764	2,263
<i>Average Daily Census</i>			
Adult	1,735	1,757	1,363
Newborn and neonatal	220	204	178
	<u>1,955</u>	<u>1,961</u>	<u>1,541</u>
<i>Admissions</i>			
Adult	140,419	140,243	116,982
Newborn and neonatal	18,505	17,902	14,460
	<u>158,924</u>	<u>158,145</u>	<u>131,442</u>
<i>Observation Cases</i>			
Adult and neonatal	29,829	30,314	28,113
<i>Patient Days</i>			
Adult	633,318	641,316	498,702
Newborn and neonatal	80,275	74,333	65,164
	<u>713,593</u>	<u>715,649</u>	<u>563,866</u>
<i>Average Length of Stay (days)</i>			
Adult	4.5	4.6	4.5
Newborn and neonatal	4.3	4.2	4.6
<i>Percent Occupancy (beds in service)</i>			
Adult	70.3	71.1	68.7
Newborn and neonatal	66.5	69.7	64.0
<i>Outpatient Visits</i>			
Outpatient Visits*	596,071	738,785	638,070
Outpatient Surgery Cases	36,786	36,749	32,418
Total Outpatient Visits*	<u>632,857</u>	<u>775,534</u>	<u>670,488</u>
<i>Emergency Dept. Patients Treated</i>			
	500,571	452,680	397,486
<i>Case Mix Index</i>			
Medicare only	1.86	1.90	1.81
All payors	1.74	1.72	1.72

Source: Records of the Corporation.

\*Methodology for counting outpatient visits revised for FY22. FY21 and FY20 remain as previously reported.

## FINANCIAL STATEMENTS

The following includes only selected financial information reflecting the financial position of Orlando Health, Inc. and Subsidiaries at September 30, 2022, 2021 and 2020 and the results of operations and non-operating gains and losses for the years ended September 30, 2022, 2021 and 2020. As of September 30, 2022, the Obligated Group represented approximately 89 percent of consolidated total revenues and 96 percent of consolidated total assets of the System.

### Statements of Operations (\$ in thousands)

#### Year ended September 30,

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues and other support without donor restrictions</b>			
Net patient service revenue	\$4,680,990	\$4,237,094	\$3,546,272
Other revenue	563,014	403,834	315,846
Net assets released from restrictions	9,055	6,013	6,052
Total revenues and other support without donor restrictions	5,253,059	4,646,941	3,868,170
<b>Expenses</b>			
Salaries and benefits	2,562,616	2,246,291	1,935,631
Supplies	1,054,870	960,934	760,607
Other expenses	877,822	840,849	588,896
Depreciation and amortization	262,637	241,489	199,841
Interest	65,688	65,685	55,175
Total expenses	4,823,633	4,355,248	3,540,150
Income from operations	429,426	291,693	328,020
<b>Non-operating gains and losses</b>			
Investment (loss) income	(446,308)	386,218	132,285
Change in fair value of interest rate swap agreements	23,601	12,112	(6,399)
Loss on early extinguishment of debt	-	(10,511)	-
Other nonoperating (losses) gains	(20)	1,955	19,512
Nonoperating (losses) gains, net	(422,727)	389,774	145,398
Excess of revenues, other support, and gains over expenses and losses	6,699	681,467	473,418
Excess of revenues, other support, and gains over expenses and losses attributed to non-controlling interests	(686)	(787)	(314)
Excess of revenues, other support, and gains over expenses and losses attributed to Orlando Health, Inc. and Subsidiaries	\$6,013	\$680,680	\$473,104

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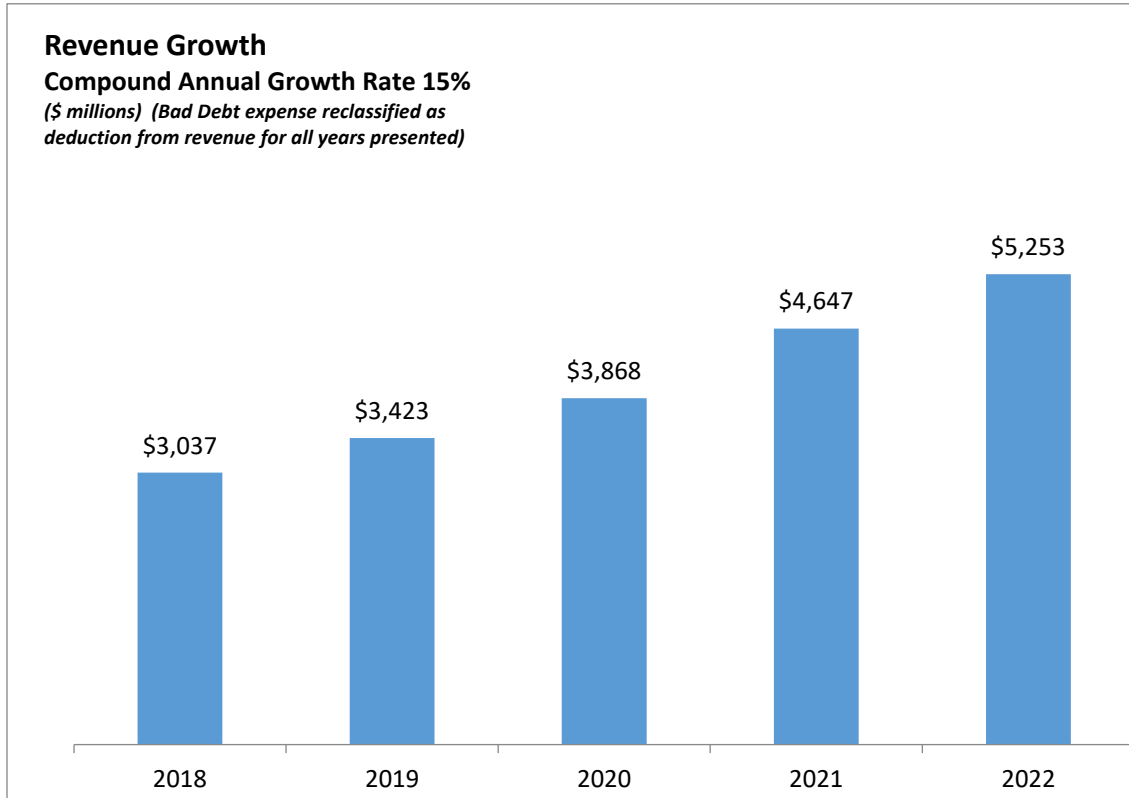
**Balance Sheet (\$ in thousands)**

	<b>Sept 30, 2022</b>	<b>Sept 30, 2021</b>	<b>Sept 30, 2020</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 818,980	\$ 657,353	\$ 686,339
Assets limited as to use	71,053	60,904	93,690
Accounts receivable	551,970	570,599	382,369
Other receivables	218,956	186,046	68,577
Inventory	114,857	126,374	115,201
Other current assets	170,968	47,228	224,088
Total current assets	<u>1,946,784</u>	<u>1,648,504</u>	<u>1,570,264</u>
Assets limited as to use:			
Debt service and reserve funds held by bond trustee	56,850	50,897	45,933
Construction funds held by bond trustee	297,840	2,877	29,234
Interest rate swap contract collateral	-	17,748	30,691
Malpractice self-insurance	16,916	17,470	17,066
	<u>371,606</u>	<u>88,992</u>	<u>122,924</u>
Less amount required to meet current obligations	<u>(71,053)</u>	<u>(60,904)</u>	<u>(93,690)</u>
	300,553	28,088	29,234
Long-term investments – without donor restrictions	2,106,916	2,529,594	2,080,067
Long-term investments – with donor restrictions	136,288	156,486	139,167
Investments in related parties	145,420	59,262	59,504
Other assets	410,304	422,572	368,958
Operating lease assets	136,742	158,371	125,296
Property and equipment, net	2,867,147	2,606,663	2,263,181
Total assets	<u><u>\$8,050,154</u></u>	<u><u>\$7,609,540</u></u>	<u><u>\$6,635,671</u></u>
<b>Liabilities and net assets</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 611,128	\$ 560,287	\$ 454,701
Contract liabilities- deferred revenues	-	-	189,996
Other current liabilities	264,249	283,960	194,686
Current portion of long-term debt and lease obligations	37,786	33,764	174,725
Total current liabilities	<u>913,163</u>	<u>878,011</u>	<u>1,014,108</u>
Long-term debt, less current portion	2,271,673	1,891,142	1,506,835
Operating lease obligations, less current portion	120,779	142,296	111,407
Accrued malpractice claims	148,160	138,944	129,495
Other noncurrent liabilities	132,897	172,233	193,913
Total liabilities	<u>3,586,672</u>	<u>3,222,626</u>	<u>2,955,758</u>
Net assets:			
Net assets without donor restrictions	4,236,929	4,224,995	3,540,173
Net assets with donor restrictions	226,553	161,919	139,740
Total net assets	<u>4,463,482</u>	<u>4,386,914</u>	<u>3,679,913</u>
Total liabilities and net assets	<u><u>\$8,050,154</u></u>	<u><u>\$7,609,540</u></u>	<u><u>\$6,635,671</u></u>

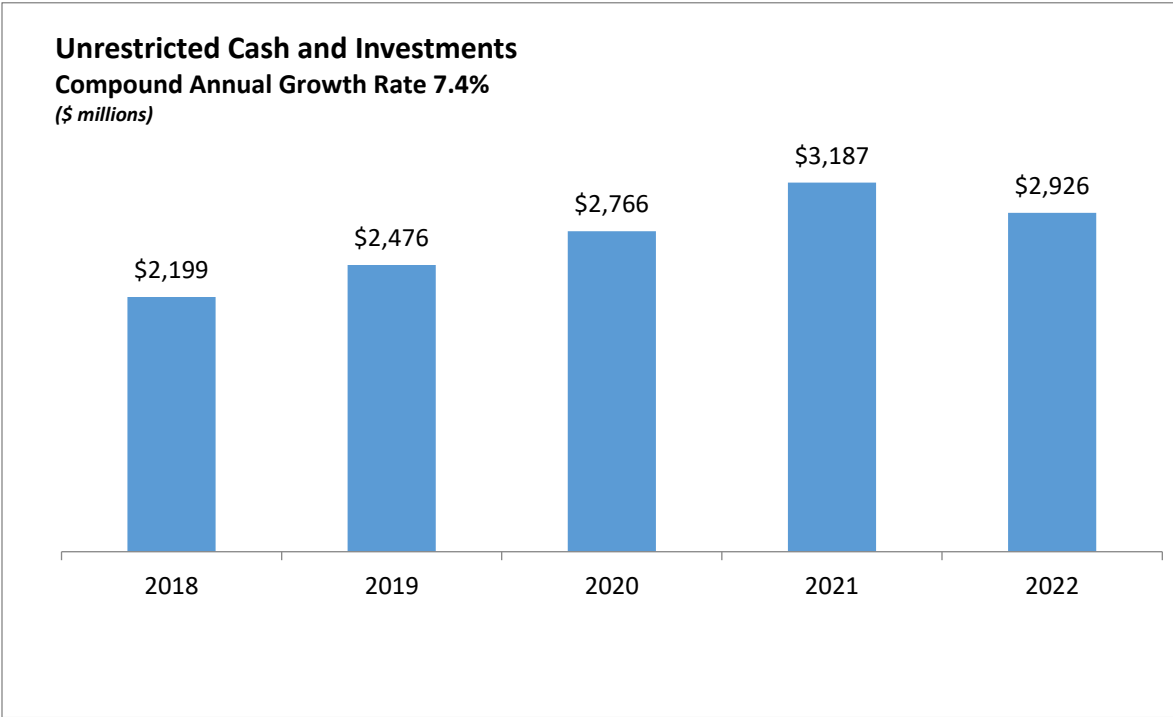
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General

The following charts, covering fiscal years from 2018 to 2022, demonstrate the historical trends in revenues and other support without donor restrictions growth and liquidity levels achieved by Orlando Health and Subsidiaries.



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**Overview of Financial Performance**

The following discussion and analysis are on a consolidated basis which includes the consolidated operations and financial position of Orlando Health, Inc. and its Subsidiaries.

**COVID-19 and Orlando Health’s Response**

The Coronavirus Aid, Relief and Economic Securities (CARES) Act Provider Relief Fund was signed into law to provide temporary and limited relief to individuals and businesses impacted by the COVID-19 outbreak, including the appropriation of funds for healthcare providers for reimbursement of expenses and lost revenue attributable to COVID-19. Through September 30, 2022, the System had received distributions of approximately \$93.0 million under the CARES Act Provider Relief Fund. This funding was used to support healthcare related expenses or lost revenue attributable to COVID-19 and to ensure uninsured individuals can obtain testing and treatment for COVID-19. Of the available programs established under the CARES Act Provider Relief Fund, the System elected to participate in the Medicare Accelerated Payment Program and the Employer Payroll Tax Deferral Provisions. The System received \$190.0 million in accelerated Medicare payments. These amounts were repaid in September 2021.

**Supply Chain**

The System’s supply chain team continues to work diligently to secure needed supplies from trusted and vetted sources and ensure all hospitals in the System are tracking supplies at each site and routing equipment and supplies where they are most needed. On a daily basis, supply chain management reviews critical supplies such as personal protective equipment (PPE), diagnostic testing products, and equipment to manage anticipated volumes. Management believes it has a sufficient supply of PPE to meet its current needs but expects continued high demand.

## Liquidity

Due to the uncertainty surrounding the financial impact of COVID-19, the System took steps to preserve liquidity. As outlined above, through September 30, 2022, the System has received approximately \$93.0 million from the CARES Act Provider Relief Fund. Through the Medicare Accelerated Payment Program, the System received \$190.0 million. All funds received through the Medicare Accelerated Payment Program were repaid as of September 30, 2022. As of September 30, 2022, the System held unrestricted cash and investments of approximately \$2.9 billion, resulting in 234 days cash on hand. Additionally, the Systems' debt to capitalization ratio was 34.1 percent and cash and investments to debt ratio was 127.0 percent as of September 30, 2022.

The System entered into a \$200.0 million revolving line of credit note with PNC Bank on February 26, 2020. This line of credit includes the option to increase the principal of this note to \$250.0 million at the System's request. No amounts have been drawn or are outstanding under the line of credit as of September 30, 2022.

***Year ended September 30, 2022 Compared to 2021.*** Excess of revenues, other support and gains over expenses and losses was \$6.7 million for the year ended September 30, 2022. Income from operations of \$429.4 million for the year was \$137.7 million or 47.2% more than the prior year. Non-operating (losses) gains, net decreased \$812.5 million from the prior year due to negative investment returns.

***Revenue, Utilization, and Payor Mix.*** Net patient service revenue for the year ended September 30, 2022 increased \$443.9 million or 10.5% compared to the prior year. The increase is due to increased volumes, rate increases, and higher acuity.

Emergency department patients treated increased 10.6%, case mix index is 1.74, and adult length of stay improved from 4.6 to 4.5. The payor mix changed with increases in Medicare, Medicaid and commercial patients, offset with decreases in managed care patients.

***Expenses.*** Total expenses for the year ended September 30, 2022 increased \$468.4 million or 10.8% compared to the prior year. The increase is due to increased volumes and related increase in employees, employee pay rate increases, and supply inflation. The System recorded \$55.6 million of Hospital DPP assessments in 2022.

***Changes in Cash, Investments, Accounts Receivable, and Working Capital.*** From September 30, 2021 to September 30, 2022, unrestricted cash and investments decreased \$261.1 million or 8.2% due to operating cash flow offset by negative investment returns.

Accounts receivable decreased \$18.6 million or 3.3%. Days of revenue in accounts receivable is based on one year of net patient service revenue. There were 43 days revenue in accounts receivable at September 30, 2022, compared to 49 days at September 30, 2021.

Current assets increased \$298.3 million or 18.1%. Current liabilities increased \$35.2 million or 4.0%.

***Obligated Group and Subsidiaries.*** Excess (deficit) of revenues, other support, and gains over expenses and losses by the Obligated Group and Subsidiaries for the years ended September 30, 2022 and 2021 are presented below:

<i>Excess (deficit) of revenues, other support, and gains over expenses and losses</i>	<b>Year Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(in millions)</i>	
Obligated Group	\$357.1	\$987.1
Subsidiaries	(349.8)	(305.4)
Inter-company Eliminations	<u>(0.6)</u>	<u>(0.2)</u>
Consolidated	<u>\$6.7</u>	<u>\$681.5</u>

***Year ended September 30, 2021 Compared to 2020.*** Excess of revenues, other support and gains over expenses and losses was \$681.5 million for the year ended September 30, 2021, a \$208.0 million or 43.9% increase from the prior year. Income from operations of \$291.7 million for the year was \$36.3 million or 11.1% less than the prior year. Nonoperating gains, net increased \$244.4 million from the prior year.

***Revenue, Utilization, and Payor Mix.*** Net patient service revenue for the year ended September 30, 2021 increased \$690.8 million or 19.5% compared to the prior year. The increase is due to increased volumes, rate increases, higher acuity, and the Bayfront acquisition.

Combined admissions and observation cases increased 18.1%, case mix index remained at 1.72, and adult percent occupancy improved from 68.7 to 71.1. Total outpatient visits increased 15.7%. The payor mix changed with increases in Medicare, Medicaid and managed care patients, offset with decreases in self pay patients.

***Expenses.*** Total expenses for the year ended September 30, 2021 increased \$815.1 million or 23.0% compared to the prior year. The increase is due to increased volumes and related increase in employees, employee pay rate increases, and supply inflation. The System recorded \$57.8 million of Hospital DPP assessments in 2021.

***Changes in Cash, Investments, Accounts Receivable, and Working Capital.*** From September 30, 2020 to September 30, 2021, unrestricted cash and investments increased \$420.5 million or 15.2% due to operating cash flow, bond proceeds and investment returns.

Accounts receivable increased \$188.2 million or 49.2%. Days of revenue in accounts receivable is based on one year of net patient service revenue. There were 49 days revenue in accounts receivable at September 30, 2021, compared to 39 days at September 30, 2020.

Current assets increased \$78.2 million or 5.0%. Current liabilities decreased \$136.1 million or 13.4% due to the payback of the CARES advanced payments.

Obligated Group and Subsidiaries. Excess (deficit) of revenues, other support, and gains over expenses and losses by the Obligated Group and Subsidiaries for the years ended September 30, 2021 and 2020 is presented below:

<i>Excess (deficit) of revenue, other support, and gains over expenses and losses</i>	<b>Year Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(in millions)</i>	
Obligated Group	\$987.1	\$669.9
Subsidiaries	(305.4)	(199.1)
Inter-company Eliminations	<u>(0.2)</u>	<u>2.6</u>
Consolidated	<u>\$681.5</u>	<u>\$473.4</u>

### **HISTORICAL ACTUAL AND PRO FORMA DEBT SERVICE COVERAGE RATIOS OF THE OBLIGATED GROUP**

The following table presents, in summary form, the Obligated Group's historical coverage of the Historical and Pro Forma Debt Service (as defined in the Master Indenture) for the three fiscal years ended September 30, 2022, 2021 and 2020.

	<b>Fiscal Year Ended September 30,</b>		
	<b><u>(\$ in thousands)</u></b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenue <sup>(1)</sup>	\$4,744,829	\$4,010,279	\$3,221,371
(Less) Expenses <sup>(1)</sup>	<u>3,675,003</u>	<u>3,027,932</u>	<u>2,404,773</u>
Net Income Available for Debt Service	<u>\$1,069,826</u>	<u>\$982,347</u>	<u>\$816,598</u>
Historical Actual Debt Service Requirement <sup>(2)</sup>	\$95,635	\$89,695	\$86,760
Historical Actual Debt Service Coverage Ratio	11.2x	11.0x	9.4x
Historical Pro Forma Maximum Annual Debt Service Requirement <sup>(3)</sup>	\$136,965	\$136,965	\$136,965
Historical Pro Forma Debt Service Coverage Ratio	7.8x	7.2x	6.0x

<sup>(1)</sup> As defined in the Master Indenture. Determined in accordance with generally accepted accounting principles from time to time in effect. See the definition of "Revenues", "Expenses" and "Income Available for Debt Service" under "FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE" in APPENDIX D hereto.

<sup>(2)</sup> Does not include debt service on the Series 2023A Bonds described in the forepart of this document. Includes debt service on the Long-Term Indebtedness and leases. See "OUTSTANDING BONDS AND OTHER LONG TERM DEBT" in this APPENDIX A and "EXISTING INDEBTEDNESS" in the forepart of this document.

<sup>(3)</sup> Includes debt service on Long-Term Indebtedness, leases, and the estimated Series 2023A Bonds. For purposes of calculating interest on the Series 2008E Bonds, an interest rate of 3.57% is assumed, which is the fixed rate of interest based on the related interest rate swap. For purposes of calculating interest on the Series 2011 Bonds, an interest rate of 3.86% is assumed, which is the fixed rate of interest based on the related interest rate swap. For purposes of calculating debt service on the Series 2018 and Series 2019 C Bonds, it was assumed that the amortization is smoothed over a 30-year period basis at the interest rates of 3.777% and 4.089% for Series 2018 and 4.69% for Series 2019C. Excludes the \$200 million revolving line of credit with PNC Bank, National Association, which is currently undrawn. Assumptions may or may not be calculated in a manner consistent with the Master Indenture.



## LIQUIDITY AND DAYS CASH ON HAND

The following table sets forth the days cash on hand of the Obligated Group for the fiscal years ended September 30, 2022, 2021 and 2020.

	Year Ended September 30, (\$ in thousands)		
	2022	2021	2020
Consolidated Cash, Cash Equivalents and Unrestricted Investments	\$2,916,866	\$3,143,851	\$2,503,957
Total Operating Expenses	3,893,741	3,268,074	2,587,064
Depreciation and amortization	225,158	201,524	159,846
Total Operating Expense, less depreciation and amortization	\$3,668,583	\$3,066,550	\$2,427,218
Days Cash on Hand <sup>(1)</sup>	290	374	377

<sup>(1)</sup> Days cash on hand is defined as consolidated cash, cash equivalents, and unrestricted investments divided by total operating expenses, less depreciation and amortization and multiplied by 365 for each fiscal year.

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## OUTSTANDING BONDS AND OTHER LONG-TERM DEBT

As of September 30, 2022, the Obligated Group had indebtedness related to the bonds issued by the Orange County Health Facilities Authority and other long-term indebtedness issued under the Master Indenture as shown in the table below. The table includes pro forma long-term indebtedness, assuming the issuance of the Series 2023A Bonds.

### Summary of Long-Term Indebtedness of the Obligated Group (\$ in thousands)

Outstanding Bonds and Other Long-Term Debt	September 30, 2022	
	Actual	Pro-Forma
2008E	\$ 34,021	\$ 34,021
2011	82,975	82,975
2016A	190,620	190,620
2016B	67,766	67,766
2016C	75,547	75,547
2018	447,616	447,616
2019A	104,069	104,069
2019B	102,984	102,984
2019C	100,000	100,000
2020	513,545	513,545
2022	348,221	348,221
2023	-	332,470
<b>Total Bond Debt (Net)</b>	<b>\$2,067,364</b>	<b>\$2,399,834</b>
Other Long-Term Debt:		
Finance lease obligations and other notes	\$242,095	\$242,095
<b>Total</b>	<b>\$2,309,459</b>	<b>\$2,641,929</b>

Source: Records of the Corporation. The amounts set forth in the table above reflect the outstanding principal amounts of such Bonds and other Long-Term Debt adjusted to take into account any original issue premium or discount and any unamortized issuance costs.

## DERIVATIVE TRANSACTIONS

Orlando Health is a party to certain derivative transactions that are summarized in the following table. The swap agreements require each party to post collateral (in the form of cash or eligible securities) to secure the other party's credit exposure in excess of the collateral threshold based on the relevant party's long-term rating. At September 30, 2022, Orlando Health was required to post \$0 million as collateral in connection with the 2011 Swap.

### Certain Information Regarding Outstanding Derivative Transactions (\$ in thousands)

	Notional Amount as of 9/30/22	Maturity Date	Corporation Pays	Corporation Receives	Counterparty	Fair Value as of 9/30/22
2008E Swap	\$ 34,110	10/1/2026	3.570%	68% of one month LIBOR	Goldman Sachs	(\$523)
2011 Swap	\$ 90,000	10/1/2041	3.860%	68% of one month LIBOR	Morgan Stanley	(\$13,978)

**APPENDIX B**

**CONSOLIDATED FINANCIAL STATEMENTS  
OF ORLANDO HEALTH, INC. AND SUBSIDIARIES**

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CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

Orlando Health, Inc. and Subsidiaries  
Years Ended September 30, 2022 and 2021  
With Report of Independent Auditors

Ernst & Young LLP



# Consolidated Financial Statements and Supplementary Information

Years Ended September 30, 2022 and 2021

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## Report of Independent Auditors

Management and the Board of Directors  
Orlando Health, Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the consolidated financial statements of Orlando Health, Inc. and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended and 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 Orlando Health, Inc. and Subsidiaries at September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *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 of material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System'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.





### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The System's consolidating balance sheet as of September 30, 2022, and the related consolidating statement of operations for the year then ended are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we also have issued our report dated December 16, 2022 on our consideration of Orlando Health, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Orlando Health, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orlando Health, Inc. and Subsidiaries' internal control over financial reporting and compliance.

*Ernst & Young LLP*

December 16, 2022

# Orlando Health, Inc. and Subsidiaries

## Consolidated Balance Sheets

*(In Thousands)*

	September 30	
	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 818,980	\$ 657,353
Assets limited as to use	71,053	60,904
Accounts receivable	551,970	570,599
Other receivables	218,956	186,046
Inventory	114,857	126,374
Other current assets	170,968	47,228
Total current assets	1,946,784	1,648,504
Assets limited as to use:		
Debt service and reserve funds held by bond trustee	56,850	50,897
Construction funds held by bond trustee	297,840	2,877
Interest rate swap contract collateral	–	17,748
Malpractice self-insurance	16,916	17,470
	371,606	88,992
Less amount required to meet current obligations	(71,053)	(60,904)
	300,553	28,088
Long-term investments – without donor restrictions	2,106,916	2,529,594
Long-term investments – with donor restrictions	136,288	156,486
Investments in related parties	145,420	59,262
Other assets	410,304	422,572
Operating lease assets	136,742	158,371
Property and equipment, net	2,867,147	2,606,663
Total assets	\$ 8,050,154	\$ 7,609,540
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 611,128	\$ 560,287
Other current liabilities	264,249	283,960
Current portion of long-term debt and lease obligations	37,786	33,764
Total current liabilities	913,163	878,011
Long-term debt, less current portion	2,271,673	1,891,142
Operating lease obligations, less current portion	120,779	142,296
Accrued malpractice claims	148,160	138,944
Other noncurrent liabilities	132,897	172,233
Total liabilities	3,586,672	3,222,626
<b>Net assets</b>		
Net assets without donor restrictions:		
Orlando Health, Inc. and Subsidiaries	4,230,573	4,219,650
Noncontrolling interests in Subsidiaries	6,356	5,345
Total net assets without donor restrictions	4,236,929	4,224,995
Net assets with donor restrictions	226,553	161,919
Total net assets	4,463,482	4,386,914
Total liabilities and net assets	\$ 8,050,154	\$ 7,609,540

*See accompanying notes.*

Orlando Health, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets  
(In Thousands)

	<b>Year Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues and other support without donor restrictions</b>		
Net patient service revenue	\$ 4,680,990	\$ 4,237,094
Other revenue	563,014	403,834
Net assets released from donor restrictions	9,055	6,013
Total revenues and other support without donor restrictions	<u>5,253,059</u>	<u>4,646,941</u>
<b>Expenses</b>		
Salaries and benefits	2,562,616	2,246,291
Supplies	1,054,870	960,934
Other expenses	877,822	840,849
Depreciation and amortization	262,637	241,489
Interest	65,688	65,685
Total expenses	<u>4,823,633</u>	<u>4,355,248</u>
Income from operations	429,426	291,693
<b>Nonoperating (losses) and gains</b>		
Investment (loss) income	(446,308)	386,218
Change in fair value of interest rate swap agreements	23,601	12,112
Other nonoperating (losses) gains	(20)	1,955
Loss on early extinguishment of debt	-	(10,511)
Nonoperating (losses) gains, net	<u>(422,727)</u>	<u>389,774</u>
Excess of revenues, other support, and gains over expenses and losses	6,699	681,467
Excess of revenues, other support, and gains over expenses and losses attributed to noncontrolling interests in Subsidiaries	<u>(686)</u>	<u>(787)</u>
Excess of revenues, other support, and gains over expenses and losses attributed to Orlando Health, Inc. and Subsidiaries	<b>6,013</b>	680,680

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Orlando Health, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)  
(In Thousands)

	<b>Year Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Net assets without donor restrictions</b>		
Excess of revenues, other support, and gains over expenses and losses	\$ 6,699	\$ 681,467
Other changes in unrestricted net assets:		
Net assets released from restrictions for property and equipment	7,198	1,245
Other	(1,963)	2,110
Increase in net assets without donor restrictions	<u>11,934</u>	684,822
<b>Net assets with donor restrictions</b>		
Contributions	87,923	23,649
Net assets released from restrictions	(16,253)	(7,258)
Net realized and unrealized (losses) gains on investments	(6,750)	5,989
Other	(286)	(201)
Increase in net assets with donor restrictions	<u>64,634</u>	22,179
Increase in net assets	76,568	707,001
Net assets at beginning of year	4,386,914	3,679,913
Net assets at end of year	<u>\$ 4,463,482</u>	<u>\$ 4,386,914</u>

See accompanying notes.

Orlando Health, Inc. and Subsidiaries

Consolidated Statements of Cash Flows  
(In Thousands)

	Year Ended September 30	
	2022	2021
<b>Operating activities</b>		
Increase in net assets	\$ 76,568	\$ 707,001
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	262,637	241,489
Change in fair value of interest rate swap agreements	(23,601)	(12,112)
Net realized, unrealized, and investment income gains	446,308	(386,218)
Loss on early extinguishment of debt	-	10,511
Restricted contributions and investment income	(81,173)	(29,638)
Changes in operating assets and liabilities:		
Accounts receivable, net	18,629	(187,706)
Other operating assets	(16,179)	(161,031)
Accounts payable and accrued expenses	13,980	68,596
Contract liabilities – deferred revenues	-	(189,996)
Other operating liabilities	(15,748)	53,581
Net cash provided by operating activities	681,421	114,477
<b>Investing activities</b>		
Purchases of property, equipment, and other noncurrent assets	(432,763)	(256,503)
Net cash paid for business combinations	-	(37,976)
Prepayment for future investing activities	(123,472)	-
(Increase) decrease in assets limited as to use	(295,862)	28,726
Purchase of trading securities, net of sales	(1,468)	(80,335)
Other investing activities	(84,782)	5,454
Net cash used in investing activities	(938,347)	(340,634)
<b>Financing activities</b>		
Proceeds from issuance of debt	351,412	516,775
Refunding and repayments of debt, including financing lease obligations	(30,694)	(370,895)
Bond proceeds used for loan costs	(1,409)	(2,753)
Grant proceeds received for long-term purposes	6,255	19,547
Restricted contributions and investment income	81,173	29,638
Net cash provided by financing activities	406,737	192,312
Increase (decrease) in cash, cash equivalents and restricted cash	149,811	(33,845)
Cash, cash equivalents and restricted cash, beginning of year	726,342	760,187
Cash, cash equivalents and restricted cash, end of year	\$ 876,153	\$ 726,342
Cash and cash equivalents	\$ 818,980	\$ 657,353
Restricted cash and cash equivalents in assets limited as to use	56,850	50,897
Restricted cash and cash equivalents in long-term investments – with donor restrictions	323	344
Restricted cash and cash equivalents in Interest rate swap contract collateral	-	17,748
Cash, cash equivalents and restricted cash, end of year	\$ 876,153	\$ 726,342
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for interest	\$ 72,933	\$ 66,909
Purchases of property and equipment accrued and not paid	54,512	47,076

See accompanying notes.

# Orlando Health, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

September 30, 2022

### **1. Organization**

Orlando Health, Inc. (Orlando Health or the System); Orlando Health Central, Inc. (Health Central); Orlando Health South Lake Hospital, Inc. (South Lake); OsceolaSC, LLC (dba Orlando Health St. Cloud Hospital); and OHI West, Inc. (dba Bayfront Health St. Petersburg) comprise the Obligated Group. Orlando Health is a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code, which controls a diversified health care delivery system headquartered in Orlando, Florida. Orlando Health includes the following hospitals: Orlando Health Orlando Regional Medical Center, Orlando Health Dr. P. Phillips Hospital, Orlando Health Arnold Palmer Hospital for Children, Orlando Health Winnie Palmer Hospital for Women and Babies, Orlando Health South Seminole Hospital, Orlando Health South Lake Hospital, Orlando Health St. Cloud Hospital, Orlando Health-Health Central Hospital, Orlando Health Horizon West Hospital, and Bayfront Health St. Petersburg. Health Central includes a hospital and Health Central Park, a skilled nursing facility.

Effective October 1, 2020, Orlando Health completed a transaction to purchase the 480-bed Bayfront Health St. Petersburg (Bayfront) and its associated health care operations in St. Petersburg, Florida. The System recorded the Bayfront assets acquired and liabilities assumed at fair value.

Subsidiaries are those entities Orlando Health controls as the sole or majority member, sole shareholder, or through board appointment and approval of all major transactions. Subsidiaries operate a variety of health care-related services, including physician practice groups (Orlando Health Medical Group, Inc. and Orlando Physician Network, Inc. (dba Orlando Health Physician Associates)); OHRI, LLC (dba Orlando Health Imaging Centers), which operates nine imaging centers, a fund-raising organization (Orlando Health Foundation, Inc.); and other health care-related services. Healthnet Services, Inc. and its subsidiaries are taxable corporations and are a part of the Subsidiaries. The Obligated Group, together with its Subsidiaries, is collectively referred to herein as the "System." These consolidated financial statements include the consolidated accounts of Orlando Health, Health Central, South Lake, OsceolaSC, LLC, OHI West, and their Subsidiaries. Significant transactions between entities have been eliminated.

Certain reclassifications have been made to the 2021 consolidated financial statements to conform with classifications used in 2022. The reclassifications had no significant effect on total assets, total liabilities, total revenue, or total change in net assets previously reported.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies**

##### **New Accounting Pronouncements**

In August 2018, the Financial Standards Board (the FASB) issued Accounting Standards Update (ASU) 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. On October 1, 2021, the System prospectively adopted ASU 2018-15. Adoption of ASU 2018-15 did not materially impact the System’s consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update increases the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The System retrospectively adopted the standard effective for the September 30, 2021 consolidated financial statements. Adoption of ASU 2020-07 did not materially impact the System’s consolidated financial statements.

##### **Pending Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, *Financial instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected and separately measure an allowance for credit losses that is deducted from the amortized cost basis of the financial assets. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The System is evaluating the impact that the adoption of this update will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, as an update to ASC 350, *Intangibles – Goodwill and Other*. This update eliminates step 2 of the goodwill impairment test, which required an entity to determine the fair value of individual assets and liabilities of the reporting unit. Under this updated guidance, the impairment amount will be determined using the step 1 comparison of fair value to carrying value. The updated guidance will be effective for the annual and any interim goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 2017. The System is evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

In September 2022, the FASB issued ASU 2022-04, *Liabilities – Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. This update will require entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about their obligations outstanding at the end of a reporting period, including a roll forward of those obligations. The updated guidance will be effective for fiscal years beginning after December 15, 2022. The System is evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

#### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash, Cash Equivalents and Restricted Cash**

Investments with maturities of three months or less when purchased are classified as cash equivalents. Cash deposits are federally insured in limited amounts. Highly liquid instruments with original, short-term maturities of less than 90 days that are included as part of the investment portfolio are excluded from cash equivalents, as they are commingled with longer-term investments. Amounts included in restricted cash include cash held within investments and may represent funds set aside within the investment portfolio based on management's policy, contractual arrangements or donor restrictions.

#### **Investments and Investment Income**

Investments in marketable equity securities, mutual funds invested in equity securities, and all debt securities are stated at fair value in the consolidated balance sheets. All investments have been designated by management as trading securities. Investment income or loss, including realized and unrealized gains and losses, interest, and dividends, is included in excess of revenues, other support, and gains over expenses and losses, unless the income or loss is restricted by donor or law. The System classifies unrestricted investments, regardless of maturity date, as either short-term or long-term based on management's intent and ability to hold or reinvest the investments on a long-term basis.



## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

##### **Investments Without Readily Determinable Values**

Investments without readily determinable values consist of funds-of-funds, funds invested in real estate holdings, investments in private equity companies, partnerships, and limited liability companies and are included with investments at fair value. Under U.S. GAAP, a reporting entity is permitted, as a practical expedient, to estimate the fair value of such an investment using the net asset value per share (or its equivalent, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed) of certain investments, if the net asset value per share of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of investment funds. At September 30, 2022 and 2021, the net asset value approximates the fair value of the funds as reported by the investment fund managers. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market of these investments existed, and the differences could be material.

##### **Income Taxes**

Orlando Health, Inc. and its non-profit affiliates are exempt from federal income taxes under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and are also exempt from state income taxes. Healthnet Services, Inc. and its subsidiaries (owned by Orlando Health, Inc.) are taxable corporations and file a consolidated federal and state tax return. Income taxes for the System, on a consolidated basis, are immaterial.

At September 30, 2022 and 2021, the System has net deferred tax assets (before valuation allowance) of approximately \$19.6 million and \$18.8 million, respectively. Deferred tax assets are primarily composed of federal and state net operating loss carryforwards. At September 30, 2022 and 2021, the System has \$82.7 million and \$80.4 million, respectively, of federal net operating loss carryforwards and \$82.7 million and \$80.4 million, respectively, of state net operating carryforwards. The 2018 and prior portion of these net operating losses begin expiring in 2021. Under the Tax Cuts and Jobs Act of 2017 (Tax Act), net operating losses generated in 2019 and beyond can be carried forward indefinitely. A valuation allowance has been provided to offset the full amount of the System's net deferred tax asset as of September 30, 2022 and 2021, as management determined that it is more likely than not that the benefit of the deferred tax assets will not be realized in future periods.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

FASB Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes the accounting for uncertainty in income tax positions recognized in the financial statements. ASC Topic 740 provides guidance and measurement of a tax position taken or expected to be taken in a tax return. There were no material uncertain tax positions as of September 30, 2022 and 2021.

#### **Assets Limited as to Use**

Assets limited as to use primarily include assets held by trustees under bond indenture agreements, assets whose use is limited due to statutory requirements of the state of Florida for future malpractice claims, assets whose use is limited by board for property and equipment and collateral held for an interest rate swap agreement. Amounts required to meet related current liabilities are reported as current.

#### **Restricted Investments**

Restricted investments consist of investments that are restricted as to use by donors for a specific time period or purpose.

#### **Inventory**

Inventory, which consists primarily of medical and drug supplies, is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

#### **Property and Equipment**

Property and equipment are recorded at cost, except for donated items, which are recorded at fair value at the date of the contribution. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized, as are interest costs during periods of construction. Depreciation is computed utilizing the straight-line method at rates estimated by management to amortize the cost of the various assets within the periods of expected use.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

##### **Goodwill and Other Intangible Assets**

Goodwill results from the excess of the purchase price over the fair value of net assets acquired through business combinations. The System applies accounting alternatives developed by the Private Company Council (PCC) on the accounting for goodwill and certain other intangible assets. The alternatives adopted include the amortization of goodwill on a straight-line basis of 10 years, the option to perform a test for impairment at the entity level and the option to perform such a test only when there is a triggering event indicating that the fair value of the entity may be below its carrying value. The gross carrying amount of goodwill is \$237.6 million at September 30, 2022 and 2021, the accumulated amortization is \$65.2 million and \$40.8 million as of September 30, 2022 and 2021, respectively, and the total amortization expense for 2022 and 2021 is \$24.4 million and \$22.5 million, respectively. The net goodwill balance is included in other assets on the consolidated balance sheets. The qualitative impairment analyses performed in 2022 and 2021 did not identify a triggering event indicating that the fair value of the System was below its carrying amount.

##### **Investments in Related Parties**

Investments in related parties in which the System owns or controls at least a 20% interest and less than a 50% voting interest or has the ability to exercise significant influence are recorded using the equity method. Income or losses from equity investments and cash dividends received are included in other revenue.

##### **Impairment of Long-Lived Assets**

If indicators of impairment are present, the System evaluates the financial recoverability of long-lived assets by comparing their carrying value to the expected future undiscounted cash flows. If such evaluations indicate that the carrying value of the assets has been impaired, the assets are adjusted to their fair values. Additionally, long-lived assets held for sale are similarly evaluated by comparison of the carrying value to fair value less costs to sell. If the carrying value exceeds fair value less costs to sell, the assets are adjusted to fair value less costs to sell. Adjustments are reported as impairment expense. There was no impairment of long-lived assets in the years ended September 30, 2022 and 2021.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

##### **Unrestricted Gifts**

Unconditional promises to give cash and other assets to the System are reported at fair value as of the date the promise is received. Unrestricted gifts are recognized in other revenue.

##### **Net Assets With Donor Restrictions**

Net assets with donor restrictions reflect the portion of the System's net assets whose use is subject to donor-imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the assets have been restricted by donors to be maintained by the System in perpetuity.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or the condition has been met. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

##### **Estimated Malpractice Costs**

The provision for estimated medical malpractice expense is an estimate of the ultimate cost of reported claims and claims incurred, but not reported.

##### **Derivative Instruments and Hedging Activities**

The System has entered into derivative transactions in the form of interest rate swap agreements which it uses to manage the relative amounts of fixed and variable rate long-term debt exposure. The interest rate swap agreements are contracts between the System and a third party (counterparty) that provide for economic payments between the parties based on specified notional amounts and defined interest rates. The interest rate swap agreements are exposed to counterparty

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

credit risk, which is the risk that contractual obligations of the counterparty will not be fulfilled. All realized and unrealized interest rate swap agreement gains and losses are included in nonoperating gains and losses on the consolidated statements of operations and changes in net assets. Collateral posted under interest rate swap contracts is recorded gross of the related asset or liability and classified as assets limited as to use when held by the counterparty and as other noncurrent liability when held by the System.

#### **Excess of Revenues, Other Support, and Gains Over Expenses and Losses**

The consolidated statements of operations and changes in net assets include excess of revenues, other support, and gains and losses over expenses, which is analogous to income from continuing operations for a for-profit enterprise. Nonoperating gains and losses represent activities peripheral to direct patient care services and include investment (loss) income, change in fair value of interest rate swap agreements, other nonoperating (losses) gains, and loss on early extinguishment of debt. Changes in unrestricted net assets that are excluded from excess of revenues, other support, and gains over expenses and losses, consistent with industry practice, primarily include contributions of long-lived assets, including assets acquired using contributions, which, by donor restriction, were to be used for the purposes of acquiring such assets.

#### **3. Revenue Recognition**

The System recognizes net patient service revenue in the period in which performance obligations under its contracts are satisfied by transferring services to patients. The System measures the performance obligation for inpatient services from admission to the System facility to the point when it is no longer required to provide services to the patient, which is generally at the time of discharge. Performance obligations for inpatient services are satisfied over time during the patient's stay at the applicable facility. For in-house patients, revenue is recognized based on the amount of actual charges incurred as of the end of the reporting period, reduced by an estimate of contractual and other adjustments based on a combination of negotiated rates and historical experience for the payor class. Performance obligations for outpatient services are generally satisfied on the date of the outpatient visit. Bills to patients and third-party payors are generally sent within a few days or weeks of the inpatient discharge or outpatient visit.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **3. Revenue Recognition (continued)**

Net patient service revenue is reported at amounts that reflect the consideration to which the System expects to be entitled for providing patient care. The System's patients include those covered under Medicare, Medicaid, managed care health plans and commercial insurance companies, as well as uninsured patients. The System has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and negotiated daily rates. Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient diagnosis-related group classification system that is based on clinical, diagnostic, and other factors. Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid under prospectively determined rates per discharge and prospectively determined rates per service. The System uses a portfolio approach to account for categories of patient contracts as a collective group, rather than recognizing revenue on an individual contract basis. The portfolios primarily consist of the major payor classes as described above.

The initial transaction price for each patient is based on the gross charges for services provided, reduced by contractual adjustments and discounts determined based on contractual or negotiated rates as described above. The transaction price is further reduced by implicit price concessions, which are estimated using historical collection percentages, which reduce the amount of revenue recognized to amounts the System expects to collect.

Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments and significant regulatory actions. Provisions for third-party payor settlement and adjustments are estimated and recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined. At September 30, 2022 and 2021, the System has estimated third-party settlements of \$7.9 million and \$16.3 million, respectively, recorded in accounts payable and accrued expenses in the consolidated balance sheets. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Patient service revenue includes variable consideration for these retroactive revenue adjustments resulting from the settlement of audits, review and investigation. Such amounts are estimated using the most likely outcome method. Revenue increased \$30.0 million and \$1.7 million in fiscal years 2022 and 2021, respectively related to changes in estimates for cost report reopenings, appeals, and tentative and final cost report settlements on filed cost reports, of which some are still subject to audit, additional reopening, and/or appeal.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 3. Revenue Recognition (continued)

The transaction price for patient services provided depends greatly upon the System's payor mix, as collections on gross charges can vary significantly, depending on a patient's insurance coverage, or lack thereof, and the extent of amounts due from patients for copays, coinsurance and deductibles. Various factors affect collection trends within each major class of payors. These include general economic conditions, including unemployment rates, which may influence the number of uninsured and underinsured patients; regulatory changes that affect reimbursement rates from governmental programs such as Medicare and Medicaid; and ongoing contract negotiations with managed care health plans and commercial insurance providers.

Consistent with the System's mission, care is provided to patients regardless of their ability to pay. Therefore, the System has determined that it has provided implicit price concessions to uninsured patients and patients with other uninsured balances such as copays and deductibles. The difference between amounts billed to patients and the amounts expected to be collected based on the System's collection history with those patients is recorded as implicit price concessions, or as a direct reduction to net patient revenue. Subsequent adjustments that are determined to be the result of an adverse change in the patient's or payor's ability to pay are recognized as bad debt expense. Bad debt expense is recorded as a component of other operating expenses in the accompanying consolidated statements of operations and changes in net assets. Bad debt expense for the years ended September 30, 2022 and 2021 was not significant for the System.

The following table summarizes the amount of net patient service revenue recognized by payor during the years ended September 30, 2022 and 2021 (in thousands):

	<b>2022</b>	<b>% of Total</b>	<b>2021</b>	<b>% of Total</b>
Medicare	\$ 1,282,220	27%	\$ 1,130,273	26%
Medicaid	355,879	8	332,795	8
Managed care	3,021,657	64	2,742,000	65
Self-pay	21,234	1	32,026	1
Net patient service revenue	<u>\$ 4,680,990</u>	<u>100%</u>	<u>\$ 4,237,094</u>	<u>100%</u>

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **3. Revenue Recognition (continued)**

As substantially all of its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in ASC 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged which, for the majority of the System's in-house patients, occurs within days or weeks after the end of the reporting period.

The System also receives payments through state supplemental payment programs, which includes Disproportionate Share (DSH) payments and Low-Income Pool (LIP) payments and Florida Hospital Directed Payment Program payments. Such amounts are recorded as other revenue. Refer to the other revenue section below for further details.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, participation requirements of government health care programs, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Termination of the System's participation in the Medicare or Medicaid programs could have a material impact on the consolidated financial statements.

In addition, government agencies may review the System's compliance with various payment regulations and conduct audits under CMS's Recovery Audit Contractor (RAC), as well as other programs. The RAC program has been made permanent and was required to be expended broadly to health care providers pursuant to the Tax Relief and Health Care Act of 2006. The results of the enhanced medical necessity reviews and the RAC program audits could have an adverse effect on the System's consolidated financial statements. To the extent these reviews result in an adverse finding, the System may appeal the adverse finding, though it may incur significant legal expense.



## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 3. Revenue Recognition (continued)

##### Charity Care

The System provides care to patients who meet certain criteria under its charity care policy at no charge or at amounts less than its established charges. Because the System does not pursue collection of amounts determined to qualify as charity care and does not expect payment for such amounts, they are excluded from net patient service revenue. Patients are eligible for charity care if their documented household income is less than 225% of the federal poverty level guidelines, or the amount of their medical bill is more than 25% of their annual household income and their household income does not exceed 400% of the federal poverty level guidelines. Charity care is provided to all patients meeting these criteria. Charity care provided was approximately 5% of total services rendered during both years ended September 30, 2022 and 2021, respectively, based on total charges for all services in those years. The estimated cost of charity care delivered was approximately \$177.3 million and \$177.1 million during the years ended September 30, 2022 and 2021, respectively. Cost is estimated based on the System's ratio of expenses to established patient service charges.

##### Patient Accounts Receivable

The System grants credit without collateral to its patients, most of whom are local residents of the geographies of the various System health care centers and are insured under third-party payor agreements. The mix of accounts receivable, net of applicable allowances, from patient and third-party payors at September 30 was as follows:

	<u>2022</u>	<u>2021</u>
Medicare	23%	23%
Medicaid	9	10
Managed care organizations	67	66
Self-pay	1	1

##### Other Revenue

The System earns other revenue from various sources. The majority of such revenue, outside of state supplemental programs revenue which is described below, is earned at the point of sale and recognized as incurred in accordance with ASC 606. The System's other operating revenue also includes unrestricted contributions and rental income that are not within the scope of ASC 606. Amounts from these sources are not significant.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **3. Revenue Recognition (continued)**

As noted above, the System receives payments through state supplemental payment programs, which includes DSH and LIP payments. Federal law permits state Medicaid programs to make DSH payments to hospitals that serve a disproportionate large number of Medicaid and low-income patients. These funds are not tied to specific services for Medicaid-eligible patients. The federal government distributes federal Medicaid DSH and LIP funds to each state based on a statutory formula. Revenue under the DSH and LIP programs is recognized as a component of other revenue over the benefit period when information is received from the states regarding the amount and timing of DSH and LIP payments to be received for the applicable period. The System believes that its performance obligations are generally satisfied ratably over the applicable period and recognizes revenue on a monthly basis, or when the amount is known if the state makes only one payment for DSH or LIP. The System recorded approximately \$143.0 million and \$97.0 million in other revenue during fiscal years 2022 and 2021, respectively, related to the DSH and LIP programs.

The Coronavirus Aid, Relief and Economic Securities (CARES) Act Provider Relief Fund was signed into law to provide temporary and limited relief to individuals and businesses impacted by the COVID-19 outbreak, including the appropriation of funds for health care providers for reimbursement of expenses and lost revenue attributable to COVID-19. The System received distributions of approximately \$9.7 million and \$0.6 million for the years ended September 30, 2022 and 2021, respectively, under the CARES Act Provider Relief Fund, which has been recognized under the financial statement caption, Other revenue, within the System's consolidated statements of operations and changes in net assets. This funding has been used to support lost revenues and healthcare-related expenses attributable to COVID-19 and to ensure uninsured individuals can obtain testing and treatment for COVID-19. The System's assessment of whether the terms and conditions for amounts received have been met considers all frequently asked questions and other interpretive guidance issued by the Department of Health and Human Services (HHS) that is applicable to the years ended September 30, 2022 and 2021.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **3. Revenue Recognition (continued)**

##### **Florida Hospital Directed Payment Program**

In Florida, hospitals are reimbursed approximately 60% of their Medicaid costs. The difference between the actual cost to provide care to a Medicaid beneficiary and the payment the hospital receives in reimbursement is known as the “Medicaid shortfall.” To address the Medicaid shortfall, as part of the 2021 General Appropriations Act, the Florida Legislature authorized the Agency for Health Care Administration (AHCA) to establish the Medicaid Hospital Directed Payment Program (Hospital DPP). The Hospital DPP program operates on a regional basis and provides enhanced payments to participating hospitals in a region where Intergovernmental Transfers are contributed.

The Federal government provides matching dollars to the share contributed by the State. For nonpublic hospitals, local governments pass special assessments to collect from nonpublic hospitals only. Such assessments do not impose any costs on the State or local governments. Local governments send the collected funds to the State, where they draw down the Federal match. That pool of money (the nonfederal share made up of local government contributions, with the addition of the Federal match) is disbursed to hospitals in participating regions through Medicaid managed care organizations (MCOs) responsible for reimbursing providers.

Orlando Health has hospitals in regions three and seven, two of the regions participating in Program Year 2. Orange, Lake and Osceola Counties adopted the required ordinance in September and passed the resolution to establish the assessment for the State fiscal year 2022-2023. Given the dependency on Medicaid as a payor, the Hospital DPP program represents a source of revenue for Orlando Health. Orlando Health paid assessments of \$55.6 million and \$57.8 million to Orange, Lake and Osceola Counties in November 2022 and October 2021, respectively, which was accrued within other current liabilities and supplies and other expense as of and for the years ended September 30, 2022 and 2021, respectively. The System also recognized approximately \$131.1 million expected to be received from the MCOs within other receivables and other revenue as of and for the year ended September 30, 2022, and recognized \$138.4 million of other revenue as of and for the year ended September 30, 2021.

The Hospital DPP program requires annual approval by the CMS. As such, amounts for future fiscal years are uncertain given matters associated with State and Federal budgets, CMS and judicial interpretation of governmental regulations, which are subject to political issues, economic factors, and other considerations that cannot be predicted at this time.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **4. Fair Value Measurements**

The System follows ASC 820, *Fair Value Measurement*, which provides a framework for measuring the fair value of certain assets and liabilities and disclosures about fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs 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).

Certain of the System's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments, mutual funds invested in equity securities, and interest rate swap agreements. The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. This includes mutual funds with daily redemptions invested in equity securities.

Level 2 – Observable pricing inputs other than quoted prices included within Level 1, including quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable or are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – Unobservable pricing inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities and reflect management's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 4. Fair Value Measurements (continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument in accordance with the provisions of ASC 820:

***Cash and cash equivalents:*** The carrying amount reported in the consolidated balance sheets approximates fair value.

***Long-term investments and assets limited as to use:*** The carrying amount reported in the consolidated balance sheets is fair value, based on quoted market prices, or estimated using quoted market prices for similar securities.

***Investments in related parties:*** The fair value of investments in related parties is not practicable to estimate, due to the uncertainty regarding the timing of future payments.

***Interest rate swap agreements:*** Assets are included in other assets, and liabilities are included in other noncurrent liabilities. Estimates are based on quoted market prices or estimated based on derivative pricing models that involve adjusting the periodic mid-market values to incorporate nonperformance risk of the System when the financial instrument is a liability or the nonperformance risk of the counterparty when the financial instrument is an asset.

***Deferred compensation plans:*** Investments held in conjunction with the System's 457(b) and 409(a) deferred compensation plans amount to approximately \$65.6 million and \$72.8 million as of September 30, 2022 and 2021, respectively, and are included in other assets. These investments are valued using unadjusted quoted prices in active markets and are considered Level 1 assets.

The derivative valuations determined by mid-market quotations are considered Level 2 assets or liabilities, since quoted prices can be obtained from a number of dealer counterparties and other independent market sources based on observable interest rates and yield curves for the full term of the asset or liability.

Orlando Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Fair Value Measurements (continued)**

The estimated fair value of interest rate swap agreements that hedge interest rate fluctuations on variable rate bonds and loans is presented below. These amounts are included in other noncurrent liabilities in the accompanying consolidated balance sheets.

	<u>Asset (Liability)</u>	
	<b>September 30</b>	
	<b>2022</b>	<b>2021</b>
	<i>(In Thousands)</i>	
2011 swaps	\$ (13,978)	\$ (34,864)
2008E swap	(523)	(3,238)

The following table represents the fair value hierarchy of the System's financial assets and liabilities measured at fair value as of September 30, 2022 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial assets</b>				
Mutual funds	\$ 1,740,983	\$ 347,458	\$ –	\$ 2,088,441
Equity securities	111	–	–	111
U.S. corporate bonds	–	59,477	–	59,477
U.S. Treasury and agency obligations	297,840	43,698	–	341,538
Mortgage-backed obligations	–	10,572	–	10,572
Cash and cash equivalents	67,195	–	–	67,195
	<u>\$ 2,106,129</u>	<u>\$ 461,204</u>	<u>\$ –</u>	<u>2,567,334</u>
Investments measured at net asset value				<u>47,476</u>
Total financial assets at fair value				<u>\$ 2,614,810</u>
<b>Financial liabilities</b>				
Interest rate swap agreements	\$ –	\$ 14,501	\$ –	\$ 14,501
	<u>\$ –</u>	<u>\$ 14,501</u>	<u>\$ –</u>	<u>\$ 14,501</u>

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 4. Fair Value Measurements (continued)

The following table represents the fair value hierarchy of the System's financial assets and liabilities measured at fair value as of September 30, 2021 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Mutual funds	\$ 2,143,095	\$ 394,182	\$ –	\$ 2,537,277
Equity securities	134	–	–	134
U.S. corporate bonds	–	59,792	–	59,792
U.S. Treasury and agency obligations	2,877	55,027	–	57,904
Mortgage-backed obligations	–	3,792	–	3,792
Cash and cash equivalents	65,719	–	–	65,719
	<u>\$ 2,211,825</u>	<u>\$ 512,793</u>	<u>\$ –</u>	<u>2,724,618</u>
Investments measured at net asset value				32,706
Interest rate swap contract collateral				17,748
Total financial assets at fair value				<u>\$ 2,775,072</u>
<b>Financial liabilities</b>				
Interest rate swap agreements	\$ –	\$ 38,102	\$ –	\$ 38,102
	<u>\$ –</u>	<u>\$ 38,102</u>	<u>\$ –</u>	<u>\$ 38,102</u>

Total financial assets at fair value of \$2.6 billion and \$2.8 billion as of September 30, 2022 and 2021, respectively, is composed of the following financial statement captions within the consolidated balance sheets: debt service and reserve funds held by bond trustee, construction funds held by bond trustee, interest rate swap contract collateral, malpractice self-insurance, long-term investments – without donor restrictions and long-term investments – with donor restrictions.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 5. Investments

Interest and dividend earnings (net of expenses), net realized gains and losses on investments and the net change in unrealized gains and losses on investments are considered investment income and are included in investment income on the consolidated statements of operations and changes in net assets. The following is a summary of investment income for the years ended September 30, 2022 and 2021:

	<b>Year Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	<i>(In Thousands)</i>	
Interest and dividend income	\$ 23,235	\$ 18,380
Change in unrealized gains and losses	(542,979)	255,963
Net realized gains on sales of securities	73,436	111,875
	<u>\$ (446,308)</u>	<u>\$ 386,218</u>

#### 6. Investments in Related Parties

##### Winter Park Surgery Center

In 2020, the System acquired a non-controlling interest in a joint venture that operates Winter Park Surgery Center which provides outpatient surgical care. The System holds a 52.5% interest in the joint venture. The System's equity investment in the surgery center is included in investments in related parties and amounted to approximately \$34.0 million and \$34.2 million at September 30, 2022 and 2021, respectively.

##### Navvis & Company, LLC

In 2022, the System completed a transaction to purchase a minority interest in the physician-based population health company. The System holds a 18.8% interest in the joint venture. The System's equity method investment in Navvis is included in investments in related parties and amounted to approximately \$78.7 million at September 30, 2022.

The remaining balance consists of various smaller investments in related parties that aggregate to a total of approximately \$32.7 million and \$25.0 million at September 30, 2022 and 2021, respectively.



Orlando Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Property and Equipment**

Property and equipment consist of the following:

	<b>September 30</b>	
	<b>2022</b>	<b>2021</b>
	<i>(In Thousands)</i>	
Land and improvements	\$ 361,151	\$ 339,610
Buildings	1,877,989	1,827,152
Equipment	3,040,272	2,863,701
	<u>5,279,412</u>	<u>5,030,463</u>
Less: Accumulated depreciation	(2,749,327)	(2,518,982)
	<u>2,530,085</u>	<u>2,511,481</u>
Construction-in-progress	337,062	95,182
	<u>\$ 2,867,147</u>	<u>\$ 2,606,663</u>

**Construction**

Construction-in-progress represents numerous construction and renovation projects. Estimated costs to complete these projects as of September 30, 2022 are approximately \$1.6 billion, which primarily includes \$57.5 million for freestanding emergency departments, \$714.6 million for new bed towers, \$381.0 million for medical pavilions and institutes, and \$448.9 million for other projects. Projects are expected to be funded through operating cash flows, bond proceeds and pledges received and are expected to be completed within five years.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Long-Term Debt

Long-term debt consists of the following:

	September 30	
	2022	2021
	<i>(In Thousands)</i>	
<b>Fixed Rate Hospital Revenue Bonds – secured</b>		
Series 2022 – plus net unamortized premium and issuance costs of \$26,806,000 and \$0 at September 30, 2022 and 2021, respectively; interest rate of 3.0% to 4.0%, payable 2048 through 2053	<b>\$ 348,221</b>	\$ –
Series 2020A and B – less unamortized issuance costs of \$3,230,000 and \$3,385,000 at September 30, 2022 and 2021, respectively; interest rate of 2.291% to 3.477%, payable 2028 through 2050	<b>513,545</b>	513,390
Series 2019 A (Orlando Health Central) – plus unamortized premium of \$4,069,000 and \$4,220,000 at September 30, 2022 and 2021, respectively, interest rates from 4.0% to 5.0%, payable 2047 to 2049	<b>104,069</b>	104,220
Series 2019B – plus net unamortized premium and issuance costs of \$2,594,000 and \$4,885,000 at September 30, 2022 and 2021, respectively; interest rates from 4.0% to 5.0%, payable through 2026	<b>102,984</b>	119,165
Series 2019C – interest rate of 4.461%, payable through 2049	<b>100,000</b>	100,000
Series 2018 – less net unamortized issuance costs of \$2,384,000 and \$2,506,000 at September 30, 2022 and 2021, respectively; interest rates from 3.777% to 4.089%, payable through 2049	<b>447,616</b>	451,494
Series 2016A – plus unamortized premium and issuance costs of \$19,460,000 and \$21,024,000 at September 30, 2022 and 2021, respectively; interest rates from 3.0% to 5.0%, payable through 2041	<b>190,620</b>	193,059
Series 2016B (Orlando Health Central) – plus net unamortized premium and issuance costs of \$1,191,000 and \$1,243,000 at September 30, 2022 and 2021, respectively; interest rates from 4.0% to 5.0%, payable 2045 through 2046	<b>67,766</b>	67,818
Series 2016C (Orlando Health Central) – less net unamortized issuance costs of \$1,082,000 and \$1,129,000 at September 30, 2022 and 2021 respectively; interest rate of 4.416%, payable 2044 through 2045.	<b>75,547</b>	75,594
<b>Variable rate hospital revenue bonds – secured</b>		
Series 2011 – interest rates of 2.4368% and 0.4267% at September 30, 2022 and 2021, respectively, less unamortized issuance costs of \$200,000 and \$210,000 at September 30, 2022 and 2021, respectively, payable 2027 through 2041	<b>82,975</b>	82,965
Series 2008E – interest rates of 2.45% and 0.40% at September 30, 2022 and 2021, respectively, less unamortized issuance costs of \$89,000 and \$111,000 at September 30, 2022 and 2021, respectively, payable through 2026.	<b>34,021</b>	38,764
<b>Notes payable and other indebtedness</b>		
Finance lease obligations and other notes	<b>242,095</b>	178,437
Total debt, net of unamortized premiums, discounts and issuance costs	<b>2,309,459</b>	1,924,906
Less current portion	<b>(37,786)</b>	(33,764)
Total long-term debt	<b>\$ 2,271,673</b>	\$ 1,891,142

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **8. Long-Term Debt (continued)**

Aggregate principal amounts of long-term debt outstanding, including finance leases as disclosed in Note 9, but excluding premiums, discounts, and issuance costs, are due during the following years ending September 30: \$37.8 million in 2023, \$37.9 million in 2024, \$39.6 million in 2025, \$38.9 million in 2026, \$39.1 million in 2027, and \$2.1 billion thereafter.

#### **Master Trust Indenture**

Orlando Health, Health Central, South Lake, OsceolaSC, LLC, and OHI West comprise the Obligated Group created under the Master Trust Indenture. The Obligated Group is obligated for the payment of principal and premium, if any, and interest on any outstanding bonds or debt issued under the Master Trust Indenture, and is subject to any other obligation or restriction set forth in any agreement, note, or indenture entered into or issued by the Obligated Group in connection with the issuance of any debt or related obligations issued under the Master Trust Indenture.

An Amended and Restated Master Indenture (Master Indenture), dated as of August 1, 1999, was executed by Orlando Health. All obligations issued under the Master Indenture are equally and ratably secured by a pledge of the accounts (as defined in Article 9 of the Florida Uniform Commercial Code) and the Gross Revenue of the Obligated Group. The System is subject to certain restrictive covenants, including a debt service coverage requirement, under the Master Indenture, revolving credit agreement, reimbursement agreements, and irrevocable letter of credit. Financial information of the Obligated Group is included in the Supplementary Information.

#### **Hospital Revenue Bonds, Series 2022**

On February 15, 2022, Orlando Health, Inc. issued \$321.4 million tax-exempt fixed rate hospital revenue bonds on behalf of the Obligated Group through its Series 2022 Bonds. The proceeds of the Series 2022 Bonds were applied for financing, refinancing or reimbursing the System for its costs of acquiring, constructing, renovating and equipping Orlando Health Lake Mary Hospital and facilities located on its downtown Orlando campus, and a portion of the costs of issuance of the Bonds.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **8. Long-Term Debt (continued)**

##### **Hospital Revenue Bonds, Series 2020A and 2020B**

On October 7, 2020, Orlando Health, Inc. issued \$516.8 million taxable fixed rate hospital revenue bonds on behalf of the Obligated Group through its Series 2020 Bonds. The proceeds of the Series 2020A Bonds were applied for general corporate purposes, including financing, refinancing or reimbursing the System for its prior payments of the costs of acquiring, constructing and equipping certain of its existing health care facilities and/or to acquire certain new health care facilities, paying various capital expenditures, current operating expenses, and a portion of the costs of issuance of the Bonds. The proceeds of the Series 2020B Bonds were used to refund and defease all of the outstanding Series 2012A and Series 2012B Bonds. The System recorded a loss from early extinguishment of debt of \$10.2 million during the year ended September 30, 2021, which is included in nonoperating gains and losses in the consolidated statement of operations and changes in net assets.

##### **Hospital Revenue Bonds, Series 2019A, B, and C**

On February 1, 2019, Orlando Health issued \$100.0 million tax-exempt fixed rate hospital revenue bonds on behalf of the Obligated Group through its Series 2019A Bonds and \$100.0 million taxable fixed rate hospital revenue bonds through its Series 2019C Bonds. The proceeds of the Series 2019A Bonds were used by Health Central to finance construction and equipping of Horizon West, an acute care hospital. The proceeds of the Series 2019C Bonds were applied for general corporate purposes, including construction and renovation of facilities. On February 1, 2019, Orlando Health, Inc. issued \$144.1 million tax-exempt fixed rate hospital revenue refunding bonds through its Series 2019B Bonds to provide advance refunding of all of the outstanding Series 2009 Bonds as part of a forward delivery that closed on July 3, 2019.

##### **Hospital Revenue Bonds, Series 2018**

On February 1, 2018, Orlando Health, Inc. issued \$475.0 million taxable fixed rate hospital revenue bonds on behalf of the Obligated Group through its Series 2018 Bonds. The proceeds of the Series 2018 Bonds were applied for general corporate purposes, including construction and renovation of facilities and used to advance refund all of the outstanding Series 1996A, Series 1996C, Series 2008A, and Series 2008B Bonds.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **8. Long-Term Debt (continued)**

##### **Hospital Revenue Bonds, Series 2016A, B, and C**

On April 27, 2016, the Orange County Health Facilities Authority (Authority) issued \$173.7 million and \$66.6 million tax-exempt fixed rate bond obligations on behalf of the Obligated Group through its Series 2016A Bonds and Series 2016B Bonds, respectively. The proceeds of the Series 2016A Bonds were used to currently refund all of the outstanding Series 2006B Bonds, advance refund \$11.6 million of the outstanding Series 2008A Bonds, advance refund \$43.9 million of the Series 2008B Bonds, and advance refund all of the Series 2008C Bonds. The proceeds of the Series 2016B Bonds were used by Health Central to refinance \$70.6 million of the \$141.1 million outstanding on the note payable to the West Orange Healthcare District. At the same time, the Obligated Group issued \$74.5 million of taxable fixed rate bond obligations through its Series 2016C Bonds. The proceeds of this bond obligation issue were used to refinance the remaining balance of the note payable to the West Orange Healthcare District.

##### **Hospital Revenue Bonds, Series 2008E**

The Series 2008E Bonds are supported by an irrevocable letter of credit with TD Bank, which has an expiration date of July 3, 2024.

##### **Hospital Revenue Bonds, Series 2011**

On September 15, 2011, the Authority issued \$83.2 million of variable rate Hospital Revenue Bonds (2011 Bonds) on behalf of Orlando Health. The proceeds from the sale of the 2011 Bonds and \$7.2 million of remaining 2007A Bonds debt service reserve funds were used to currently refund the 2007A Bonds and pay the costs of issuance of the 2011 Bonds. The 2011 Bonds were issued as tax-exempt, multi-modal bonds, initially operating in bank purchase mode, and privately placed with Truist Bank (the Bank). The 2011 Bonds bear interest at a variable index interest rate which approximates the secured overnight financing rate (SOFR) plus a spread. The initial interest rate may be adjusted due to other regulatory changes affecting the cost of the loan to the Bank. On September 15, 2022, the Bank notified Orlando Health and the trustee that it elected not to tender the bonds on the scheduled mandatory purchase date in June 2023 and extended the initial bank rate period to the maturity date of the Bonds on October 1, 2041. During the initial interest rate period, the 2011 Bonds are subject to optional redemption at the direction of Orlando Health at par on each interest payment date. Interest is payable monthly.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Long-Term Debt (continued)

##### Interest Rate Swap Agreements

In an effort to reduce costs of issuance and take advantage of low interest rates in effect at various times, Orlando Health has entered into interest rate swap arrangements that fix the interest rate on portions of variable rate bonds. The notional amounts under interest rate swap agreements hedging bonds are substantially the same as the principal maturities of the respective outstanding bond series. The construction loan swap hedged the majority of the construction loan at the maximum loan amount. Net interest receipts and payments are recognized as an adjustment to interest expense or as capitalized interest during periods of construction. The interest rate swap agreements are not accounted for under hedge accounting criteria. Therefore, changes in the value of these swaps are included in changes in fair value of interest rate swap agreements on the consolidated statements of operations and changes in net assets.

Collateral was required and posted on the 2011 swaps in the amount of approximately \$0 and \$17.7 million at September 30, 2022 and 2021, respectively, and is included in the interest rate swap contract collateral in assets limited as to use.

The following summarizes outstanding swap positions as of September 30, 2022:

	<b>2008E Swap</b>	<b>2011 Swaps</b>
	<i>(Dollars in Thousands)</i>	
Initial notional amount	\$ 54,130	\$ 90,000
Notional amount at September 30, 2022	\$ 34,110	\$ 90,000
Current bond or loan hedged	2008E Bonds	2011 Bonds
Original bond or loan hedged	2006A Bonds	2007A1A2 Bonds
Maturity date	10/1/2026	10/1/2041
Fixed rate paid	3.57%	3.86%
Floating rate received	68% 30-day USD-LIBOR-BBA	68% 30-day USD-LIBOR-BBA

Orlando Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**8. Long-Term Debt (continued)**

The following summarizes swap liability positions held during each year recorded within other noncurrent liabilities in the accompanying consolidated balance sheets:

	<b>2008E</b>	<b>2011</b>	<b>Total</b>
	<b>Swap</b>	<b>Swap</b>	
	<i>(In Thousands)</i>		
Cumulative position at September 30, 2020	\$ (4,848)	\$ (45,366)	\$ (50,214)
Net gains during the year ended September 30, 2021	1,610	10,502	12,112
Cumulative position at September 30, 2021	(3,238)	(34,864)	(38,102)
Net gains during the year ended September 30, 2022	<b>2,715</b>	<b>20,886</b>	<b>23,601</b>
Cumulative position at September 30, 2022	<b>\$ (523)</b>	<b>\$ (13,978)</b>	<b>\$ (14,501)</b>

**Interest Costs**

During periods of construction, interest costs on construction borrowings are capitalized to the respective property accounts. Capitalized interest is reduced by earnings on the investments held by the bond trustee for construction. Capitalized interest costs amounted to approximately \$9.6 million and \$2.7 million for the years ended September 30, 2022 and 2021, respectively. The total of interest cost expensed and capitalized approximates interest paid.

The System maintains a revolving credit agreement for purposes of working capital support or capital asset acquisition. This revolving credit agreement has a commitment amount of \$200.0 million and is secured by the Master Indenture. No amounts were outstanding under the revolving credit agreement as of September 30, 2022 and 2021.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 9. Leases

The System's leases primarily consist of real estate and medical equipment. The System determines if an arrangement is a lease at contract inception. Lease assets and lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. As most of the System's operating leases do not provide an implicit rate, the System uses a risk-free rate based on the daily treasury yield curve at lease commencement in determining the present value of lease payments. Most leases include one or more options to renew. The exercise of such lease renewal options is at the System's sole discretion. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that the System will exercise that option. Many of the System's leases include rental escalation clauses and renewal options that are factored into the determination of lease payments when appropriate. Leases with a lease term of 12 months or less at commencement are not recorded on the consolidated balance sheets. Lease expense for these arrangements is recognized on a straight-line basis over the lease term.

Operating and finance leases consist of the following as of September 30 (in thousands):

	2022	2021
<b>Operating lease assets</b>	<b>\$ 136,742</b>	\$ 158,371
Accounts payable and accrued expenses	(25,555)	(27,509)
Operating lease liabilities, less current portion	(120,779)	(142,296)
Total operating lease liabilities	<b>\$ (146,334)</b>	\$ (169,805)
<b>Finance leases</b>		
Property and equipment, net	<b>\$ 151,594</b>	\$ 142,105
Current portion of long-term debt and lease obligations	(11,848)	(8,674)
Long-term debt, less current portion	(147,786)	(136,440)
Total finance lease liabilities	<b>\$ (159,634)</b>	\$ (145,114)



Orlando Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**9. Leases (continued)**

The following table represents lease expense included in the consolidated statement of operations and changes in net assets for the years ended September 30 (in thousands):

	<u>2022</u>	<u>2021</u>
Operating lease cost	\$ 30,164	\$ 24,947
Variable lease cost	1,990	1,661
Short-term lease cost	–	16
Finance lease cost:		
Interest on lease liabilities	2,576	2,567
Amortization of right-of-use-asset	13,314	10,147
Total lease expense	<u>\$ 48,044</u>	<u>\$ 39,338</u>

Lease term and discount rates as of September 30 were as follows:

	<u>2022</u>	
	<u>Operating Leases</u>	<u>Finance Leases</u>
Weighted-average remaining lease term	4.46	4.64
Weighted-average discount rate	1.59%	1.79%
	<u>2021</u>	
	<u>Operating Leases</u>	<u>Finance Leases</u>
Weighted-average remaining lease term	5.03	4.78
Weighted-average discount rate	1.59%	1.62%

Orlando Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**9. Leases (continued)**

The following table summarizes the maturity of lease liabilities under operating and finance leases for each of the next five years and thereafter, as of September 30, 2022 (in thousands):

	<b>Operating Leases</b>	<b>Finance Leases</b>	<b>Total</b>
2023	\$ 27,784	\$ 14,578	\$ 42,362
2024	25,819	13,709	39,528
2025	22,635	12,066	34,701
2026	20,326	11,003	31,329
2027	14,418	10,569	24,987
Thereafter	44,430	124,828	169,258
Total lease payments	155,412	186,753	342,165
Less: amount of lease payments representing interest	(9,078)	(27,119)	(36,197)
Present value of future lease obligations	146,334	159,634	305,968
Less: current portion of lease obligations	(25,555)	(11,848)	(37,403)
Long-term lease obligations	<u>\$ 120,779</u>	<u>\$ 147,786</u>	<u>\$ 268,565</u>

Supplemental cash flow information related to leases for the year ended September 30, 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 30,164
Financing cash flows from financing leases	13,346
Lease assets obtained in exchange for new operating lease liabilities	3,285
Lease assets obtained in exchange for new financing lease liabilities	16,821

Supplemental cash flow information related to leases for the year ended September 30, 2021 is as follows (in thousands):

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 28,395
Financing cash flows from financing leases	12,010
Lease assets obtained in exchange for new operating lease liabilities	54,019
Lease assets obtained in exchange for new financing lease liabilities	78,260

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **10. Employee Retirement Plans**

The System has defined contribution retirement plans. Certain employees of the System are eligible to participate in 401(a) and 403(b) plans, and certain Physician Associates, LLC employees are eligible to participate in a 401(k) plan. Most plan participants may elect to contribute up to the lesser of \$20,500 or 50% of their annual compensation. For most plan participants, the System will match the first 2% of the participants' contribution plus 50% of the participants' contributions up to 8% or 10% of the participants' compensation, based on years of service. The System's expense under the employee retirement plans amounted to approximately \$74.4 million and \$67.3 million for the years ended September 30, 2022 and 2021, respectively. The System maintains deferred compensation plans for key management or highly compensated employees. The plans are intended to be nonqualified and unfunded and provide for the deferral of salary, as well as additional discretionary system matching contributions.

#### **11. Malpractice Insurance**

The System is self-insured for medical malpractice risk not covered under a commercial malpractice policy. Losses are accrued based on estimates provided by an independent actuary, and are based on actuarial assumptions that incorporate the System's past experience and other considerations, including the nature of each claim or incident, and relevant trends. The accrued liability for self-insured claims amounted to approximately \$174.3 million and \$163.4 million at September 30, 2022 and 2021, respectively, of which approximately \$26.1 million and \$24.5 million, respectively, are included in other current liabilities. The System has on deposit, in a revocable trust, cash and investments totaling approximately \$16.9 million and \$17.5 million at September 30, 2022 and 2021, respectively, to be used for the payment of self-insured claims in the future. The System does not have any claims that are discounted.

For newly acquired entities, claims occurring after the date of acquisition are covered under the System's medical malpractice policy and self-insured malpractice fund. The System is not liable for any events pertaining to acquired entities that occurred prior to their acquisition date.

#### **12. Commitments**

The System has committed an amount of approximately \$99.4 million in capital improvements at the South Lake hospital campus. In accordance with this commitment, the System will cause South Lake to spend at least an average of \$19.88 million per year for a period of five years towards capital improvements in the South Lake hospital campus and off-campus locations within Lake County.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 13. Business Combinations

##### Bayfront Health St. Petersburg

Effective October 1, 2020, the System, through its subsidiary OHI West, Inc., purchased the assets of Bayfront Health St. Petersburg and its associated health care operations in St. Petersburg, Florida. The transaction was accounted for using the acquisition method of accounting.

During 2021, the System recorded the Bayfront assets acquired and liabilities assumed at fair value.

In accordance with ASC 958-805, the System recognized the fair values of the assets acquired and liabilities assumed. The fair values assigned are summarized as follows (in thousands):

Consideration transferred:	
Cash	\$ 182,042
Fair value debt issued	12,000
Total	<u>\$ 194,042</u>
Fair values of assets acquired and liabilities assumed:	
Other current assets	\$ 13,096
Property and equipment	261,896
Other noncurrent assets	27,121
Accounts payable and other current liabilities	(8,122)
Other noncurrent liabilities	(26,461)
Long-term lease liability	(73,488)
	<u>\$ —</u>

The System used valuation techniques to determine the fair value of real and personal property (property and equipment). Acquired land was valued using the sales comparison approach which relied on recent market transactions of similar tracts of land adjusted for individual characteristics. Other real and personal property were valued using the cost approach which relied on market data for similar assets.

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 13. Business Combinations (continued)

The following table summarizes amounts attributable to the System from the acquisition date through September 30, 2021 that are included in the accompanying 2021 consolidated statement of operations and changes in net assets (in thousands):

Total revenues and other support without donor restrictions	\$ 276,428
Total expenses	<u>328,165</u>
Loss from operations	(51,737)
Nonoperating gains, net	<u>98</u>
Deficit of revenues, other support, and gains over expenses and losses	<u><u>\$ (51,639)</u></u>
Change in net assets:	
Without donor restrictions	\$ (51,639)
With donor restrictions	<u>—</u>
Total change in net assets	<u><u>\$ (51,639)</u></u>

The following table summarizes amounts attributable to the System from October 1, 2021 through September 30, 2022 that are included in the accompanying 2022 consolidated statement of operations and changes in net assets (in thousands):

Total revenues and other support without donor restrictions	\$ 329,956
Total expenses	<u>360,380</u>
Loss from operations	(30,424)
Nonoperating gains, net	<u>—</u>
Deficit of revenues, other support, and gains over expenses and losses	<u><u>\$ (30,424)</u></u>
Change in net assets:	
Without donor restrictions	\$ (30,424)
With donor restrictions	<u>—</u>
Total change in net assets	<u><u>\$ (30,424)</u></u>

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 14. Functional Expenses

The System's primary activities involve providing general health care services to its patients. The consolidated financial statements present certain expenses that are attributed to more than one program or supporting function; therefore, expenses require allocation on a reasonable basis that is consistently applied. Benefits and payroll taxes are allocated based on factors of either salary expense or hours worked. Overhead costs that include information technology, marketing, finance, administrative and other similar expenses are allocated based on budget. Costs related to space, including occupancy, depreciation and amortization, and property taxes, are allocated on a square footage basis. Expenses related to providing these services for the years ended September 30, 2022 and 2021 are as follows (in thousands):

	<b>2022</b>		
	<b>Health Care Services</b>	<b>General and Administrative</b>	<b>Total</b>
Salaries and benefits	\$ 1,948,769	\$ 613,846	\$ 2,562,616
Supplies	984,298	70,572	1,054,870
Other expenses	625,715	252,107	877,822
Depreciation and amortization	189,229	73,408	262,637
Interest	58,618	7,070	65,688
Total expenses	\$ 3,806,629	\$ 1,017,003	\$ 4,823,633
	<b>2021</b>		
	<b>Health Care Services</b>	<b>General and Administrative</b>	<b>Total</b>
Salaries and benefits	\$ 1,742,783	\$ 503,508	\$ 2,246,291
Supplies	901,594	59,340	960,934
Other expenses	590,757	250,092	840,849
Depreciation and amortization	216,422	25,067	241,489
Interest	57,805	7,880	65,685
Total expenses	\$ 3,509,361	\$ 845,887	\$ 4,355,248

## Orlando Health, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 15. Liquidity

Financial assets available for general expenditure within one year of the consolidated balance sheet date consist of the following as of September 30, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 818,980	\$ 657,353
Accounts receivable	551,970	570,599
Other receivables	218,956	186,046
Long-term investments – without donor restrictions	2,106,916	2,529,594
	<u>\$ 3,696,822</u>	<u>\$ 3,943,592</u>

The System has the ability to structure certain of its financial assets to be available as its general expenditures and other obligations come due. As described in Note 2, long-term investments – without donor restrictions are classified as such based on management’s intent and ability to hold or reinvest the investments on a long-term basis. However, these investments do not have any liquidity restrictions and can be made available for general expenditure within one year and are therefore reflected in the amounts above. The System has certain assets limited to use for various purposes as more fully described in Note 2. These assets limited as to use are not available for general expenditure within the next year and are not reflected in the amounts above.

#### 16. Subsequent Events

In preparing these consolidated financial statements, the System has evaluated events and transactions for potential recognition and disclosure through December 16, 2022, the date the consolidated financial statements were available to be issued.

Effective October 1, 2022, the System completed a transaction to purchase the 105-bed Sabanera Health Dorado Hospital (Dorado) from SHC Holdings, LLC in Puerto Rico. The determination of the fair value of the underlying assets acquired and liabilities assumed and any goodwill is subject to a formal valuation process, which has not yet been completed. Based on the timing of the acquisition, the System has determined it to be impracticable to disclose a preliminary fair value allocation or pro forma financial information at this time.

## Supplementary Information



# Orlando Health, Inc. and Subsidiaries

## Consolidating Balance Sheet

(In Thousands)

September 30, 2022

	Consolidated	Eliminations	Subsidiaries	Combined Obligated Group
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 818,980	\$ –	\$ 9,030	\$ 809,950
Assets limited as to use	71,053	–	–	71,053
Accounts receivable	551,970	–	52,766	499,204
Other receivables	218,956	(49,466)	18,377	250,045
Inventory	114,857	–	661	114,196
Other current assets	170,968	–	378	170,590
Total current assets	1,946,784	(49,466)	81,212	1,915,038
Assets limited as to use:				
Debt service and reserve funds held by bond trustee	56,850	–	–	56,850
Construction funds held by bond trustee	297,840	–	–	297,840
Malpractice self-insurance	16,916	–	–	16,916
	371,606	–	–	371,606
Less amount required to meet current obligation	(71,053)	–	–	(71,053)
	300,553	–	–	300,553
Long-term investments – without donor restrictions	2,106,916	–	–	2,106,916
Long-term investments – with donor restrictions	136,288	–	136,288	–
Investments in related parties	145,420	(11,248)	156,395	273
Other assets	410,304	(266,528)	147,679	529,153
Operating lease assets	136,742	–	7,050	129,692
Property and equipment, net	2,867,147	–	115,943	2,751,204
Total assets	\$ 8,050,154	\$ (327,242)	\$ 644,567	\$ 7,732,829
<b>Liabilities and net assets</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 611,128	\$ –	\$ 52,938	\$ 558,190
Other current liabilities	264,249	(49,466)	49,414	264,301
Current portion of long-term debt and lease obligations	37,786	–	1,208	36,578
Total current liabilities	913,163	(49,466)	103,560	859,069
Long-term debt, less current portion	2,271,673	–	7,385	2,264,288
Operating lease obligations, less current portion	120,779	–	6,423	114,356
Accrued malpractice claims	148,160	–	–	148,160
Other noncurrent liabilities	132,897	(105,548)	100,204	138,241
Total liabilities	3,586,672	(155,014)	217,572	3,524,114
<b>Net assets</b>				
Net assets without donor restrictions:				
Orlando Health, Inc. and Subsidiaries	4,230,573	(11,248)	243,210	3,998,611
Noncontrolling interests in Subsidiaries	6,356	–	6,356	–
Total net assets without donor restrictions	4,236,929	(11,248)	249,566	3,998,611
Net assets with donor restrictions	226,553	(160,980)	177,429	210,104
Total net assets	4,463,482	(172,228)	426,995	4,208,715
Total liabilities and net assets	\$ 8,050,154	\$ (327,242)	\$ 644,567	\$ 7,732,829

Orlando Health, Inc. and Subsidiaries

Consolidating Statement of Operations

(In Thousands)

Year Ended September 30, 2022

	Consolidated	Eliminations	Subsidiaries	Combined Obligated Group
<b>Revenues and other support without donor restrictions</b>				
Net patient service revenue	\$ 4,680,990	\$ –	\$ 600,070	\$ 4,080,920
Other revenue	563,014	(163,812)	165,706	561,120
Net assets released from donor restrictions	9,055	(8,860)	8,866	9,049
Total revenues and other support without donor restrictions	5,253,059	(172,672)	774,642	4,651,089
<b>Expenses</b>				
Salaries and benefits	2,562,616	–	823,149	1,739,467
Supplies	1,054,870	–	64,084	990,786
Other expenses	877,822	(172,023)	168,867	880,978
Depreciation and amortization	262,637	–	37,479	225,158
Interest	65,688	(9)	8,345	57,352
Total expenses	4,823,633	(172,032)	1,101,924	3,893,741
Income (loss) from operations	429,426	(640)	(327,282)	757,348
<b>Nonoperating (losses) gains</b>				
Investment loss	(446,308)	(9)	(22,492)	(423,807)
Change in fair value of interest rate swap agreements	23,601	–	–	23,601
Other nonoperating losses	(20)	–	(20)	–
Nonoperating losses, net	(422,727)	(9)	(22,512)	(400,206)
Excess (deficit) of revenues, other support, and gains over expenses and losses	6,699	(649)	(349,794)	357,142
Excess of revenues, other support, and gains over expenses and losses attributed to noncontrolling interests in Subsidiaries	(686)	–	(686)	–
Excess (deficit) of revenues, other support, and gains over expenses and losses attributed to Orlando Health, Inc. and Subsidiaries	\$ 6,013	\$ (649)	\$ (350,480)	\$ 357,142

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**APPENDIX C**

**DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT**

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## DEFINITIONS OF CERTAIN TERMS

The following terms shall have the following meanings when used in this Official Statement, unless otherwise noted:

*“Authority”* means the Orange County Health Facilities Authority, a public body corporate and politic created and existing under and by virtue of the Authority Act, and its successors and assigns.

*“Authority Act”* means the Health Facilities Authorities Law of the State of Florida, being Part III of Chapter 154, Florida Statutes, as from time to time amended.

*“Authorized Representative”* means, with respect to the Borrowers, any of the Obligated Group Agent’s Chief Financial Officer, Chief Executive Officer, President, Senior Vice President(s), or Vice President of Finance (or other senior officers performing similar functions as any of the foregoing regardless of title), the Chairperson of the Obligated Group Agent’s Governing Body, or any other Person designated as an Authorized Representative of the Borrowers by a Certificate of the Obligated Group Agent signed by its Chief Financial Officer, Chief Executive Officer or President (or other senior officers performing similar functions as any of the foregoing regardless of title) or by the Chairperson of its Governing Body and filed with the Bond Trustee.

*“Authorized Representative”* means, with respect to the Authority, the Chair, the Vice Chair, or any other Member of the Authority.

*“Beneficial Owner”* means any Person which (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

*“Bond Counsel”* means Chapman and Cutler LLP, Chicago, Illinois, or any other nationally recognized municipal bond counsel acceptable to the Authority, the Obligated Group Agent and the Bond Trustee.

*“Bond Financed Property”* means all Property of the Borrowers financed and refinanced with the proceeds of the Bonds.

*“Bond Indenture”* means the Bond Trust Indenture dated February 2, 2023, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Bond Indenture between the Authority and the Bond Trustee.

*“Bond Purchase Fund”* means the fund by that name established pursuant to the Bond Indenture.

*“Bond Register”* means the registration books of the Authority kept by the Bond Trustee to evidence the registration and transfer of the Bonds.

“*Bond Sinking Fund*” means the fund by that name established pursuant to the Bond Indenture. The Bond Sinking Fund is more fully described under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT — THE BOND INDENTURE — FUNDS; DISPOSITION OF REVENUES” herein.

“*Bond Trustee*” or “*Trustee*” means U.S. Bank Trust Company, National Association, a national banking association organized and existing under and by virtue of the laws of the United States, and any successor Bond Trustee under the Bond Indenture.

“*Bonds*” or “*Series 2023A Bonds*” means the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A, issued under the Bond Indenture.

“*Borrowers*” means Orlando Health, Health Central and South Lake.

“*Borrower Portion*” means the initial amount of each loan to each respective Borrower, as well as each Borrower’s initial percentage of all required principal and interest payments on the Obligation.

“*Borrower Purchase Account*” means the account by that name in the Bond Purchase Fund established pursuant to the Bond Indenture.

“*Business Day*” means any day on which banks located in Orlando, Florida, New York, New York, and the city in which the Principal Office of the Bond Trustee is located, are not required or authorized to be closed and on which The New York Stock Exchange is open.

“*Certificate*,” “*Statement*,” “*Request*” and “*Requisition*” of the Authority or the Borrowers means, respectively, a written certificate, statement, request or requisition signed in the name of the Authority or the Obligated Group Agent by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to a series of Bonds or the use of the proceeds thereof.

“*Conversion*” means a conversion of all or a portion of the Bonds from one Interest Rate Mode to one or more other Interest Rate Modes in accordance with the terms and provisions of the Bond Indenture (including a conversion from one Fixed Period to a new Fixed Period).

“*Conversion Date*” means the effective date of a Conversion of the Bonds or a portion of the Bonds.

“*Date of Issuance*” means the date of initial delivery of the Bonds.



*“Electronic Notice”* means a notice transmitted through email, facsimile or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition, to the notice address supplied by or on behalf of the addressee.

*“Event of Default,”* means any of the events specified as an “Event of Default” in the Bond Indenture. The Events of Default are summarized under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT – THE BOND INDENTURE — DEFAULTS AND REMEDIES” herein.

*“Favorable Opinion of Bond Counsel”* means an opinion of Bond Counsel, addressed to the Authority, the Obligated Group Agent and the Bond Trustee, to the effect that the action proposed to be taken is authorized or permitted or not prohibited by or in contravention of the Bond Indenture and will not, in and of itself result in the inclusion of interest on the Bonds in gross income of the Holders thereof for federal income tax purposes to the extent not already so included.

*“Fiscal Year”* means any twelve-month period beginning on October 1 of any calendar year and ending on September 30 of the next succeeding calendar year or such other consecutive twelve month period selected by the Obligated Group Agent as the fiscal year for the Credit Group (as defined in the Master Indenture).

*“Fitch”* means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Obligated Group Agent by notice in writing to the Authority and the Bond Trustee.

*“Fixed Bonds”* means Bonds that bear interest at Fixed Rates.

*“Fixed Mode”* means the Interest Rate Mode during which the Bonds bear interest at a Fixed Rate or Fixed Rates to their Maturity Date or to the Conversion Date, as applicable.

*“Fixed Period”* means the period to the Maturity Date, or to the Conversion Date, if any, during which Bonds constitute Fixed Bonds.

*“Fixed Rate”* means, for the Initial Fixed Period, the fixed interest rates set forth in the forepart of this Official Statement to their Maturity Date or to the Conversion Date, if any, and thereafter the fixed interest rate or interest rates per annum on Fixed Bonds to their Maturity Date, or to the Conversion Date, if any, determined prior to the Conversion of the Bonds to the Fixed Mode or to a new Fixed Period as provided in the Bond Indenture.

*“Governing Body”* means, with respect to a Credit Group Member (as defined in the Master Indenture), the board of directors, board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested or which otherwise has the power to govern the business and affairs of the Member.

“*Health Central*” means Orlando Health Central, Inc., a Florida not-for-profit corporation, and its successors and assigns.

“*Holder*” or “*Bondholder*” or “*Owner,*” whenever used in the Bond Indenture with respect to a Bond, means the Person in whose name such Bond is registered.

“*Independent Counsel*” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include independent legal counsel for any of the Authority, the Members of the Obligated Group, the Bond Trustee or the Master Trustee.

“*Interest Fund*” means the fund by that name established pursuant to the Bond Indenture. The Interest Fund is more fully described under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT — THE BOND INDENTURE — FUNDS; DISPOSITION OF REVENUES” herein.

“*Interest Payment Date*” means (i) each April 1 and October 1, which for the Initial Fixed Period shall commence April 1, 2023, or if any April 1 and October 1 is not a Business Day, the next succeeding Business Day and (ii) any Conversion Date.

“*Interest Rate Mode*” means a Daily Mode, a Two-Day Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a VRO Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode, all as more particularly described in the Bond Indenture.

“*Loan Agreement*” or “*Series 2023A Loan Agreement*” means the Loan Agreement dated February 2, 2023, as originally executed among the Borrowers and the Authority, as it may from time to time be amended.

“*Mandatory Purchase Date*” means any Purchase Date on which Bonds are subject to mandatory purchase pursuant to the Bond Indenture, including as set forth in the applicable Supplemental Bond Indenture.

“*Master Indenture*” means the Amended and Restated Master Trust Indenture dated as of August 1, 1999, as previously supplemented and amended, and as further supplemented and amended by the Supplemental Indenture, and as amended, restated and replaced in its entirety by the Second Amended and Restated Master Trust Indenture, as supplemented by the Supplemental Indenture and as further amended and supplemented from time to time, among the Members of the Obligated Group and the Master Trustee.

“*Master Trustee*” means The Bank of New York Mellon, a New York banking corporation, as Master Trustee under the Master Indenture, and any successor Master Trustee under the Master Indenture.

“*Maturity Date*” means the maturity dates set forth on the inside front cover of this Official Statement.

“*Maximum Interest Rate*” means 10% per annum for all Bonds; *provided, however,* that in any case the Maximum Interest Rate on any Bonds shall not exceed the Maximum Lawful Rate.

“*Maximum Lawful Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“*Member*” or “*Member of the Obligated Group*” or “*Obligated Group Member*” means, individually, Orlando Health, Health Central, South Lake, Osceola, OHI West and any Person which has executed the Master Indenture or any supplements thereto and thereby has become contractually obligated to comply with the provisions of the Master Indenture as an Obligated Group Member and has not withdrawn from the Obligated Group pursuant to the provisions of the Master Indenture.

“*Moody’s*” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Obligated Group Agent by notice in writing to the Authority and the Bond Trustee.

“*Obligation*” or “*Series 2023 Obligation*” means The Orlando Health Obligated Group Series 2023A Direct Note Obligation (Orange County Authority), dated February 2, 2023 payable to the Bond Trustee in a principal amount equal to the original aggregate principal amount of the Series 2023A Bonds and issued under the Master Indenture pursuant to the Supplemental Indenture, and any obligation issued under the Master Indenture in substitution or exchange therefor.

“*Obligated Group Agent*” means Orlando Health or such other Obligated Group Member as may be designated from time to time pursuant to written notice to the Master Trustee and the Authority executed by the Chief Executive Officer, President or Chief Financial Officer of Orlando Health (or other senior officers performing similar functions as any of the foregoing regardless of title) or the Chairperson of its Governing Body or, if Orlando Health is no longer an Obligated Group Member, of each Obligated Group Member.

“*OHI West*” means OHI West, Inc., a Florida not-for-profit corporation, and its successors and assigns.

“*Opinion of Counsel*” means a written opinion of counsel (who may be counsel for the Obligated Group or the Authority) selected by the Obligated Group Agent or by the Authority and not reasonably objected to by the Bond Trustee.

“*Optional Redemption Fund*” means the fund by that name established pursuant to the Bond Indenture. The Optional Redemption Fund is more fully described under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT – THE BOND INDENTURE — FUNDS; DISPOSITION OF REVENUES” herein.

“*Orlando Health*” means Orlando Health, Inc., a Florida not-for-profit corporation, and its successors and assigns.

“*Osceola*” means OsceolaSC, LLC, a Delaware limited liability company, and its successors and assigns.

*“Outstanding”* when used as of any particular time with reference to Bonds, means (subject to the provisions of the Bond Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under the Bond Indenture except (1) Bonds theretofore canceled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (2) Bonds that shall have been discharged in accordance with the Bond Indenture, including Bonds (or portions of Bonds) referred to in the Bond Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Trustee pursuant to the Bond Indenture.

*“Person”* means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

*“Project”* means the various health care facilities of Orlando Health, Health Central and South Lake located or to be located in the State of Florida being financed with proceeds of the Bonds, as set forth in the forepart of this Official Statement under the caption “INTRODUCTION – General.”

*“Project Certificate”* means the Project Certificate dated the Date of Issuance delivered by the Borrowers in connection with the issuance of the Bonds.

*“Project Fund”* means the fund created pursuant to the Bond Indenture. The Project Fund is more fully described under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT — THE BOND INDENTURE — FUNDS; DISPOSITION OF REVENUES” herein.

*“Property”* shall have the meaning assigned in the Master Indenture.

*“Purchase Contract”* means the bond purchase contract for the Bonds between the Authority and Morgan Stanley & Co. LLC, as representative of the Underwriters, and approved by the Obligated Group Agent.

*“Purchase Date”* means each date on which Bonds are subject to optional or mandatory purchase pursuant to the Bond Indenture and shall include each Mandatory Purchase Date and each date on which the Borrowers provide funds pursuant to the proviso contained in the Bond Indenture following return of the Bonds to the Holders pursuant to the Bond Indenture.

*“Purchase Price”* means, with respect to a Bond subject to purchase on a Purchase Date, an amount equal to the principal amount thereof plus accrued interest to, but not including, the Purchase Date; *provided, however*, that if the Purchase Date for any Purchased Bond is an Interest Payment Date, the Purchase Price thereof shall be only the principal amount thereof, and interest on such Bond shall be paid to the Holder of such Bond pursuant to the Bond Indenture.

*“Purchased Bonds”* means the Bonds to be purchased on a Purchase Date pursuant to the Bond Indenture.

*“Qualified Investments”* means investments in any of the following:

- (a) Government Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued by any of the following agencies or instrumentalities of the United States of America or on which the timely payment of principal and interest is fully guaranteed by any such agency or instrumentality, provided such obligations are backed by the full faith and credit of the United States of America: (1) direct obligations or fully guaranteed certificates of beneficial ownership of the United States Export-Import Bank, (2) certificates of beneficial ownership of the Farmers Home Administration, (3) obligations issued by the Federal Financing Bank, (4) debentures of the Federal Housing Administration, (5) participation certificates of the General Services Administration, (6) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association, (7) guaranteed Title XI financing obligations of the United States Maritime Administration, (8) New Communities debentures guaranteed by the United States government, (9) United States Public Housing Notes and Bonds and (10) project notes or local authority bonds of the United States Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued by any of the following agencies or instrumentalities of the United States of America or on which the timely payment of principal and interest is fully guaranteed by any such agency or instrumentality: (1) senior debt obligations of the Federal Home Loan Bank System, (2) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Association (“FHLMA”), (3) mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association (“FNMA”), (4) senior debt obligations of the Student Loan Marketing Association, (5) obligations of the Resolution Funding Corp. and (6) consolidated systemwide bonds and notes of the Farm Credit System (stripped securities included in the foregoing are permitted only if they have been stripped by the agency in question itself);

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and having a rating by Standard & Poor’s of “AAAm-G,” “AAAm,” or “AAm” and, if rated by Moody’s, are rated Aaa, Aa1 or Aa2 and which may be advised by the Trustee or its affiliates;

(e) Certificates of deposit of any commercial bank (including the Trustee), savings and loan association or mutual savings bank, which certificates of deposit are fully secured by a security interest in Government Securities or by obligations described in clause (b) of this definition; provided that (1) the Trustee shall have a perfected first security interest in the obligations securing such certificates of deposit, (2) the Trustee shall hold or shall have the option to appoint an intermediary bank, savings and loan association or mutual savings bank as its agent to hold the obligations securing such certificates of deposit and (3) the Trustee or its appointed agent shall hold such obligations free and clear of the liens or claims of third parties;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by the Federal Deposit Insurance Corporation;

(g) Investment agreements with any financial institution, the long-term debt, the claims paying ability or the financial program strength of which is rated (a) not lower than the second highest category (without regard to gradations within such category) by at least one nationally recognized rating agency or (b) not lower than the third highest category (without regard

to gradations within such category) by at least one nationally recognized rating agency and such investment agreement must be collateralized by obligations listed in paragraphs (a), (b) or (c) above at a level of 104% of the face amount of the investment agreement. If the investment agreement is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only. In all cases, the above rating requirement will apply only at the time the investment agreement is executed;

(h) Commercial paper maturing not more than 270 days from the date of issuance thereof which, at the time of purchase, is rated by “Prime-1” by Moody’s Investors Service and “A-1” or better by Standard & Poor’s;

(i) Obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations are rated by both Moody’s and Standard & Poor’s in one of the two highest rating categories assigned by such rating agencies to obligations of that nature;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank organized under the laws of the United States of America or any state thereof, including the Trustee, which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by Standard & Poor’s;

(k) Repurchase agreements with respect to the obligations listed in paragraphs (a), (b) or (c) above (the “Qualified Investment Obligations”) which are, or are issued or guaranteed by an entity, rated by at least one nationally recognized rating agency in its highest rating category or fully collateralized by Qualified Investment Obligations; provided that (i) such Qualified Investment Obligations shall be delivered to the Trustee or supported by a safekeeping receipt issued by a depository satisfactory to the Authority; (ii) the Trustee or the Authority (as the case may be) shall have a perfected security interest in such Qualified Investment Obligations; (iii) such Qualified Investment Obligations shall be free and clear of any other liens or encumbrances; and (iv) such repurchase agreements shall provide that the value of the underlying Qualified Investment Obligations shall be continuously maintained at a current market value of not less than 102% of the repurchase price (the value of such Qualified Investment Obligations to be determined by the Trustee or its agent at least once in each 30-day period);

(l) Forward Agreements with respect to obligations listed in paragraphs (a), (b), (c), (h) or (i) above in which a financial institution has a continual obligation to deliver or purchase the obligations at an agreed upon price or yield. The financial institution must have long-term debt, claims paying ability or financial program strength ratings in one of the three highest rating categories (without regard to gradations within such category) by at least one nationally recognized rating agency. If the financial institution’s obligation is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only; and

(m) Obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that (i) such obligations are secured by cash, Government Securities or a combination thereof (A) which have been deposited into a segregated escrow account for and irrevocably pledged to the payment, when due, of the principal

or redemption price of and interest on such obligations and (B) which are sufficient, without reinvestment, to provide for the payment, when due, of the principal or redemption price of and interest on such obligations; or (ii) such obligations are insured as to timely payment of principal or redemption price and interest by an insurance company or commercial bank not unsatisfactory to the Trustee and are rated by at least two Rating Agencies in the highest rating category assigned by such Rating Agency to obligations of the same type or, upon the discontinuance of one or more of such Rating Agencies, such other nationally recognized rating agency or agencies, as the case may be.

“*Rating Agency*” means S&P, Moody’s or Fitch.

“*Rating Category*” means a generic securities rating category, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

“*Rebate Fund*” means the Rebate Fund created by the Tax Exemption Agreement.

“*Redemption Price*” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Bond Indenture.

“*Revenue Fund*” means the fund by that name established pursuant to the Bond Indenture. The Revenue Fund is more fully described under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT – THE BOND INDENTURE — FUNDS; DISPOSITION OF REVENUES” herein.

“*S&P*” means S&P Global Ratings, its successors and assigns, or, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Obligated Group Agent by notice in writing to the Authority and the Bond Trustee.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Securities Depository*” means The Depository Trust Company and its successors and assigns, or any other securities depository selected as set forth in the Bond Indenture.

“*Sinking Fund Installment*” means the amount required by the Bond Indenture to be paid by the Authority on any single date for the retirement of Bonds of a Series.

“*South Lake*” means South Lake Hospital, Inc., a Florida not-for-profit corporation, and its successors and assigns.

“*State*” means the State of Florida.

“*Supplemental Bond Indenture*” means any indenture hereafter duly authorized and entered into between the Authority and the Bond Trustee, supplementing, modifying or amending the Bond Indenture;

but only if and to the extent that such Supplemental Bond Indenture is specifically authorized under the Bond Indenture.

“*Supplemental Indenture*” means Supplemental Indenture Number 81/First Supplemental Master Trust Indenture, between the Obligated Group Agent and the Master Trustee, supplementing and amending the Master Indenture.

“*Tax Exemption Agreement*” means the Tax Exemption Certificate and Agreement dated the Date of Issuance, among the Borrowers, the Authority and the Bond Trustee.

“*Trust Indenture Act*” means the Trust Indenture Act of 1939, as amended.

“*Unassigned Rights*” means the right of the Authority to payment of expenses and indemnity set forth in the Loan Agreement and to execute and deliver supplements and amendments to the Loan Agreement.

“*Underwriters*” means Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC.

“*United States Government Obligations*” means noncallable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully guaranteed by, the United States of America.

“*Written Request*” means with reference to the Authority, a request in writing signed by an Authorized Representative of the Authority and, with reference to the Borrowers or the Obligated Group Agent, a request in writing signed by an Authorized Representative of the Obligated Group Agent.

## **SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT**

The summaries of the Loan Agreement and the Bond Indenture hereinafter set forth are not complete and reference is hereby made to each of such documents for a full statement of the terms and provisions thereof. Copies of such documents may be obtained from the Bond Trustee upon request. The definitions of certain words and terms used in these summaries and in the instruments themselves are set forth above in this APPENDIX C under the caption “DEFINITIONS OF CERTAIN TERMS.”

### **THE LOAN AGREEMENT**

The following is a summary of certain provisions of the Loan Agreement to which reference is made for a full and complete statement of their terms.

#### **GENERAL**

The Borrowers will enter into the Loan Agreement, pursuant to which the Authority will lend proceeds from the sale of the Bonds to the Borrowers in return for the Obligation of the Obligated Group. The Obligation will be delivered to the Authority to evidence the loans and the obligations of the Borrowers to repay the same, and will be issued in a principal amount equal to the aggregate principal amount of the



Bonds and will provide for payments of principal and interest thereon sufficient to permit the Authority to make payments of principal and interest on the Bonds and to pay the Purchase Price of the Bonds when due.

The initial amount of each loan to each respective Borrower, as well as each Borrower's initial percentage of all required principal and interest payments on the Obligation is referred to in the Bond Indenture and the Loan Agreement as a "*Borrower Portion*." The Borrower Portion with respect to each Borrower represents the percentage derived by dividing the original principal amount of such Borrower's original loan by the original principal amount of the Obligation. Each Borrower Portion may be adjusted from time to time without the consent of the Authority, the Bond Trustee or the Holders to reflect the actual amount of bond proceeds allocated to any particular Borrower once all Bond proceeds have been expended, and the time period to make final allocations with respect to such Bonds proceeds has expired, all as more fully set forth in the Tax Exemption Agreement and Project Certificate.

In the event the Borrowers redeem the Obligation, or any portion thereof, the proceeds of such redemption shall be applied to the concurrent redemption or defeasance of the Bonds, as provided in the Bond Indenture.

The Borrowers agree in the Loan Agreement that they will pay to the Bond Trustee when required by the Bond Indenture all amounts necessary for the purchase of Bonds pursuant to the Bond Indenture.

#### PAYMENT OF OBLIGATIONS ABSOLUTE

The Borrowers agree in the Loan Agreement that their obligations to make all payments of principal of, premium, if any, and interest on the Obligation and any and all amounts due pursuant to the Tax Exemption Agreement shall be absolute, irrevocable and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Bond Trustee or the Master Trustee of any obligation to the Borrowers, whether under the Loan Agreement or otherwise, or out of any indebtedness or liability at any time owing to the Borrowers by the Authority or the Bond Trustee or the Master Trustee, and, further, that the payments of (i) principal of, premium, if any, and interest on the Obligation and other amounts due under the Loan Agreement and (ii) any and all amounts, as and when the same become due, pursuant to the Tax Exemption Agreement, shall continue to be payable at the times and in the amounts specified in the Bond Indenture, whether or not their health care facilities as described in the Loan Agreement, or any portion thereof, shall have been destroyed by fire or other casualty, or title thereto or the use thereof shall have been taken by the exercise of the power of eminent domain, and that there shall be no abatement of any such payments and other charges by reason thereof.

#### USE OF HEALTH CARE FACILITIES

The Borrowers will use their respective health care facilities as described in the Loan Agreement only in furtherance of their lawful corporate purposes and will not use such health care facilities or any part thereof in a manner which is prohibited by (i) the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America and the decisions of the United States Supreme Court interpreting the same or (ii) any comparable provision of the constitution of the State of Florida and the decisions of the Florida Supreme Court interpreting the same. The foregoing restrictions,

however, shall not be construed to prevent the Borrowers from (i) maintaining a chapel for the use of patients, employees and visitors as part of the health care facilities, (ii) conducting medical education programs on any subject with one or more institutions, whether or not sectarian, or seminars or meetings explaining the operating policies of the Borrowers with regard to abortions or other medical or surgical services, or (iii) implementing pastoral care programs. In addition to the foregoing, nothing contained in the Loan Agreement shall be deemed to require the Borrowers to perform any abortion, sterilization or any other medical or surgical operation or procedure, it being the intent of the Loan Agreement to reserve to the Borrowers full discretion to formulate and implement its medical and surgical policies.

Notwithstanding the payment of the Obligation, and notwithstanding the termination of the Loan Agreement, the Borrowers agree that they will continue, to the extent required by law, to comply with the restrictions summarized under this caption on the sectarian use of their respective health care facilities. To the extent required by law the Borrowers will permit the Authority to inspect their respective health care facilities in order to determine whether the Borrowers have complied with the provisions summarized under this caption and such right of inspection shall survive the termination of the Loan Agreement.

It is further understood and agreed that the foregoing restrictions shall not apply to any building or structure now or hereafter included within the health care facilities but not financed or refinanced with the proceeds of the Bonds.

#### TAX COVENANTS

The Borrowers covenant under the Loan Agreement that so long as any Bonds are outstanding they will not take or omit to take, or suffer any person under its control to take or omit to take any action if such action or omission would, under law in existence at the time of such action or omission and applicable to the Bonds, have an adverse effect upon the exemption from federal income taxation of the interest paid on the Bonds to the extent afforded under Section 103(a) of the Code. Each of the Borrowers further covenants that, except for mergers or consolidations permitted by the Master Indenture, so long as any Bonds are outstanding it will not take action or suffer any action to be taken by others which will alter, change or destroy its status as a not for profit corporation or its status as an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code (or any successor sections of a subsequent federal income tax statute or code).

The Borrowers acknowledge in the Loan Agreement that in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, or with respect to arbitrage rebate matters, the Authority is likely to be treated as a “taxpayer” in such examination, and the Borrowers agree that they will respond, and will assist the Authority in responding, to any inquiries from the Internal Revenue Service in connection with such an examination. The Authority and the Borrowers each covenant in the Loan Agreement that they will, to the extent legally permissible, cooperate with each other, at the expense of the Borrowers, in connection with such examination and the Borrowers agree to indemnify the Authority against any investigation, claim, proceeding, audit, liability, cost or expense (including reasonable attorneys fees and costs) arising from such examination.

## PREPAYMENT OF THE OBLIGATION

No redemption or prepayment of the Obligation may be made except to the extent and in the manner expressly permitted by the Bond Indenture for the redemption and/or defeasance of the Bonds. In addition, if such prepayment is made in compliance with the terms of the Bond Indenture applicable to the redemption and/or defeasance of the Bonds, the Authority agrees in the Loan Agreement to accept prepayment of the Obligation to the extent required to provide for a permitted prepayment of the Bonds. No other prepayment of the Obligation shall be permitted. Such prepayments shall be made by paying to the Bond Trustee an amount sufficient to redeem (when redeemable) or defease all or a part of the Bonds, as the case may be, at the redemption prices specified therefor in the Bond Indenture. Any prepayment pursuant to the provisions of the Loan Agreement summarized under this caption shall include accrued interest and premium, if any, required for redemption or defeasance of the Bonds to be redeemed or defeased by such prepayment. Notwithstanding the prepayment of a portion of the Obligation pursuant to the provisions of the Loan Agreement summarized under this caption, the Borrowers are obligated to make the mandatory principal and interest payments upon the Obligation, pursuant to the applicable provisions of the Loan Agreement, to the extent any portion of the Bonds remains outstanding.

## FAILURE TO PERFORM COVENANTS AND REMEDIES THEREFOR

Upon failure of of any Borrower to pay when due any payment (other than payment on the Obligation) required to be made under the Loan Agreement or under the Tax Exemption Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Loan Agreement or under the Tax Exemption Agreement, and, except with respect to any such default under the Tax Exemption Agreement, continuation of such failure for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Obligated Group Agent by the Authority or the Bond Trustee, the Authority (or the Bond Trustee) shall have the remedies summarized below and the Bond Trustee shall have all the rights afforded it as a holder of the Obligation under the Master Indenture.

Upon the occurrence and continuance of a failure of the Borrowers to perform as provided above, the Authority or the Bond Trustee (as assignee or successor of the Authority, upon compliance with all applicable law) in its discretion may take any one or more of the following steps:

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the Borrowers to carry out any agreements with or for the benefit of the holders of the Bonds and to perform its duties under the Authority Act, the Tax Exemption Agreement or the Loan Agreement; or
- (b) by action or suit in equity, require the Borrowers to account as if it were the trustee of an express trust for the Authority; or
- (c) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

## BORROWER RELEASE

If a Borrower shall withdraw from the Obligated Group in compliance with the provisions of the Master Indenture, such Borrower (and the applicable health care facilities of such Borrower) shall be released automatically from all of its liabilities, covenants, liens, responsibilities and obligations under the Obligation and the Loan Agreement, including but not limited to with respect to any provisions expressly stated to survive the termination of the Loan Agreement, without any consent or further action of the Authority or any other Person being required; provided, however, that if requested by the Obligated Group Agent, the Authority agrees to execute and deliver a written confirmation of the release of such Borrower that withdraws from the Obligated Group. Upon any such release of such Borrower, the remaining Borrowers shall continue to be obligated with respect to the Obligation and the Loan Agreement, and the terms, conditions and provisions of the Obligation and the Loan Agreement shall continue in full force and effect with respect to such remaining Borrower(s).

## THE BOND INDENTURE

*Denominations and place of payment, mandatory tenders, mandatory redemptions, optional redemptions, extraordinary optional redemptions and notice of redemption.* These topics are discussed in the front part of this Official Statement.

*This Official Statement summarizes certain terms of the Series 2023A Bonds only while the Series 2023A Bonds bear interest at Fixed Rates established on the original issue date of the Series 2023A Bonds. Should the Bonds, or any portion thereof, be converted at the Obligated Group Agent's election to operate in a different Interest Rate Mode or to bear interest at new Fixed Rates, such Bonds will be subject to mandatory tender for purchase and, at that time, it is expected that another disclosure document will be prepared for such Bonds.*

The following is a summary of certain provisions of the Bond Indenture. This summary does not purport to be complete or definitive and reference is made to the Bond Indenture for the complete terms thereof.

## PLEDGE AND ASSIGNMENT

Pursuant to the Bond Indenture, the Authority will pledge and assign to the Bond Trustee all of its right, title and interest in and to the Obligation evidencing the loan made by the Loan Agreement and all payments to be made thereon and all of its right, title and interest in and to the Loan Agreement, except for certain rights of the Authority to indemnification and payment of administrative expenses and certain other rights. The rights of the Authority will be assigned to the Bond Trustee to secure the payment of the Bonds and the performance and observance of the covenants in the Bond Indenture.

Moneys from time to time in the funds described below and established by the Bond Indenture will be held by the Bond Trustee thereunder, in trust, for the benefit of the holders of the Bonds issued under the Bond Indenture and will be applied as provided in the Bond Indenture.

## BONDS ARE LIMITED OBLIGATIONS

The Bonds, together with interest and premium, if any, thereon, shall be limited obligations of the Authority payable solely from the revenues and other amounts derived from the Obligation and the Loan Agreement (except to the extent paid out of moneys attributable to Bond proceeds or the income from the temporary investment thereof and, under certain circumstances, proceeds from insurance and condemnation awards) but does not include the Unassigned Rights and shall be a valid claim of the respective holders thereof only against the funds established under the Bond Indenture and other moneys held by the Bond Trustee for the benefit of the Bonds and the revenues and other amounts derived from the Obligation and the Loan Agreement (other than Unassigned Rights), which revenues and other amounts are assigned by the Bond Indenture and pledged under the Bond Indenture for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Bond Indenture.

Neither the Bonds nor any of the agreements or obligations of the Authority shall be construed to constitute an indebtedness of the State of Florida or the Authority within the meaning of any constitutional or statutory limitations, nor constitute or give rise to a pecuniary liability or be a charge against the general credit of the Authority or the taxing powers of the State.

## APPLICATION OF THE PROCEEDS OF SALE OF THE BONDS

Upon the issuance and delivery of the Bonds, the Authority will deposit the proceeds thereof with the Bond Trustee, which will use such proceeds as set forth in the forepart of this Official Statement under the caption “ESTIMATED SOURCES AND USES OF FUNDS.”

## FUNDS; DISPOSITION OF REVENUES

1. *Revenue Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2023A Bonds are outstanding a separate account to be known as the “Revenue Fund – Orlando Health Obligated Group – Series 2023A” (the “*Revenue Fund*”). All payments upon the Obligation pledged under the Bond Indenture and all payments under the Loan Agreement (other than payments made in connection with the Unassigned Rights and payments made to the Borrower Purchase Account of the Bond Purchase Fund), as and when received by the Bond Trustee, shall be deposited in the Revenue Fund and shall be held therein until disbursed as provided in the Bond Indenture. Pursuant to the assignment and pledge of payments upon the Obligation set forth in the granting clauses contained in the Bond Indenture, the Authority will direct the Borrowers to make payments upon the Obligation pledged under the Bond Indenture directly to the Bond Trustee when and as the same become due and payable by the Borrowers under the terms of the Obligation and the Loan Agreement.

2. *Interest Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2023A Bonds are outstanding a separate account to be known as the “Interest Fund – Orlando Health Obligated Group – Series 2023A” (the “*Interest Fund*”).

On each Interest Payment Date, the Bond Trustee shall deposit in the Interest Fund from the Revenue Fund moneys in an amount which, together with the amounts already on deposit therein and available to make such payment, is not less than the interest becoming due on the Bonds on such date.

In connection with any partial redemption or defeasance prior to maturity of the Bonds, the Bond Trustee may, at the written request of the Obligated Group Agent, use any amounts on deposit in the Interest Fund in excess of the amount needed to pay the interest on the Bonds remaining outstanding on the first Interest Payment Date occurring on or after the date of such redemption or defeasance to pay or provide for the payment of the principal of and interest on the Bonds to be redeemed or defeased or as otherwise directed by the Obligated Group Agent if the Bond Trustee shall have received a Favorable Opinion of Bond Counsel.

3. *Bond Sinking Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2023A Bonds are outstanding a separate account to be known as the “Bond Sinking Fund – Orlando Health Obligated Group – Series 2023A” (the “*Bond Sinking Fund*”).

On each Sinking Fund Installment date established pursuant to the Bond Indenture and each Maturity Date, after making the deposit required by the Bond Indenture, the Bond Trustee shall deposit in the Bond Sinking Fund from the Revenue Fund moneys in an amount which, together with any moneys already on deposit in the Bond Sinking Fund and available to make such payment, is not less than the principal becoming due on the Bonds on such dates.

In lieu of such mandatory Bond Sinking Fund redemption, the Bond Trustee shall, at the Written Request of the Obligated Group Agent, purchase for cancellation all or a portion of the Bonds of the maturity to be redeemed in the open market identified by the Obligated Group Agent at prices specified by the Obligated Group Agent not exceeding the principal amount of the Bonds being purchased plus accrued interest, with such interest portion of the purchase price to be paid from the Interest Fund and the principal portion of such purchase price to be paid from the Bond Sinking Fund. In addition, the amount of Bonds to be redeemed on any date pursuant to the mandatory Bond Sinking Fund redemption schedule shall be reduced by the principal amount of Bonds of the maturity required to be redeemed (i) which are acquired by the Borrowers or any other Member and delivered to the Bond Trustee for cancellation, or (ii) that have been previously selected for redemption pursuant to the Bond Indenture and identified by Written Request to the Bond Trustee not less than 45 days prior to such Bond Sinking Fund redemption date, if in either case such Bonds shall not have previously served as the basis for any such reduction.

In connection with any partial redemption or defeasance prior to maturity of the Bonds, the Bond Trustee may, at the written request of the Obligated Group Agent, use any amounts on deposit in the Bond Sinking Fund in excess of the amount needed to pay principal on the Bonds remaining outstanding on the first principal or Sinking Fund Installment date occurring on or after the date of such redemption or defeasance to pay or provide for the payment of the principal of premium, if any, and interest on the Bonds to be redeemed or defeased or as otherwise directed by the Obligated Group Agent if the Bond Trustee shall have received a Favorable Opinion of Bond Counsel.

4. *Optional Redemption Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2023A Bonds are outstanding a separate account to be known as the “Optional Redemption Fund – Orlando Health Obligated Group – Series 2023A” (the “*Optional Redemption Fund*”). In the event of (i) prepayment by or on behalf of the Borrowers or any other Member of amounts payable on the Obligation, including prepayment with condemnation or insurance proceeds or proceeds of a sale consummated under threat of condemnation, or (ii) deposit with the Bond Trustee by the Borrowers, any other Member or the Authority of moneys from any other source for optionally redeeming

Bonds or purchasing Bonds for cancellation in lieu of optional redemption, such moneys shall, except as otherwise provided in the Bond Indenture, be deposited in the Optional Redemption Fund. Moneys on deposit in the Optional Redemption Fund shall be used, first, to make up any deficiencies existing in the Interest Fund and the Bond Sinking Fund (in the order listed) and, second, for the redemption or purchase of Bonds in accordance with the provisions of the Bond Indenture.

5. *Project Fund.* The Bond Trustee shall establish, maintain and hold in trust a separate fund designated as the “Project Fund — Orlando Health Obligated Group — Series 2023A” (the “*Project Fund*”), which shall be held by the Bond Trustee as part of the “trust estate” subject to the lien of the Bond Indenture. Except for withdrawals made in accordance with the Tax Exemption Agreement, moneys on deposit in the Project Fund shall be paid out from time to time by the Bond Trustee to or upon the order of the Obligated Group Agent in order to pay, or as reimbursement for payment made, for the cost of the Project (including any expense of planning or other services or expenses properly capitalizable on the books of the Borrowers), subject to the provisions of the Bond Indenture.

If, after payment by the Bond Trustee of all orders theretofore tendered to the Bond Trustee under the provisions summarized under this caption, there shall remain any balance of moneys in the Project Fund, such moneys shall, at the option of the Obligated Group Agent, be (i) applied to pay the “costs” of other “projects” (as such terms are defined in the Authority Act) of the Borrowers or any other Member of the Obligated Group, with the approval of the Authority, which approval shall not be unreasonably withheld, provided that there shall have been delivered to the Bond Trustee and the Authority a Favorable Opinion of Bond Counsel with respect to such application, and/or (ii) retained in the Project Fund and used to pay interest or principal coming due on the Bonds within thirteen months from the date of completion of the Project and/or (iii) withdrawn by the Bond Trustee from the Project Fund and deposited into the Optional Redemption Fund and/or (iv) applied in any other lawful manner, with the approval of the Authority, which approval shall not be unreasonably withheld, provided that there shall be delivered to the Bond Trustee and the Authority a Favorable Opinion of Bond Counsel with respect to such application.

#### INVESTMENT OF FUNDS

Upon a Written Request of the Obligated Group Agent to the Bond Trustee, moneys in the Revenue Fund, Interest Fund, Bond Sinking Fund, Project Fund and Optional Redemption Fund shall be invested in Qualified Investments specified by the Obligated Group Agent. The Bond Trustee may conclusively rely upon the Obligated Group Agent’s written instructions as to both the suitability and legality of the directed investments. The Bond Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Qualified Investments shall be purchased at such prices as the Obligated Group Agent may direct. All Qualified Investments shall be acquired subject to the limitations as to maturities hereinafter in the Bond Indenture set forth and such additional limitations or requirements consistent with the foregoing as may be established by the written request of the Obligated Group Agent. No such request of the Obligated Group Agent shall impose any duty on the Bond Trustee inconsistent with its fiduciary responsibilities. In the absence of written directions from the Obligated Group Agent, the Bond Trustee shall invest moneys in the Qualified Investments described in paragraph (d) of the definition thereof. The Bond Trustee shall not be obligated to seek or obtain the highest interest rate available. The Bond Trustee shall be entitled to rely on any written investment direction it receives as to the legality and suitability of such investment.

All income in excess of the requirements of the funds specified in the first paragraph under this heading derived from the investment of moneys on deposit in any such funds shall be deposited in the following funds, in the order listed:

(a) The Project Fund until the Project is completed and all draws from the Project Fund have been made as described under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT — THE BOND INDENTURE — FUNDS; DISPOSITION OF REVENUES – Project Fund” herein;

(b) The Interest Fund and the Bond Sinking Fund (in that order), to the extent, with respect to the Bond Sinking Fund, of the amount required to be deposited in the Bond Sinking Fund to make the next required principal payment on the Bonds if such payment is scheduled to occur within 13 months of such transfer and to the extent, with respect to the Interest Fund, of the amounts required to be deposited in the Interest Fund necessary to make any interest payments on the Bonds occurring within 13 months of such transfer; and

(c) The balance, if any, in the Optional Redemption Fund.

#### ARBITRAGE

The Bond Trustee covenants and agrees in the Bond Indenture that it will not take any action with respect to the investment of the proceeds of any Bonds issued under the Bond Indenture or with respect to the revenues derived from the Obligation pledged under the Bond Indenture and under the Loan Agreement, or in any other respect, which may, result in constituting the Bonds “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code. The Authority further covenants and agrees that it will comply with and take all actions required of it by the Tax Exemption Agreement and refrain from taking any action which would violate any of the covenants, representations and warranties of the Authority contained in the Tax Exemption Agreement; provided, however that the Authority shall be fully protected and shall not be liable so long as it acts in good faith in reliance upon the written direction of the Obligated Group Agent and/or the Bond Trustee with respect to the actions required of it in the Tax Exemption Agreement.



## SUPPLEMENTAL BOND INDENTURES

The Bond Indenture and the rights and obligations of the Authority and of the Holders of the Bonds and of the Bond Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental to the Bond Indenture, but only with the written consent of the Obligated Group Agent and the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (1) extend the Maturity Date of any Bond, or reduce the amount of principal thereof, or extend the time of payment or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien prior to or on a parity with the lien created by the Bond Indenture, or deprive the Holders of the Bonds of the lien created by the Bond Indenture (except as expressly provided in the Bond Indenture), without the consent of the Holders of all Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Bond Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Bond Trustee of any Supplemental Bond Indenture pursuant to the Bond Indenture provisions described in this paragraph, the Bond Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Bond Indenture to the Bondholders at the addresses shown on the registration books maintained by the Bond Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Bond Indenture.

The Bond Indenture and the rights and obligations of the Authority, of the Bond Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, without the necessity of obtaining the consent of any Bondholders, but only with the consent of the Obligated Group Agent and to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority contained in the Bond Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), to surrender any right or power in the Bond Indenture reserved to or conferred upon the Authority or to make any change to provisions relating to Unassigned Rights;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Bond Indenture, or in regard to matters or questions arising under the Bond Indenture, including but not limited to reflecting the creation of separate Series or sub-Series for the Bonds, reflecting the serialization of the Bonds upon their Conversion to a Fixed Mode or reflecting the conversion of serial Bonds to term Bonds or other adjustments to the amortization and payment schedule in connection with their Conversion from a Fixed Mode, as the Authority or the Bond Trustee may deem necessary or desirable and not inconsistent with the Bond Indenture;

(iii) to modify, amend or supplement the Bond Indenture in such manner as to permit the qualification of the Bond Indenture under the Trust Indenture Act, or any similar federal statute

hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to give effect to the release any Obligated Group Member and any lien, security interest and pledge with respect to any assets of an Obligated Group Member that withdraws from the Obligated Group in accordance with the Master Indenture;

(v) to modify, amend or supplement the Bond Indenture or any supplemental indenture in such a manner as to permit continued compliance with the Tax Exemption Agreement;

(vi) to facilitate and implement any book entry system (or any termination of a book entry system) with respect to the Bonds in accordance with the terms of the Bond Indenture;

(vii) to maintain the exclusion from gross income of interest payable with respect to the Bonds;

(viii) to make any modification or amendment to the Bond Indenture which will be effective upon the remarketing of all the Bonds following the mandatory tender of all Bonds;

(ix) to provide for the appointment of a successor bond trustee or co-trustee pursuant to the terms of the Bond Indenture;

(x) to facilitate changes in the description of the Project and to provide for the alternate payment of funds out of the Project Fund as specifically allowed by the provisions of the Bond Indenture;

(xi) to implement the provisions summarized below under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT — THE BOND INDENTURE — RELEASE AND SUBSTITUTION OF THE OBLIGATION UPON DELIVERY OF REPLACEMENT MASTER INDENTURE,” or to implement any modifications, amendments or supplements necessary or appropriate in order to conform the Bond Indenture to the Master Indenture or to any modifications, amendments or supplements to the Master Indenture as are permitted under the Master Indenture;

(xii) to modify, amend or supplement the Bond Indenture to reflect changes in the Borrower Portions as allowed pursuant to the provisions of the Loan Agreement; and

(xiii) to amend the Bond Indenture in any other respect which, in the judgment of the Bond Trustee, is not to the prejudice of the Bondholders.

Upon the execution of any Supplemental Bond Indenture pursuant to the provisions of the Bond Indenture summarized under this caption, the Bond Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Bond Indenture of the Authority, the Bond Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced subject in all respects to such modification and amendment, and all the terms and conditions

of any such Supplemental Bond Indenture shall be deemed to be part of the terms and conditions of the Bond Indenture for any and all purposes.

The Authority and the Bond Trustee shall not enter into any amendment to the Bond Indenture pursuant to unless they shall have received a Favorable Opinion of Bond Counsel to the effect that (i) the proposed amendment is permitted thereunder, (ii) such amendment to the Bond Indenture constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms, (iii) all conditions precedent thereto have been satisfied and (iv) the execution and delivery of the proposed amendment to the Bond Indenture will not result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

#### AMENDMENT TO LOAN AGREEMENT

Except for the amendments, changes or modifications as provided below, neither the Authority nor the Bond Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination is filed with the Bond Trustee; provided that no such amendment, modification or termination shall reduce the amount of the payments due and owing on the Obligation to be made to the Authority or the Bond Trustee by the Borrowers pursuant to the Loan Agreement or the Obligation, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

Notwithstanding the provisions of the Loan Agreement summarized in the first paragraph under this caption, the terms of the Loan Agreement may also be modified or amended from time to time and at any time by the Authority but without the necessity of obtaining the consent of any Bondholders, only to the extent permitted by law and only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Authority or the Borrowers contained in the Loan Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority or the Borrowers;
- (ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Loan Agreement, or in regard to matters or questions arising under the Loan Agreement, as the Authority may deem necessary or desirable and not inconsistent with the Loan Agreement or the Bond Indenture;
- (iii) to maintain the exclusion from gross income for federal income tax purposes of interest payable with respect to the Bonds;
- (iv) to modify, amend or supplement the Loan Agreement or any agreement supplemental thereto in such a manner as to permit continued compliance with the Tax Exemption Agreement;
- (v) to make any modification or amendment to the Loan Agreement which will be effective upon the remarketing of all the Bonds following the mandatory tender of all the Bonds;

(vi) to provide for the appointment of a successor bond trustee or co-trustee pursuant to the terms of Bond Indenture;

(vii) to make any change to the Loan Agreement (including changes to Exhibit A thereto) to reflect changes in the Borrower Portions as allowed pursuant to the Loan Agreement;

(viii) to implement the provisions summarized below under the caption “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE BOND INDENTURE AND LOAN AGREEMENT – THE BOND INDENTURE — RELEASE AND SUBSTITUTION OF THE OBLIGATION UPON DELIVERY OF REPLACEMENT MASTER INDENTURE,” or to implement any modifications, amendments or supplements necessary or appropriate in order to conform the Loan Agreement to the Master Indenture or to any modifications, amendments or supplements to the Master Indenture as are permitted under the Master Indenture; and

(ix) to amend the Loan Agreement in any other respect which, in the judgment of the Bond Trustee, is not to the prejudice of the Bondholders.

#### RELEASE AND SUBSTITUTION OF THE OBLIGATION UPON DELIVERY OF REPLACEMENT MASTER INDENTURE

Without the consent of or notice to the Holders, the Obligation shall be surrendered by the Bond Trustee and delivered to the Master Trustee for cancellation upon receipt by the Bond Trustee of the following:

(A) a Written Request of the Obligated Group Agent requesting such surrender and delivery;

(B) an executed copy of a replacement master indenture (other than the Master Indenture) between the members of an obligated group described therein and a master trustee (the “*Replacement Master Indenture*”);

(C) a properly executed obligation (the “*Replacement Obligation*”) issued under the Replacement Master Indenture in favor of the Bond Trustee with the same tenor and effect as the Obligation (in a principal amount equal to the then Outstanding principal amount of the Bonds), duly authenticated by the master trustee under the Replacement Master Indenture and registered to the Bond Trustee;

(D) an Opinion of Counsel, addressed to the Bond Trustee, to the effect that: (i) the Replacement Obligation has been validly issued under the Replacement Master Indenture and constitutes a valid and binding obligation of Orlando Health (or as applicable, the obligated group created pursuant to the Replacement Master Indenture and each other member of the obligated group (if any) that is jointly and severally liable under the Replacement Master Indenture), (ii) registration of the Replacement Obligation under the Securities Act of 1933, as amended, is not required or, if registration is required, the Replacement Obligation has been so registered, subject to such qualifications as are not unreasonably objected to by the Bond Trustee;

(E) a Favorable Opinion of Bond Counsel that the surrender of the Obligation and the delivery of the Replacement Obligation will not adversely affect the validity of any Bonds or any exemption for the purposes of federal income taxation to which interest on any Bonds would otherwise be entitled;

(F) a certificate of an Authorized Representative of the Obligated Group Agent to the effect that all requirements and conditions to the issuance of the Replacement Obligation set forth in the Replacement Master Indenture have been complied with and satisfied;

(G) evidence that the ratings, if any, on the Bonds will not be withdrawn or reduced by any Rating Agency below the "A" Rating Category (without giving effect to any gradations within such Rating Category) following the substitution of the Master Indenture with the Replacement Master Indenture; and

(H) a copy of the Replacement Master Indenture, certified as a true and accurate copy by the master trustee under the Replacement Master Indenture;

*provided, however,* that nothing summarized under this caption shall permit, or be construed as permitting, (1) any extension of the maturity of any Bond, or reduction in the amount of principal thereof, or extension of the time of payment required by the Bond Indenture for the payment of any Bond, or reduction of the rate of interest thereon, or extension of the time of payment of interest thereon, or change the transferability provisions with respect to the Bonds, without the consent of the Holder of each Bond so affected, or (2) a reduction of the percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (3) the creation of any lien on the assets pledged under the Bond Indenture prior to or on a parity basis with the lien created by the Bond Indenture, or depriving the Holders of the Bonds of the lien created by the Bond Indenture on such assets (except as expressly provided in the Bond Indenture), without the consent of the Holders of all Bonds at the time Outstanding that would be affected by the action to be taken, or (4) a modification of the rights, duties or immunities of the Bond Trustee without the written consent of the Bond Trustee.

Upon satisfaction of such conditions, all references in the Bond Indenture to the Obligation shall be deemed to be references to the Replacement Obligation, all references to the Master Indenture shall be deemed to be references to the Replacement Master Indenture, all references to the Master Trustee shall be deemed to be references to the master trustee under the Replacement Master Indenture, all references to the Obligated Group and the Members of the Obligated Group shall be deemed to be references to the obligated group and the members of the obligated group under the Replacement Master Indenture and all references to the Supplemental Indenture shall be deemed to be references to the supplemental master indenture pursuant to which the Replacement Obligation is issued.

## DEFEASANCE

The Bonds may be paid by the Authority in any of the following ways, *provided* that the Authority also pays or causes to be paid or provided for any other sums payable under the Bond Indenture by the Authority and related to such Bonds:

- (a) by paying or causing to be paid the principal or Redemption Price of and interest on Outstanding Bonds, as and when the same become due and payable;
- (b) by depositing with the Bond Trustee, in trust, at or before maturity, moneys or United States Government Obligations in the amount necessary (as provided in the Bond Indenture) to pay or redeem Outstanding Bonds; or
- (c) by delivering to the Bond Trustee, for cancellation by it, Outstanding Bonds.

If all Outstanding Bonds are paid as provided in clauses (a), (b) or (c) above, and the Authority, the Borrowers or the Bond Trustee shall also pay or cause to be paid all other sums payable under the Bond Indenture by the Authority, and if the Borrowers shall have paid or provided for all expenses payable to the Authority, and any indemnification then owed to the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Bond Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Bond Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Bond Indenture and the pledge of the trust estate and other assets made under the Bond Indenture and all covenants, agreements and other obligations of the Authority under the Bond Indenture shall cease, terminate, become void and be completely discharged and satisfied (except with respect to the transfer or exchange of Bonds provided for therein, the payment of principal of and interest on the Bonds when due, the redemption of Bonds provided for in the Bond Indenture and the payment of or the provision for any rebate payments then due and payable to the United States Treasury). In such event, upon Written Request of the Obligated Group Agent, the Bond Trustee shall cause an accounting for such period or periods as may be requested by the Obligated Group Agent to be prepared and filed with the Authority and the Obligated Group Agent and shall execute and deliver to the Authority and the Borrowers all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Bond Trustee shall pay over, transfer, assign or deliver to the Borrowers all moneys or securities or other property held by it pursuant to the Bond Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption; *provided* that all expenses and any indemnification then owed to the Authority shall have been paid or provided for. The release of the obligations of the Authority under the Bond Indenture shall be without prejudice to the right of the Bond Trustee to be paid reasonable compensation for all services rendered under the Bond Indenture by it and all reasonable expenses, charges and other disbursements (from any moneys in its possession under the provisions of the Bond Indenture, subject only to the prior lien of the Bonds for the payment of the principal, Purchase Price and Redemption Price thereof and the interest thereon) incurred on or about the administration of the trust created by the Bond Indenture and the performance of its duties thereunder, nor its right to indemnification under the Bond Indenture and the Loan Agreement.

Upon the deposit with the Bond Trustee, in trust, at or before maturity, of moneys or securities in the amount necessary (as provided in the Bond Indenture) to pay or redeem any Outstanding Bond (whether

upon or prior to its maturity or the redemption date of such Bond), *provided* that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in the Bond Indenture provided or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice, the Bond Indenture may be released and discharged in accordance with the of the Bond Indenture summarized under this caption, but the liability of the Authority in respect of such Bonds shall continue, *provided* that thereafter the Holder thereof shall be entitled only to payment out of such moneys or securities deposited with the Bond Trustee as aforesaid for their payment, and provided, further, that the provisions of the Bond Indenture shall apply in any event.

#### DEFAULTS AND REMEDIES

*Events of Default.* Each of the following events is declared an “event of default” by the Bond Indenture:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise, or default in the redemption of any Bonds from Sinking Fund Installments in the amount and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) subject to the provisions of the Bond Indenture related to insufficient funds for the payment of the Purchase Price, failure to pay the Purchase Price of any Bond tendered pursuant to the Bond Indenture when such payment is due;

(d) the Borrowers shall default in the performance of their covenant in the Loan Agreement (after giving effect to all cure periods and provisions available thereunder) relating to the discharge, vacation, bonding or stay of any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Trustee under the Bond Indenture;

(e) the Borrowers shall fail to perform any other of their covenants contained in the Loan Agreement (after giving effect to all cure periods and provisions available thereunder) and such failure shall continue for a period of 30 days after written notice of such default shall have been given to the Obligated Group Agent by the Bond Trustee (unless the nature of the default is such that it cannot be remedied within the thirty-day period and the Bond Trustee agrees in writing to an extension of time and the Borrowers institute corrective action within the period agreed upon and diligently pursues such action until the default is remedied);

(f) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Indenture or any agreement supplemental hereto to be performed on the part of the Authority, and such default shall continue for the period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Obligated Group Agent by

the Bond Trustee which notice the Bond Trustee may give in its discretion and must give at the written request of the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding exclusive of Bonds then owned by the Authority or any Member; provided that, if such default cannot with due diligence and dispatch be cured within 30 days but can be cured, the failure of the Authority or the Borrowers to remedy such default within such 30-day period shall not constitute a default under the Bond Indenture if the Bond Trustee is provided with a certification from the Authority or the Obligated Group Agent to the effect that such default cannot with due diligence and dispatch be cured within 30 days but can be cured and the Authority or the Obligated Group Agent shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch;

(g) the Authority, the Borrowers or the Bond Trustee shall default in the performance of any covenant, condition, agreement or provision of the Tax Exemption Agreement, and such default shall continue for the period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the party in default and the Borrowers by the other party; provided that if such default cannot with due diligence and dispatch be cured within 30 days but can be cured, the failure of the Authority, the Borrowers or the Bond Trustee to remedy such default within such 30 day period shall not constitute a default under the Bond Indenture if the Bond Trustee is provided with a certification from the Authority to the effect that such default cannot with due diligence and dispatch be cured within 30 days but can be cured and the Authority shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; or

(h) any “Event of Default” as defined in the Master Indenture shall occur and be continuing; provided, that if any such “Event of Default shall be waived, cured or otherwise rescinded and annulled as provided in such Master Indenture, the default under the Bond Indenture by reason thereof shall automatically be deemed to have been cured and waived and any resulting acceleration of the Obligation shall be annulled as provided in the Bond Indenture.

*Acceleration.* Upon the occurrence and during the continuation of an Event of Default, the Bond Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding, the Bond Trustee shall, declare all Outstanding Bonds immediately due and payable, anything in the Bonds or in the Bond Indenture to the contrary notwithstanding. The Bond Trustee shall give written notice of such acceleration to each Holder of a Bond, the Authority and the Borrowers. Additionally, upon being indemnified to its satisfaction therefor, upon the occurrence and during the continuation of an Event of Default and acceleration under the Bond Indenture, and if directed to do so by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, the Bond Trustee shall notify the Authority and the Master Trustee of any such Event of Default and (subject to the limitations and provisions of the Master Indenture) exercise any rights of holders of the Obligation pursuant to the provisions of the Master Indenture then outstanding to be due and immediately payable.

If the Bonds are so accelerated, then the Obligation must also be accelerated. If the Obligation is accelerated, the Bonds may, subject to the provisions of the Bond Indenture summarized under this caption,



be accelerated, but are not required to be accelerated. At any time after the principal of the Obligation and the principal amount of the Bonds shall have been so declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, and if there is deposited with the Bond Trustee a sum sufficient to pay all the principal of and premium, if any, and installments of interest on the Bonds, payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Bond Trustee, and any and all other defaults known to the Bond Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bond Trustee or provision deemed by the Bond Trustee to be adequate shall have been made therefor, the declaration that the Bonds are (and, if applicable, the Obligation is) immediately due and payable shall also, without further action, be annulled and the Bond Trustee shall promptly give notice of such annulment in the same manner as provided in the Bond Indenture and summarized under this caption for giving notice of acceleration. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

*Remedies.* Upon the occurrence and continuance of any Event of Default, the Bond Trustee shall, and may, upon the written request of the Holders of a majority in principal amount of the Bonds Outstanding, together with indemnification of the Bond Trustee to its satisfaction therefor, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Bond Indenture and under the Act and the Bonds by such suits, actions or proceedings as the Bond Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) civil action to recover money or damages due and owing;
- (ii) civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of Bonds;
- (iii) enforcement of any other right of the Authority and the Bondholders conferred by law or by the Bond Indenture; and
- (iv) enforcement of any other right conferred on the Bond Trustee by the Loan Agreement, the Obligation or the Master Indenture.

Regardless of the happening of an Event of Default, the Bond Trustee, if requested in writing by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Bond Indenture by any acts which may be unlawful or in violation of the Bond Indenture, or (ii) to preserve or protect the interests of the Holders, *provided* that such request is in accordance with law and the provisions of the Bond Indenture and, in the sole judgment of the Bond Trustee, is not unduly prejudicial to the interest of the Holders of Bonds not making such request.

No remedy by the terms of the Bond Indenture conferred upon or reserved to the Bond Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Bond Indenture or existing at law or in equity or by statute (including the Act) on or after the date of the Bond Indenture.

## BONDHOLDER'S CONTROL OF PROCEEDINGS

If an Event of Default shall have occurred and be continuing, the Holders of at least a majority in principal amount of all Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Bond Indenture; *provided*, that such direction is in accordance with law and the provisions of the Bond Indenture (including indemnity to the Bond Trustee as provided in the Bond Indenture) and, in the sole judgment of the Bond Trustee, is not unduly prejudicial to the interest of Bondholders not joining in such direction. Nothing in the Bond Indenture shall impair the right of the Bond Trustee in its discretion to take any other action under the Bond Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

## WAIVER OF EVENTS OF DEFAULT

No delay or omission of the Bond Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or in acquiescence therein. Every power and remedy given under the Bond Indenture may be exercised from time to time and as often as may be deemed expedient.

The Bond Trustee may, on or before the completion of the enforcement of any other remedy under the Bond Indenture, waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Bond Indenture.

The Bond Trustee, upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, shall waive any Event of Default under the Bond Indenture and its consequences; *provided, however*, that, except under the circumstances set forth in the Bond Indenture, a default in the payment of the principal of, premium, if any, or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

In case of any waiver by the Bond Trustee of an Event of Default under the Bond Indenture, the Authority, the Bond Trustee and the Bondholders shall be restored to their former positions and rights thereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Bond Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with the provisions of the Bond Indenture summarized under this caption.

## APPLICATION OF REVENUES AND OTHER FUNDS AFTER DEFAULT

If an Event of Default shall occur and be continuing, all moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of the Bond Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the outstanding fees, expenses, liabilities and advances incurred or made by the Bond Trustee (subject to the Bond Indenture

and other than moneys required to be deposited in the Bond Purchase Fund) shall be applied by the Bond Trustee as follows and in the following order:

(a) To the payment of any reasonable expenses necessary in the opinion of the Bond Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Bond Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Bond Indenture; and

(b) To the payment of the principal, Purchase Price or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Bond Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

FIRST: To the payment of all amounts, if any, payable to the United States Treasury pursuant to the Tax Exemption Agreement;

SECOND: To the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment ratably, according to the amounts due thereon, to the Persons entitled thereto without any discrimination or preference; and

THIRD: To the payment to the Persons entitled thereto of the unpaid principal (including Sinking Fund Installments), Purchase Price or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption or purchase, in the order of their maturity or due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal, Purchase Price or Redemption Price due on such date to the Persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due

respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(iii) Whenever all principal and interest on the Bonds has been paid and the aforementioned payments summarized under this caption have been made, any balance remaining in any funds established under the Bond Indenture shall be paid to the Borrowers.

#### REMOVAL OF THE BOND TRUSTEE

The Bond Trustee may be removed at any time, upon thirty (30) days' written notice, by an instrument or concurrent instruments in writing delivered to the Bond Trustee, the Obligated Group Agent and the Authority, and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding. So long as no Event of Default has occurred and is continuing under the Bond Indenture or the Loan Agreement, the Bond Trustee may be removed for any reason at any time, upon thirty (30) days' written notice, by the Obligated Group Agent or by the Authority (with the advice and approval of and at the expense of the Obligated Group Agent) by an instrument or concurrent instruments in writing delivered to the Bond Trustee. If any event of default has occurred or is continuing under the Bond Indenture or the Loan Agreement, the Bond Trustee may be removed for cause (including but not limited to maintaining non-competitive fees) at any time by the Obligated Group Agent or the Authority by an instrument or concurrent instruments in writing and delivered to the Bond Trustee.

#### DEPOSIT OF MONEYS OR SECURITIES WITH BOND TRUSTEE

Whenever in the Bond Indenture it is provided or permitted that there be deposited with or held in trust by the Bond Trustee moneys or securities in the amount necessary to pay or redeem any Bonds, the moneys or securities so to be deposited or held may (except as provided above in the last paragraph under the heading "DEFEASANCE") include moneys or securities held by the Bond Trustee in the funds and accounts established pursuant to the Bond Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity (based on an assumed interest rate equal to the Maximum Interest Rate for periods for which the actual interest rate on the Bonds cannot then be determined), except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in the Bond Indenture provided or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon (based upon an assumed interest rate equal to the Maximum Interest Rate, for periods for which the actual interest on the Bonds cannot then be determined) to the redemption date; or

(b) United States Government Obligations (not callable by the issuer thereof prior to maturity), the principal of and interest on which when due will provide moneys sufficient, without regard to any reinvestment thereof, to pay the principal or Purchase Price for any Bonds tendered for purchase (in which case the tendered Bonds shall be purchased and shall be cancelled), or Redemption Price of and all unpaid interest to maturity (based on an assumed interest rate equal to the Maximum Interest Rate for periods for which the actual interest rate on the Bonds cannot then be determined) or to the Purchase Date or redemption

date, as the case may be, on the Bonds to be paid, purchased or redeemed, as such principal or Redemption Price and interest become due; *provided* that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in the Bond Indenture provided or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice; and, *provided* further, in each case, that the Bond Trustee shall have been irrevocably instructed (by the terms of the Bond Indenture or by Written Request of the Authority) to apply such moneys to the payment of such principal or Purchase Price or Redemption Price and interest with respect to the Bonds.

Prior to any defeasance becoming effective under the section of the Bond Indenture summarized under this caption, the Obligated Group Agent shall deliver, or cause to be delivered, to the Bond Trustee and the Authority (i) in the case of a defeasance described in paragraph (b) under this caption, a copy of a certificate of an independent certified public accountant or firm of such accountants or financial institution experienced in delivering verification reports indicating the sufficiency of the maturing principal and the interest income on such United States Government Obligations, together with any uninvested cash, to pay when due the principal or Redemption Price of and interest on such Bonds and (ii) a Favorable Opinion of Bond Counsel, addressed to the Authority, to the effect that the Bonds have been paid within the meaning of the section of the Bond Indenture summarized under this caption and are no longer Outstanding under the terms of the Bond Indenture.

#### PAYMENT OF BONDS AFTER DISCHARGE OF BOND INDENTURE

Notwithstanding the discharge of the lien as provided in the Bond Indenture, the Bond Trustee shall nevertheless retain such rights, powers and duties under the Bond Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided in the Bond Indenture. Subject to any applicable escheat law, any moneys held by the Bond Trustee for the payment of the principal, Purchase Price or Redemption Price of, premium, if any, or interest on any Bond remaining unclaimed for three years after the principal or Purchase Price of all Bonds has become due and payable, whether at maturity or proceedings for redemption or tender for purchase or by declaration as provided in the Bond Indenture, shall then be paid to the Borrowers and the Holders of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Borrowers for payment thereof and all liability of the Bond Trustee and the Authority with respect to such moneys shall thereupon cease.

#### REDEMPTION AFTER SATISFACTION OF BOND INDENTURE

Notwithstanding anything to the contrary in the Bond Indenture, upon the provision for payment of the Bonds or a portion thereof through a date subsequent to any optional redemption date as specified in the Bond Indenture, the optional redemption provisions of the Bond Indenture allowing the Bonds to be called prior to maturity upon proper notice (notwithstanding provision for the payment of the Bonds having been made through a date subsequent to the first optional redemption date provided for in the Bond Indenture) shall remain available to the Authority, upon direction of the Obligated Group Agent, unless, in connection with making the deposit referred to in the Bond Indenture, the Authority, at the direction of the Obligated Group Agent, shall have irrevocably elected in writing to waive any future right to call the Bonds or portions thereof for redemption prior to maturity. Notwithstanding anything to the contrary in the Bond Indenture, upon the provision for payment of the Bonds or a portion thereof prior to the maturity thereof as specified in the Bond Indenture, the Authority, upon direction of the Obligated Group Agent, may elect to

pay the Bonds on the respective Maturity Dates therefor unless, in connection with making the deposits referred to in the Bond Indenture, the Authority, at the direction of the Obligated Group Agent, shall have irrevocably elected in writing to waive such right to provide for the payment thereof on the maturity date. No such redemption or restructuring shall occur, however, unless the Obligated Group Agent shall deliver on behalf of the Authority to the Bond Trustee (a) United States Government Obligations and/or cash sufficient to discharge such Bonds (or portion thereof) on the redemption date or dates or Maturity Date or Maturity Dates selected, (b) an opinion of an independent certified public accountant or firm of such accountants or financial institution experienced in delivering verification reports verifying that such United States Government Obligations, together with the expected earnings thereon, and/or any uninvested cash, will be sufficient to provide for the payment of such Bonds to the redemption or maturity dates, and (c) a Favorable Opinion of Bond Counsel addressed to the Bond Trustee and the Authority. The Bond Trustee will give written notice of any such redemption or restructuring to the owners of the Bonds affected thereby.

#### BOND TRUSTEE AS HOLDER OF THE OBLIGATION

The Bond Trustee shall be considered the holder of the Obligation pledged under the Bond Indenture for the purpose of the provisions of the Master Indenture.

#### CONSENT TO SECOND AMENDED AND RESTATED MASTER INDENTURE

By purchasing the Bonds from the Underwriters, the initial beneficial owners of the Bonds are deemed to consent to the amendments to the Master Indenture set forth in the Second Amended and Restated Master Trust Indenture (the "*Second Amended and Restated Master Indenture*") among the Members of the Obligated Group and the Master Trustee. Such consent will be effective on the Date of Issuance, will be binding on any subsequent purchaser of any Bonds, and may not be revoked after the issuance of the Bonds. Additionally, by accepting the Obligation, the Bond Trustee, as holder of the Obligation has consented to the execution and delivery of the Second Amended and Restated Master Indenture. The Second Amended and Restated Master Indenture is effective on the Date of Issuance.

**APPENDIX D**

**FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE**

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SECOND AMENDED AND RESTATED MASTER TRUST INDENTURE

among

ORLANDO HEALTH, INC.,  
ORLANDO HEALTH CENTRAL, INC.,  
SOUTH LAKE HOSPITAL, INC.,  
OSCEOLASC, LLC,  
OHI WEST, INC.

And

THE BANK OF NEW YORK MELLON

AS MASTER TRUSTEE

Dated February 2, 2023

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This instrument was prepared by:

Chapman and Cutler LLP  
320 South Canal Street, 27<sup>th</sup> Floor  
Chicago, Illinois 60606

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THIS IS A SECOND AMENDED AND RESTATED MASTER TRUST INDENTURE dated February 2, 2023 (“*this Master Indenture*”) among ORLANDO HEALTH, INC., a Florida not-for-profit corporation (“*Orlando Health*”), ORLANDO HEALTH CENTRAL, INC., a Florida not-for-profit corporation (“*Health Central*”), SOUTH LAKE HOSPITAL, INC., a Florida not-for-profit corporation (“*South Lake*”), OSCEOLASC, LLC, a Delaware limited liability company (“*St. Cloud*”) and OHI West, Inc., a Florida not-for-profit corporation (“*OHI West*”), and THE BANK OF NEW YORK MELLON, a New York banking corporation duly established, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State New York, with its designated corporate trust office, domicile and post office address at 10161 Centurion Parkway N, Jacksonville, Florida, herein called the “*Master Trustee*.”

**WITNESSETH:**

WHEREAS, Orlando Health, Health Central, South Lake, St. Cloud and OHI West (collectively, the “*Existing Members of the Obligated Group*”) have heretofore entered into that certain Amended and Restated Master Trust Indenture dated as August 1, 1999, as heretofore supplemented, amended and modified (the “*Existing Master Indenture*”), with The Bank of New York Mellon, as master trustee (the “*Master Trustee*”); and

WHEREAS, the following Obligations have been issued to secure various revenue bonds issued for the benefit of the Existing Members of the Obligated Group and related reimbursement agreements, covenant agreements, loan agreements, promissory notes and other instruments and agreements and are currently outstanding under the Existing Master Indenture:

(i) the Series KK Obligation No. 1 (ORHS Series 2007A-1 Swap) dated January 25, 2007, relating to an interest rate swap transaction between Orlando Health and Morgan Stanley Capital Services, LLC;

(ii) the Series MM Obligation No. 1 (ORHS Series 2007A-2 Swap) dated January 25, 2007, relating to an interest rate swap transaction between Orlando Health and Morgan Stanley Capital Services, LLC;

(iii) the Series SS Note No. 1 (Series 2008E Financing) dated June 18, 2008, issued in the original principal amount of \$54,130,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Regional Healthcare System), Series 2008E (the “*Series 2008E Bonds*”);

(iv) the Series FFF Note No. 1 (Orlando Health Series 2011 Financing) dated September 15, 2011, issued in the original principal amount of \$83,175,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Refunding Bonds (Orlando Health, Inc.), Series 2011;

(v) the Series JJJ Note No. 1 (Orlando Health Series 2016A Financing) dated April 27, 2016, issued in the original principal amount of \$173,715,000; and relating to the

Orange County Health Facilities Authority Hospital Revenue Refunding Bonds (Orlando Health, Inc.), Series 2016A;

(vi) the Series KKK Note No. 1 (Orlando Health Series 2016B Financing) dated April 27, 2016, issued in the original principal amount of \$66,575,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health, Inc.), Series 2016B;

(vii) the Series LLL Note No. 1 (Health Central Taxable Financing) dated April 27, 2016, issued in the original principal amount of \$74,465,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2016C;

(viii) the Series MMM Note No. 1 (Orlando Health Taxable Financing) dated February 6, 2018, issued in the original principal amount of \$475,000,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2018;

(ix) the Series NNN Obligation No. 1 (GS Swap) dated February 6, 2018, relating to an interest rate swap transaction between Orlando Health and Goldman Sachs Bank USA;

(x) the Series OOO Note No. 1 (Orlando Health Taxable Financing) dated February 6, 2019, issued in the original principal amount of \$100,000,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2019C;

(xi) the Series PPP Note No. 1 (Health Central Series 2019A Financing) dated February 6, 2019, issued in the original principal amount of \$100,000,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2019A;

(xii) the Series QQQ Note No. 1 (Orlando Health Series 2019B Financing) dated July 3, 2019, issued in the original principal amount of \$144,050,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Refunding Bonds (Orlando Health Obligated Group), Series 2019B Forward Delivery;

(xiii) the Series RRR Obligation No. 1 (Series 2008E Bank Reimbursement) dated July 3, 2019, securing the obligations of the Obligated Group under a reimbursement agreement entered into in connection with the Series 2008E Bonds;

(xiv) the Series SSS Obligation No. 1 (PNC Line of Credit) dated February 26, 2020, securing the obligations of the Obligated Group under that certain (i) Loan Agreement dated February 26, 2020 between PNC Bank, National Association and Orlando Health, and (ii) the Revolving Line of Credit Note in the stated maximum principal amount of \$200,000,000 related thereto;

(xv) the Series UUU Note No. 1 (Orlando Health Series 2020A Taxable Financing) dated October 7, 2020, issued in the original principal amount of \$317,420,000;

and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2020A;

(xvi) the Series VVV Note No. 1 (Orlando Health Series 2020B Taxable Financing) dated October 7, 2020, issued in the original principal amount of \$199,355,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2020B; and

(xvii) the Series WWW Note No. 1 (Orlando Health Series 2022 Financing) dated February 15, 2022, issued in the original principal amount of \$321,415,000; relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2022;

WHEREAS, Section 10.02 of the Existing Master Indenture provides that the Existing Master Indenture may be supplemented and amended with the consent of the owners of not less than 51% in aggregate principal amount of the Outstanding Obligations; and

WHEREAS, the holders of not less than 51% in aggregate principal amount of the Outstanding Obligations have consented to the amendment and restatement of the Existing Master Indenture by this Second Amended and Restated Master Trust Indenture, as set forth in *Exhibit A* hereto; and

WHEREAS, the Members of the Obligated Group are authorized by law, and deem it necessary and desirable that they be able, to issue evidences of indebtedness secured hereby of several series (collectively, the “*Obligations*”) in order to secure the financing or refinancing of health care facilities and related facilities, including the financing and refinancing of the acquisition, construction and equipping of healthcare and related facilities, the financing or refinancing of indebtedness in connection therewith from time to time, and for other lawful and proper corporate purposes; and

WHEREAS, the Members of the Obligated Group also desire to provide in this Master Indenture for other legal entities to join with the Existing Members of the Obligated Group in the future in pooling credit resources in order to achieve lower borrowing costs and to become jointly and severally liable with the Existing Members of the Obligated Group and other such entities for the payment of the Obligations and the performance of all covenants contained herein; Orlando Health, Health Central, South Lake, St. Cloud and OHI West and each other legal entity incurring such joint and several liability in accordance with the terms hereof (and not subsequently removed herefrom) are herein referred to individually as an “*Obligated Group Member*” and collectively as the “*Obligated Group Members*;” and

WHEREAS, the Obligated Group Members also desire to provide in this Master Indenture for the designation of Designated Affiliates, Unlimited Credit Group Participants and Limited Credit Group Participants, each as defined herein; and

WHEREAS, all acts and things necessary to constitute these presents a valid indenture and agreement according to its terms, have been done and performed, and the execution of this Master



Indenture has in all respects been duly authorized; and the Members of the Obligated Group in the exercise of the legal right and power vested in each, execute this Master Indenture and may make, execute, issue and deliver one or more Obligations of various series; and

WHEREAS, in order to declare the terms and conditions upon which the Existing Obligations are secured hereby and Obligations of each series are authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of Obligations of each series by the holders thereof and of the sum of One Dollar to it duly paid by the Master Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Existing Members of the Obligated Group (and each future Obligated Group Member) covenant and agree with the Master Trustee, for the equal and proportionate benefit of the respective holders from time to time of Obligations of each series, as follows:

### **GRANTING CLAUSES**

Each Obligated Group Member, in consideration of the premises and of the purchase of the Obligations and of other good and lawful consideration, the receipt of which is hereby acknowledged, and to secure the payment of the principal of, premium, if any, and interest on, and/or payment or reimbursement obligation in respect of the Obligations, including without limitation Obligations constituting or securing Interest Rate Agreements, and the performance and observance of all of the covenants and conditions herein or therein contained, has executed and delivered this Master Indenture and has granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in, and by these presents does hereby grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Master Trustee, its successor or successors and its or their assigns forever, with power of sale to the extent permitted by law, all and singular the personal property, hereinafter described (said property being herein sometimes referred to as the "*trust estate*") to wit:

#### **DIVISION I**

Any funds or property held by the Master Trustee under this Master Indenture;

#### **DIVISION II**

All accounts, as defined in Article 9 of the Florida Uniform Commercial Code, and all Gross Revenues, and all proceeds of such accounts and Gross Revenues, subject to the rights of any holder of a security interest in such accounts permitted by clause (z) of the definition of Permitted Encumbrances contained in Section 101 hereof and excluding any such accounts sold by any Member as permitted by the last paragraph of Section 413 hereof; excluding, however, gifts, grants, bequests, donations, contributions and pledges to such Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required hereunder or on the Obligations; and further excluding (a) any property subject to a purchase money security interest, (b) any rights or interests under any lease, license, contract, permit, instrument, security or franchise agreement to which an Obligated Group Member is a

party, to the extent that a grant of a security interest therein in favor of the Master Trustee would, under the terms of thereof, be prohibited by or result in a violation of law, rule or regulation or a breach of the terms or a condition of, or constitute a default or forfeiture under, or create a right of termination in favor of or require a consent (it being understood and agreed that no Obligated Group Member shall be required to seek any such consent) of any other party to, such lease, license, contract, permit, instrument, security or franchise agreement or purchase money arrangement, (c) letter of credit rights (except to the extent a security interest therein can be perfected by the filing of a UCC financing statement), and (d) those assets with respect to which the granting of security interests in such assets would be prohibited by any contract permitted under the terms of this Master Indenture (with respect to assets that are subject to such contract), or under applicable law, rule or regulation (defined in this Master Indenture and referred to herein as the “*Pledged Revenues*”).

### **DIVISION III**

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by any Obligated Group Member or by anyone on its behalf to the Master Trustee;

TO HAVE AND TO HOLD, all and singular, the properties, the rights and privileges hereby conveyed, assigned and pledged by the Obligated Group Members or intended so to be, unto the Master Trustee its successors and assigns, in trust for the benefit of the holders of the Obligations, nevertheless, with power of sale to the extent permitted by law for the equal and pro rata benefit and security of all Obligations issued hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Obligation over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Obligations shall have the same right, lien and privilege under this Master Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

PROVIDED, HOWEVER, that Notwithstanding any provision to the contrary contained in this Master Indenture, any individual Member may, from time to time and at any time, sell all or any portion of its Property which is classified as accounts receivable in accordance with GAAP, on such terms as are deemed favorable by such Member, free of the security interest granted hereunder, provided that such sale is otherwise permitted by the terms of this Master Indenture;

PROVIDED, FURTHER, that at the written request of the Obligated Group Agent, the Master Trustee will execute and deliver, at the cost of the Obligated Group, such appropriate documents, including without limitation, releases and termination statements releasing and/or terminating(or confirming the non-existence of any Lien pursuant to the above *proviso*) the Lien created hereunder on those Pledged Revenues that are sold or factored to the extent permitted by this Master Indenture;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Obligated Group Members or their successors or assigns shall well and truly pay or cause to be paid the principal of such Obligations with interest, according to the provisions set forth in the Obligations and each of them or shall provide for the payment or redemption of such Obligations by depositing or causing to be deposited with the Master Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums then due and payable hereunder by the Members (other than contingent obligations for indemnification, reimbursement or the like for which no claim is outstanding), then these presents and the estate and rights hereby granted shall cease, determine and become void, and thereupon the Master Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Members and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Members such instruments of satisfaction or release as may be necessary or proper to discharge this Master Indenture of record, and if necessary shall grant, reassign and deliver to the Members, their successors or assigns, all and singular the property, rights, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Master Indenture shall be and remain in full force.

## ARTICLE I.

### DEFINITIONS

*Section 101. Definitions.* In addition to the words and terms elsewhere defined in this Master Indenture, the following words and terms as used in this Master Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

*“Additional Indebtedness”* means Indebtedness incurred by any Obligated Group Member subsequent to the issuance of the Series 2023A Obligation.

*“Additional Obligations”* means any evidence of Indebtedness, any evidence of any Interest Rate Agreement or any security for any payment obligation under any Interest Rate Agreement or any evidence of a reimbursement obligation arising as a result of the issuance of or any payment pursuant to a surety bond or other instrument guaranteeing or in effect guaranteeing any payments under an Interest Rate Agreement, which in each case is issued after the issuance of the Series 2023A Obligation, is authorized to be issued by an Obligated Group Member pursuant to this Master Indenture and has been authenticated by the Master Trustee pursuant to Section 204 hereof.

*“Adjustable Indebtedness”* means Indebtedness which is payable or subject to purchase not more frequently than once per year at the option of the holder thereof prior to the stated maturity therefor, but only to the extent of money available for such repayment or repurchase.

*“Affiliate”* means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity (a) which controls, is controlled by or is under common control with, directly or indirectly, an Obligated Group Member; or (b) a majority of the members

of the Directing Body of which are members of the Directing Body of an Obligated Group Member. For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether by ownership, membership, contract or otherwise, and “control” includes with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a nonprofit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, “*Directing Body*” means with respect to: (a) a corporation having stock, such corporation’s board of directors and the owners, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporation’s directors (both of which groups shall be considered a Directing Body); (b) a nonprofit corporation not having stock, such corporation’s members if the members have complete discretion to elect the corporation’s board of directors, or the corporation’s board of directors if the corporation’s members do not have such discretion; and (c) any other entity, its governing board or body. For the purposes of this definition, all references to directors and members shall be deemed to include all entities performing the function of directors or members however denominated.

“*Authorized Officer*” means with respect to any Credit Group Member, the Chairman of its Governing Body, its President, Chief Executive Officer, Chief Financial Officer, Senior Vice President, Vice President of Finance (or other senior officers performing similar functions as any of the foregoing regardless of title) or any other officer authorized by its Governing Body from time to time.

“*Balloon Indebtedness*” means Long-Term Indebtedness, 15% or more of the original principal of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve-month period. Balloon Indebtedness does not include Indebtedness which otherwise would be classified hereunder as Put Indebtedness.

“*Bondholder*,” “*holder*” or “*owner of the Bonds*” means the registered owner of any Related Bond.

“*Bond Index*” means, at the option of the Obligated Group Agent as directed by an Officer’s Certificate, either (i) the average rate on the Indebtedness in question during any twelve-month period ending within thirty (30) days prior to the date of calculation (or such lesser time period as such Indebtedness has been Outstanding), (ii) the average rate of a comparable variable rate interest index during any twelve-month period ending within thirty (30) days prior to the date of calculation (or such lesser time period as such comparable index has been determined), (iii) the 30-year MMD Index published most recently by The Bond Buyer, or a comparable index if such

MMD Index is not so published, (iv) the SIFMA Index (or any comparable successor index if the SIFMA Index is no longer published), or (v) such other interest rate or interest index as may be certified in writing to the Master Trustee as appropriate to the situation by a Financial Consultant.

*“Book Value,”* when used with respect to Property of the Credit Group, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the Financial Statements of the System, *provided* that such value shall be calculated in such a manner that no portion of the value of any Property of any Credit Group Member is included more than once.

*“Business Day”* means any day other than (a) a Saturday or Sunday, (b) a day on which the Master Trustee shall be scheduled in the normal course of its operations to be closed to the public for conduct of its trust operations at the location designated by the Master Trustee as its corporate trust office for the transaction of business with respect to the Obligations, (c) a day on which commercial banks are required or authorized to be closed in the City of New York, New York, or (d) a day on which the New York Stock Exchange is closed or the payment system of the Federal Reserve System is not operational.

*“Capitalized Rentals”* means, as of the date of determination, the amount at which the aggregate Net Rentals due and to become due under a Finance Lease under which a Person is a lessee would be reflected as a liability on a balance sheet of such Person.

*“Code”* means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to a series of Related Bonds or the use of the proceeds thereof.

*“Commitment Indebtedness”* means the obligation of any Obligated Group Member to repay amounts disbursed pursuant to a commitment from a financial institution, insurer, surety or similar entity to pay, refinance or purchase when due, when tendered or when required to be purchased or tendered, or to advance funds for any such purpose, (a) other Indebtedness or other obligation of such Obligated Group Member, or (b) Indebtedness or other obligation of a Person who is not an Obligated Group Member, which Indebtedness is guaranteed by a Guaranty of such Obligated Group Member or secured by or payable from amounts paid on Indebtedness of such Obligated Group Member, in either case which Indebtedness or Guaranty of such Obligated Group Member was incurred in accordance with the provisions of Section 411 hereof, and the obligation of any Obligated Group Member to pay interest payable on amounts disbursed for such purposes, plus any fees, costs or expenses payable to such financial institution, insurer, surety or similar entity for, under or in connection with such commitment, in the event of disbursement pursuant to such commitment or in connection with enforcement thereof, including without limitation any penalties payable in the event of such enforcement and any indemnification or contribution obligation related thereto.

*“Completion Funded Indebtedness”* means any Funded Indebtedness for borrowed money: (a) incurred for the purpose of financing the completion of the acquisition, construction, remodeling, renovation or equipping of Facilities with respect to which Funded Indebtedness for borrowed money has been incurred in accordance with the provisions hereof; and (b) with a

principal amount not in excess of the amount required to provide a completed and equipped Facility of substantially the same type and scope contemplated at the time such prior Funded Indebtedness was originally incurred, to provide for Funded Interest during the period of construction and equipping, to provide any reserve fund relating to such Completion Funded Indebtedness and to pay the costs and expenses of issuing such Completion Funded Indebtedness.

*“Consolidated,”* when used as part of a defined term, means such term as determined on a consolidated basis for the Credit Group as though such consolidation were required by generally accepted accounting principles at the time in effect, regardless of whether such consolidation is in fact required under generally accepted accounting principles. Any such determination shall be made on the basis of either the most recently available audited consolidated financial statements or associated “other financial information” of the Credit Group, if such exist, or the most recently available audited financial statements or associated “other financial information” of each Credit Group Member.

*“Construction Index”* means the then current health care component of the implicit price deflator for the gross national product as most recently reported by the United States Department of Commerce or its successor agency, or, if such index is no longer published, such other index as is certified to be comparable and appropriate by the Obligated Group Agent in an Officer’s Certificate delivered to the Master Trustee, which other index is not objected to by the Master Trustee.

*“Credit Group”* means, collectively, all the Credit Group Members.

*“Credit Group Member”* means (a) an Obligated Group Member, (b) a Designated Affiliate, (c) an Unlimited Credit Group Participant, or (d) a Limited Credit Group Participant.

*“Cross-over Date”* means, with respect to Cross-over Refunding Indebtedness, the date on which the principal portion of the Cross-over Refunded Indebtedness is paid or redeemed, or on which it is anticipated that such principal portion will be paid or redeemed, from the proceeds of such Cross-over Refunding Indebtedness.

*“Cross-over Refunded Indebtedness”* means Indebtedness of a Person refunded by Cross-over Refunding Indebtedness.

*“Cross-over Refunding Indebtedness”* means Indebtedness of a Person issued for the purpose of refunding other Indebtedness of such Person if the proceeds of such Cross-over Refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable Cross-over Date of the Cross-over Refunded Indebtedness and earnings on such escrow deposit are required to be applied to pay interest or principal on either or both of such Cross-over Refunding Indebtedness or such Cross-over Refunded Indebtedness until the Cross-over Date.

*“Current Value”* means (i) with respect to Property, Plant and Equipment: (a) the aggregate fair market value of such Property, Plant and Equipment as reflected in the most recent written report of an appraiser selected by the Obligated Group Agent and, in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered

to the Master Trustee (which report shall be dated not more than three years prior to the date as of which Current Value is to be calculated) increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated; plus (b) the Book Value of any Property, Plant and Equipment acquired since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such acquisition to the date as of which Current Value is to be calculated; minus (c) the greater of the Book Value or the fair market value (as reflected in the most recent appraiser's report) of any Property, Plant and Equipment disposed of since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated, and (ii) with respect to any other Property, the fair market value of such Property, which fair market value shall be evidenced in a manner not objected to by the Master Trustee.

*"Days Cash on Hand"* means, for the period tested: (i) Unrestricted Cash and Investments at the end of the period divided by (ii) the quotient of (a) the sum of Expenses plus interest on Funded Indebtedness for the period divided by (b) the number of calendar days in the period.

*"Debt Service Requirements"* means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on outstanding Funded Indebtedness of each Person or a group of Persons with respect to which calculated; *provided* that: (a) the amount of such payments for any future period shall be calculated in accordance with the provisions of Sections 411 and 412, including without limitation, the assumptions contained therein; (b) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Funded Interest is used to pay such interest when due and payable; (c) principal of Funded Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts which are on deposit in an irrevocable escrow (including, where appropriate, the earnings or other increment to accrue thereon) are applied to pay such principal; (d) principal of Funded Indebtedness shall be excluded to the extent such principal is paid when due and payable with the proceeds of other Funded Indebtedness; (e) debt service on outstanding Funded Indebtedness of a Limited Credit Group Participant shall be excluded unless a Credit Group Member, Designated Affiliate or Unlimited Credit Group Participant is also obligated with respect to such Funded Indebtedness; (f) principal of Funded Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that the amount of such principal falling due in the year of determination represents 10% or more of the original aggregate principal amount of such Funded Indebtedness and such amount was paid when due in such year of determination with the proceeds of amounts reserved or otherwise set aside prior to such year; (g) payments on Non-Recourse Indebtedness and Subordinated Indebtedness shall not be included in Debt Service Requirements; (h) payments of principal on Funded Indebtedness described in Section 411(l) made with cash of the Credit Group shall not be included in Debt Service Requirements; (i) payments of principal on Balloon Indebtedness paid in the period shall be excluded from the determination of Debt Service Requirements if, after giving effect to the payment of such Balloon Indebtedness the aggregate amount of Unrestricted Cash and Investments is at least equal to sixty (60) Days of Expenses; and (j) payments on an Interest Rate Agreement, except to the extent provided in the last paragraph of

Section 412 hereof, payments due on optional redemptions, payments due on tenders of Indebtedness for purchase, payments due as a result of acceleration following default and similar non-scheduled payments which come due or may become due on any Funded Indebtedness shall not be included in Debt Service Requirements.

*“Designated Affiliate”* means a Person designated by the Obligated Group Agent as such in accordance with Section 401 hereof, and over which any Obligated Group Member maintains control, directly or indirectly, including the power to direct or approve the management, policies, disposition of assets and actions of such Designated Affiliate to the extent required to cause such Designated Affiliate to comply with the terms and conditions of this Master Indenture applicable to the Designated Affiliate, whether through the ownership of such Person’s voting securities, partnership interests, membership, reserved powers, the power to appoint, directly or through other controlled Persons, such Person’s members, trustees or directors, or otherwise. As of the date of this Master Indenture, there are no Designated Affiliates.

*“Effective Date”* means February 2, 2023, which is the date of the original execution and delivery of this Master Indenture.

*“Electronic Means”* shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

*“Encumbered”* means, with respect to Property, subject to a Lien described in subsections (b), (d) (other than a Lien securing Non-Recourse Indebtedness), (f) (including only leases whereunder any Credit Group Member is lessor entered into in accordance with the disposition of Property provisions of the Master Indenture which were not in existence on Effective Date), (n)(ii), (u), (v), (x), (y), (z) and (cc) of the definition of Permitted Encumbrances and all other Liens not described in the definition of Permitted Encumbrances; *provided* that any amounts on deposit in a construction fund created in connection with the issuance of an Obligation which are held as security for the payment of such Obligation or any Indebtedness incurred to purchase such Obligation or the proceeds of which are advanced or otherwise made available in connection with the issuance of such Obligation, shall not be deemed to be Encumbered if the amounts are to be applied to construct or otherwise acquire Property which is not subject to a Lien.

*“Escrow Obligations”* means, (i) with respect to any Obligation which secures a series of Related Bonds, the obligations permitted to be used to refund or advance refund such series of Related Bonds under the Related Bond Indenture, or (ii) in all other cases (a) direct general obligations of, or obligations the payment of principal and interest on which is unconditionally guaranteed by, the United States of America; (b) evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; (c) evidences of indebtedness issued by any of the following: Bank for Cooperatives;



Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (including participation certificates); Federal Land Banks; Federal Financing Banks; or any other agency or instrumentality of the United States of America created by an act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America; (d) debt obligations, whether or not interest thereon is exempt from federal income taxes, which, at the time of deposit, are rated by a Rating Agency in either of the two highest long-term debt rating categories of such rating agency, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; *provided*, that if any Obligation being provided for is then rated by a Rating Agency, the obligations deposited must be rated by each Rating Agency having a rating in effect on such Obligations in a rating category no lower than that in effect on such Obligations; and (e) obligations described in Section 103(a) of the Code, provision for the payment of the principal of, premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clauses (a) or (b) the maturing principal of and interest on which, when due and payable, will provide sufficient money to pay when due the principal of, premium, if any, and interest on such obligations, and which securities described in clauses (a) or (b) are not available to satisfy any other claim, including any claim of the trustee or escrow agent or of any person claiming through the trustee or escrow agent or to whom the trustee or escrow agent may be obligated, including in the event of the insolvency of the trustee or escrow agent or proceedings arising out of such insolvency.

“*Event of Default*” has the meaning given to such term in Section 502 hereof.

“*Excluded Property*” means and includes (i) any assets of “employee pension benefit plans” as defined in the Employee Retirement Income Security Act of 1974, as amended, (ii) the real estate described in *Exhibit C* hereto, as amended as provided herein from time to time pursuant to the provisions of Section 404, 405 and 416 and all improvements and fixtures located thereon and used in connection therewith, (iii) gifts or bequests of real property received after the Effective Date; provided, however, that Excluded Property may not include any Property consisting of real property (together with fixtures attached thereto) constituting acute care hospital facilities or Property consisting of real property upon which Facilities that, in the aggregate, generate in excess of 25% of the Revenues of the Obligated Group are located.

“*Existing Obligations*” means the Notes and Obligations listed on *Exhibit B* hereto.

“*Expenses*” means, for any period, the aggregate of all expenses calculated under GAAP, including without limitation any taxes and any bad debt expense, incurred by the Person or group of Persons involved during such period, minus

- (a) interest on Funded Indebtedness,
- (b) depreciation and amortization,
- (c) any significant, unusual, extraordinary or infrequently occurring losses or expenses, as determined in good faith by the Obligated Group Agent,

(d) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense and, if such calculation is being made with respect to the Credit Group, excluding any such expenses attributable to transactions between any Credit Group Member and any other Credit Group Member,

(e) losses resulting from any reappraisal, revaluation or write-down of assets,

(f) to the extent treated as an expense, any unrealized losses resulting from change in the valuation of investment securities or Interest Rate Agreements,

(g) (i) any Interest Rate Agreement Extraordinary Payments or (ii) similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute an Interest Rate Agreement,

(h) impairment charges or write-offs of Property, Plant and Equipment or goodwill or other intangible assets,

(i) non-cash costs related to pension and/or post-retirement plans,

(j) losses on the sale of assets other than in the ordinary course of business,

(k) any expenses resulting from (a) the extinguishment of Indebtedness, pension adjustments, or termination of an Interest Rate Agreement, including, without limitation, any related write down or write off of unamortized issuance costs or expenses or of the cost of credit enhancement or (b) adjustments to the value of assets or liabilities resulting from changes in GAAP, and

(l) losses to the extent covered by insurance or condemnation proceeds;

provided, however, at the option of the Obligated Group Agent, net realized losses from the sale of investments may be included on the basis of the average annual amount of those losses for the three (3) Fiscal Years immediately preceding the computation date (rather than including the actual amount of net realized losses from the sale of investments for the period for which the computation is being performed). In the event the Fiscal Year of any entity ends on a date other than the last day of a Fiscal Year, the Expenses of such entity during its Fiscal Year ending within the Fiscal Year under consideration shall be deemed to be its Expenses.

*“Facilities”* means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person. Facilities shall not include the land, leasehold interests, buildings, fixtures or equipment constituting Excluded Property.

*“Finance Lease”* means any lease of real or personal property that, in accordance with GAAP, is classified as a “finance lease” under Financial Accounting Standards Board Accounting

Standards Codification Topic 842, Leases, or any successor guidance, and which is not classified as an Operating Lease.

*“Favorable Opinion of Bond Counsel”* means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Bond Counsel, to the effect that such action will not, in and of itself, adversely affect the validity or enforceability of the Related Bonds or result in the inclusion of interest on such Related Bonds in gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the Opinion of Bond Counsel delivered upon original issuance of such Related Bonds), and containing any other opinion specifically required by the provisions of this Master Indenture.

*“Financial Consultant”* means a professional investment banking firm, commercial banking institution or financial advisory firm having the skill and experience necessary to render the particular report required and having a recognized reputation for such skill and experience, which firm shall have no interest, direct or indirect, in any Member of the Credit Group or any Related Issuer and shall not have a partner, member, director, officer or employee who is a member, director, officer or employee of any Member of the Credit Group or any Related Issuer; it being understood that an arm’s-length contract between such firm or institution and any Member of the Credit Group or any Related Issuer for the performance of investment banking, commercial banking or financial advisory services shall not in and of itself be regarded as creating an interest in or an employee relationship with such entity.

*“Financial Statements of the System”* means the audited financial statements of the System (excluding any Limited Credit Group Participant not otherwise included in such audited financial statements) most recently delivered pursuant to the requirements of Section 410(a) hereof.

*“Fiscal Year”* means any twelve-month period beginning on October 1 of any calendar year and ending on September 30 of the next succeeding calendar year or such other consecutive twelve-month period selected by the Obligated Group Agent as the fiscal year for the Credit Group.

*“Fitch”* means Fitch Ratings, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Fitch”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Agent by written notice to the Master Trustee.

*“Force Majeure Event”* means any acts of God; industrial disturbances; acts of public enemies; acts or orders of any kind of the government of the United States of America, or of any state or locality thereof or any of their departments, agencies, or officials, or any civil or military authority that materially restrict the ability of a Credit Group Member to operate its Facilities as intended; terrorist acts; insurrections; riots; epidemics; pandemics; landslides; lighting; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; restraining of government and people; civil disturbances; explosions; nuclear accidents; wars; breakage or accidents to Facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause not reasonably within the control of any Credit Group Member or the Master Trustee, as applicable.

*“Funded Indebtedness”* means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed or credit extended which is not Short-Term; (b) all Indebtedness of such Person for money borrowed or credit extended pursuant to a commercial paper program; (c) all Indebtedness of such Person incurred or assumed in connection with the acquisition or construction of Property which is not Short-Term; (d) any Guaranty by such Person of Indebtedness for money borrowed or credit extended, which Indebtedness so guaranteed is not Short-Term; and (e) Capitalized Rentals under Finance Leases entered into by the Person; *provided, however*, that Funded Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to this Master Indenture; and *provided further* that Funded Indebtedness shall not include (i) Indebtedness of one Obligated Group Member to another Obligated Group Member, (ii) the joint and several liability of any Obligated Group Member on Funded Indebtedness issued by another Obligated Group Member, (iii) obligations under Interest Rate Agreements (including without limitation the obligation to make termination or settlement payments with respect thereto), (iv) any obligation to repay moneys deposited by patients or others with a Obligated Group Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents, or (v) any guaranty by any Obligated Group Member of Indebtedness of any other Obligated Group Member.

*“Funded Indebtedness Ratio”* means the ratio consisting of (i) a numerator equal to the amount determined by dividing the Credit Group’s total Funded Indebtedness by the sum of (a) such Funded Indebtedness and (b) Unrestricted Net Assets and (ii) a denominator of one.

*“Funded Interest”* means amounts irrevocably deposited in escrow to pay interest on Funded Indebtedness or Related Bonds and interest earned on amounts irrevocably deposited in escrow to the extent such interest earned is required to be applied to pay interest on Funded Indebtedness or Related Bonds.

*“GAAP”* means accounting principles generally accepted in the United States as of the date of any calculation hereunder.

*“Governing Body”* means, with respect to a Credit Group Member, the board of directors, board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested or which otherwise has the power to govern the business and affairs of the Member.

*“Government Obligations”* means securities which consist of (a) United States Government Obligations or (b) evidences of a direct ownership in future interest or principal payments on obligations of the type described in subparagraph (a) above, which obligations are held in a custody account by a custodian not objected to by the Master Trustee pursuant to the terms of a custody agreement.

*“Gross Revenues”* mean all gross revenues, rents, profits, receipts, benefits, royalties, money and income of each Obligated Group Member arising from services provided by each or any Member or arising in any manner with respect to, incident to or on account of any Obligated

Group Member's operations, including, without limitation, (i) any Obligated Group Member's rights under agreements with insurance companies, Medicare, Medicaid, governmental units and prepaid health organizations, including rights to Medicare and Medicaid loss recapture under applicable regulations and (ii) gifts, grants bequests, donations, contributions and pledges to any Obligated Group Member and (iii) insurance proceeds or any award, or in lieu of an award, resulting from condemnation proceedings, and all rights to receive the foregoing, whether now owned or hereafter acquired by any Obligated Group Member and regardless of whether generated in the form of accounts, accounts receivable, contract rights, chattel paper, documents, general intangibles, instruments, investment property, proceeds of insurance and all proceeds of the foregoing, whether cash or noncash; excluding, however, gifts, grants, bequests, donations, contributions and pledges to a Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with its use for payments required under this Indenture or on the Indebtedness except that gifts, grants, bequests, donations, contributions and pledges which may be applied at the discretion of a Obligated Group Member to the payments due under this Indenture on the Indebtedness for any period shall not be excluded for purposes of determining Gross Revenues of such Obligated Group Member for such period.

*"Guaranty"* means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation for the payment of money of any Primary Obligor in any manner, whether directly or indirectly, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (1) to purchase such Indebtedness or obligation or any Property constituting security therefor; (2) to advance or supply funds: (i) for the purchase or payment of such Indebtedness, dividend or obligation, or (ii) to cause the primary obligor to maintain working capital or other balance sheet condition; (3) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness, dividend or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (4) otherwise to assure the owner of such Indebtedness, dividend or obligation against loss in respect thereof. Notwithstanding the foregoing, none of the following shall be deemed to constitute a Guaranty: (i) the endorsement in the ordinary course of business of negotiable instruments for deposit or collection, (ii) the discount or sale of any such Person's notes receivable or accounts receivable, (iii) a guaranty of the rentals in future years under leases which are not Finance Leases, (iv) the obligation to make payments on Obligations pursuant to the provisions of this Master Indenture, or (v) indemnification, reimbursement or other similar contingent obligations entered into in the ordinary course of business by such Person with respect to a Primary Obligor that is an Affiliate of such Person.

*"Health Central"* means Orlando Health Central, Inc., a Florida not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation or other entity.

*"Historical Actual Debt Service Coverage Ratio"* means, in any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for the period by the Debt Service Requirements during that period and a denominator of one.

*“Historical Pro Forma Debt Service Coverage Ratio”* means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness then outstanding (other than any Funded Indebtedness being refunded with the Funded Indebtedness then proposed to be issued) and the Funded Indebtedness then proposed to be issued and a denominator of one.

*“Income Available for Debt Service”* means for any period, the sum of the excess (or deficit) of Revenues over Expenses of the Credit Group, plus, with respect to any Limited Credit Group Participant, the operations of which are not included in the Financial Statements of the System, the sum of (i) amounts actually received by an Obligated Group Member or Designated Affiliate during such period from a Limited Credit Group Participant whether pursuant to the contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) between such Limited Credit Group Participant and the Obligated Group Member or Designated Affiliate or otherwise and (ii) the amount paid by such Limited Credit Group Participant during such period on outstanding Funded Indebtedness of such Limited Credit Group Participant with respect to which an Obligated Group Member, Designated Affiliated or Unlimited Credit Group Participant is also obligated,

*“Indebtedness”* means, for any Person, without duplication, (a) all Guaranties by such Person, (b) all liabilities (exclusive of reserves such as those established for deferred taxes or litigation and excluding Operating Leases) recorded or required to be recorded as such on the audited financial statements of such Person in accordance with GAAP, if such liabilities were incurred, assumed or established primarily to assure the repayment of money borrowed, credit extended or the equivalent thereof, and (c) all obligations for the payment of money incurred or assumed by such Person (i) due and payable in all events including without limitation take or pay contracts or (ii) if incurred or assumed primarily to assure the repayment of money borrowed, credit extended or the equivalent thereof, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise, and shall include, without limitation, Non-Recourse Indebtedness; *provided* that Indebtedness shall not include:

- (i) Indebtedness of one Obligated Group Member to another Obligated Group Member,
- (ii) any Guaranty by any Obligated Group Member of Indebtedness of any other Obligated Group Member,
- (iii) the joint and several liability of any Obligated Member on Indebtedness issued by another Obligated Group Member,
- (iv) obligations under Interest Rate Agreements (including without limitation the obligation to make termination or settlement payments with respect thereto),

(v) any obligation to reimburse a bond insurer, financial institution or other Person which has guaranteed or otherwise assured the performance of an Obligated Group Member's obligations under an Interest Rate Agreement,

(vi) any obligation to repay moneys deposited by patients or others with an Obligated Group Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to the repayment of endowment or similar funds deposited by or on behalf of such residents,

(vii) the amount of securities subject to a securities lending program (to the extent included in "Assets" on the balance sheet of the Credit Group), and

(viii) the amount of pension liabilities reflected as "Liabilities" on the balance sheet of the Credit Group.

*"Independent"* means, in the case of an individual, a Person who is not a partner, member, director, officer or employee of any Credit Group Member and, in the case of a firm, that does not have a partner, member, director, officer or employee who is a partner, member, director, officer or employee of any Credit Group Member.

*"Independent Architect"* means an architect, engineer or firm of architects or engineers selected by a Credit Group Member, not reasonably objected to by the Master Trustee and licensed by, or permitted to practice in, the state where the construction involved is located, which architect, engineer or firm of architects or engineers is Independent and has no interest, direct or indirect, in any Credit Group Member; it being understood that an arm's-length contract with any Credit Group Member for the performance of architectural or engineering services shall not in and of itself be regarded as creating an interest in or an employee relationship with such entity and that the term Independent Architect may include an architect or engineer or a firm of architects or engineers who otherwise meet the requirements of this definition and who also are under contract to construct the facility which they have designed.

*"Independent Consultant"* means a professional consulting, advisory or banking firm selected by the Credit Group Agent and not reasonably objected to by the Master Trustee, which firm is Independent and has the skill and experience necessary to render the particular report required and having a recognized reputation for such skill and experience, which firm shall have no interest, direct or indirect, in any Credit Group Member, it being understood that an arm's-length contract between such firm and any Credit Group Member for the performance of consulting, advisory or banking services shall not in and of itself be regarded as creating an interest in or an employee relationship with such entity.

*"Independent Consultant's Report"* means a written report of an Independent Consultant, which report, including without limitation the scope, form and other aspects thereof are not reasonably objected to by the Master Trustee.

*"Independent Counsel"* means an attorney duly admitted to practice law before the highest court of any state, which attorney is Independent and is not reasonably objected to by the Master

Trustee. Such attorney may include independent legal counsel for any Related Issuer, any Credit Group Member, the Master Trustee or any Related Bond Trustee.

*“Insurance Consultant”* means an Independent person or firm, appointed by the Obligated Group Agent and not reasonably objected to by the Master Trustee, qualified to survey risks and to recommend insurance coverage for hospital or health care facilities and services of the type involved, and having a reputation for skill and experience in such surveys and such recommendations, and which may include a broker or agent with whom any Credit Group Member transacts business.

*“Interest Rate Agreement”* means an interest rate swap, basis swap, index swap or option, exchange, cap, collar, option, floor, forward, futures contract or other hedging agreement, arrangement or security, or combination of the foregoing, however denominated, including any option to enter into the foregoing entered into by an Obligated Group Member for the purpose of reducing, modifying, converting or otherwise managing the Member's risk of interest rate or interest rate index changes or interest rate or interest rate index exposures or risk of changes or exposures to prices of commodities, securities, portfolios, products, supplies, goods or services. Any of the foregoing may be treated as an “Interest Rate Agreement” for purposes of this Master Indenture without regard to whether such arrangement qualifies for hedge accounting treatment under GAAP. The obligations of an Obligated Group Member in respect of an Interest Rate Agreement shall not constitute Indebtedness hereunder except to the extent any such Interest Rate Agreement provides for the repayment of money borrowed or credit extended.

*“Interest Rate Agreement Extraordinary Payments”* means any payments required to be paid to a counterparty by a Member pursuant to an Interest Rate Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest and any other payments or indemnification obligations to be paid to a counterparty by a Credit Group Member under an Interest Rate Agreement, which payments are not Interest Rate Agreement Payments.

*“Interest Rate Agreement Payments”* means regularly scheduled payments required to be paid to a counterparty by a Credit Group Member pursuant to an Interest Rate Agreement and excluding Interest Rate Agreement Extraordinary Payments.

*“LIBOR”* means, as of any date of determination, the London Interbank Offered Rate, as determined by ICE Benchmark Administration Limited (ICE) (or any successor or substitute therefor) for U.S. dollar deposits for a one-month period as set forth in The Wall Street Journal, Reuter's, Bloomberg or another commercially available source as may be designated to the Master Trustee from time to time by the Obligated Group Agent. Notwithstanding anything to the contrary contained herein, if for any reason (i) adequate and reasonable means do not exist for ascertaining LIBOR as described above, (ii) a public statement or publication of information by or on behalf of the administrator of LIBOR (or the U.S. Federal Reserve System or a regulatory supervisor, insolvency official, resolution authority, court or other entity with jurisdiction or authority over such administrator) that states that such administrator has ceased or will cease to provide LIBOR permanently or indefinitely, provided, that at such time there is no successor administrator that will continue to provide LIBOR or (iii) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR announcing that LIBOR is no longer a



representative interest index, then the Obligated Group Agent shall select an alternative interest rate index as may be certified by the Obligated Group Agent in writing to the Master Trustee as appropriate to the situation. Any successor rate or alternate methodology must be an interest-based index, variations in the value of which can reasonably be expected to measure contemporaneous variations in the cost of newly-borrowed funds in U.S. dollars. The alternative index selected by the Obligated Group Agent may be, but is not required to be, the Secured Overnight Financing Rate (SOFR). In making a selection of an alternative index or alternate methodology, the Obligated Group Agent shall give due consideration to (i) any selection or recommendation by the Federal Reserve Board and/or the Federal Reserve Bank of New York (or a committee officially endorsed or convened thereby) or any successor thereto or (ii) any evolving or then-prevailing market convention for such rate or adjustment.

“*Lien*” means any mortgage, pledge, security interest in or lien, charge or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person other than an Obligated Group Member, a Designated Affiliate or an Unlimited Credit Group Participant, and any Finance Lease under which any Credit Group Member is lessee and the lessor is not an Obligated Group Member, a Designated Affiliate or an Unlimited Credit Group Participant; *provided* that a Lien shall not include any sale and leaseback or lease and leaseback or similar arrangements entered into by any Credit Group Member with a Related Issuer to the extent required in connection with the issuance of Related Bonds.

“*Limited Credit Group Participant*” means a Person designated by the Obligated Group Agent to the Master Trustee with whom an Obligated Group Member or a Designated Affiliate has entered into a contract or other agreement, under which such Person is obligated to (i) make such portion of the payments or transfers required by Section 401 hereof in the amount specified in such contract or other agreement or (ii) subject to such limitations as described therein, perform all of the other obligations of a Credit Group Member hereunder, and do all things necessary to permit the Credit Group to perform its obligations and covenants hereunder; *provided* that together with such identification there shall be delivered to the Master Trustee (a) a fully executed copy of such contract or other agreement and (b) an opinion of Independent Counsel to the effect that such contract or other agreement is a valid and binding obligation of such Person enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors’ rights and application of general principles of equity and to the exceptions set forth in *Exhibit D* hereto.

“*Long-Term Indebtedness*” means Indebtedness (which also may constitute Adjustable Indebtedness, Balloon Indebtedness or Put Indebtedness) having an original stated maturity or term greater than one year or renewable at the option of the debtor for a period greater than one year from the date of original issuance.

“*Master Indenture*” means this Second Amended and Restated Master Trust Indenture dated February 2, 2023, as hereafter supplemented and amended from time to time, among Orlando Health, Health Central, South Lake, St. Cloud and OHI West, any other Obligated Group Members and the Master Trustee.

*“Master Trustee”* means The Bank of New York Mellon, as master trustee, or any successor trustee hereunder.

*“Material Credit Group Member”* means any Credit Group Member which for any of the three Fiscal Years preceding the occurrence of any event described in subsection (f), (g) or (h) of Section 502 hereof (i) shall have had Revenues greater than or equal to ten percent (10%) of the Revenues of the Credit Group for such Fiscal Year, (ii) shall have had Income Available for Debt Service greater than or equal to ten percent (10%) of Income Available for Debt Service of the Credit Group for such Fiscal Year, or (iii) shall have owned Property having a Book Value greater or equal to ten percent (10%) of the Book Value of the Property of the Credit Group for such Fiscal Year.

*“Maximum Annual Debt Service Requirement”* means the largest total Debt Service Requirements for all Funded Indebtedness outstanding for the current or any succeeding Fiscal Year; *provided* that in calculating Maximum Annual Debt Service Requirement for the purposes of applying such provisions, the principal amount of any Indebtedness included in such calculation which is paid during the year with respect to which historical debt service coverage is being calculated shall be excluded to the extent such principal amount is paid from the proceeds of other Indebtedness incurred in accordance with the provisions of the Master Indenture; *provided further* that principal and interest payments on Indebtedness due on the first day or first Business Day of a month shall be deemed payable during the preceding month if they are required to be fully deposited with a trustee for such Indebtedness during such preceding month.

*“Moody’s”* means Moody’s Investors Service, Inc., and its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities agency, any other nationally recognized securities rating agency designated by the Obligated Group Agent by written notice to the Master Trustee.

*“Net Patient Revenues”* means, for any period, (i) in the case of any Person providing health care services, the sum of (a) net patient service revenues, plus (b) other operating revenues; and (ii) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with GAAP, but excluding in any event (a) any gains on the sale or other disposition of investments or fixed or capital assets not in the ordinary course or (b) earnings resulting from any reappraisal, revaluation or write-up of assets; *provided, however*, that if such calculation is being made with respect to the Credit Group such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between any Credit Group Member.

*“Net Proceeds”* means, when used with respect to any insurance or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses (including attorney’s fees, adjuster’s fees and any expenses of the Master Trustee) incurred in the collection of such gross proceeds.

*“Net Rentals”* means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than

upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal Property excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net Rentals for any future period under any so-called “percentage lease” shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; *provided* that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

“*New Group*” means those Members of the Obligated Group, if any, and/or any other Persons who agree (i) to unconditionally guaranty payment or become jointly and severally obligated under the Replacement Master Indenture for any obligations thereunder, and (ii) to otherwise comply with the provisions of the Replacement Master Indenture.

“*Non-Recourse Indebtedness*” means any Indebtedness the liability for which is effectively limited to Property, Plant and Equipment and the income therefrom with no recourse, directly or indirectly, to any other Property of any Obligated Group Member.

“*Obligated Group*” means at any particular time the entities which constitute the Obligated Group Members at such time.

“*Obligated Group Agent*” or “*Obligated Group Representative*” means Orlando Health or such other Obligated Group Member as may be designated from time to time pursuant to written notice to the Master Trustee and each Related Issuer executed by the Chief Executive Officer, President or Chief Financial Officer of Orlando Health or, if Orlando Health is no longer an Obligated Group Member, of each Obligated Group Member.

“*Obligated Group Member*” or “*Member*” or “*Member of the Obligated Group*” means Orlando Health, Health Central, South Lake, St. Cloud and OHI West and any other Person who is listed on *Exhibit E* hereto after designation as an Obligated Group Member pursuant to Section 403 of this Master Indenture, in each and every case which has not ceased being an Obligated Group Member in accordance with Section 404 of this Master Indenture and whose name has been removed from *Exhibit E* pursuant to an amendment to *Exhibit E*.

“*Obligations*” means the Indebtedness (including any Interest Rate Agreement) entered into or incurred by an Obligated Group Member pursuant to this Master Indenture which has been authenticated by the Master Trustee pursuant to Section 204 hereof, including without limitation the Existing Obligations.

“*Obligation holder*,” “*holder*” or “*owner of the Obligation*” means the registered owner of any fully registered or book entry Obligation unless alternative provision is made in the Supplemental Master Indenture pursuant to which such Obligation is issued for establishing ownership of such Obligation in which case such alternative provision shall control.

“*Obligation Registrar*” means the Master Trustee.

*“Officer’s Certificate”* means a certificate signed, in the case of a certificate delivered by a corporation, by the chief executive officer, president, chief financial officer, senior vice president, vice president of finance or any other officer authorized to sign from time to time by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive officer, president, senior vice president, vice president of finance or chief financial officer (or persons performing similar functions regardless of title) of such other Person, in either case whose authority to execute such Certificate shall be evidenced to the satisfaction of the Master Trustee. Each “Officer’s Certificate” (i) shall state that the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer’s Certificate is delivered, or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance; (ii) shall state it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith; and (iii) shall be in scope, form, substance and other aspects thereof, not objected to by the Master Trustee.

*“OHI West”* means OHI West, Inc., a Florida not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation or other entity.

*“Operating Lease”* means any lease of real or personal property that is classified as an “operating lease” under Financial Accounting Standards Board Accounting Standards Codification Topic 840, Leases..

*“Opinion of Bond Counsel”* means an opinion of nationally recognized municipal bond counsel, which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, is not reasonably objected to by the Master Trustee.

*“Opinion of Independent Counsel”* means a written opinion of Independent Counsel, which opinion, including without limitation the form, substance and other aspects thereof, is not reasonably objected to by the Master Trustee.

*“Orlando Health”* means Orlando Health, Inc., a Florida not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation or other entity.

*“Outstanding”* means, in the case of Indebtedness of a Person other than Related Bonds or Obligations, all such Indebtedness of such Person which has been issued except any such portion thereof canceled after purchase on the open market or surrendered for cancellation or because of payment at or prepayment or redemption prior to maturity, any such Indebtedness in lieu of which other Indebtedness has been duly issued and any such Indebtedness which is no longer deemed outstanding under its terms and with respect to which such Person is no longer liable under the terms of such Indebtedness (other than for indemnification, contribution, reimbursement or similar contingent obligations and liabilities that may survive termination of any such Indebtedness).

“*Outstanding Obligations*” or “*Obligations outstanding*” means all Obligations which have been duly authenticated and delivered by the Master Trustee under the Master Indenture, except:

- (a) Obligations cancelled after purchase in the open market or because of payment at or prepayment or redemption prior to maturity;
- (b) (i) Obligations for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with the Master Trustee (whether upon or prior to the maturity or redemption date of any such Obligations); *provided* that if such Obligations are to be prepaid or redeemed prior to the maturity thereof, notice of such prepayment or redemption shall have been given or irrevocable arrangements satisfactory to the Master Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Master Trustee shall have been filed with the Master Trustee and (ii) Obligations securing Related Bonds for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with the Related Bond Trustee (whether upon or prior to the maturity or redemption date of any such Obligations); *provided* that if such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Related Bond Trustee shall have been made therefor, or waiver of notice satisfactory in form to the Related Bond Trustee shall have been filed with the Related Bond Trustee;
- (c) Obligations in lieu of which others have been authenticated hereunder; and
- (d) Obligations held or owned by a Credit Group Member.

Notwithstanding the foregoing, any Obligation securing Related Bonds shall be deemed outstanding if such Related Bonds are Outstanding.

“*Outstanding Related Bonds*” or “*Related Bonds outstanding*” means all Related Bonds which have been duly authenticated and delivered by the Related Bond Trustee under the Related Bond Indenture and are deemed outstanding under the terms of such Related Bond Indenture or, if such Related Bond Indenture does not specify when Related Bonds are deemed outstanding thereunder, all such Related Bonds which have been so authenticated and delivered, except:

- (a) Related Bonds cancelled after purchase in the open market or because of payment at or prepayment or redemption prior to maturity;
- (b) Related Bonds for the payment or redemption of which cash or Escrow Obligations of the type described in clause (i) of the definition thereof shall have been theretofore deposited with the Related Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in accordance with the Related Bond Indenture; *provided* that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Related Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Related Bond Trustee shall have been filed with the Related Bond Trustee;

(c) Related Bonds in lieu of which others have been authenticated under the Related Bond Indenture; and

(d) For the purposes of all covenants, approvals, waivers and notices required to be obtained or given under the Related Bond Indenture, Related Bonds held or owned by a Credit Group Member.

*“Paying Agent”* means the bank, banks, trust company or trust companies, if any, designated pursuant to a Related Bond Indenture to receive and disburse the principal of and interest on any Related Bonds or designated pursuant to the Master Indenture to receive and disburse the principal of and interest on any Obligations.

*“Permitted Encumbrances”* means the Master Indenture, any Related Loan Document, any Related Bond Indenture and, as of any particular time:

(a) Liens arising by reason of good faith deposits with a Credit Group Member in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Credit Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Credit Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen’s compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;

(b) any Lien on Property if, at the time the Indebtedness secured thereby is issued or incurred by any Credit Group Member, or in the case of Property acquired subject to an existing Lien, if at the time of such acquisition, the aggregate amount remaining unpaid on the Indebtedness secured thereby (whether or not assumed by the Credit Group Member) does not exceed the fair market value of such Property or, if such Property has been purchased, the lesser of the acquisition price or the fair market value of the Property subject to such Lien as determined in good faith by the Governing Body of the Credit Group Member;

(c) any Lien on the Property of any Credit Group Member granted in favor of or securing Indebtedness to an Obligated Group Member, a Designated Affiliate or Unlimited Credit Group Participant;

(d) any Lien to which the Property of a Credit Group Member is subject at the time it becomes a Credit Group Member, including but not limited to all Liens of record existing on the Effective Date (and any replacements thereof), *provided* that no Lien so described may be modified to apply to any other Property of any Credit Group Member

not subject to such Lien on the date of such Credit Group Member's joining the Credit Group, or the Effective Date, as the case may be, unless such Lien following such increase or modification otherwise qualifies as a Permitted Encumbrance hereunder;

(e) any Lien on Property if such Lien equally and ratably secures all of the Obligations and only the Obligations;

(f) leases which relate to Property of a Credit Group Member which leases are of a type that, in the judgment of the Obligated Group Agent, are reasonably necessary or appropriate for or incidental to the use of such Property, taking into account the nature and terms of the leases and the nature and purposes of the Property; any lease of space for specialty services related to the operation of a health care facility such as, but not limited to, pathology, laboratory, x-ray, physical medicine, anesthesiology, electrocardiology, behavioral health, oncology, adult and child day care, and emergency room operations and patient or employee convenience activities such as, but not limited to, day care services, banking services, gift shops, snack shops, barber or beauty shops, flower shops, pharmacy and living accommodations; leases, licenses or similar rights to use Property to which a Credit Group Member is a party existing as of Effective Date and any renewals and extensions thereof; any leases, licenses or similar rights to use Property whereunder a Credit Group Member is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm's-length transaction;

(g) Liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with Section 405 hereof and any Related Loan Documents;

(h) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the Property affected thereby (or, if such Property is not being then operated, the operation for which it was designed or last modified);

(i) any mechanic's, laborer's, materialman's, supplier's vendor's or similar Lien or right in respect thereof if payment is not yet due under the contract in question or if such Lien is being contested in accordance with the provisions of this Master Indenture;

(j) such Liens, defects, irregularities of title and encroachments on adjoining property as normally exist with respect to property similar in character to the Property involved and which do not materially adversely affect the value of, or materially impair, the Property affected thereby for the purpose for which it was acquired or is held by the owner thereof, including without limitation statutory liens granted to banks or other financial institutions, which liens have not been specifically granted to secure Indebtedness and which do not apply to Property which has been deposited as part of a plan to secure Indebtedness;

(k) Liens created by zoning laws and similar restrictions which are not violated by the Property affected thereby;

(l) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill-Burton grants, rights of the Federal Emergency Management Agency, the United States, the state where the Property is located or any of their regulatory agencies by reason of the provision of disaster or similar aid moneys to a Credit Group Member and similar rights under other federal statutes or statutes of the state in which the Property involved is located;

(m) all right, title and interest of the state where the Property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(n) Liens on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, *provided* that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure Indebtedness which is not assumed by any Credit Group Member and such Liens attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

(o) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which any Credit Group Member shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall be in existence;

(p) Liens on moneys deposited by patients or others with a Credit Group Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents;

(q) Liens on Excluded Property;

(r) Liens on Property due to rights of third party payors for recoupment of excess reimbursement paid;

(s) any security interest in any rebate fund, any depreciation reserve, debt service or interest reserve fund, debt service fund or any similar fund established pursuant to the terms of any Supplemental Master Indenture, Related Bond Indenture or Related Loan Document in favor of the Master Trustee, a Related Bond Trustee, a Related Issuer or the holder of the Indebtedness issued pursuant to such Supplemental Master Indenture, Related Bond Indenture or Related Loan Document or the holder of any Commitment Indebtedness;



(t) any Lien on any Related Bond or any evidence of Indebtedness of any Credit Group Member acquired by or on behalf of any Credit Group Member which secures Commitment Indebtedness and only Commitment Indebtedness;

(u) Liens on any Property of a Credit Group Member to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing, renovating or improving the Property subject to such Liens; *provided*, that such Liens shall not apply to any Property theretofore owned by a Credit Group Member, other than any real property on which the Property so constructed, renovated or improved is located; and

(v) Liens on Property of a Person existing at the time such Person is merged into or consolidated with a Credit Group Member, or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to a Credit Group Member which becomes part of a Property that secures Indebtedness that is assumed by a Credit Group Member as a result of any such merger, consolidation or acquisition; *provided*, that no such Lien may be increased, extended, renewed or modified after such date to apply to any Property of a Credit Group Member not subject to such lien on such date unless such Lien as so increased, extended, renewed or modified is otherwise permitted under this Master Indenture;

(w) Liens which secure Non-Recourse Indebtedness;

(x) purchase money security interests in equipment, all as defined in Article 9 of the Florida Uniform Commercial Code, whether now existing or hereafter created;

(y) any Lien arising in the ordinary course of a Credit Group Member's security lending activities and in accordance with such Credit Group Member's investment policies;

(z) Liens on accounts receivable arising as a result of the sale, purported sale, pledge, mortgage or other transfer or financing of or involving accounts receivable with or without recourse on commercially reasonable terms, *provided* that the aggregate amount of accounts receivable so sold, purported to be sold, pledged, mortgaged or otherwise transferred or financed (and, in each case, which have not been paid) shall not at any time exceed 20% of the total amount of accounts receivable of the Credit Group as reflected in the Financial Statements of the System;

(aa) Liens on Property, other than the Pledged Revenues, created on amounts deposited pursuant to a security annex or similar document to collateralize obligations under an Interest Rate Agreement;

(bb) Liens that are (i) statutory liens to banks and other financial institutions, or (ii) contractual rights of set-off (a) relating to the establishment of depository relations with banks and other financial institutions, (b) relating to pooled deposits, sweep accounts, reserve accounts or similar accounts of any Credit Group Member to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business, including credit

card chargebacks and similar obligations, or (c) relating to purchase orders and other agreements entered into with customers, suppliers or service providers incurred by any Credit Group Member in the ordinary course of business;

(cc) Liens with respect to any Property in which a Credit Group Member holds a leasehold interest as lessee, if such Liens which arise upon the lessor's title are not caused by any action of the Member and in respect of which the Credit Group Member has not assumed any obligation; and

(dd) any Lien if after giving effect to such Lien and all other Liens classified as Permitted Encumbrances under this clause (dd), the aggregate Book Value of the Property of the Credit Group (or, if the Obligated Group Agent so elects, the aggregate Current Value) which is Encumbered by Liens classified as Permitted Encumbrances under this clause (dd) is not more than 25% of the Book Value (or Current Value) of the Property of the Credit Group.

*"Person"* means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

*"Pledged Revenues"* All accounts, as defined in Article 9 of the Florida Uniform Commercial Code, and all Gross Revenues, and all proceeds of such accounts and Gross Revenues, subject to the rights of any holder of a security interest in such accounts permitted by clause (z) of the definition of Permitted Encumbrances contained in Section 1.01 hereof and excluding any such accounts sold by any Obligated Group Member as permitted by the last paragraph of Section 413 hereof; excluding, however, gifts, grants, bequests, donations, contributions and pledges to such Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required hereunder or on the Obligations; and further excluding (a) any property subject to a purchase money security interest, (b) any rights or interests under any lease, license, contract, permit, instrument, security or franchise agreement to which an Obligated Group Member is a party, to the extent that a grant of a security interest therein in favor of the Master Trustee would, under the terms of thereof, be prohibited by or result in a violation of law, rule or regulation or a breach of the terms or a condition of, or constitute a default or forfeiture under, or create a right of termination in favor of or require a consent (it being understood and agreed that no Obligated Group Member shall be required to seek any such consent) of any other party to, such lease, license, contract, permit, instrument, security or franchise agreement or purchase money arrangement, (c) letter of credit rights (except to the extent a security interest therein can be perfected by the filing of a UCC financing statement), and (d) those assets with respect to which the granting of security interests in such assets would be prohibited by any contract permitted under the terms of this Master Indenture (with respect to assets that are subject to such contract), or under applicable law, rule or regulation.

*"Primary Obligor"* means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

*“Projected Debt Service Coverage Ratio”* means, for any future period, the ratio consisting of a numerator equal to the amount determined by dividing the projected Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness expected to be outstanding during such period and a denominator of one.

*“Projected Rate”* means, (a) in the case of an obligation the interest on which is entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor thereto, (i) if the obligation with respect to which such Projected Rate is being determined bears interest at a fixed rate, the interest rate which equals the most recently available Revenue Bond Index as published in *The Bond Buyer* (or such comparable index selected by the Obligated Group Agent if the Revenue Bond Index is no longer published), or (ii) if the obligation with respect to which such Projected Rate is being determined bears interest at a variable rate, a formula rate or a fixed rate per annum based on a varying index, the average of the SIFMA Index (or such comparable index selected by the Obligated Group Agent if the SIFMA Index is no longer published) during the 12 calendar months immediately preceding the date of calculation, in each case, at the election of the Obligated Group Agent, as specified in either an Officer’s Certificate of the Obligated Group Agent or a written statement from an Independent Consultant and (b) in the case of an obligation the interest on which is not entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor thereto (i) if the obligation with respect to which such Projected Rate is being determined bears interest at a fixed rate to maturity, such fixed rate, or (ii) if the obligation with respect to which such Projected Rate is being determined bears interest at a variable rate, LIBOR.

*“Property”* means any and all rights, titles and interests in and to any and all property of each Credit Group Member (including cash) whether real or personal, tangible or intangible, wherever situated and whether now owned or hereafter acquired, other than Excluded Property.

*“Property, Plant and Equipment”* means all Property of each Credit Group Member which is classified as property, plant and equipment under GAAP.

*“Put Indebtedness”* means Indebtedness which is (i) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (ii) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or by reason of acceleration upon the occurrence of an Event of Default.

*“Qualified Accountants”* means (i) a firm of Independent certified public accountants of the size and type commonly referred to as nationally known certified public accountants or (ii) a firm of Independent certified public accountants selected by the Obligated Group Agent and not reasonably objected to by the Master Trustee.

*“Rating Agency”* means Fitch, Moody’s or Standard & Poor’s and their respective successors and assigns.

*“Related Bond Indenture”* means any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued.

*“Related Bond Trustee”* means any trustee under any Related Bond Indenture and any successor trustee thereunder or, if no trustee is appointed under a Related Bond Indenture, the Related Issuer.

*“Related Bonds”* means the revenue bonds listed in the recitals to this Master Indenture and any other revenue bonds or similar obligations issued by an Obligated Group Member, any state of the United States or any municipal corporation or other political subdivision formed under the laws thereof or any constituted authority, agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which are secured, whether in whole or in part, by a pledge of or the grant of a security interest in an Obligation or Obligations.

*“Related Issuer”* means any issuer of a series of Related Bonds.

*“Related Loan Document”* means any document or documents (including without limitation any loan agreement, lease, sublease or installment sales contract) pursuant to which any proceeds of any Related Bonds are advanced to any Credit Group Member (or any Property financed or refinanced with such proceeds is leased, subleased or sold to a Credit Group Member).

*“Replacement Master Indenture”* means a master trust indenture entered into by the New Group and a master trustee that, inter alia, provides either (i) that all Outstanding Obligations hereunder shall be deemed to be a note or obligation issued under and entitled to the security and benefits of such Replacement Master Indenture without the necessity of any amendment, exchange or replacement of such Obligations, or (ii) for the exchange or replacement of all Outstanding Obligations hereunder with notes or obligations issued under and entitled to the benefits of such Replacement Master Indenture.

*“Responsible Officer”* means, when used with respect to the Master Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Master Trustee within the corporate trust office specified in Section 1004 (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in Section 1004 because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

*“Revenues”* means, for any period, (i) in the case of any Person providing health care services, the sum of (a) gross patient and resident service revenues less contractual allowances, plus all rents and income derived by any member of the Credit Group from the regular course of its operations including residents’ entrance fees, minus amortization of deferred revenues on residents’ entrance fees, plus (b) other operating revenues, plus (c) non-operating revenues, all as determined in accordance with GAAP; and (ii) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with GAAP; but excluding for purposes of both clause (i) and (ii) above (a) any gains on the extinguishment of debt, (b) earnings resulting from any reappraisal, revaluation or impairment of assets, (c) any

non-cash or unrealized gains or changes in the valuation of any assets including without limitation investment securities and Interest Rate Agreements (including any change in the termination value thereof), (d) insurance (other than business interruption) and condemnation proceeds and (e) contributions which are not converted to cash or marketable securities during such period; *provided, however*, that if such calculation is being made with respect to the Credit Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between any Credit Group Member and any other Credit Group Member, and at the option of the Obligated Group Agent, net realized gains from the sale of investments may be included on the basis of the average annual amount of those gains for the three (3) Fiscal Years immediately preceding the computation date (rather than including the actual amount of net realized gains from the sale of investments for the period for which the computation is being performed); *provided, however*, that the foregoing provisions notwithstanding, no amount shall be added to or excluded from revenues more than once.

“*Series 2023 Supplemental Indenture*” means Supplemental Indenture Number 81/First Supplemental Trust Indenture dated February 2, 2023 among the Members of the Obligated Group and the Master Trustee and providing for the issuance of the Series 2023A Obligation.

“*Series 2023A Bonds*” means the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A, being issued on the Effective Date in the aggregate principal amount of \$300,000,000.

“*Series 2023A Obligation*” means the Orlando Health Obligated Group Series 2023A Direct Note Obligation (Orange County Authority), dated February 2, 2023 and issued in the original principal amount of \$300,000,000, and issued pursuant to the provisions of the Series 2023 Supplemental Indenture.

“*Short-Term*”, when used in connection with Indebtedness, means having an original maturity less than or equal to one year and not renewable at the option of the debtor for a term greater than one year beyond the date of original issuance.

“*SIFMA*” means the Securities Industry and Financial Markets Association, any successor thereto, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Agent.

“*SIFMA Index*” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA, or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Obligated Group Agent, and effective from such date.

“*S&P*” means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Agent by written notice to the Master Trustee.

“*South Lake*” means South Lake Hospital, Inc., a Florida not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation or other entity.

“*St. Cloud*” means OsceolaSC, LLC, a Delaware limited liability company, and its successors and assigns and any surviving, resulting or transferee corporation or other entity.

“*Subordinated Indebtedness*” means Indebtedness which, with respect to any issue thereof, is evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness (to which appropriate reference shall be made in the instrument evidencing such Indebtedness) substantially as set forth in *Exhibit F* hereto.

“*Supplemental Master Indenture*” means an indenture amending or supplementing this Master Indenture entered into pursuant to Article VII hereof.

“*System*” means, collectively, all entities which, in accordance with GAAP, are included in the audited consolidated financial statements of Orlando Health and, to the extent not included in such audited consolidated financial statements, each Limited Credit Group Participant.

“*Tax-Exempt Organization*” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, and which is not a “private foundation” within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“*Transaction Test*” means, in the case of the admission of a Person as an Obligated Group Member, the withdrawal of a Obligated Group Member from the Obligated Group, the merger or consolidation of an Obligated Group Member or the sale or conveyance of Property (A) immediately after such admission, withdrawal, merger or consolidation or such sale or conveyance, the Credit Group would not be in default in the performance or observance of the covenants or conditions of this Master Indenture and (B) the conditions described in Section 411(a) would be met for the incurrence of one dollar of additional Funded Indebtedness by the Obligated Group.

“*UCC*” means the applicable Uniform Commercial Code or equivalent statute in effect in a particular state applicable to a Person.

“*United States Government Obligations*” means noncallable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully guaranteed by, the United States of America.

“*Unlimited Credit Group Participant*” means a Person designated by the Obligated Group Agent to the Master Trustee with whom an Obligated Group Member or a Designated Affiliate has entered into a contract or other agreement, under which such Person is obligated to make all of the transfers required by Section 401 hereof, perform all of the other obligations of a Credit Group Member hereunder, and do all things necessary to permit the Credit Group to perform its obligations and covenants hereunder, *provided* that together with such identification there be

delivered to the Master Trustee (a) a fully executed copy of such contract or other agreement and (b) an opinion of Independent Counsel to the effect that such contract or other agreement is a valid and binding obligation of such Person enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity and to the exceptions set forth in *Exhibit D* hereto.

*"Unrestricted Cash and Investments"* means unrestricted cash, cash equivalents, and marketable securities, including without limitation, such amounts constituting board designated funds and marketable securities utilized in any securities lending program maintained by the Credit Group, all as set forth in the Financial Statements of the System, minus: (1) all funds held by a Related Bond Trustee or the Master Trustee to the extent the same would otherwise be included as one of the foregoing; (2) borrowed funds that are entrusted with a lender; and (3) the fair market value of collateral required to be posted to secure any Interest Rate Agreement pursuant to the terms thereof; *provided, however*, that if any cash, cash equivalent or marketable security is subject to a restriction which limits the use thereof to operations of the Credit Group, such cash, cash equivalent or marketable security shall be included in "Unrestricted Cash and Investments."

*"Unrestricted Net Assets"* shall mean the amount shown as unrestricted net assets in the Financial Statements of the System.

*"Written Request"* means with reference to a Related Issuer, a request in writing signed by the Chairman, Vice-Chairman, Mayor, Clerk, President, Vice President, Executive Director, Associate Executive Director, Secretary or Assistant Secretary of the Related Issuer and with reference to any Credit Group Member means a request in writing signed by an Authorized Officer of such Credit Group Member, or any other officers designated by the Related Issuer or such Credit Group Member, as the case may be.

*Section 102. Interpretation.* Any reference herein to any officer or member of the Governing Body of a Member of the Credit Group or the Obligated Group Agent shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(a) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(b) Headings of articles and sections herein and in the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Provisions calling for the redemption of Obligations or the calling of Obligations for redemption do not mean or include the payment of Obligations at their stated maturity or maturities.

(d) Provisions calling for or referring to the delivery by each Credit Group Member of financial statements for any given period shall be deemed satisfied if the combined or consolidated financial statements for such period, prepared in accordance with GAAP, of such entities are so delivered.

(e) Provisions calling for a forecast shall be deemed satisfied by a forecast which shall be compiled or examined based upon the most likely outcome of a stated set of assumptions that, in the opinion of the Obligated Group Agent, are reasonable.

(f) References by number in this Master Indenture to any Article or Section shall be construed as referring to the Articles and Sections contained in this Master Indenture, unless otherwise stated. The words “hereby,” “herein,” “hereof,” “hereto,” and “hereunder” and any compounds thereof shall be construed as referring to this Master Indenture generally and not merely to the particular Article, Section or subdivision in which they occur, unless otherwise required by the context.

(g) Notwithstanding anything else in this Master Indenture to the contrary, the Financial Statements of the System may, at the election of the Obligated Group Agent, be used for purposes of determining compliance with all financial covenants and ratios pursuant to and under this Master Indenture so long as either the total revenues or the total assets of the Credit Group Members collectively represent at least seventy-five (75%) of the consolidated total revenues or the consolidated total assets, respectively, of the System for any Fiscal Year. For the avoidance of doubt, unless such election is made by the Obligated Group Agent pursuant to the first sentence of this paragraph above, all financial covenants and ratios under this Master Indenture shall be calculated on a Consolidated basis with respect to the Credit Group. If such election is made by the Obligated Group Agent pursuant to the first sentence of this paragraph above, then all financial covenants and ratios required to be calculated for such Fiscal Year shall be calculated for the System, and any and all references to the terms “Credit Group” and “Credit Group Members” in such covenants, all related defined terms and all other provisions of this Master Indenture shall be replaced with the term “System.”

*Section 103. Accounting Principles and Procedures; Interpretation; References to Financial Statements.* (a) If the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, that determination or computation shall be made in accordance with GAAP in effect on, at the sole option of the Obligated Group Agent, (i) the date such determination or computation is made for any purpose of this Master Indenture, or (ii) the date of signing and delivery of this Master Indenture, if in the case of clause (ii) the Obligated Group Agent delivers an Officer’s Certificate to the Master Trustee describing why the then-current GAAP are inconsistent with the intent of the parties on the date of signing and delivery of this Master Indenture; provided that the requirements set forth herein shall prevail if inconsistent with GAAP. For the purpose of preparing consolidated or combined financial information for two or more entities, transactions between those entities shall be eliminated and the specific provisions of this Master Indenture shall prevail over any inconsistent GAAP. Unless otherwise expressly provided herein, for the purpose of



determining the amount of assets, liabilities, equity or capital, or revenues, expenses, income, losses or gains of a Member or the Credit Group, the amount of the respective item shall be determined on a consolidated basis, in accordance with GAAP, consistently applied, unless the then-current GAAP is inconsistent with the intent of the parties on the date of signing and delivery of this Master Indenture, and the Obligated Group Agent delivered an Officer's Certificate as contemplated in clause (ii) above. For the purpose of determining any consolidated financial information with respect to a Member or the Credit Group, reference shall be made, unless that information is otherwise available as audited on a combined or consolidated basis, to audited combining or consolidating financial information set forth as other financial information within an audit report in which audited financial statements are set forth on a consolidated or combined basis that reflects financial information of one or more entities that are not to be taken into account hereunder in the determination of financial information with respect to a Member or the Credit Group, for the same Fiscal Year. For the avoidance of doubt, it is the intent of the parties that any Operating Lease shall not be treated as the incurrence of Indebtedness or the disposition of Property, unless otherwise elected by the Obligated Group Agent.

(b) Any reference in this Master Indenture to financial statements, unless otherwise expressly indicated by the context, shall mean the financial statements for the most recent Fiscal Year for which those statements have been audited by an independent public accountant. For the purpose of combinations or consolidations of accounting information on a Fiscal Year basis, if any Credit Group Member has a Fiscal Year that is different from Orlando Health's Fiscal Year, the actual Fiscal Year of such Credit Group Member which ended within the relevant Fiscal Year of Orlando Health shall be used.

(c) For purposes of this Master Indenture, including financial covenants and financial statements, the following rules apply:

(i) Assets of any Credit Group Member do not include the interest of that Credit Group Member in Affiliates of that Credit Group Member or interests in assets of those Affiliates. Without limiting the foregoing, the assets of any Credit Group Member do not include any asset that constitutes a beneficial interest of that Credit Group Member in assets held by another entity that is not a Member of the Credit Group.

(ii) Notwithstanding clause (c)(i), above, the assets of a Credit Group Member include the book value of such Credit Group Member's initial investment in its Affiliates.

## **ARTICLE II.**

### **THE OBLIGATIONS**

*Section 201. Series, Designation and Amount of Obligations.* No Obligations may be issued under the provisions of this Master Indenture except in accordance with this Article. Obligations may be issued to evidence Indebtedness (including without limitation any obligation to reimburse any draw on a letter or line of credit issued for the account of a Credit Group Member to support the payment of principal of or interest on any Related Bonds and any obligation to reimburse a bond insurer for its payment of principal of or interest on any Related Bonds), evidence

any payment obligation under an Interest Rate Agreement or evidence a reimbursement obligation arising as a result of the issuance of a surety bond or other instrument guaranteeing or in effect guaranteeing any scheduled payments under an Interest Rate Agreement. The total principal or notional amount of Obligations, the number of Obligations and the series of Obligations that may be created under this Master Indenture is not limited except as shall be set forth with respect to any series of Obligations in the Supplemental Master Indenture providing for the issuance thereof. Each series of Obligations, other than the Existing Obligations, shall be issued pursuant to a Supplemental Master Indenture. Each series of Obligations shall be designated so as to differentiate the Obligations of such series from the Obligations of any other series. Unless provided to the contrary in a Supplemental Master Indenture, Obligations shall be issued as fully registered Obligations with the Obligations of each series to be lettered and numbered R-1 and upward.

*Section 202. Payment of Obligations.* The principal of, premium, if any, and interest on and any other payment obligations, including payment of tender price, with respect to any Obligations shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal, premium, if any, and interest and other payment obligations, including tender price, shall be payable at the corporate trust office of the Master Trustee designated by the Master Trustee as its corporate trust office for transactions with respect to the Obligations, which shall initially be in Jacksonville, Florida at the address set forth in Section 1004 hereof or at the office of any alternate Paying Agent or agents named in any such Obligations or in a Related Bond Indenture. Unless contrary provision is made in the Supplemental Master Indenture pursuant to which such Obligation is issued or the election referred to in the next sentence is made, payment of the interest on the Obligations shall be made to the person appearing on the Obligation registration books of the Obligated Group (kept in the designated corporate trust office of the Master Trustee as Obligation Registrar) as the registered owner thereof and shall be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such other address as is furnished to the Master Trustee in writing by such holder; *provided, however,* that any Supplemental Master Indenture creating any Additional Obligation may provide that interest on such Additional Obligation may be paid, upon the request of the holder of such Additional Obligation, by wire transfer. The foregoing notwithstanding, if an Obligated Group Member so elects and notifies the Master Trustee in writing, payments on such Obligation shall be made directly by such Obligated Group Member, by check or draft hand delivered to the holder thereof or its designee or shall be made by such Obligated Group Member by wire transfer to such holder, in either case delivered on or prior to the date on which such payment is due. Such Obligated Group Member shall give written notice of any such payment to the Master Trustee concurrently with the making thereof, specifying the amount paid and identifying the Obligation or Obligations with respect to which such payment was made by series, designation, number and registered holder. Except with respect to Obligations directly paid, the Obligated Group Members agree to deposit with the Master Trustee on or prior to each due date of the principal of, premium, if any, or interest or other payment obligations on any of the Obligations a sum sufficient to pay such principal, premium, if any, or interest or other payment obligations so becoming due. Any such moneys shall upon Written Request and direction of the Obligated Group Agent be invested in Escrow Obligations. The foregoing notwithstanding, amounts deposited with the Master Trustee to provide for the payment of Obligations pledged to the payment of Related Bonds shall

be invested in accordance with the provisions of the Related Bond Indenture and Related Loan Document. The Master Trustee shall not be liable or responsible for any loss or adverse tax consequences to the holders of any Obligations or Related Bonds resulting from any such investments. The Master Trustee may rely on the investment direction of the Obligated Group Agent as to both the suitability and legality of the directed investments. For transactions in which the Master Trustee will be directed to purchase permitted investments through a broker-dealer, regulations require that the customer acknowledge that periodic statements are adequate substitutes for trade confirmations. Investments in Escrow Obligations which are United States Government Obligations may be made through repurchase agreements with banks or other financial institutions, including but not limited to the Master Trustee or any Related Bond Trustee, *provided* that each such repurchase agreement is in a commercially reasonable form, is for a commercially reasonable period, in the Opinion of Independent Counsel not objected to by the Master Trustee results in the transfer of legal title to identified United States Government Obligations which are segregated in a custodial or trust account for the benefit of the Master Trustee, and further *provided* that United States Government Obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement. Supplemental Master Indentures may create such security including debt service reserve funds and other funds as are necessary to provide for payment or to hold moneys deposited for payment or as security for a related series of Additional Obligations.

*Section 203. Execution.* Obligations shall be executed on behalf of an Obligated Group Member by the manual or, if permitted by law, facsimile signature of an Authorized Officer, which signature shall be attested by the manual or, to the extent permitted by law, facsimile signature of an Authorized Officer (for purpose of such attestation the Secretary or any Assistant Secretary of such Obligated Group Member shall be considered an Authorized Officer). In case any officer whose signature or facsimile of whose signature shall appear on an Obligation shall cease to be such officer before the delivery of such Obligation, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

*Section 204. Authentication.* No Obligation shall be valid or obligatory for any purpose or entitled to any security or benefit under this Master Indenture unless and until a certificate of authentication on such Obligation substantially in the form set forth below shall have been duly executed by the Master Trustee, and such executed certificate of the Master Trustee upon any such Obligation shall be conclusive evidence that such Obligation has been authenticated and delivered under this Master Indenture. The Master Trustee's certificate of authentication on any Obligation shall be deemed to have been executed by it if signed by an authorized officer or signer of the Master Trustee, but it shall not be necessary that the same officer or signer sign the certificate of authentication on all of the Obligations issued hereunder.

The Master Trustee's authentication certificate shall be in substantially the following form:

## MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

This Obligation is one of the Obligations described in the within-mentioned Master Indenture.

\_\_\_\_\_  
as Master Trustee

By: \_\_\_\_\_  
Authorized Officer

*Section 205. Form of Obligations and Temporary Obligations.* The Existing Obligations shall be in the forms originally issued and attached hereto as *Exhibit B*. All Additional Obligations issued under this Master Indenture shall be substantially in the form set forth in the Supplemental Master Indenture pursuant to which such Additional Obligations are issued, in each case with such appropriate variations, omissions and insertions as are permitted or required by this Master Indenture or deemed necessary by the Master Trustee to reflect the terms and conditions thereof as established hereby and by any Supplemental Master Indenture. Unless Obligations of a series have been registered under the Securities Act of 1933, as amended, each Obligation of such series shall be endorsed with a legend which shall read substantially as follows: "This Obligation has not been registered under the Securities Act of 1933, as amended."

Obligations of any series may be initially issued in temporary form exchangeable for definitive Obligations of the same series when ready for delivery. The temporary Obligations shall be of such denomination or denominations as may be determined by the Obligated Group Member executing the same, and may contain such reference to any of the provisions of this Master Indenture as may be appropriate. Every temporary Obligation shall be executed by an Obligated Group Member and be authenticated by the Master Trustee upon the same conditions and in substantially the same manner as the definitive Obligations. If any Obligated Group Member issues temporary Obligations it will execute and furnish definitive Obligations without delay and thereupon the temporary Obligations may be surrendered for cancellation in exchange therefor at the designated corporate trust office of the Master Trustee, and the Master Trustee shall authenticate and deliver in exchange for such temporary Obligations an equal aggregate principal amount of definitive Obligations of the same series and maturity of authorized denominations. Until so exchanged, the temporary Obligations shall be entitled to the same benefits under this Master Indenture as definitive Obligations authenticated and delivered hereunder.

*Section 206. Mutilated, Lost, Stolen or Destroyed Obligations.* In the event any temporary or definitive Obligation is mutilated, lost, stolen or destroyed, the Obligated Group Member issuing such Obligation may execute and the Master Trustee may authenticate a new Obligation of like form, date, maturity and denomination as that mutilated, lost, stolen or destroyed; *provided* that, in the case of any mutilated Obligation, such mutilated Obligation shall first be surrendered to the Master Trustee, and in the case of any lost, stolen or destroyed Obligation, there shall be first furnished to such Obligated Group Member and the Master Trustee evidence of such loss, theft or destruction satisfactory to such Credit Group Member and the Master Trustee, together with indemnity satisfactory to them. In the event any such Obligation

shall have matured, instead of issuing a duplicate Obligation the Obligated Group may pay the same without surrender thereof. The Obligated Group and the Master Trustee may charge the holder or owner of such Obligation with their reasonable fees and expenses in this connection.

*Section 207. Registration; Negotiability; Cancellation upon Surrender; Exchange of Obligations.* Upon surrender for transfer of any Obligation at the designated corporate trust office of the Master Trustee, the Obligated Group Member issuing such Obligation shall execute and the Master Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Obligation or Obligations of the same series, designation and maturity without coupons for a like aggregate principal amount.

The execution by an Obligated Group Member of any Obligation of any denomination shall constitute full and due authorization of such denomination and the Master Trustee shall thereby be authorized to authenticate and deliver such Obligation.

The Master Trustee shall not be required to transfer or exchange any Obligation during the period of 15 days next preceding any interest payment date of such Obligation or to transfer or exchange any Obligation after the notice calling such Obligation or portion thereof for redemption has been given as herein provided, or during the period of 15 days next preceding the mailing of such notice of redemption with respect to any Obligation of the same series and maturity.

As to any Obligation, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Obligation shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid.

Any Obligation surrendered for the purpose of payment or retirement or for replacement pursuant to Section 206 hereof shall be canceled upon surrender thereof to the Master Trustee or any Paying Agent. Any Obligations canceled by any Paying Agent other than the Master Trustee shall be promptly transmitted by such Paying Agent to the Master Trustee. Certification of Obligations canceled by the Master Trustee and Obligations canceled by a Paying Agent other than the Master Trustee which are transmitted to the Master Trustee shall be made to the Obligated Group Agent. Canceled Obligations may be destroyed by the Master Trustee unless instructions to the contrary are received from the Obligated Group Agent.

The Obligated Group and the Master Trustee may charge each Obligation holder requesting an exchange, registration, change in registration or transfer of an Obligation any tax, fee or other governmental charge required to be paid with respect to such exchange, registration, change in registration or transfer.

*Section 208. Security for Obligations.* Each Obligation issued hereunder shall be secured by the security provided hereunder pursuant to the Granting Clauses hereof. In addition, any one or more series of Obligations issued hereunder may, so long as any Liens created in connection therewith constitute Permitted Encumbrances, be secured by additional security (including without

limitation letters or lines of credit, insurance or Liens on Property, including Facilities of the Credit Group, or security interests in depreciation reserve, debt service or interest reserve, debt service or similar funds). Such additional security need not extend to any other Indebtedness (including any other Obligations or series of Obligations). Consequently, the Supplemental Master Indenture pursuant to which any one or more series of Obligations is issued may provide for such supplements or amendments to the provisions hereof, including without limitation Articles II and V hereof, as are necessary to provide for such security and to permit realization upon such security solely for the benefit of the Obligations entitled thereto.

*Section 209. Issuance of Obligations in Forms Other than Notes; Interest Rate Agreements.* To the extent that any Indebtedness which is permitted or required to be issued pursuant to this Master Indenture is not in the form of a promissory note, an Obligation in the form of a promissory note may be issued hereunder and pledged as security for the payment of such Indebtedness in lieu of directly issuing such Indebtedness as an Obligation hereunder. Nevertheless, the parties hereto agree that Obligations may be issued hereunder to evidence any type of Indebtedness (other than Non-Recourse Indebtedness or Subordinated Indebtedness), including without limitation any Indebtedness in a form other than a promissory note and any obligation to reimburse any draw on a letter or line of credit issued for the account of a Credit Group Member to support the payment of principal of or interest on any Related Bond and any obligation to reimburse a bond insurer for its payment of principal of or interest on any Related Bond, or to evidence or secure any repayment obligation under an Interest Rate Agreement, or to evidence or secure a reimbursement obligation arising as a result of the issuance of a surety bond or other instrument guaranteeing or in effect guaranteeing any payments under an Interest Rate Agreement. Consequently, the Supplemental Master Indenture pursuant to which any Obligation is issued may provide for such supplements or amendments to the provisions hereof, including without limitation Articles II and V hereof, as are necessary to permit the issuance of such Obligation hereunder and as are not inconsistent with the intent hereof that, except as otherwise expressly provided herein, all Obligations issued hereunder be equally and ratably secured by any Lien created hereunder.

Except as otherwise provided in this Master Indenture, all payments, including regularly scheduled payments and termination payments under any Interest Rate Agreement which is authenticated as an Obligation under this Master Indenture or any Obligation which secures an Interest Rate Agreement shall be equally and ratably secured by any lien created under this Master Indenture with all other Obligations; *provided, however*, that any such Obligation shall be deemed outstanding under this Master Indenture solely for the purpose of receiving payment under this Master Indenture and shall not be entitled to exercise any rights under this Master Indenture.

*Section 210. Substitute Obligations Upon Withdrawal of an Obligated Group Member.* In the event any Obligated Group Member which has issued an Obligation which is outstanding proposes to withdraw as an Obligated Group Member, prior to such withdrawal the original Obligation executed by the withdrawing Obligated Group Member shall be surrendered to the Master Trustee in exchange for a substitute Obligation issued by another Obligated Group Member (without, in the case of any Obligation issued to secure a series of Related Bonds, notice to or consent of any Related Bondholder or any other Obligation holder), which such substitute

Obligation shall provide for payments of principal, interest, premium, tender price and other amounts identical to the surrendered Obligation.

*Section 211. Appointment of Obligated Group Agent.* Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Agent as its agent and true and lawful attorney in fact and grants to the Obligated Group Agent (a) full and exclusive power to execute Supplemental Master Indentures authorizing the issuance of Obligations or series of Obligations, to execute and deliver Obligations on behalf of such Obligated Group Member, to execute and deliver Related Loan Documents and to execute and deliver any other documents or instruments relating to or securing any borrowings, indebtedness, obligations or the like, including without limitation notes, bonds, debentures, Finance Leases, Interest Rate Agreements, mortgages, deeds of trust, security agreements, and financing statements, (b) full power to prepare, or authorize the preparation of, any and all documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Obligations hereunder, or Related Bonds associated therewith, or Interest Rate Agreements and to execute and deliver such items on behalf of such Obligated Group Member to the appropriate parties in connection therewith and (c) full authority to exercise all other powers granted hereunder to the Obligated Group Agent.

*Section 212. Payments on Obligations Issued to Secure or Evidence Interest Rate Agreements.*

(a) Notwithstanding anything to the contrary in any Swap Obligation (as hereinafter defined), this Master Indenture, or any related agreement, document, or instrument:

(i) No Excluded Member shall have any payment obligation, whether direct or by guarantee, on any Swap Obligation; and

(ii) no Person, including the Master Trustee or the owner or holder of such Swap Obligation, may exercise any right to enforce payment pursuant to any Swap Obligation by any Excluded Member, which rights are hereby relinquished, waived and released.

(b) As used in this Section 212, the following terms shall have the following meanings:

(c) “*CEA*” means the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended from time to time, and any successor statute, including any rule or regulation promulgated thereunder, any order of the CFTC relating thereto, or the application or official interpretation of any of the foregoing.

(d) “*CFTC*” means the Commodity Futures Trading Commission.

(e) “*ECP*” means an “eligible contract participant” as defined in the CEA.

(f) “*Eligibility Date*” means, with respect to any Obligated Group Member (i) the date on which a Swap Obligation becomes effective if the relevant transaction was executed prior to

such effective date and the relevant Obligated Group Member is an Obligated Group Member on such effective date and such Obligated Group Member is an ECP on such effective date, (ii) the date of the execution of the relevant transaction if the applicable Swap Obligation is then in effect and such Obligated Group Member is an Obligated Group Member and an ECP on the date of such execution, (iii) the date on which such Obligated Group Member becomes an Obligated Group Member if the Obligated Group Member is an ECP and the relevant transaction was executed prior to such date and the applicable Swap Obligation is then in effect or (iv) the date on which any Obligated Group Member becomes an ECP if the relevant transaction was executed prior to such date and the applicable Swap Obligation is then in effect (or becomes effective on such date of execution).

(g) “*Excluded Member*” means any Obligated Group Member, if, and to the extent that, the performance by such Obligated Group Member of all or a portion of a Swap Obligation is illegal under the CEA because no Eligibility Date has yet occurred with respect to such Obligated Group Member and such Swap Obligation. The foregoing exclusion shall apply only to the portion of such Swap Obligation that is attributable to transactions under an Interest Rate Agreement for which such performance is or becomes illegal.

(h) “*Swap Obligation*” means any Obligation evidencing or securing an Interest Rate Agreement or any other obligation to pay or perform under any Obligation in respect of any one or more transactions under an Interest Rate Agreement.

The foregoing definitions shall be construed in a manner that is consistent with Section 2(e) of the CEA.

*Section 213. Assumption of Existing Obligations.* The Existing Obligations shall be secured by this Master Indenture. By their execution hereof, each Obligated Group Member agrees to be jointly and severally liable with each other Obligated Group Member for the payment of all principal of, interest on, and premium on, all Existing Obligations, as fully as though each of such Obligated Group Members had executed each of the Existing Obligations and had expressly agreed to be jointly and severally liable for such payment. A copy of each Existing Obligation is attached hereto as *Exhibit B*.

### ARTICLE III.

#### PREPAYMENT OR REDEMPTION OF OBLIGATIONS

*Section 301. Prepayment or Redemption Dates and Prices.* Obligations shall be subject to optional and mandatory prepayment or redemption in whole or in part and may be prepaid or redeemed prior to maturity as provided in this Master Indenture or the Supplemental Master Indenture pertaining to the series of Obligations to be prepaid or redeemed, but not otherwise.

Unless contrary provision is made in the Supplemental Master Indenture pursuant to which a series of Obligations is issued, the Obligations are callable for redemption prior to maturity at the option of the Obligated Group in the event of damage to or destruction of the Facilities of any Credit Group Member or any part thereof or condemnation (or sale consummated under threat of



condemnation) of the Facilities of any Credit Group Member or any part thereof involving in excess of \$10,000,000 of Net Proceeds. If called for redemption in such events, the Obligations shall be subject to redemption by the Members at any time, in whole or in part, and if in part then by series and maturities designated by the Obligated Group Agent (and, if less than all of a maturity is being redeemed, by lot in such manner as determined by the Master Trustee), at the principal amount thereof plus accrued interest to the redemption date and without premium; *provided* that if the proceeds result from any damage to or destruction or condemnation or sale consummated under threat of condemnation of any discrete free standing Facilities (including but not limited to any hospital, clinic, emergency care center or nursing or extended care center) financed or refinanced directly or indirectly whether in whole or in part from the proceeds of any series of Obligations, the Obligated Group Agent will designate the Obligations of such series for redemption prior to any other series of Obligations.

To the extent not otherwise provided herein or in a Supplemental Master Indenture, the Obligated Group shall have the right to prepay or redeem all or such portion of the Obligations of any particular series as shall be necessary to effect the payment, prepayment, redemption, refunding or advance refunding of the series of Related Bonds secured by such Obligations or any portion thereof in the manner provided in the Related Bond Indenture. If called for prepayment or redemption in such events, the Obligations of such series shall be subject to prepayment or redemption in such amount, and at such times, in the manner and with the premium necessary to effect the refunding, advance refunding or redemption of all or the portion of the series of Related Bonds to be refunded, advance refunded or redeemed.

Except for prepayment or redemption made pursuant to the immediately preceding paragraph and except to the extent that contrary provision is made in the Supplemental Master Indenture pursuant to which a series of Obligations is issued, no redemption of less than all of the Obligations of a particular series at the time outstanding shall be made pursuant hereto unless the aggregate principal amount of such Obligations to be redeemed is equal to or more than \$100,000.

Unless contrary provision is made in the Supplemental Master Indenture pursuant to which a series of Obligations is issued or in a Related Loan Document, Obligations may be called for optional prepayment or redemption by the Master Trustee pursuant to this Section 301 upon receipt by the Master Trustee at least 15 days prior to the redemption date of a certificate of the Obligated Group Agent requesting such prepayment or redemption. Such certificate shall specify the particular series and the principal amount of such series of Obligations so to be called for prepayment or redemption (and if less than all of a series is to be prepaid, the maturities or portions hereof), the applicable prepayment or redemption price or prices and the provision or provisions of this Master Indenture or any Supplemental Master Indenture pursuant to which such Obligations are to be called for prepayment or redemption.

Obligations of any series with respect to which a sinking fund has been established shall be redeemed by the Master Trustee pursuant to the provisions of such sinking fund and Obligations to be mandatorily redeemed or paid at maturity shall be redeemed or paid at maturity, as the case may be, in accordance herewith and with any Supplemental Master Indenture pursuant to which such Obligations were issued, in both cases without any notice from or direction of any Obligated Group Member.

In lieu of prepaying or redeeming Obligations pursuant to this Section 301, the Master Trustee may, at the request of the Obligated Group Agent, use funds otherwise available hereunder for the redemption of such Obligations to purchase such Obligations in the open market at a price not exceeding the redemption price then applicable hereunder.

In addition to the redemptions herein provided which are applicable to all Obligations, each series of Additional Obligations shall be redeemable in the manner, at the time or times, at the premiums, if any, and upon the terms specified in the Supplemental Master Indenture pursuant to which such Obligations were issued or in a Related Loan Document.

The Obligated Group may, at its option and subject to the limitations of the Related Bond Indenture, prepay an Obligation in whole or in part from time to time in order to effect a redemption of Related Bonds pursuant to the Related Bond Indenture. Such prepayments shall be made by paying to the Related Bond Trustee, prior to the applicable redemption date, an amount sufficient to redeem (when redeemable) all or a portion of the Related Bonds at the redemption price specified therefor in the Related Bond Indenture.

*Section 302. Notice of Prepayment or Redemption.* Unless contrary provision is made with respect to a particular series of Obligations in the Supplemental Master Indenture pursuant to which such Obligations are issued, notice of the call for any such prepayment or redemption identifying the Obligations to be prepaid or redeemed shall be given by mailing a copy of such notice by registered or certified mail to each Related Issuer and to the registered owner of Obligations to be prepaid or redeemed to the address shown on the registration books maintained by the Master Trustee not less than 15 days prior to the prepayment or redemption date; *provided, however,* that failure to give such notice by mailing or a defect in the notice or the mailing to any particular Obligation holder will not affect the validity of the prepayment or redemption of any other Obligation. Upon the happening of the above conditions and if sufficient moneys have been deposited with the Master Trustee and are available to pay the principal of, premium, if any, and interest on the Obligation to be prepaid or redeemed to the prepayment or redemption date, the Obligations, or portions thereof, thus called shall not bear interest after the applicable prepayment or redemption date, shall no longer be protected by this Master Indenture and shall not be deemed to be outstanding under the provisions of this Master Indenture. The Master Trustee shall prepay or redeem, in the manner provided in this Article, such an aggregate principal amount of such Obligations of the series to be prepaid or redeemed at the principal amount thereof plus accrued interest to the prepayment or redemption date and premium, if any, as will exhaust as nearly as practicable such funds. At the written direction of the Obligated Group Agent, such funds may be invested in Escrow Obligations until needed for such prepayment or redemption payout.

*Section 303. Partial Prepayment or Redemption of Obligations.* Upon surrender of any Obligation for prepayment or redemption in part only, the Obligated Group Member issuing such Obligation shall execute and the Master Trustee shall authenticate and deliver to the holder thereof, at the expense of the Obligated Group, a new registered Obligation or Obligations of the same series and maturity of authorized denominations in aggregate principal amount equal to the unpaid portion of the Obligation surrendered. Such Obligated Group Member and the Master Trustee may agree with any holder of any Obligation that such holder may, in lieu of surrendering the same for a new registered Obligation, endorse on such Obligation a notice of such partial prepayment or

redemption to be made on the following form which shall be typed or printed on the reverse side of such Obligation:

**PAYMENTS ON ACCOUNT OF PRINCIPAL**

PAYMENT DATE	PRINCIPAL AMOUNT PREPAID OR REDEEMED	BALANCE OF PRINCIPAL AMOUNT UNPAID	SIGNATURE
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Such partial prepayment or redemption shall be valid upon payment of the amount thereof to the registered owner of any such registered Obligation and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of such Obligation by the owner thereof and irrespective of any error or omission in such endorsement.

*Section 304. Effect of Call for Prepayment or Redemption.* On the date designated for prepayment or redemption by notice given as herein provided, the Obligations so called for prepayment or redemption shall become and be due and payable at the prepayment or redemption price provided for prepayment or redemption of such Obligations on such date. If on the date fixed for prepayment or redemption moneys for payment of the prepayment or redemption price and accrued interest are held by the Master Trustee or any other Paying Agent as provided herein, interest on such Obligations so called for prepayment or redemption shall cease to accrue, such Obligations shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Master Trustee or the Paying Agents and the amount of such Obligations so called for prepayment or redemption shall be deemed paid and no longer outstanding.

**ARTICLE IV.**

**GENERAL REPRESENTATIONS, COVENANTS AND AGREEMENTS**

*Section 401. Payment of Principal, Premium, if any, and Interest; Credit Group Members.* (a) Subject to the provisions of Section 212, each Obligated Group Member unconditionally and irrevocably (subject to the right of such Obligated Group Member to cease its status as an Obligated Group Member pursuant to the terms and conditions of Section 404 hereof), jointly and severally covenants that it will promptly pay the principal of, premium, if any, and interest on, and any other payment obligation, including tender price, arising pursuant to, any Obligation issued under this Master Indenture at the place, on the dates and in the manner provided herein and in said Obligations. Notwithstanding any schedule of payments upon the Obligations set forth herein or in the Obligations, each Obligated Group Member unconditionally and irrevocably (subject to the right of such Obligated Group Member to cease its status as an

Obligated Group Member pursuant to the terms and conditions of Section 404 hereof), jointly and severally agrees to make payments upon each Obligation and be liable therefor at the times and in the amounts (including principal, interest and premium and tender price, if any) equal to the amounts to be paid as interest, principal at maturity or by mandatory sinking fund redemption, premium, if any, or tender price, if any, upon any Related Bonds from time to time outstanding.

(b) Each Obligated Group Member shall cause each Designated Affiliate it controls and each Unlimited Credit Group Participant and Limited Credit Group Participant with which it has entered into a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant), to pay or otherwise transfer to such Obligated Group Member or the Obligated Group Agent such amounts as are necessary to duly and punctually pay the principal of and interest and premium, if any, on, and the tender price, if any, of all Outstanding Obligations, and any other amounts payable by the Obligated Group Members under this Master Indenture, on the dates, at the times, at the places and in the manner provided herein and in such Obligations (subject, in the case of any Limited Credit Group Participant, to contractual limitations). In addition, each Obligated Group Member shall cause each Designated Affiliate which it controls to cause each Unlimited Credit Group Participant and Limited Credit Group Participant with which the Designated Affiliate has entered into a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant), to pay or otherwise transfer such amounts to the Obligated Group Agent (subject, in the case of any Limited Credit Group Participant, to contractual limitations); provided that no such transfer shall be made under this paragraph (b) to the extent that such transfer would adversely affect the status as a Tax-Exempt Organization of any Obligated Group Member, Designated Affiliate, Unlimited Credit Group Participant or Limited Credit Group Participant.

(c) The Obligated Group Agent shall at all times maintain with the Master Trustee an accurate and complete list of all Credit Group Members by category. The initial Credit Group Members are listed on *Exhibit E*.

(d) The Obligated Group Agent may designate (i) any Person which meets the requirements of the definition of an “Unlimited Credit Group Participant” as an Unlimited Credit Group Participant, (ii) any Person which meets the requirements of the definition of a “Limited Credit Group Participant” as a Limited Credit Group Participant, and (iii) any Person which meets the requirements of the definition of a “Designated Affiliate” as a Designated Affiliate, in each case by filing a written notice with the Master Trustee. Such notice shall be filed prior to the date such identification is to become effective, with such Person to be deemed a Credit Group Member as of the date specified in such notice. Such Person shall thereafter be considered a Credit Group Member until such time as the Obligated Group Agent shall file with the Master Trustee (i) a written notice declaring that such Person is no longer a Credit Group Member effective as of the date of filing or, if later, as of the date specified in the notice, and (ii) a certificate of the Obligated Group Agent to the effect that immediately after the withdrawal of such Person from the Credit Group no event will have occurred which with the passage of time or the giving of notice, or both, would become an Event of Default hereunder.

(e) Each Obligated Group Member covenants that it will cause each Designated Affiliate under its control and each Limited Credit Group Participant or Unlimited Credit Group Participant with which the Obligated Group Member maintains a contract or agreement to comply in all material respects with the terms and conditions of this Master Indenture which are applicable to such Person. In addition, each Obligated Group Member covenants that it will cause each Designated Affiliate under its control to cause each Limited Credit Group Participant and Unlimited Credit Group Participant with which such Designated Affiliate maintains a contract or agreement to comply in all material respects with the terms and provisions of this Master Indenture which are applicable to such Person.

(f) Any of the other provisions of this Section 401 notwithstanding, it is expressly agreed by the parties hereto that no Credit Group Member other than the Obligated Group Members shall be directly obligated to make any payment hereunder.

*Section 402. Representations and Warranties by the Obligated Group.* Each Existing Obligated Group Member makes the following representations and warranties with respect to itself as the basis for its covenants herein:

(a) It is a not for profit corporation duly incorporated under the laws of the State of Florida (or, in the case of St. Cloud, a limited liability company duly established under the laws of the State of Delaware), is in good standing and duly authorized to conduct its business and affairs in the State of Florida, is duly authorized and has full power under the laws of the State of Florida and all other applicable provisions of law and its articles of incorporation (or, in the case of St. Cloud, under the laws of the State of Delaware and under its limited liability company agreement) and by-laws to create, issue, enter into, execute and deliver this Master Indenture, and all action on its part necessary for the valid execution and delivery of this Master Indenture has been duly and effectively taken; and this Master Indenture constitutes a legal and valid obligation of such Obligated Group Member.

(b) The execution and delivery of this Master Indenture, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof do not conflict with or result in a breach of any of the terms or conditions of any material corporate restriction or of any material agreement or instrument to which it is now a party, and do not constitute a default under any of the foregoing, or result in the creation or imposition of any Lien of any nature upon any of its Property except for Permitted Encumbrances. It has good and marketable fee simple title to, or as applicable, a valid leasehold interest in, all of its Property constituting real property and good and marketable title to all of its other Property, in both cases, free and clear of all Liens except for Permitted Encumbrances. The easements, rights-of-way, liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments on adjoining real estate, if any, now existing with respect to its Property do not and will not materially adversely affect the value of the Property currently affected thereby, materially impair the same, or materially impair or materially interfere with the operation and usefulness thereof for the purpose for which it was acquired or is held by it. Its Property does not violate in any material respect any applicable zoning, land use or similar law or restriction.

(c) It has all necessary licenses and permits currently required to occupy and operate its existing Facilities, the absence of which would have a material adverse effect on its operations or financial condition.

(d) It is a Tax-Exempt Organization; it has received determination letters from the Internal Revenue Service to the effect that it is a Tax-Exempt Organization which letters are still in full force and effect or is a disregarded entity of another Credit Group Member under Treasury Regulations Section 301.7701-2 and 301.7701-3 relating to the Code, as the case may be; and it has no “unrelated business taxable income” as defined in Section 512 of the Code which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, would have a material adverse effect on its condition, financial or otherwise.

(e) It has not heretofore engaged in, and the consummation of the transactions herein provided for and compliance by it with the provisions of this Master Indenture and the Obligations issued hereunder will not involve, any prohibited transaction within the meaning of the Employee Retirement Income Security Act of 1974, as amended (herein sometimes referred to as “ERISA”) or Section 4975 of the Code. No “employee pension benefit plans,” as defined in ERISA, maintained by it and no trusts created thereunder, have incurred any “accumulated funding deficiency” as defined in Section 302 of ERISA.

*Section 403. Entrance Into the Obligated Group.* Any Person may become an Obligated Group Member if:

(a) Such Person shall execute and deliver to the Master Trustee a Supplemental Master Indenture not objected to by the Master Trustee which shall be executed by the Master Trustee and the Obligated Group Agent, containing (i) the agreement of such Person (A) to become an Obligated Group Member and thereby to become subject to compliance with all provisions of this Master Indenture and (B) unconditionally and irrevocably (subject to the right of such Person to cease its status as an Obligated Group Member pursuant to the terms and conditions of Section 404 hereof) to jointly and severally make payments upon each Obligation at the times and in the amounts provided in each such Obligation and (ii) representations and warranties by such Person substantially similar to those set forth in Section 402 other than those contained in Section 402(d) if such Person is not a Tax-Exempt Organization (which shall refer to the state in which such Person is organized and to the state or states in which such Person does business and may contain such other deviations as are not objected to by the Master Trustee);

(b) The Master Trustee shall have received:

(i) a certificate of the Obligated Group Agent which demonstrates that, immediately upon such Person becoming an Obligated Group Member the Transaction Test has been satisfied; and

(ii) an Opinion of Independent Counsel to the effect that (A) the instrument described in paragraph (a) above has been duly authorized, executed and delivered and

constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency, fraudulent conveyance, and other laws generally affecting enforcement of creditors' rights and the application of general principles of equity and to the exceptions set forth in *Exhibit D* hereto and (B) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any Obligated Group Member which otherwise has such status; and

(iii) either a certificate of the Obligated Group Agent certifying that all amounts due or to become due on all Related Bonds have been paid to the holders thereof and provision for such payment has been made in such manner as to have resulted in the defeasance of all Related Bond Indentures or an Opinion of Bond Counsel to the effect that under then existing law the addition of such Person to the Obligated Group would not adversely affect the validity of any Related Bond or any exemption from federal income taxation of interest payable on any Related Bond otherwise entitled to such exemption

(c) the Supplemental Indenture referenced in (a) shall include an amendment to *Exhibit C* to include a description of the Property of the Person becoming a Member which is to be considered Excluded Property and to *Exhibit E* to add such Person as an Obligated Group Member.

Each successor, assignee, surviving, resulting or transferee corporation of an Obligated Group Member must agree to become, and satisfy the above-described conditions to becoming, an Obligated Group Member prior to any such succession, assignment or other change in such Obligated Group Member's corporate status.

*Section 404. Cessation of Status as an Obligated Group Member.* Each Obligated Group Member covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated under the terms of the Master Indenture to cease to be an Obligated Group Member unless:

(a) if such Obligated Group Member proposing to withdraw from the Obligated Group is a party to any outstanding Obligation securing Related Loan Documents with respect to Related Bonds which remain outstanding (i) another Obligated Group Member has executed and delivered a replacement Obligation and (ii) there is delivered an Opinion of Independent Counsel to the effect that such replacement Obligation has been duly authorized, executed and delivered and is enforceable in accordance with its terms against such other Obligated Group Member and the other remaining Obligated Group Members, subject to customary exceptions for bankruptcy, insolvency, fraudulent conveyance, and other laws generally affecting enforcement of creditors' rights and the application of general principles of equity and to the exceptions set forth in *Exhibit D* hereto;

(b) prior to cessation of such status, there is delivered to the Master Trustee an Opinion of Bond Counsel to the effect that, under then existing law, the cessation by the Obligated Group Member of its status as an Obligated Group Member will not adversely affect

the validity of any Related Bond or any exemption from federal income taxation of interest payable thereon to which such Bond would otherwise be entitled;

(c) the Master Trustee shall have received a certificate of the Obligated Group Agent which demonstrates that, immediately upon such Person withdrawing from the Obligated Group the Transaction Test has been satisfied; and

(d) prior to cessation of such status, the Obligated Group Agent consents in writing to the withdrawal by such Obligated Group Member.

Upon such cessation in accordance with the foregoing provisions, (i) *Exhibit C* shall be amended to delete therefrom any Excluded Property of the Member which has ceased being a Member and (ii) *Exhibit E* shall be amended to delete therefrom the name of such Person.

*Section 405. Covenants as to Corporate Existence, Maintenance of Properties, and Similar Matters; Right of Contest.* Each Obligated Group Member hereby covenants to, and each Obligated Group Member covenants to cause each Designated Affiliate under its control and each Limited Credit Group Participant or Unlimited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) to:

(a) Except as otherwise expressly provided herein (i) preserve its corporate or other separate legal existence, (ii) preserve all its material rights and licenses to the extent necessary or desirable in the operation of its business and affairs and (iii) be qualified to do business and conduct its affairs in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualification and where the failure to be so qualified would have a material adverse effect on its operations or financial condition; *provided, however*, that nothing herein contained shall be construed to obligate such Credit Group Member to retain, preserve or keep in effect the rights, licenses or qualifications no longer used or, in the judgment of its Governing Body or an Authorized Officer, desirable in the conduct of its business.

(b) With respect to any Credit Group Member which is, on the date it becomes a Credit Group Member, a not for profit corporation, maintain its status as a not for profit corporation throughout the term of this Master Indenture.

(c) Use its Facilities only in furtherance of its lawful corporate purposes and its Property to be maintained, preserved and kept in good repair, working order and condition and in as safe condition as its operations will permit, ordinary wear and tear excepted, and make all necessary and proper repairs (interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen), renewals and replacements thereof so that its operations and business shall at all times be conducted in an efficient, proper and advantageous manner; *provided, however*, that nothing herein contained shall be construed (i) to prevent it from ceasing to operate any portion of its Property that, in the reasonable judgment of the Obligated Group Agent, is not material to the overall operations or financial condition of the Credit Group, (ii) to prevent it from ceasing to operate any material portion of its Property, if in its reasonable judgment (evidenced, in the case of such a cessation other than in the ordinary



course of business, by a determination by its Governing Body or an Authorized Officer) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (iii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body or an Authorized Officer, useful in the conduct of its business.

(d) Pay or cause to be paid: (i) all taxes, levies, assessments and charges on account of the use, occupancy or operation of its Property, including but not limited to all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric, light, power or other utility charges assessed or charged on or against its Property or on account of its use or occupancy thereof or the activities conducted thereon or therein; and (ii) all taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed during the term of this Master Indenture upon all or any part of its Property, or its interest or the interest of any Related Issuer or either of them in and to its Property, or upon its interest or the interest of any Related Issuer or the interest of either of them in this Master Indenture or the amounts payable hereunder or under the Obligations. If under applicable law any such tax, levy, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, any Credit Group Member may exercise such option.

(e) At its sole cost and expense, promptly comply in all material respects with all present and future laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court which may be applicable to it or any of its affairs, business, operations and Property, any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining any of its Property or to the use or manner of use, occupancy or condition of any of its Property.

(f) Promptly pay or otherwise satisfy and discharge all of its obligations and Indebtedness and all demands and claims against it as and when the same become due and payable which if not so paid, satisfied or discharged would constitute an Event of Default under Section 502(d) hereof.

(g) Comply in all material respects with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness which if not complied with in all respects would have a material adverse effect on its operations or financial condition.

(h) Procure and maintain all material and necessary licenses and permits and use commercially reasonable efforts to maintain the status of its health care Facilities (other than those not currently having such status or not having such status on the date a Person becomes a Credit Group Member hereunder) as providers of health care services eligible for payment under those third-party payment programs which its Governing Body or an Authorized Officer determines are appropriate.

(i) In the case of any Credit Group Member which is a Tax-Exempt Organization at the time it becomes a Credit Group Member, so long as the Master Indenture shall remain in force and effect and so long as all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof or provision for such payment has not been made, to take no action or suffer any action to be taken by others, including any action which would result in the alteration or loss of its status as a Tax-Exempt Organization, which could result in any such Related Bond being declared invalid or result in the interest on any Related Bond, which is otherwise exempt from federal or state income taxation, becoming subject to such taxation.

(j) In the case of each Credit Group Member which is a Tax-Exempt Organization at the time it becomes a Credit Group Member, not distribute any of its revenues, income or profits, whether realized or unrealized, to any of its members, directors or officers or allow the same to inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of such Credit Group Member, as the case may be; *provided, further*, that no such distribution shall be made which is not permitted by the legislation pursuant to which such Credit Group Member is governed or which would result in the loss or alteration of its status as a Tax-Exempt Organization.

The foregoing notwithstanding, any Credit Group Member may (i) cease to be a not for profit corporation, (ii) take actions which could result in the alteration or loss of its status as a Tax-Exempt Organization or (iii) distribute its revenues, income or profits to any of its members, directors or officers or allow the same to inure to the benefit of a private person, association or corporation if (A) prior thereto there is delivered to the Master Trustee a Favorable Opinion of Bond Counsel with respect to such actions and (B) after such action the Obligated Group could meet the conditions described in Section 411(a) for the incurrence of one dollar of additional Funded Indebtedness.

For the purposes of this Section 405 (other than subparagraphs (d) and (g) hereof), the terms Property and Facilities shall be deemed to include Excluded Property.

The foregoing notwithstanding, no Credit Group Member shall be required to pay any tax, levy, charge, fee, rate, assessment or imposition referred to herein above, to remove any Lien required to be removed under this Section, pay or otherwise satisfy and discharge its obligations, Indebtedness (other than any Obligations), demands and claims against it or to comply with any Lien, law, ordinance, rule, order, decree, decision, regulation or requirement referred to in this Section, including without limitation payment of any property tax assessed against it or compliance with any decision of any court or governmental body with respect thereto, so long as such Credit Group Member shall contest, in good faith and at its cost and expense, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, levy, charge, fee, rate, assessment, imposition, obligation, Indebtedness, demand, claim or Lien so contested, and the sale, forfeiture, or loss of its Property or any part thereof, *provided*, that no such contest shall subject any Related Issuer, any Obligation holder or the Master Trustee to the risk of any liability with respect to payment of any such amounts. While any such matters are pending, such Credit Group Member shall not be required to pay, remove or cause to be discharged the tax, levy, charge, fee, rate, assessment, imposition, obligation, Indebtedness, demand, claim or Lien being contested

unless such Credit Group Member agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of such Credit Group Member engaging in such a contest to settle such contest), and in any event the Credit Group Member will save all Related Issuers, all Related Bond Trustees, all Obligation holders and the Master Trustee harmless from and against all losses, judgments, decrees and costs (including reasonable attorneys' fees and expenses in connection therewith) as a result of such contest and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable therein, together with all penalties, fines, interests, costs and expenses thereon or incurred in connection therewith. Each Credit Group Member hereby waives, to the extent permitted by law, any right which it may have to contest (i) any Obligation issued for the benefit of another Member or (ii) any Obligation issued to secure or in connection with Related Bonds.

If the Master Trustee shall notify a Credit Group Member that, in the opinion of Independent Counsel, by nonpayment of any of the foregoing items the Property of such Credit Group Member or any substantial part thereof will be subject to imminent loss or forfeiture, then such Credit Group Member shall promptly pay all such unpaid items and cause them to be satisfied and discharged.

*Section 406. Insurance.* Each Obligated Group Member covenants and agrees to, and each Obligated Group Member covenants to cause each Designated Affiliate under its control and each Limited Credit Group Participant or Unlimited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) to, maintain or cause to be maintained at its sole cost and expense, insurance (which may be self-insurance) with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated and as is adequate to protect its Property and operations. The Obligated Group Agent shall at least once every three Fiscal Years cause a certificate of an Insurance Consultant or Insurance Consultants to be delivered to the Master Trustee which indicates that the insurance then being maintained by the Credit Group Members is customary in the case of corporations engaged in the same or similar activities and similarly situated. The Obligated Group Agent shall cause a copy of the certificate of the Insurance Consultant or Insurance Consultants to be delivered promptly to the Master Trustee, and upon request, to each Related Bond Trustee and to each Related Issuer. The Obligated Group or any Credit Group Member may self-insure if the Insurance Consultant or Insurance Consultants determine that such self-insurance meets the standards set forth in the first sentence of this paragraph and is prudent under the circumstances.

*Section 407. Right to Perform Credit Group Members' Covenants; Advances.* In the event any Credit Group Member shall fail to (i) pay any tax, charge, assessment or imposition to the extent required hereunder, (ii) remove any Lien or terminate any lease to the extent required hereunder, (iii) maintain its Property in repair to the extent required hereunder, (iv) procure the insurance required hereby, in the manner herein described, or (v) fail to make any other payment or perform any other act required to be performed hereunder, and is not contesting the same in

accordance with Section 405 hereof, then and in each such case the Master Trustee may (but shall not be obligated to), upon at least (30) days advance written notice to such Credit Group Member, remedy such failure for the account of such Credit Group Member and make advances for that purpose. No such performance or advance shall operate to release such Credit Group Member from any such failure and any sums so advanced by the Master Trustee shall be repayable by such Obligated Group Member on demand and shall bear interest at the Master Trustee's announced prime rate per annum from time to time in effect, from the date of the advance until repaid. The Master Trustee shall have the right of entry on such Credit Group Member's Property or any portion thereof at reasonable times and subject to reasonable prior written notice, in order to effectuate the purposes of this Section, subject to the permission of a court of competent jurisdiction, if required by law.

*Section 408. Rates and Charges.* (a) Each Obligated Group Member covenants and agrees to, and each Obligated Group Member covenants to cause each Designated Affiliate under its control and each Unlimited Credit Group Participant or Limited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) to, conduct its business on a revenue producing basis and to exercise such skill and diligence as to provide income from its Property, together with other available funds, sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it hereunder, to the extent permitted by law.

(b) The Obligated Group Members covenant and agree that the Obligated Group Agent will calculate the Historical Actual Debt Service Coverage Ratio of the Credit Group for each Fiscal Year covered by the report delivered pursuant to Section 410(a) and will deliver a copy of such calculations, to the Persons to whom such report is required to be delivered under such Section 410.

(c) Subject to the provisions of paragraph (e) below, if the Historical Actual Debt Service Coverage Ratio of the Credit Group for a particular Fiscal Year is less than 1.10:1, the Obligated Group Agent agrees to retain at the expense of the Obligated Group an Independent Consultant to make recommendations (the "Independent Consultant's Report") with respect to the rates, fees and charges of the Credit Group and the Credit Group's methods of operation and other factors affecting its financial condition in order to increase the Historical Actual Debt Service Coverage Ratio of the Credit Group for the succeeding year to at least 1.10:1.

(d) Subject to the provisions of paragraph (e) below, copy of the Independent Consultant's Report shall be filed with each Credit Group Member, the Master Trustee, each Related Bond Trustee and each Related Issuer. Each Obligated Group Member shall follow, and each Obligated Group Member shall cause each Designated Affiliate under its control and each Limited Credit Group Participant or Unlimited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) to follow the recommendations of the Independent Consultant applicable to it to the extent feasible (as determined in the good faith judgment of the Governing Body of such Credit Group Member) and

permitted by law, subject in the case of a Limited Credit Group Participant to the terms of its contract or agreement (as described in the definition of Limited Credit Group Participant). This Section shall not be construed to prohibit any Credit Group Member from serving indigent patients to the extent required for such Credit Group Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of patients without charge or at reduced rates so long as such service does not prevent the Credit Group from satisfying the other requirements of this Section.

(e) The Independent Consultant's Report referenced above need not be delivered if (I) there is filed with the Master Trustee (who shall provide a copy to each Related Bond Trustee and each Related Issuer) (i) a written report addressed to them of an Independent Consultant (which report, including without limitation, the scope, form, substance and other aspects thereof, is acceptable to the Master Trustee) which contains an opinion of such Independent Consultant that applicable laws or regulations have prevented the Credit Group from generating Income Available for Debt Service during such Fiscal Year in an amount sufficient to cause the Historical Actual Debt Service Coverage Ratio for such Fiscal Year to equal or exceed 1.10:1; (ii) the report of such Independent Consultant indicates that the rates charged by the Credit Group are such that, in the opinion of the Independent Consultant, the Credit Group has generated the maximum amount of Revenues given such laws or regulations; and (iii) the Historical Actual Debt Service Coverage Ratio of the System for such Fiscal Year was at least 1.00:1; or (II) there is filed with the Master Trustee (who shall provide a copy to each Related Bond Trustee and each Related Issuer), an Officer's Certificate of the Obligated Group Agent (i) stating that a Force Majeure Event occurred that prevented the Credit Group from generating Income Available for Debt Service during such Fiscal Year in an amount sufficient to cause the Historical Actual Debt Service Coverage Ratio for such Fiscal Year to equal or exceed 1.10:1, (ii) describing the nature of the Force Majeure Event and (iii) describing the steps the Credit Group is taking with respect to its rates, fees, charges, methods of operation, and other factors affecting its financial condition to improve the Historical Actual Debt Service Coverage Ratio in the following Fiscal Year.

(f) The foregoing notwithstanding, if the Historical Debt Service Coverage Ratio of the Credit Group for two consecutive Fiscal Years is less than 1.00:1, it will constitute an Event of Default under this Master Indenture.

*Section 409. Merger, Consolidation, Sale or Conveyance.* (a) Each Obligated Group Member covenants that it will not merge or consolidate with any other corporation not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person not an Obligated Group Member unless:

(i) either (A) such Obligated Group Member shall be the surviving corporation, or (B) the successor corporation (if other than such Obligated Group Member) shall be a corporation organized and existing under the laws of the United States of America or a state thereof and such corporation shall expressly assume in writing all of the obligations of such Obligated Group Member to pay principal of and interest on all Obligations issued hereunder, and the due and punctual performance and observance of all of the covenants and conditions of this Master Indenture to be performed or observed by

such Obligated Group Member, pursuant to a Supplemental Master Indenture satisfactory to the Master Trustee, executed and delivered to the Master Trustee by such corporation;

(ii) such Obligated Group Member shall have furnished to the Master Trustee a Favorable Opinion of Bond Counsel with respect to such merger, consolidation, sale or conveyance; and

(iii) there has been furnished to the Master Trustee an Officer's Certificate of the Obligated Group Agent certifying that the Transaction Test has been satisfied.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for such Obligated Group Member, with the same effect as if it had been named herein as an Obligated Group Member. Such successor corporation thereupon may cause to be signed, and may issue in its own name Obligations issuable hereunder; and upon the order of such successor corporation, instead of such Obligated Group Member, and subject to all the terms, conditions and limitations in this Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation hereunder shall in all respects have the same legal rank and benefit under this Master Indenture as Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder at the date of the execution hereof.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee, subject to the provisions of Article VI, may receive an Opinion of Independent Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section 409 and that it is proper for the Master Trustee under the provisions of this Section 409 to join in the execution of the Supplemental Master Indenture provided for in this Section 409.

*Section 410. Financial Statements.* Each Obligated Group Member covenants that it will, and it will cause each Designated Affiliate under its control and each Unlimited Credit Group Participant or Limited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) and to, keep adequate records and books of account in which complete and correct entries will be made, and the Obligated Group Agent will:

(a) Deliver to the Master Trustee within 150 days after the last day of each Fiscal Year one or more financial statements that in the aggregate include all entities in the System; such financial statements shall:

(i) consist of consolidated or combined financial results including the Credit Group Members and one or more other Persons required to be consolidated or combined with such entity(ies) under GAAP;

(ii) be audited by a firm of Qualified Accountants and certified as having been prepared in accordance with GAAP; and

(iii) include a consolidated or combined balance sheet, statement of operations and changes in net assets.

If the total revenues and the total assets of the Credit Group Members collectively represent less than seventy-five (75%) of the consolidated total revenues and the consolidated total assets, respectively, of the System for any Fiscal Year, the financial statements required to be delivered for that Fiscal Year shall include a consolidating schedule from which the financial information relating solely to the Credit Group Members may be derived.

(b) Deliver to the Master Trustee within 150 days after the last day of each Fiscal Year an Officer's Certificate of the Obligated Group Agent (i) certifying either that (1) either the total revenues or the total assets of the Credit Group Members collectively represent at least seventy-five (75%) of the consolidated total revenues and the consolidated total assets, respectively, of the System for such Fiscal Year and the Obligated Group Agent has elected to use the Financial Statements of the System for purposes of calculating financial covenants and ratios on a System basis pursuant to Section 102(g), or (2) neither the total revenues nor the total assets of the Credit Group Members collectively represent at least seventy-five (75%) of the consolidated total revenues and the consolidated total assets, respectively, of the System for such Fiscal Year, (ii) setting forth calculations based upon the Financial Statements of the System for such Fiscal Year of the Historical Debt Service Coverage Ratio of the System or Credit Group, as applicable, for the reported Fiscal Year, and (iii) stating that, to the best of the signer's knowledge, no event which constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Credit Group Members to cure such Event of Default.

Notwithstanding anything to the contrary contained herein, the Master Trustee does not have a duty to review any financial statements delivered to it in accordance with this Section 410, is not considered to have notice of the content of such financial statements, including but not limited to for purposes of a default or Event of Default hereunder based on such content, and does not have a duty to verify the accuracy of such financial statements.

*Section 411. Permitted Additional Indebtedness.* So long as any Obligations are outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of Additional Obligations) other than:

(a) Funded Indebtedness, if prior to incurrence thereof or, if such Funded Indebtedness was incurred in accordance with another subsection of this Section 411 and any Obligated Group Member wishes to have such Funded Indebtedness classified as having been

issued under this subsection (a), prior to such classification, there is delivered to the Master Trustee:

(i) An Officer's Certificate from the Obligated Group Agent stating that the Funded Indebtedness Ratio of the Credit Group, after giving effect to the incurrence of such Indebtedness and to the application of the proceeds thereof, does not exceed 0.65:1; or

(ii) An Officer's Certificate from the Obligated Group Agent stating that the Historical Pro Forma Debt Service Coverage Ratio derived from the Financial Statements of the System was not less than 1.10:1 for the previous Fiscal Year; or

(iii) (A) An Officer's Certificate from the Obligated Group Agent stating that the Historical Actual Debt Service Coverage Ratio derived from the Financial Statements of the System was not less than 1.10:1; and (B) an Officer's Certificate from the Obligated Group Agent to the effect that the Projected Debt Service Coverage Ratio of the Credit Group for each of the next two succeeding Fiscal Years (or if the proceeds of the Additional Indebtedness are to be used for the acquisition, construction, renovation or replacement of the real or personal property of the Credit Group, in which case each of the first two full Fiscal Years following the estimated completion of the acquisition, construction, renovation or replacement being paid for with the proceeds of such Additional Indebtedness), is not less than 1.10:1.

(b) Completion Funded Indebtedness without limitation.

(c) Funded Indebtedness for the purpose of refunding (whether in advance or otherwise, including without limitation refunding through the issuance of Cross-over Refunding Indebtedness) any outstanding Funded Indebtedness.

(d) Non-Recourse Indebtedness without limit.

(e) Balloon Indebtedness if the conditions set forth in Section 411(a) are met when it is assumed that, with respect to such Balloon Indebtedness, such Balloon Indebtedness matures over a 30-year term from its date of incurrence, bears interest at the Projected Rate and is payable pursuant to the provisions of the first paragraph of Section 412 hereof.

(f) Put Indebtedness if the conditions set forth in Section 411(a) above are met when it is assumed that the Put Indebtedness is Funded Indebtedness that bears interest at the Projected Rate and is amortized on a level debt service basis over a 30-year period.

(g) Adjustable Indebtedness if the conditions set forth in subsection 411(a) are satisfied when it is assumed such Adjustable Indebtedness bears interest at the Projected Rate and is amortized on a level debt service basis over a 30-year period.



(h) Guaranties *provided* that the conditions set forth herein are satisfied if it is assumed that the Indebtedness guaranteed is Funded Indebtedness of an Obligated Group Member. In making the calculation required by this subsection (h), Income Available for Debt Service shall not be deemed to include any revenues of the Primary Obligor and the debt service payable with respect to the Indebtedness guaranteed shall be calculated in accordance with the assumptions contained in this Master Indenture.

(i) Commitment Indebtedness without limitation.

(j) Subordinated Indebtedness without limitation.

(k) Short-Term Indebtedness (other than Short-Term Indebtedness incurred in accordance with subsection (l) hereof) in a total principal amount which at the time incurred does not, together with the principal amount of all other such Short-Term Indebtedness of the Obligated Group then outstanding under this subsection (k) exceed 25% of the Net Patient Revenues of the Credit Group for the most recent Fiscal Year for which Audited Financial Statements are available. For the purposes of this subsection, Short-Term Indebtedness shall not include overdrafts to banks to the extent there are immediately available funds of the Credit Group sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the normal course of business.

(l) Short Term Indebtedness which constitutes commercial paper if the conditions described in Section 411(a) are met with respect to such Short Term Indebtedness when it is assumed that such Short Term Indebtedness is Funded Indebtedness maturing over 30 years from the date of issuance of the Short Term Indebtedness, bears interest on the unpaid principal balance at the Projected Rate and is payable on a level annual debt service basis over a 30 year period.

(m) Indebtedness the principal amount of which at the time incurred, together with the aggregate principal amount of all other Indebtedness then outstanding which was issued pursuant to the provisions of this subsection (m) and which has not been subsequently reclassified as having been issued under subsection (a), (e), (f), (j) or (k) of this Section, does not exceed 25% of the Revenues of the Credit Group derived from the Financial Statements of the System.

(n) Liabilities for contributions to self-insurance or shared or pooled risk insurance programs.

(o) Indebtedness consisting of accounts payable incurred in the ordinary course of business or other Indebtedness not incurred or assumed primarily to assure the repayment of money borrowed or credit extended which Indebtedness is incurred in the ordinary course of business.

(p) Indebtedness of any Obligated Group Member (other than for borrowed money) incurred in the regular course of the operations of such Obligated Group Member, including, without limitation, bank overdrafts incurred in the ordinary course of operations and liabilities

as lessee under leases of real or personal Property which are not required to be capitalized on the balance sheet of such Obligated Group Member in accordance with GAAP;

(q) Indebtedness of each individual Existing Obligated Group Member existing on the Effective Date, including any Additional Obligation being issued on the Effective Date;

It is agreed and understood by the parties hereto that various types of Indebtedness may be incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsection are met and need not be incurred under only a subsection specifically referring to such type of Indebtedness (*e.g.*, Adjustable Indebtedness, Balloon Indebtedness or Put Indebtedness may be incurred under subsection (a) above if the tests therein are satisfied).

Each Obligated Group Member covenants that prior to, or as soon as reasonably practicable after, the incurrence of Additional Indebtedness by such Obligated Group Member (other than under Subsections 411(n) through (q)), it will deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection of this Section 411 pursuant to which such Indebtedness was incurred, demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness.

Each Member covenants that Indebtedness of the type permitted to be incurred under subsection (o) above will not be allowed to become overdue for a period in excess of that which is ordinary for similar institutions without being contested in good faith and by appropriate proceedings.

*Section 412. Calculation of Debt Service and Debt Service Coverage.* The various calculations of the amount of Indebtedness of a Person, the amortization schedule of such Indebtedness and the Debt Service Requirement with respect to such Indebtedness required under certain provisions of this Master Indenture shall be made in a manner consistent with that adopted in Section 411 and in this Section 412. In the case of Balloon, Short-Term, Adjustable or Put Indebtedness issued pursuant to subsection (b), (e), (f), (g) or (l) of Section 411 hereof, unless such Indebtedness is reclassified pursuant to this Section 412 as having been issued pursuant to another subsection of Section 411, the amortization schedule of such Indebtedness and the debt service payable with respect to such Indebtedness for future periods shall be calculated on the assumption that such Indebtedness is being issued simultaneously with such calculation; provided, however, that the amortization schedule and debt service payable with respect to Indebtedness issued pursuant to Section 411(e) and (f) hereof, and with respect to Balloon Indebtedness and Put Indebtedness incurred pursuant to Section 406(m) hereof, shall at the request of the Obligated Group Agent, be deemed to be Indebtedness which (a) bears interest at the Bond Index, (b) was payable over a period of the longer of (i) thirty (30) years from the date of calculation, or (ii) the remaining term to maturity of such Indebtedness, or (c) the term of refinancing if such Indebtedness is subject to a binding commitment for the refinancing of such Indebtedness, in each case with level annual debt service, at a rate of interest equal to that derived from the Bond Index, as determined by an Officer's Certificate. In lieu of assuming level annual debt service amortization, at the election of the Obligated Group Agent, such Balloon Indebtedness and Put Indebtedness may be assumed to be payable over a period of time set forth in the above-referenced Officer's Certificate, dated within 90 days of the date of any calculation, stating that financing of

a stated term (which shall not extend beyond 30 years after the date of such calculation) and amortization is reasonably attainable to refund or otherwise directly or indirectly to refinance any amount of the related Indebtedness. With respect to Put Indebtedness, if the option of the holder to require that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date, and if the requirement that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date (other than at the option of such holder and other than pursuant to any mandatory sinking fund or any similar fund), has expired or lapsed as of the date of calculation, such Put Indebtedness shall be deemed payable in accordance with its terms.

In determining the amount of debt service payable on Indebtedness in the course of the various calculations required under certain provisions of this Master Indenture, if the terms of the Indebtedness being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, then for the purpose of making such determination of debt service, interest on such Indebtedness for such period (the “*Determination Period*”) shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the Projected Rate determined at the discretion of the Obligated Group Agent pursuant to clause (a)(ii) of the definition of “Projected Rate” if such Indebtedness is entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor and, if not, the Projected Rate determined pursuant to clause (b)(ii) of the definition of Projected Rate. The provisions of this paragraph shall not apply to Adjustable Indebtedness, Put Indebtedness, Balloon Indebtedness or Short-Term Indebtedness classified as having been incurred pursuant to Sections 411(b) or (m) (which debt service shall be calculated as set forth in Subsections 411(e)(ii)(B), (f), (g) and (l), respectively).

Obligations issued to secure Indebtedness permitted to be incurred under Section 411 shall not be treated as Additional Indebtedness.

No debt service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal.

The outstanding principal amount of any Put Indebtedness, Balloon Indebtedness, Adjustable Indebtedness or Short-Term Indebtedness shall be reduced by the amount of any related Commitment Indebtedness to the extent payments are required to be made by the Obligated Group under such Commitment Indebtedness.

None of (i) a conversion of variable rate Indebtedness to bear interest at a fixed rate in accordance with its terms, (ii) a change in the method of computing interest or the terms of which Put Indebtedness may be tendered which change is made in accordance with the terms of such Indebtedness or (iii) the extension of the maturity of any Indebtedness without any increase in the

principal amount thereof or change in the interest rate applicable thereto shall be deemed to constitute the issuance of such Indebtedness for the purposes of applying the various tests under this Master Indenture.

For the purposes of the various calculations under the Master Indenture, the principal amount of Indebtedness in the form of a Finance Lease shall be deemed to be the amount, as of the date of determination, at which the aggregate Capitalized Rentals due and to become due under such Finance Lease would be reflected as a liability on the balance sheet of the lessee, and the Debt Service Requirements on a Finance Lease for the period of time for which calculated shall be deemed to be the aggregate amount of net rentals to be payable under such Finance Lease during such period. Capitalized Rentals for any future period under any so called "percentage lease" shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

No debt service shall be deemed payable upon the exercise by a holder of Adjustable Indebtedness of the option to tender such Indebtedness for purchase.

Except for the purpose of determining whether any Guaranty may be incurred, in which case it shall be assumed that 100% of the Indebtedness guaranteed is Funded Indebtedness of the guarantor, when calculating the Debt Service Requirements under a Guaranty, a guarantor shall be considered liable only for 20% of the annual debt service requirement on the Indebtedness guaranteed; *provided, however*, if the guarantor has been required by reason of its guaranty to make a payment in respect of such Indebtedness within the immediately preceding 24 months, the guarantor shall be considered liable for 100% of the annual debt service requirement on the debt guaranteed.

Each Member may elect to have Indebtedness issued pursuant to one provision of Section 411, including without limitation subsection (m) of Section 411, reclassified as having been incurred under another provision of Section 411, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision including the certification of any applicable Projected Rate. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

Anything herein to the contrary notwithstanding, any portion of any Indebtedness of any Obligated Group Member with respect to which the Obligated Group Agent certifies to the Master Trustee an Interest Rate Agreement has been obtained by such Obligated Group Member shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments expected to be made by such Obligated Group Member on such Indebtedness and the payments expected to be made or received by such Obligated Group Member on such Interest Rate Agreement *provided* that the long-term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is in one of the

three highest rating categories of any Rating Agency (without regard to any refinements of gradation of rating category by numerical modifier or otherwise) or the provider of such Interest Rate Agreement secures its obligations under the Interest Rate Agreement with a cash or securities collateral agreement, otherwise the rate used shall be the higher of the rate on such Indebtedness or the amount due under the Interest Rate Agreement. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments made by an Obligated Group Member on such Interest Rate Agreement shall be excluded from Expenses and any payments received by a Credit Group Member on such Interest Rate Agreement shall be excluded from Revenues, in each case, for all purposes of this Master Indenture. If the Obligated Group Agent delivers a certificate to the Master Trustee stating that the Obligated Group no longer wishes to have any particular Indebtedness deemed to bear interest at a rate taking into account an Interest Rate Agreement, such Indebtedness shall cease being deemed to bear interest taking into account such Interest Rate Agreement on the date specified in such certificate if the Obligated Group Agent demonstrates in such certificate that the Obligated Group could have incurred such Indebtedness on such date pursuant to Section 411(a) hereof.

*Section 413. Sale, Lease or Other Disposition of Property.* Each Obligated Group Member agrees that it will not, in any consecutive 12-month period, sell, lease or otherwise dispose (including without limitation any involuntary disposition) of Property which, together with all other Property transferred by Obligated Group Members in transactions other than those described in subsections (a) through (h) hereof, totals for such 12-month period in excess of 15% of the total value of the Property (including for this purpose all Excluded Property) of the Obligated Group (calculated on the basis of the Book Value of such Property or, if the Obligated Group Agent so elects, on the basis of Current Value of such Property), except for transfers or other dispositions of Property:

- (a) In the ordinary course of business;
- (b) To any Person, if prior to such sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of an Obligated Group Member stating that, in the judgment of the signer, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property;
- (c) In return for other Property (including cash) of equal or greater value and usefulness (as determined in good faith by the Obligated Group Agent);
- (d) To another Credit Group Member;
- (e) Upon fair and reasonable terms no less favorable to the Obligated Group Member than the Member would obtain in a comparable arm's-length transaction;
- (f) To an Affiliate physician group practice, which disposition is used to support commercially reasonable costs and expenses related thereto in furtherance of the core healthcare strategies of the Credit Group;

(g) To any Person, if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Obligations; and

(h) To any Person upon delivery to the Master Trustee of an Officer's Certificate of an Obligated Group Member certifying that the Transaction Test has been satisfied.

Notwithstanding any provision to the contrary contained in this Master Indenture, any individual Obligated Group Member may, from time to time and at any time, sell all or any portion of its Property which is classified as accounts receivable in accordance with generally accepted accounting principles, on such terms as are deemed favorable by such Member, free of the security interest created by this Master Indenture, provided that the restrictions on transfers of Property set forth above in this Section 413 are satisfied.

*Section 414. Liens on Property.* Subject to Section 405 hereof regarding contests, no Obligated Group Member shall, and no Obligated Group Member shall permit any Designated Affiliate under its control or any Limited Credit Group Participant or Unlimited Credit Group Participant with which it or any Designated Affiliate under its control maintains a contract or agreement (as described in the definitions of Unlimited Credit Group Participant and Limited Credit Group Participant) to, create or incur or permit to be created or remain and, at its cost and expense, to promptly discharge and terminate all Liens on its Property or any part thereof which are not Permitted Encumbrances.

*Section 415. List of Obligation Holders.* The Master Trustee will keep on file at its corporate trust office a list of the names and addresses of the last known holders of all Obligations and the serial numbers of such Obligations held by each of such holders. At reasonable times and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by any Credit Group Member, any Obligation holder or the authorized representative thereof, *provided* that the ownership of such holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

*Section 416. Additions to Excluded Property.* *Exhibit C* hereto may be amended to include additional real property and all improvements, fixtures, tangible personal property and equipment located thereon and used in connection therewith upon the receipt by the Master Trustee of an Officer's Certificate of such Member stating that either (A) such Property does not constitute Property described in the proviso to the definition of Excluded Property and (B) either (1) the total value of such Property does not exceed 10% of the total value of Property (including for this purpose all Excluded Property) of the Obligated Group (calculated on the basis of the Book Value of the assets shown on the asset side of the balance sheet in the combined/consolidated financial statements of the System for the most recent Fiscal Year next preceding the date of such amendment to *Exhibit C* hereto for which combined/consolidated financial statements reported on by independent certified public accountants are available or, if the Obligated Group Agent so

elects, on the basis of Current Value) or (2) such Member could have transferred such Property to a non-Member pursuant to the conditions of Section 413 hereof.

## ARTICLE V.

### REMEDIES

*Section 501. Extension of Payment; Penalty.* In case the time for the payment of principal of, the interest or any other payment on any Obligation shall be extended, whether or not such extension be by or with the consent of the Master Trustee, such principal, interest or other payment so extended shall not be entitled in case of default hereunder to the benefit or security of this Master Indenture except subject to the prior payment in full of the principal of all Obligations then outstanding and of all interest thereon, the time for the payment of which shall not have been extended.

*Section 502. Events of Default.* Each of the following events is hereby declared an “Event of Default”:

(a) failure of the Obligated Group to pay any installment of interest or principal, or any premium, on any Obligation, or any payment, including scheduled and termination payments related to Interest Rate Agreements consisting of or secured by any Obligation, or any other payment obligations on any Obligation when the same shall become due and payable, whether at maturity, upon any date fixed for prepayment or by acceleration or otherwise and the continuance of such failure for five days; or

(b) failure of any Credit Group Member to comply with, observe or perform in any material respect any of the covenants, conditions, agreements or provisions hereof and to remedy such default within 30 days after written notice thereof to such Credit Group Member and the Obligated Group Agent from the Master Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Obligations; *provided*, that if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Member to remedy such default within such 30-day period shall not constitute a default hereunder if the Member shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; or

(c) any representation or warranty made by any Credit Group Member herein or in any written statement or certificate furnished to the Master Trustee or the purchaser of any Obligation in connection with the sale of any Obligation or furnished by any Credit Group Member pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within 30 days after written notice thereof to the Obligated Group Agent by the Master Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Obligations; *provided, however*, that the failure of any such representation or warranty to be true in any material respect shall not constitute an Event of Default hereunder if such Credit Group Member shall immediately upon

receipt of a notice that such representation or warranty has failed to be true in any material respect commence with due diligence and dispatch to take such actions to cause such representation or warranty to be true in all material respects and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) default in the payment of the principal of, premium, if any, or interest on any Indebtedness for borrowed money (other than Indebtedness secured by an Obligation or Non-Recourse Indebtedness) of any Credit Group Member, including without limitation any Indebtedness created by any Related Loan Document, as and when the same shall become due, or an event of default as defined in any mortgage, indenture, loan agreement or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness (including any Obligation) of any Credit Group Member, and which default in payment or Event of Default entitles the holder thereof to declare or, in the case of any Obligation, to request that the Master Trustee declare, such Indebtedness due and payable prior to the date on which it would otherwise become due and payable; *provided, however,* that if such Indebtedness is not evidenced by an Obligation or issued, incurred or secured by or under a Related Loan Document, a default in payment thereunder shall not constitute an Event of Default hereunder unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds 5% of the Unrestricted Net Assets of the Credit Group as derived from the Financial Statements of the System; or

(e) any judgment, writ or warrant of attachment or of any similar process shall be entered or filed against any Credit Group Member or against any Property of any Credit Group Member and remains unvacated, unpaid, unbonded, unstayed or uncontested in good faith for a period of 30 days; *provided, however,* that none of the foregoing shall constitute an Event of Default (i) if the same is covered by insurance or similar reimbursement obligations, or (ii) unless the amount of such judgment, writ, warrant of attachment or similar process not covered by insurance or similar reimbursement obligations, together with the amount of all other such judgments, writs, warrants or similar processes not covered by insurance or similar reimbursement obligations so unvacated, unpaid, unbonded, unstayed or uncontested, exceeds 5% of the Unrestricted Net Assets of the Credit Group as shown on Financial Statements of the System; or

(f) any Material Credit Group Member admits in writing insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for such Material Credit Group Member, or for the major part of its Property; or

(g) a trustee, custodian or receiver is appointed for any Material Credit Group Member or for the major part of its Property and is not discharged within 90 days after such appointment; or

(h) bankruptcy, dissolution, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are



instituted by or against any Material Credit Group Member (other than bankruptcy or similar proceedings instituted by any Material Credit Group Member against third parties), and if instituted against any Material Credit Group Member are allowed against such Material Credit Group Member or are consented to or are not dismissed, stayed or otherwise nullified within 90 days after such institution; or

(i) payment of any installment of interest or principal, or any premium, on any Related Bond shall not be made when the same shall become due and payable under the provisions of any Related Bond Indenture; or

(j) the occurrence of an Event of Default as provided in subparagraph (f) of Section 408 hereof.

*Section 503. Acceleration.* If an Event of Default has occurred and is continuing, the Master Trustee may, and if requested by either the holders of not less than 25% in aggregate principal amount of outstanding Obligations, shall, by notice in writing delivered to the Obligated Group Agent, declare the entire principal amount of all Obligations then outstanding hereunder and the interest accrued thereon immediately due and payable, and the entire principal and such interest shall thereupon become immediately due and payable, subject, however, to the provisions of Section 511 hereof with respect to waivers of Events of Default.

*Section 504. Remedies; Rights of Obligation Holders.* During the existence of any Event of Default, the Master Trustee may pursue any available remedy including a suit, action or proceeding at law or in equity to enforce the provisions hereof and the payment of the principal of, premium, if any, and interest on the Obligations outstanding hereunder and any other sums due hereunder and may collect such sums in the manner provided by law out of the Property or the Excluded Property of any Credit Group Member wherever situated.

If an Event of Default shall have occurred and be continuing, and if it shall have been requested so to do by the holders of 25% or more in aggregate principal amount of Obligations outstanding, and if it shall have been indemnified as provided in Section 601(k) hereof, the Master Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Master Trustee shall deem most expedient in the interests of the holders of Obligations; *provided, however*, that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of Obligations not parties to such request.

No remedy by the terms of this Master Indenture conferred upon or reserved to the Master Trustee (or to the holders of Obligations) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Master Trustee or to the holders of Obligations hereunder 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 or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Master Trustee or by the holders of Obligations, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

*Section 505. Direction of Proceedings by Holders.* During the existence of any Event of Default, the holders of 51% or more in aggregate principal amount of the Obligations then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Master Indenture or for the appointment of a receiver or any other proceedings hereunder; *provided*, that such direction shall not be otherwise than in accordance with the provisions of law and of this Master Indenture or if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so directed may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of the Obligations not parties to such direction.

The foregoing notwithstanding, the holders of 51% or more in aggregate principal amount of the Obligations then outstanding which are entitled to the exclusive benefit of certain security in addition to that intended to secure all or other Obligations shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Master Indenture, the Supplemental Master Indenture or Indentures pursuant to which such Obligations were issued or are secured or any separate security document in order to realize on such security; *provided, however*, that such direction shall not be otherwise than in accordance with the provisions of law and of this Master Indenture.

*Section 506. Appointment of Receivers.* Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Master Trustee and the holders of Obligations under this Master Indenture, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the rights and properties pledged hereunder and of the revenues, issues, payments and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

*Section 507. Application of Moneys.* All moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article (except moneys held for the payment of Obligations called for prepayment or redemption which have become due and payable) shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of, expenses, liabilities and advances incurred or made by the Master Trustee, any Related Issuers and any Related Bond Trustees, be applied as follows:

(a) Unless the principal of all the Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied:

*First:* To the payment to the persons entitled thereto of all installments of interest on any Obligation, and regularly scheduled payments related to Interest Rate Agreements consisting of or secured by an Obligation, which interest and scheduled payments are then due, in the order of the maturity of the installments of such interest or payments, and, if the amount available shall not be sufficient to pay in full any particular installment or payment, then to the payment ratably, according to the amounts due on such installment or payment, to the persons entitled thereto, without any discrimination or privilege;

*Second:* To the payment to the persons entitled thereto of the unpaid principal and premium, if any, on any Obligation which shall have become due (other than Obligations called for redemption or payment for payment of which moneys are held pursuant to the provisions of this Master Indenture) or to payments other than regularly scheduled payments on Interest Rate Agreements consisting of or secured by an Obligation, including without limitation payments due upon early termination, in the order of the scheduled dates of their payment, and, if the amount available shall not be sufficient to pay in full Obligations due on any particular date, then to the payment ratably, according to the amount of principal, premium and, settlement or other termination payments due on such date, to the persons entitled thereto without any discrimination or privilege;

*Third:* To the payment to the persons entitled thereto of all unpaid principal, interest and other amounts due on Obligations which do not constitute or secure an Interest Rate Agreement and all unpaid scheduled payments related to Interest Rate Agreements consisting of or secured by an Obligation, payment of which was extended by such persons as described in Section 501 hereof.

(b) If the principal of all the Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, interest on the Obligations, and payments related to Interest Rate Agreements consisting of or secured by an Obligation without preference or priority of principal, premium, interest or payments related to Interest Rate Agreements over the others, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal, premium, if any, interest and payments related to Interest Rate Agreements to the persons entitled thereto without any discrimination or privilege; *provided* that no amount shall be paid to any Obligation holder who has extended the time for payment of either principal, interest or any other payments as described in Section 501 until all other principal, premium, if any, interest and other payments owing on Obligations have been paid; and

(c) If the principal of all the Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that

the principal of all the Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section 507 and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; and, if no other person shall be entitled thereto, then the balance shall be paid to the Obligated Group Agent on behalf of the Members.

*Section 508. Remedies Vested in Master Trustee.* All rights of action including the right to file proof of claims under this Master Indenture or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Master Trustee shall be brought in its name as Master Trustee without the necessity of joining as plaintiffs or defendants any holders of the Obligations, and any recovery of judgment shall be for the equal benefit of the holders of the Outstanding Obligations.

*Section 509. Rights and Remedies of Obligation Holders.* No holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Master Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default shall have become an Event of Default which is continuing and the holders of 25% or more in aggregate principal amount (i) of the Obligations which have become due and payable in accordance with their terms or have been declared due and payable pursuant to Section 503 hereof and have not been paid in full in the case of powers exercised to enforce such payment or (ii) the Obligations then outstanding in the case of any other exercise of power, shall have made written request to the Master Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and unless also, such holders have offered to the Master Trustee indemnity as provided in Section 601(k), and unless the Master Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name (except as expressly provided above); and such notification, request and offer of indemnity are hereby declared in every case at the option of the Master Trustee to be conditions precedent to the execution of the powers and trusts of this Master Indenture and to any action or cause of action for the enforcement of this Master Indenture, or for

the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Master Indenture by its, his or their action or to enforce any right hereunder except in the manner herein expressly provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Obligations outstanding. Nothing in this Master Indenture contained shall, however, affect or impair the right of any holder to enforce the payment of the principal of, premium, if any, and interest on any Obligation at and after the maturity thereof, or the obligation of the Members to pay the principal, premium, if any, and interest on each of the Obligations issued hereunder to the respective holders thereof at the time and place, from the source and in the manner in said Obligations expressed.

*Section 510. Termination of Proceedings.* In case the Master Trustee shall have proceeded to enforce any right under this Master Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Master Trustee, then and in every case the Obligated Group Members and the Master Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder with respect to the Property pledged and assigned hereunder, and all rights, remedies and powers of the Master Trustee shall continue as if no such proceedings had been taken.

*Section 511. Waiver of Events of Default.* If, at any time after the principal of all Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided and before the acceleration of any Related Bond, any Obligated Group Member shall pay or shall deposit with the Master Trustee a sum sufficient to pay all matured installments of interest upon all such Obligations and the principal and premium, if any, of all such Obligations that shall have become due otherwise than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the rate borne by such Obligations to the date of such payment or deposit, to the extent permitted by law) and the expenses of the Master Trustee, and any and all events of default under this Master Indenture, other than the nonpayment of principal of and accrued interest on such Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case the holders of 25% or more in aggregate principal amount of all Obligations then outstanding, by written notice to the Obligated Group Agent and to the Master Trustee, may waive all Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default, or shall impair any right consequent thereon.

*Section 512. Credit Group Members' Rights of Possession and Use of Property.* So long as each Credit Group Member is in compliance in all material respects with the terms and provisions of this Master Indenture, each Credit Group Member shall be suffered and permitted to possess, use and enjoy its Property and appurtenances thereto free of claims of the Master Trustee.

*Section 513. Related Bond Trustee or Bondholders Deemed To Be Obligation Holders.* For the purposes of this Master Indenture, unless a Related Bond Trustee elects to the contrary or contrary provision is made in a Related Bond Indenture, each Related Bond Trustee shall be

deemed the holder of the Obligation or Obligations pledged to secure the Related Bonds with respect to which such Related Bond Trustee is acting as trustee. If such a Related Bond Trustee so elects or the Related Bond Indenture so provides, the holders of each series of Related Bonds shall be deemed the holders of the Obligations to the extent of the principal amount of the Obligations to which their Bonds relate.

## ARTICLE VI.

### THE MASTER TRUSTEE

*Section 601. Acceptance of the Trusts.* The Master Trustee accepts and agrees to execute the trusts imposed upon it by this Master Indenture, but only upon the terms and conditions set forth herein. The Master Trustee, prior to the occurrence of an Event of Default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenants or obligations should be read into this Master Indenture against the Master Trustee. If an Event of Default under this Master Indenture shall have occurred and be continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and shall use the same degree of care as a prudent man would exercise or use in the circumstances in the conduct of his own affairs. The Master Trustee agrees to perform such trusts only upon and subject to the following express terms and conditions:

(a) The Master Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees and shall not be answerable for the conduct of the same if appointed in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith. The Master Trustee may act upon the opinion or advice of an attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by the Obligated Group Agent and not objected by the Master Trustee in the exercise of such care. The Master Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

(b) The Master Trustee shall not be responsible for any recital herein, or in the Obligations (except with respect to the certificate of the Master Trustee endorsed on the Obligations), or for the investment of moneys as herein provided (*provided* that no investment shall be made by the Master Trustee except in compliance with the provisions of this Master Indenture applicable to such investment), or for the recording or re-recording, filing or re-filing of this Master Indenture, or any supplement or amendment thereto, or the filing of any financing statements or continuation statements, or for the validity of the execution by the Obligated Group Members of this Master Indenture, or by any Obligated Group Member of any supplemental indentures or instruments of further assurance, or for the sufficiency of the security for the Obligations issued hereunder or intended to be secured hereby, or for the value or title of the Property herein conveyed or otherwise as to the maintenance of the security hereof. The Master Trustee may (but shall be under no duty to) require of any Credit Group Member

full information and advice as to the performance of the covenants, conditions and agreements in this Master Indenture and shall use its best efforts, but without any obligation, to advise the Members of any impending default known to the Master Trustee. The Master Trustee shall have no obligation to perform any of the duties of the Credit Group hereunder.

(c) The Master 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 Master Trustee in accordance with the provisions of this Master Indenture or for the use and application of money received by any Paying Agent. The Master Trustee may become the owner of Obligations secured hereby with the same rights it would have if it were not Master Trustee.

(d) The Master Trustee shall be protected in acting upon any notice, order, requisition, request, consent, certificate, order, opinion (including an Opinion of Independent Counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Master Trustee pursuant to this Master Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Obligation shall be conclusive and binding upon all future owners of the same Obligation and upon Obligations issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Master Trustee shall be entitled to rely upon a certificate signed on behalf of any Credit Group Member by its President, any Vice-President, its Treasurer or its Secretary as sufficient evidence of the facts therein contained and, prior to the occurrence of a default of which the Master Trustee has been notified as provided in subsection (g) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Master Trustee may accept a certificate of the President, any Vice President or Secretary of any Credit Group Member under its seal to the effect that a resolution in the form therein set forth has been adopted by such Credit Group Member as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its negligence or willful misconduct.

(g) The Master Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Obligated Group to cause to be made any of the payments to the Master Trustee required to be made by Section 202 or Section 401 unless a Responsible Officer of the Master Trustee shall be specifically notified in writing of such default by a Credit Group Member, by any Related Bond Trustee or by the holders of at least 25% in aggregate principal amount of all Obligations then outstanding and all notices or other instruments required by this Master Indenture to be delivered to the Master Trustee must, in

order to be effective, be delivered at the designated corporate trust office of the Master Trustee, and in the absence of such notice so delivered, the Master Trustee may conclusively assume there is no default except as aforesaid.

(h) At any and all reasonable times, the Master Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of any Obligated Group Member pertaining to the Obligations, and to take such memoranda from and in regard thereto as may be reasonably desired.

(i) The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything contained elsewhere in this Master Indenture, the Master Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Obligation, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Master Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Master Trustee deemed desirable for the purpose of establishing the right of any Obligated Group Member to the authentication of any Obligations, the withdrawal of any cash, the release of any property or the taking of any other action by the Master Trustee.

(k) Before taking any action under this Master Indenture the Master Trustee may require that indemnification satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

(l) All moneys received by the Master Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law or by this Master Indenture. Neither the Master Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(m) The Master Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“*Instructions*”) given pursuant to this Master Indenture and delivered using Electronic Means; provided, however, that the Obligated Group shall provide to the Master Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“*Designated Officers*”) and containing specimen signatures of such Designated 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 Master Trustee Instructions using Electronic Means and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee’s understanding of such Instructions shall be deemed controlling. The Obligated Group understands and agrees that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that



the Master Trustee shall conclusively presume that directions that purport to have been sent by a Designated Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Designated Officer. The Obligated Group shall be responsible for ensuring that only Designated Officers transmit such Instructions to the Master Trustee and that the Obligated Group and all Designated 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 Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such Instructions notwithstanding such 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 Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions 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 Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(n) The Master Trustee shall have no responsibility for any offering document distributed in connection with the offering of any Obligations hereunder, except with respect to any information provided by the Master Trustee for inclusion in such offering document.

(o) The Master Trustee shall not under any obligation hereunder to risk or expend its own funds.

*Section 602. Fees, Charges and Expenses of Master Trustee and any Additional Paying Agent; Indemnification.* The Master Trustee shall be entitled to payment and/or reimbursement for reasonable fees and for its services rendered hereunder and all advances, counsel fees and other expenses reasonably made or incurred by the Master Trustee in connection with such services. The Master Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Master Trustee as Paying Agent and Obligation Registrar for the Obligations as hereinabove provided. Any additional Paying Agent shall be entitled to payment and reimbursement for its reasonable fees and charges as additional Paying Agent for the Obligations. Upon an Event of Default, but only upon an Event of Default, the Master Trustee and any additional Paying Agent shall have a right of payment prior to payment on account of principal of, or premium, if any, or interest on any Obligation for the foregoing advances, fees, costs and expenses incurred. When the Master Trustee incurs expenses or renders services after the occurrence of an Event of Default, such 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.

The Obligated Group hereby agrees to indemnify and hold harmless the Master Trustee and 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 this Master Indenture, except costs, claims, liabilities, losses or damages resulting from the negligence or willful misconduct of the Master Trustee or its officers, directors, agents and employees, and including the reasonable costs and expenses (including the reasonable fees, costs 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 this Master Indenture and/or the resignation or removal of the Master Trustee.

As security for the performance of the Obligated Group under this Section, the Master Trustee shall have a lien prior to any Obligation upon all property and funds held or collected by the Master Trustee pursuant to the provisions of this Master Indenture.

*Section 603. Notice to Obligation Holders if Event of Default Occurs.* If an Event of Default occurs of which the Master Trustee is by subsection (g) of Section 601 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Master Trustee shall give written notice thereof by mail to the last known owners of all Obligations then outstanding shown by the list of Obligation holders required by the terms of this Master Indenture to be kept at the office of the Master Trustee.

*Section 604. Intervention by Master Trustee.* In any judicial proceeding to which any Credit Group Member is a party and which in the opinion of the Master Trustee and its counsel has a substantial bearing on the interests of owners of the Obligations, the Master Trustee may intervene on behalf of Obligation holders and, subject to the provisions of Section 601(k), shall do so if requested in writing by the owners of at least 25% in aggregate principal amount of all Obligations then outstanding. The rights and obligations of the Master Trustee under this Section are subject to the approval of a court of competent jurisdiction.

*Section 605. Successor Master Trustee.* Any corporation or association into which the Master Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, without the necessity of any further action shall be and become successor Master Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of and of the parties hereto, anything herein to the contrary notwithstanding.

*Section 606. Corporate Master Trustee Required; Eligibility.* There shall at all times be a Master Trustee hereunder which shall be a bank or trust company organized under the laws of the United States of America or any state thereof, authorized to exercise corporate trust powers, subject to supervision or examination by federal or state authorities, and (except for the Master Trustee initially appointed under this Master Indenture and its successors under Section 605)

having (or affiliated with an entity having) a reported combined capital and surplus of at least \$50,000,000. If at any time the Master Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner provided in Section 607. No resignation or removal of the Master Trustee and no appointment of a successor Trustee shall become effective until the successor Master Trustee has accepted its appointment under Section 610 hereof.

*Section 607. Resignation by the Master Trustee.* The Master Trustee and any successor Master Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the Obligated Group Agent and by registered or certified mail to each registered owner of Obligations then outstanding and to each holder of Obligations as shown by the list of Obligation holders required by this Master Indenture to be kept at the office of the Master Trustee. Such resignation shall take effect at the end of such thirty days or when a successor Master Trustee has been appointed and has assumed the trusts created hereby, whichever is later, or upon the earlier appointment of a successor Master Trustee by the Obligation holders or by the Obligated Group. Such notice to the Obligated Group Agent may be served personally or sent by registered or certified mail.

*Section 608. Removal of the Master Trustee.* So long as no Event of Default or event which with the passage of time or giving of notice or both would become such an Event of Default has occurred and is continuing hereunder, the Master Trustee may be removed with or without cause at any time, upon not less than 30 days' written notice, by an instrument in writing signed by the Obligated Group Agent, delivered to the Master Trustee. The Obligated Group Agent shall give written notice of the removal of the Master Trustee to the holders of the Obligations and each Related Issuer. The Master Trustee may also be removed at any time, upon not less than 30 days' written notice, by an instrument or concurrent instruments in writing delivered to the Master Trustee and to the Obligated Group Agent, and signed by the owners of a majority in aggregate principal amount of Obligations then outstanding; *provided* that, if any Related Issuer so elects, it may sign such an instrument as the holder of the Obligation or Obligations pledged to secure the Related Bonds issued by such Related Issuer.

*Section 609. Appointment of Successor Master Trustee by the Obligation Holders; Temporary Master Trustee.* In case the Master Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the process of dissolution or liquidation, or otherwise becomes incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Obligations then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized. The foregoing notwithstanding, so long as the Obligated Group is not in default hereunder, the Obligated Group shall have the right to approve any such successor trustee. If a successor trustee shall not have been appointed within 30 days after notice of resignation by or removal of the Master Trustee, the Master Trustee, the Obligated Group or any holder of an Obligation may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Master Trustee appointed pursuant to the

provisions of this Section shall be a trust company or bank in good standing under the law of the jurisdiction in which it was created and by which it exists, having corporate trust powers and subject to examination by federal or state authorities, and having a reported capital and surplus of not less than \$75,000,000.

*Section 610. Concerning Any Successor Master Trustee.* Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Obligated Group Agent an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Obligated Group Agent, or of its successor, execute and deliver an instrument transferring to such successor Master Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Master Trustee shall deliver all securities and moneys held by it as Master Trustee hereunder to its successor upon payment of all outstanding fees, costs and expenses of the predecessor Master Trustee. Should any instrument in writing from any Credit Group Member be required by any successor Master Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by such Credit Group Member. The resignation of any Master Trustee and the instrument or instruments removing any Master Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Master Trustee in each recording office, if any, where the Master Indenture shall have been filed and/or recorded.

*Section 611. Master Trustee Protected in Relying Upon Resolutions, Etc.* The resolutions, opinions, certificates and other instruments provided for in this Master Indenture may be accepted by the Master Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Master Trustee for the release of property and the withdrawal of cash hereunder.

*Section 612. Successor Master Trustee as Trustee of Funds, Paying Agent and Obligation Registrar.* In the event of a change in the office of Master Trustee, the predecessor Master Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Obligation Registrar and Paying Agent for principal of, premium, if any, and interest on the Obligations, and the successor Master Trustee shall become such Master Trustee, Obligation Registrar and Paying Agent unless a separate Paying Agent or Agents are appointed by the Obligated Group Agent in connection with the appointment of any successor Master Trustee.

*Section 613. Maintenance of Records.* The Master Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Master Trustee pursuant to the provisions hereof as are reasonably requested by the Obligated Group Agent. The Master Trustee shall be entitled to reasonable compensation for its maintenance of any such records.

## ARTICLE VII.

### SUPPLEMENTAL MASTER INDENTURES

*Section 701. Supplemental Master Indentures Not Requiring Consent of Obligation Holders.* Subject to the limitations set forth in Section 702 hereof with respect to this Section 701, the Obligated Group Members and the Master Trustee may, without the consent of, or notice to, any of the Obligation holders, amend or supplement this Master Indenture for any one or more of the following purposes:

(a) To cure any ambiguity or defective provision in or omission from this Master Indenture in such manner as is not inconsistent with and does not impair the security of the Master Indenture or adversely affect the holder of any Obligation;

(b) To grant to or confer upon the Master Trustee for the benefit of the Obligation holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Obligation holders and the Master Trustee, or either of them, to add to the covenants of the Credit Group Members for the benefit of the Obligation holders or to surrender any right or power conferred hereunder upon any Credit Group Member;

(c) To assign and pledge under this Master Indenture any additional revenues, properties or collateral;

(d) To evidence the succession of another corporation to the agreements of an Obligated Group Member or the Master Trustee, or the successor of any thereof hereunder;

(e) To permit the qualification of this Master Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter in effect or to permit the qualification of any Obligations for sale under the securities laws of any state of the United States;

(f) To provide for the refunding or advance refunding of any Obligation;

(g) To provide for the issuance of Additional Obligations;

(h) To reflect the addition to or withdrawal of a Member from the Obligated Group;

(i) To provide for the issuance of Obligations with original issue discount, provided such issuance would not materially adversely affect the holders of Outstanding Obligations;

(j) To permit an Obligation to be secured by security which is not extended to all Obligation holders or to provide covenants that are enforceable solely by identified Obligation Holders or credit enhancers;

(k) To permit the issuance of Obligations which are not in the form of a promissory note;

(l) To reflect amendments resulting from changes to GAAP as described in Section 103(a) hereof;

(m) To amend *Exhibit C* hereto to add any real property upon which the primary operations of the Credit Group Members are conducted and facilities integral thereto are located, or to remove real property if such primary operations are no longer conducted thereon and facilities integral thereto are no longer located thereon;

(n) To reflect the assignment required by Section 704 in connection with the delivery of a Replacement Master Indenture; and

(o) To provide for the addition of Members to the Obligated Group which are not corporations, including provision for representations, covenants and remedies that are appropriate for the organizational nature of such Persons, and to make any other change, in all cases which, in the opinion of the Master Trustee, do not materially adversely affect the holders of any of the Obligations, including without limitation any modification, amendment or supplement to this Master Indenture or any indenture supplemental hereto in such a manner as to establish or maintain exemption of interest on any Related Bonds issued under a Related Bond Indenture from federal income taxation under applicable provisions of the Code.

In addition to Supplemental Master Indentures entered into for the purposes set forth in (a) through (o) above, the Obligated Group Members and the Master Trustee may, without the consent of the Obligation holders, enter into a Supplemental Master Indenture in connection with any other amendment hereto *provided* that no such amendment shall become effective until (i) if all Obligations outstanding (or Related Bonds secured by Obligations outstanding) are subject to optional tender at the option of the holders thereof prior to the proposed effective date of such Supplemental Master Indenture, a date which is not less than 45 days after notice of the proposed Supplemental Master Indenture is sent to each beneficial owner of such Obligations (or Related Bonds secured by Obligations outstanding) or (ii) if all such Obligations outstanding (or Related Bonds secured by Obligations outstanding) are subject to mandatory tender prior to the proposed effective date of such Supplemental Master Indenture, the mandatory tender date or (iii) if some of the Obligations (or Related Bonds secured by Obligations) are subject to optional tender and some of the Obligations (or Related Bonds secured by Obligations) are subject to mandatory tender, the mandatory tender date which is at least 45 days after written notice is given to the beneficial owner of the Obligations (or Related Bonds) subject to optional tender.

Any Supplemental Master Indenture providing for the issuance of Additional Obligations shall set forth the date thereof, the date or dates upon which principal of, premium, if any, and interest on such Obligations shall be payable, the other terms and conditions of such Obligations, the form of such Obligations and the conditions precedent to the delivery of such Obligations which shall include, among other things:

(i) delivery to the Master Trustee of all materials required to be delivered as a condition precedent to the incurrence of the Additional Indebtedness evidenced by such Obligations;

(ii) delivery to the Master Trustee of an Officer's Certificate to the effect that all requirements and conditions to the issuance of such Obligations, if any, set forth herein and in the Supplemental Master Indenture have been complied with and satisfied; and

(iii) delivery to the Master Trustee of an Opinion of Independent Counsel not objected to by the Master Trustee to the effect that (A) such Obligations have been duly authorized, executed and delivered by the Obligated Group Members, and (B) registration of such Obligations under the Securities Act of 1933, as amended, is not required, or, if such registration is required, that the Obligated Group has complied with all applicable provisions of said Act.

*Section 702. Supplemental Master Indentures Requiring Consent of Obligation Holders.* In addition to Supplemental Master Indentures covered by Section 701 (which do not require the consent of the holders of any Obligations hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Obligations which are outstanding hereunder at the time of the execution of such Supplemental Master Indenture shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the execution by the Members and the Master Trustee of such Supplemental Master Indentures as shall be deemed necessary and desirable by the Obligated Group Members for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Master Indenture, in any Supplemental Master Indenture; *provided, however,* that nothing contained in this Section or in Section 701 hereof shall permit, or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of or reduction in the rate or extension of the time of paying of interest on any Obligation, a reduction of any premium payable on the redemption of any Obligation, or any reduction in any other payment on any Interest Rate Agreement consisting of or secured by any Obligation, without the consent of the holder of such Obligation, (b) a reduction in the aforesaid aggregate principal amount of Obligations the holders of which are required to consent to any such Supplemental Master Indenture or any such amending or supplementing instruments, without the consent of the holders of all the Obligations at the time outstanding which would be affected by the action to be taken, or (c) modification of the rights, duties or immunities of the Master Trustee, without the written consent of the Master Trustee.

If at any time the Obligated Group Agent shall request the Master Trustee to enter into any such Supplemental Master Indenture for any of the purposes of this Section, the Master Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Master Indenture to be mailed by first class mail postage prepaid to each holder of an Obligation. Such notice shall briefly set forth the nature of the proposed Supplemental Master Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Master Trustee for inspection by all Obligation holders. The Master Trustee shall not, however, be subject to any liability to any Obligation holder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Master Indenture when consented to and approved as provided in this Section. If the holders of not less than a majority in aggregate principal amount of the Obligations which are outstanding hereunder at the time of the execution of any such Supplemental Master Indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Obligation

shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the Members from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Master Indenture as in this Section permitted and provided, this Master Indenture shall be and be deemed to be modified and amended in accordance therewith.

For the purpose of obtaining the foregoing consents, the determination of who is deemed the holder of an Obligation held by a Related Bond Trustee shall be made in the manner provided in Section 513.

*Section 703. Opinion.* In connection with a Supplemental Master Indenture executed and delivered under this Article VII, the Obligated Group shall, upon the request of the Master Trustee, deliver to the Master Trustee an Opinion of Independent Counsel to the effect that such Supplemental Master Indenture has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of the Obligated Group, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency, fraudulent conveyance, and other laws generally affecting enforcement of creditors' rights and the application of general principles of equity.

*Section 704. Replacement of Master Indenture.* Upon the request of the Obligated Group Agent under this Master Indenture and the delivery of a Replacement Master Indenture, the Master Trustee shall accept the substitution of such Replacement Master Indenture for this Master Indenture and the liens, rights, and interests created hereby shall cease, determine, and become null and void and each Member of the Credit Obligated Group, the Master Trustee shall, at the expense of the Obligated Group Agent, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash, securities, and other personal property then held by it hereunder as part of the trust estate, all upon delivery to the Master Trustee of (a) evidence that any conditions precedent to the delivery of a Replacement Master Indenture set forth in any Related Bond Indenture or Related Loan Document have been satisfied, (b) an Opinion of Independent Counsel to the effect that the Replacement Master Indenture has been duly authorized, executed and delivered by, and constitutes the legal, valid, binding and enforceable obligation of, those Obligated Group Members who are parties to, or who otherwise have become jointly and severally obligated under, the Replacement Master Indenture, subject to customary exceptions, (c) an Officer's Certificate to the effect that all requirements and conditions herein to the acceptance of the Replacement Master Indenture and the release of this Master Indenture have been complied with and satisfied, and (d) an Opinion of Bond Counsel to the effect that the acceptance of the Replacement Master Indenture and the release of this Master Indenture will not adversely affect the exclusion from gross income of interest under the Code on any Related Bonds and otherwise entitled to such exemption.

Notwithstanding the foregoing, no such Replacement Master Indenture shall, without the consent of each holder of Outstanding Obligations affected thereby change the maturity of the principal of (and premium, if any) or interest or other debt service charges or payment obligations on any Obligation, or reduce the amount payable in respect of the principal of (and premium, if any) or interest or other debt service charges or payment obligations on any Obligation.



*Section 705. Status of Obligations under Replacement Master Indenture.* Upon the acceptance of a Replacement Master Indenture and the release of this Master Indenture pursuant to Section 704, all Outstanding Obligations hereunder shall be deemed to be a note or obligation issued under and entitled to the security and benefits of the Replacement Master Indenture without the necessity of any amendment, exchange or replacement of such Obligations, unless and until such Obligations are exchanged for or replaced with a note or obligation issued under and entitled to the benefits of the Replacement Master Indenture in accordance with the terms and conditions of the Replacement Master Indenture.

## ARTICLE VIII.

### SATISFACTION OF THE MASTER INDENTURE

*Section 801. Defeasance.* If the Members shall pay or provide for the payment of the entire indebtedness on all Obligations (including, for the purposes of this Section 801, any Obligations owned by a Credit Group Member) outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Obligations outstanding, as and when the same become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations outstanding (including the payment of premium, if any, and interest payable on such Obligations to the maturity or redemption date thereof), *provided* that such moneys, if invested, shall be invested at the written direction of the Obligated Group Agent in Escrow Obligations, in an amount and maturing at such times, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding at or before their respective maturity dates; it being understood that the investment income on such Escrow Obligations may be used at the direction of the Obligated Group Agent for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations outstanding; or

(d) by depositing with the Master Trustee, in trust, before maturity, Escrow Obligations in such amount as the Master Trustee shall determine (which determination may be based upon the “verification report” referenced below) will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding at or before their respective maturity dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Obligated Group and, if any such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of this Master

Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then and in that case (but subject to the provisions of Section 803 hereof) this Master Indenture and the estate and rights granted hereunder shall cease, determine, and become null and void, and thereupon the Master Trustee shall, upon Written Request of the Obligated Group Agent, and upon receipt by the Master Trustee of (i) an Officer's Certificate from the Obligated Group Agent stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Master Indenture have been complied with, and (ii) a verification report of a nationally recognized independent certified public accountant or other experts that provide such reports (which verification report may be accepted by the Master Trustee as conclusive evidence of the sufficiency of the amount of such deposit) to the effect that the Escrow Obligations together, if applicable, with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and any uninvested cash, will be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Obligations at or before their respective maturity dates, forthwith execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and the lien hereof. The satisfaction and discharge of this Master Indenture shall be without prejudice to the rights of the Master Trustee to charge and be reimbursed by the Obligated Group for any expenditures which it may thereafter incur in connection herewith. The foregoing notwithstanding, the liability of the Obligated Group in respect of the Obligations shall continue, but the holders thereof shall thereafter be entitled to payment only out of the moneys or Escrow Obligations deposited with the Master Trustee as aforesaid.

Any moneys, funds, securities, or other property remaining on deposit under this Master Indenture (other than said Escrow Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of this Master Indenture, forthwith be transferred, paid over and distributed to the Obligated Group.

The Obligated Group may at any time surrender to the Master Trustee for cancellation by it any Obligations previously authenticated and delivered which the Obligated Group may have acquired in any manner whatsoever, and such Obligations, upon such surrender and cancellation, shall be deemed to be paid and retired.

*Section 802. Provision for Payment of a Particular Series of Obligations or Portion Thereof.* If the Obligated Group shall pay or provide for the payment of the entire indebtedness on all Obligations of a particular series or a portion of such a series (including, for the purpose of this Section 802, any such Obligations owned by a Credit Group Member) in one of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Obligations of such series or portion thereof outstanding, as and when the same shall become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations of such series or portion thereof outstanding (including the payment of premium, if any, and interest payable on such Obligations to the maturity or redemption date), *provided* that such moneys, if invested, shall be invested at the direction of the Obligated Group Agent in Escrow Obligations in an

amount and maturing at such times, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof outstanding at or before their respective maturity dates; it being understood that the investment income on such Escrow Obligations may be used at the direction of the Obligated Group Agent for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations of such series or portion thereof outstanding; or

(d) by depositing with the Master Trustee, in trust, Escrow Obligations in such amount and maturing at such times as the Master Trustee shall determine will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof at or before their respective maturity dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Obligated Group with respect to such series of Obligations or portion thereof, and, if any such Obligations of such series or portion thereof are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of the Master Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then in that case (but subject to the provisions of Section 803 hereof) such Obligations shall cease to be entitled to any lien, benefit or security under the Master Indenture. In determining whether the Escrow Obligations deposited with it together, if applicable, with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and any uninvested cash, will be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Obligations or portions thereof at or before their respective maturity dates, the Master Trustee shall be entitled to receive and may conclusively rely on a verification report of a nationally recognized independent certified public accountant or firm of nationally recognized independent certified public accountants or financial firm experienced in verification reports. The liability of the Obligated Group in respect of such Obligations shall continue but the holders thereof shall thereafter be entitled to payment (to the exclusion of all other Obligation holders) only out of the moneys or Escrow Obligations deposited with the Master Trustee as aforesaid.

*Section 803. Satisfaction of Related Bonds.* The provisions of Section 801 and Section 802 of this Master Indenture notwithstanding, any Obligation which secures a Related Bond (i) shall be deemed paid and shall cease to be entitled to the lien, benefit and security under the Master Indenture in the circumstances described in clause (b)(ii) of the definition of "Outstanding Obligations" contained in Article I; and (ii) shall not be deemed paid and shall continue to be entitled to the lien, benefit and security under this Master Indenture unless and until such Related Bond shall cease to be entitled to any lien, benefit or security under the Related Bond Indenture pursuant to the provisions thereof.

## ARTICLE IX.

### MANNER OF EVIDENCING OWNERSHIP OF OBLIGATIONS

*Section 901. Proof of Ownership.* Any request, direction, consent or other instrument provided by this Master Indenture to be signed and executed by the Obligation holders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Obligation holders in person or by an agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes of this Master Indenture and shall be conclusive in favor of the Master Trustee and the Obligated Group, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(b) The ownership of Obligations shall be proved by the registration of such Obligations.

Any action taken or suffered by the Master Trustee pursuant to any provision of this Master Indenture, upon the request or with the assent of any person who at the time is the holder of any Obligation or Obligations, shall be conclusive and binding upon all future holders of the same Obligation or Obligations or any Obligation or Obligations issued in exchange therefor.

## ARTICLE X.

### MISCELLANEOUS

*Section 1001. Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations is intended or shall be construed to give to any Person other than the parties hereto, and the holders of the Obligations, any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and provisions herein contained; this Master Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Obligations as herein provided.

*Section 1002. Unclaimed Moneys.* Any moneys deposited with the Master Trustee by the Obligated Group in accordance with the terms and covenants of this Master Indenture, in order to redeem or pay any Obligation in accordance with the provisions of this Master Indenture, and remaining unclaimed by the owners of the Obligation for three years after the date fixed for redemption or of maturity, as the case may be, shall, if the Obligated Group is not at the time to the knowledge of the Master Trustee in default with respect to any of the terms and conditions of

this Master Indenture, or in the Obligations, be repaid by the Master Trustee to the Obligated Group Agent upon its written request therefor on behalf of the Members; and thereafter the registered owners of the Obligation shall be entitled to look only to the Obligated Group for payment thereof. The Obligated Group hereby covenants and agrees to indemnify and save the Master Trustee harmless from any and all losses, costs, liability and expense suffered or incurred by the Master Trustee by reason of having returned any such moneys to the Members as herein provided.

*Section 1003. Severability.* If any provision of this Master Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Master Indenture contained, shall not affect the remaining portions of this Master Indenture, or any part thereof.

*Section 1004. Notices.* It shall be sufficient service of any notice, complaint, demand or other paper on the Obligated Group Agent if the same shall be delivered in person or duly mailed by registered or certified mail addressed as follows:

To the Obligated Group Agent:

Orlando Health, Inc.  
1414 Kuhl Avenue  
Orlando, Florida 32806  
Attention: Senior Vice President of Finance

To the Master Trustee:

The Bank of New York Mellon  
4655 Salisbury Road, Suite 300  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department

*Section 1005. Master Trustee as Paying Agent and Obligation Registrar.* The Master Trustee is hereby designated and agrees to act as principal Paying Agent and Obligation Registrar for and in respect to the Obligations. The Obligated Group may also appoint one or more other banks as Paying Agent.

*Section 1006. Counterparts.* This Master Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*Section 1007. Florida Contract.* This Master Indenture and the Obligations shall be deemed to be a contract made under the laws of the State of Florida, and for all purposes shall be construed in accordance with the laws of said State.

*Section 1008. Immunity of Officers, Employees and Members of Credit Group Members.* No recourse shall be had for the payment of the principal of or premium or interest on any of the Obligations or for any claim based thereon or upon any obligation, covenant or agreement in this Master Indenture contained against any past, present or future officer, director, employee, member or agent of any Credit Group Member, or of any successor corporation, as such, either directly or through any Credit Group Member or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, employees, members or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Master Indenture and the issuance of such Obligations.

*Section 1009. Holidays.* If the date for making any payment or the date for performance of any act or the exercising of any right, as provided in this Master Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Master Indenture.

IN WITNESS WHEREOF, ORLANDO HEALTH, INC., ORLANDO HEALTH CENTRAL, INC., SOUTH LAKE HOSPITAL, INC., OSCEOLASC, LLC OHI WEST, INC have caused these presents to be signed in its respective name and on its respective behalf by its Authorized Officer, and to evidence its acceptance of the trusts hereby created THE BANK OF NEW YORK MELLON has caused these presents to be signed in its name and on its behalf by one of its Authorized Signatories, all as of the day and year first above written.

ORLANDO HEALTH, INC.

By \_\_\_\_\_  
Chief Financial Officer and  
Senior Vice President

[SEAL]  
ATTEST:

\_\_\_\_\_  
Senior Vice President of Finance and  
Assistant Secretary

ORLANDO HEALTH CENTRAL, INC.

By \_\_\_\_\_  
Senior Vice President

[SEAL]  
ATTEST:

\_\_\_\_\_  
Senior Vice President of Finance and  
Assistant Secretary

SOUTH LAKE HOSPITAL, INC.

By \_\_\_\_\_  
Senior Vice President

[SEAL]  
ATTEST:

\_\_\_\_\_  
Senior Vice President of Finance and  
Assistant Secretary

OSCEOLASC, LLC

By \_\_\_\_\_  
Senior Vice President

[SEAL]  
ATTEST:

\_\_\_\_\_  
Senior Vice President of Finance and  
Assistant Secretary



OHI WEST, INC.

By \_\_\_\_\_  
Senior Vice President

[SEAL]  
ATTEST:

\_\_\_\_\_  
Senior Vice President of Finance and  
Assistant Secretary

THE BANK OF NEW YORK MELLON, as Master  
Trustee

By \_\_\_\_\_  
Authorized Signatory

[SEAL]  
ATTEST:

\_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**  
**CONSENTS OF THE OBLIGATION HOLDERS**

## EXHIBIT B

### EXISTING OBLIGATIONS

(i) Series KK Obligation No. 1 (ORHS Series 2007A-1 Swap) dated January 25, 2007, relating to an interest rate swap transaction between Orlando Health and Morgan Stanley Capital Services, LLC;

(ii) Series MM Obligation No. 1 (ORHS Series 2007A-2 Swap) dated January 25, 2007, relating to an interest rate swap transaction between Orlando Health and Morgan Stanley Capital Services, LLC;

(iii) Series SS Note No. 1 (Series 2008E Financing) dated June 18, 2008, issued in the original principal amount of \$54,130,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Regional Healthcare System), Series 2008E (the “*Series 2008E Bonds*”);

(iv) Series FFF Note No. 1 (Orlando Health Series 2011 Financing) dated September 15, 2011, issued in the original principal amount of \$83,175,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Refunding Bonds (Orlando Health, Inc.), Series 2011;

(v) Series JJJ Note No. 1 (Orlando Health Series 2016A Financing) dated April 27, 2016, issued in the original principal amount of \$173,715,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Refunding Bonds (Orlando Health, Inc.), Series 2016A;

(vi) Series KKK Note No. 1 (Orlando Health Series 2016B Financing) dated April 27, 2016, issued in the original principal amount of \$66,575,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health, Inc.), Series 2016B;

(vii) Series LLL Note No. 1 (Health Central Taxable Financing) dated April 27, 2016, issued in the original principal amount of \$74,465,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2016C;

(viii) Series MMM Note No. 1 (Orlando Health Taxable Financing) dated February 6, 2018, issued in the original principal amount of \$475,000,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2018;

(ix) Series NNN Obligation No. 1 (GS Swap) dated February 6, 2018, relating to an interest rate swap transaction between Orlando Health and Goldman Sachs Bank USA;

(x) Series OOO Note No. 1 (Orlando Health Taxable Financing) dated February 6, 2019, issued in the original principal amount of \$100,000,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2019C;

(xi) Series PPP Note No. 1 (Health Central Series 2019A Financing) dated February 6, 2019, issued in the original principal amount of \$100,000,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2019A;

(xii) Series QQQ Note No. 1 (Orlando Health Series 2019B Financing) dated July 3, 2019, issued in the original principal amount of \$144,050,000; and relating to the Orange County Health Facilities Authority Hospital Revenue Refunding Bonds (Orlando Health Obligated Group), Series 2019B Forward Delivery;

(xiii) Series RRR Obligation No. 1 (Series 2008E Bank Reimbursement) dated July 3, 2019, securing the obligations of the Obligated Group under a reimbursement agreement entered into in connection with the Series 2008E Bonds;

(xiv) Series SSS Obligation No. 1 (PNC Line of Credit) dated February 26, 2020, securing the obligations of the Obligated Group under that certain (i) Loan Agreement dated February 26, 2020 between PNC Bank, National Association and Orlando Health, and (ii) the Revolving Line of Credit Note in the stated maximum principal amount of \$200,000,000 related thereto;

(xv) Series UUU Note No. 1 (Orlando Health Series 2020A Taxable Financing) dated October 7, 2020, issued in the original principal amount of \$317,420,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2020A;

(xvi) Series VVV Note No. 1 (Orlando Health Series 2020B Taxable Financing) dated October 7, 2020, issued in the original principal amount of \$199,355,000; and relating to the Orlando Health Obligated Group Taxable Hospital Revenue Bonds, Series 2020B; and

(xvii) Series WWW Note No. 1 (Orlando Health Series 2022 Financing) dated February 15, 2022, issued in the original principal amount of \$321,415,000; relating to the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2022.

**EXHIBIT C**

**EXCLUDED PROPERTY/PERMITTED ENCUMBRANCES**

## **EXHIBIT D**

### **LIST OF EXCEPTIONS**

The provisions of the Master Indenture pursuant to which each Obligated Group Member covenants to jointly and severally pay any Obligation issued by a Credit Group Member other than itself may not be enforceable if such payment:

(i) is to be made on any such Obligation which was issued for a purpose which is not consistent with the charitable purposes of the Member from which such payment is requested or which was issued for the benefit of any entity other than a not for profit corporation which is exempt from federal income taxes under Sections 501(a) and 501(c)(3) of the Code and which is not a “private foundation” as defined in Section 509(a) of the Code;

(ii) is to be made from any monies or assets which are donor restricted or which are subject to a direct or express trust or other restriction which does not permit the use of such monies or assets for such a payment;

(iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member from which such payment is requested; or

(iv) is to be made pursuant to any loan violating applicable usury or other laws, rules or regulations.

**EXHIBIT E**

**LIST OF CREDIT GROUP MEMBERS**

Obligated Group Members

Orlando Health, Inc.  
Orlando Health Central, Inc.  
South Lake Hospital, Inc.  
OsceolaSC, LLC  
OHI West, Inc.

Designated Affiliates

None

Unlimited Credit Group Participants

None

Limited Credit Group Participants

None

## EXHIBIT F

### SUBORDINATED INDEBTEDNESS

Any issue of Subordinated Indebtedness shall be evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness (to which appropriate reference shall be made in the instruments evidencing such Indebtedness) substantially as follows (the term “debentures” being, for convenience, used in the provisions set forth below to designate the instruments issued to evidence Subordinated Indenture and the term “this Indenture” to designate the instrument, indenture or other document containing such provisions):

“All debentures issued under this Indenture shall be issued subject to the following provisions and each person taking or holding any such debenture whether upon original issue or upon transfer or assignment thereof accepts and agrees to be bound by such provisions.

All debentures issued hereunder and any coupons thereto appertaining shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right to the prior payment in full of Superior Indebtedness as defined in this Section. For all purposes of this Section the term “Superior Indebtedness” shall mean all Obligations now or hereafter issued under that certain Second Amended and Restated Master Trust Indenture (the “*Master Indenture*”), dated February 2, 2023 among Orlando Health, Inc., Orlando Health Central, Inc., South Lake Hospital, Inc., OsceolaSC, LLC and OHI West, Inc., and The Bank of New York Mellon, as Master Trustee (the “*Master Trustee*”), as supplemented and modified to the date hereof, or as the same may hereafter from time to time be further supplemented and modified.

No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds and interest on Superior Indebtedness has been made or duly provided for in accordance with the terms of such Superior Indebtedness. No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest with respect to any Superior Indebtedness, or (ii) there shall have occurred an Event of Default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Superior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holders thereof to accelerate the maturity thereof and such Event of Default shall not have been cured or waived or shall not have ceased to exist.

Upon (i) any acceleration of maturity of the principal amount due on the debentures or (ii) any payment of distribution of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or total or partial liquidation, reorganization or arrangement of any Credit Group Member (as defined in the Master Indenture), whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal,



premium, if any, and interest due or to become due upon all Superior Indebtedness shall first be paid in full, or payment thereof provided for in accordance with the terms of such Superior Indebtedness, before any payment is made on account of the principal, premium, if any, or interest on the indebtedness evidenced by the debentures, and upon any such dissolution or winding-up or liquidation, reorganization or arrangement, any payment or distribution of any kind or character, whether in cash, property or securities, to which the holders of the debentures or the Trustee under this Indenture would be entitled, except for the provisions hereof, shall be paid by the Members, or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, to the Master Trustee to the extent necessary to pay all Superior Indebtedness in full after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of Superior Indebtedness, before any payment or distribution is made to the holders of the indebtedness evidenced by the debentures or to the Trustee under this Indenture.

In the event that, in violation of any of the foregoing provisions, any payment or distribution of any kind or character, whether in cash, property or securities, shall be received by the Trustee under this Indenture or by the holders of the debentures before all Superior Indebtedness is paid in full, or provision made for such payment in accordance with the terms of such Superior Indebtedness, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to the Master Trustee for application to the payment of all Superior Indebtedness remaining unpaid to the extent necessary to pay all such Superior Indebtedness in full in accordance with its terms, after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of such Superior Indebtedness.

No present or future holder of Superior Indebtedness shall be prejudiced in his right to enforce subordination of the indebtedness evidenced by the debentures by any act or failure to act on the part of any Credit Group Member or anyone in custody of its assets or property.

The foregoing subordination provisions shall be for the benefit of the holders of Superior Indebtedness and may be enforced by the Master Trustee against the holders of debentures or any trustee thereof; *provided, however*, that the indentures or other instruments creating or evidencing subordinated debt or pursuant to which any subordinated debt is issued shall provide: (i) that the foregoing provisions are solely for the purpose of defining the relative rights of the holders of "Superior Indebtedness" (as defined therein) on the one hand and the holders of the Subordinated Indebtedness on the other hand, and that nothing therein shall impair, as between the Members and the holders of the Subordinated Indebtedness, the obligation of the Members, which is unconditional and absolute, to pay to the holders thereof the principal thereof, premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Indebtedness or any Trustee on their behalf from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights set forth above of the holders of "Superior Indebtedness" to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Indebtedness, (ii) that upon any payment or distribution of assets of any Credit Group Member of the character referred to in the fourth paragraph of the foregoing provisions, the Trustee under any indenture relating to Subordinated Indebtedness shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding-up, liquidation, reorganization or arrangement proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy,

liquidating trustee, agent or other person making any such payment or distribution, delivered to said Trustee for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of "Superior Indebtedness" and other indebtedness of such Credit Group Member, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to the foregoing provisions, and (iii) that the Trustee under any indenture relating to Subordinated Indebtedness and any paying agent therefor shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by such Trustee or such paying agent, unless and until such Trustee or such paying agent, as the case may be, shall have received written notice thereof from any Credit Group Member or from one or more holders of "Superior Indebtedness", or from the Master Trustee.

**APPENDIX E**

**FORM OF OPINION OF BOND COUNSEL**

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Dated Date of Issuance]

Orange County Health Facilities  
Authority  
Orlando, Florida

Orlando Health, Inc.,  
as Obligated Group Agent  
Orlando, Florida

U.S. Bank Trust Company, National Association, as  
Bond Trustee  
Jacksonville, Florida

Morgan Stanley & Co. LLC, as representative  
of the Underwriters  
New York, New York

Re: \$300,000,000 Orange County Health Facilities Authority  
Hospital Revenue Bonds (Orlando Health Obligated Group)  
Series 2023A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the Orange County Health Facilities Authority, a public body corporate and politic organized under the laws of the State of Florida (the “Authority”), of the Orange County Health Facilities Authority Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A, issued in the original aggregate principal amount of \$300,000,000 (the “Series 2023A Bonds”) pursuant to the provisions of the Bond Trust Indenture dated February 2, 2023 (the “Bond Indenture”) between the Authority and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Bond Trustee”).

The proceeds of the Series 2023A Bonds are being loaned to Orlando Health, Inc., a Florida not-for-profit corporation (the “Orlando Health”), Orlando Health Central, Inc., a Florida not for profit corporation (“Health Central”), and South Lake Hospital, Inc., a Florida not-for-profit corporation (“South Lake,” and together with Health Central and Orlando Health, the “Borrowers”), pursuant to the provisions of the Loan Agreement dated February 2, 2023 (the “Loan Agreement”) among the Authority and the Borrowers. The loan of the proceeds of the Series 2023A Bonds is evidenced by the The Orlando Health Obligated Group Series 2023A Direct Note Obligation (Orange County Authority), dated February 2, 2023 (the “Series 2023A Obligation”). The Series 2023A Obligation is being issued under the Amended and Restated Master Trust Indenture dated as of August 1, 1999, as supplemented and amended, including by

Supplemental Indenture Number 81/First Supplemental Master Trust Indenture dated February 2, 2023, (the “Supplemental Indenture”), each among the Borrowers, OsceolaSC, LLC, a Delaware limited liability company (“Osceola”), and OHI West, Inc., a Florida not-for-profit corporation (“OHI West”), as the only Members of the Obligated Group (the “Members of the Obligated Group” or the “Obligated Group”) and THE BANK OF NEW YORK MELLON, a New York banking corporation, as master trustee (the “Master Trustee”), and as further amended and restated by the Second Amended and Restated Master Trust Indenture dated February 2, 2023 (the “Second Amended and Restated Master Indenture”), among the Members of the Obligated Group and the Master Trustee. Such Amended and Restated Master Trust Indenture, as heretofore supplemented and amended, as further supplemented and amended by the Supplemental Indenture, and as further supplemented, amended, restated and replaced in its entirety by the Second Amended and Restated Master Indenture is referred to herein as the “Master Indenture.”

In connection with the offering and sale of the Series 2023A Bonds, the Obligated Group has caused to be delivered an Official Statement dated January 18, 2023 (the “Official Statement”) pertaining to the Series 2023A Bonds.

The proceeds of the Series 2023A Bonds will be used to finance, refinance or reimburse the Borrowers for the costs of certain capital improvements to and equipment for their respective health care facilities more specifically described in the Bond Indenture.

The Series 2023A Bonds are being sold pursuant to the Contract of Purchase dated January 18, 2023 (the “Purchase Contract”) among Morgan Stanley & Co. LLC, on behalf of itself and J.P. Morgan Securities LLC, as underwriters (the “Underwriters”), the Authority and Orlando Health, on behalf of itself and the other Members of the Obligated Group. In connection with the issuance of the Series 2023A Bonds, the Authority, the Bond Trustee and the Borrowers have executed and delivered the Tax Exemption Certificate and Agreement dated the date hereof (the “Tax Exemption Agreement”).

In our capacity as bond counsel, we have examined, among other things, the following:

(a) certified copies of the Articles of Incorporation, as amended, and the Bylaws, as amended, of the Borrowers;

(b) certificates of the Secretary of State of the State of Florida relative to the active status of the Borrowers therein;

(c) certified copies of the corporate proceedings of the Boards of Directors of the Members of the Obligated Group authorizing or approving the execution and delivery of the Bond Indenture, the Loan Agreement, the Supplemental Indenture, the Second Amended and Restated Master Indenture, the Series 2023A Obligation, the Tax Exemption Agreement, the Official Statement and the Purchase Contract (herein collectively referred to as the “Financing Documents”);

(d) a certified copy of the proceedings of the Authority authorizing or approving the execution and delivery of the Financing Documents and the issuance and sale of the Series 2023A Bonds;

(e) the executed Series 2023A Obligation and executed counterparts of each of the other Financing Documents;

(f) executed Series 2023A Bonds;

(g) the opinions, each dated this date, of: Carlton Fields, P.A., counsel for the Obligated Group; Hawkins Delafield & Wood LLP, counsel for the Underwriters; and Lowndes Drosdick Doster Kantor & Reed, P.A., counsel for the Authority; and

(h) such other opinions, documents and showings and related matters of law as we have deemed necessary in order to enable us to render this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a public body corporate and politic duly created and existing under the laws of the State of Florida and has full power and authority to enter into, execute and deliver the Bond Indenture, the Loan Agreement, the Tax Exemption Agreement, and the Purchase Contract, to assign the Series 2023A Obligation to the Bond Trustee and to issue and sell the Series 2023A Bonds.

2. The resolution of the Authority authorizing the issuance and sale of the Series 2023A Bonds has been duly adopted by the Authority, and no further action of the Authority is required for its continued validity.

3. The Bond Indenture, the Loan Agreement, the Purchase Contract and the Tax Exemption Agreement have been duly executed and delivered by the Authority and, assuming the due authorization, execution and delivery of such instruments by the other respective parties thereto, constitute legal, valid and binding instruments of the Authority, enforceable against the Authority in accordance with their respective terms, subject to the qualifications that: (i) the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies; and (ii) the enforcement of the indemnification provisions of the Loan Agreement and the Purchase Contract may be limited by federal or state securities laws.

4. The Series 2023A Bonds have been duly authorized by the Authority, duly executed by authorized officers of the Authority, authenticated by the Bond Trustee and validly issued by the Authority and constitute the legal, valid and binding limited obligations of the Authority enforceable in accordance with their terms and are entitled to the benefit and security of the Bond

Indenture, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies.

5. Subject to the condition that the Authority and the Borrowers comply with certain covenants, under present law, interest on the Series 2023A Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). For tax years beginning after December 31, 2022, interest on the Series 2023A Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain covenants of the Authority and the Borrowers could cause the interest on the Series 2023A Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2023A Bonds. Ownership of the Series 2023A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2023A Bonds.

6. The use and distribution of the Official Statement has been duly authorized by the Authority.

7. Based upon our examination of such documents and questions of law as we have deemed relevant in connection with the offering and sale of the Series 2023A Bonds under the circumstances described in the Official Statement, we are of the opinion that, under existing law, the Series 2023A Bonds are not required to be registered under the Securities Act of 1933, as amended, and the Bond Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

In rendering this opinion, we have relied upon the opinion of Carlton Fields, P.A., counsel for the Obligated Group, referred to in paragraph (g) above, with respect to, among other things, (i) the status of the Borrowers as organizations described in Section 501(c)(3) of the Code, that are exempt from federal income taxation under Section 501(a) of the Code, and (ii) the validity and binding effect upon and enforceability against the applicable Members of the Obligated Group of the Master Indenture, the Second Amended and Restated Master Indenture, the Supplemental Indenture, the Loan Agreement, the Series 2023A Obligation, the Tax Agreement, and the Purchase Contract, subject to the exceptions set forth in said opinion. In rendering this opinion, we have also relied upon certifications of the Members of the Obligated Group and the Authority with respect to certain material facts within the Members' and the Authority's respective knowledge.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2023A Bonds.



Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to 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.

Respectfully submitted,

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**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE OBLIGATED GROUP**

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## FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE OBLIGATED GROUP

This Continuing Disclosure Agreement (this “Disclosure Agreement”) constitutes the written undertaking of Orlando Health, Inc., a Florida not-for-profit corporation (“Orlando Health” or “Obligated Group Agent”) as Obligated Group Agent of the Members of the Obligated Group, herein defined, for the benefit of the holders of the Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A in the aggregate principal amount of \$300,000,000 (the “Bonds”) issued by the Orange County Health Facilities Authority (the “Authority”), as required by Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 Part 240, § 240.15c2-12) (the “Rule”), and as otherwise required in connection with the Bonds, for the benefit of the owners or holders of the Bonds. The Bonds are being issued by the Authority pursuant to a Bond Trust Indenture, dated February 2, 2023 (the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Bond Trustee”). The proceeds from the sale of the Bonds will be loaned by the Authority to Orlando Health, Orlando Health Central, Inc. (“Health Central”) and South Lake Hospital, Inc. (“South Lake” and collectively with Orlando Health and Health Central, the “Borrowers”), each a Florida not-for-profit corporation, pursuant to a Loan Agreement, dated February 2, 2023 (the “Loan Agreement”), among the Authority and the Borrowers to finance, refinance, or reimburse the costs of acquiring, constructing and equipping certain of its health care facilities. Orlando Health is an “obligated person” within the meaning of the Rule.

**Section 1. DEFINITIONS.** In addition to the definitions set forth in the Indenture which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Financial Information*” means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) and Operating Data, provided at least annually, with respect to the Obligated Group, which Annual Financial Information shall include Audited Financial Statements.

“*Audited Financial Statements*” means the annual consolidated financial statements of Orlando Health and subsidiaries and associated “supplementary information,” prepared in accordance with GAAP, which financial statements and associated “supplementary information” shall have been audited by a firm of independent certified public accountants.

“*Disclosure Dissemination Agent*” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Group Agent pursuant to Section 9 hereof.

“*Disclosure Representative*” means the Chief Financial Officer, Chief Executive Officer or Vice President of Finance of Orlando Health or his or her designee or such other officer or employee as the Obligated Group Agent shall designate in writing to the Disclosure Dissemination Agent from time to time.

“*EMMA*” means the MSRB's Electronic Municipal Market Access system, accessible at <http://www.emma.msrb.org>, or such other information depository as may be designated by the Securities and Exchange Commission to receive final official statements, material event notices and annual financial information under the Rule.

“*Fiscal Year*” means the period commencing on the first day of October of any year and ending on the last day of September of the following year or such other period of twelve consecutive calendar months as shall be specified by Orlando Health.

“*Master Indenture*” means the Amended and Restated Master Trust Indenture dated as of August 1, 1999, as amended and supplemented, and as amended, restated and replaced in its entirety by the Second Amended and Restated Master Trust Indenture dated February 2, 2023, as amended and supplemented from time to time,

among the Members of the Obligated Group and The Bank of New York Mellon, a New York banking corporation, as master trustee.

“*Material Event*” means any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, if any, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax exempt status of the Bonds or other material events affecting the tax exempt status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution, or sale of property, if any, securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of a Member;
- (xiii) Consummation of merger, consolidation or acquisition involving a Member or the sale of all or substantially all of the assets of a Member, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement related to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of successor or additional trustee, or the change of the name of a trustee, if material;
- (xv) incurrence of a financial obligation by an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an obligated person, any of which affect security holders, if material; or
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of an obligated person, any of which reflect financial difficulties.

“*Member*” shall mean, individually, Orlando Health, Health Central, South Lake, Osceola (as defined below), OHI West (as defined below) and also any other Person admitted to the Obligated Group pursuant to the provisions of the Master Indenture, less any Person which has withdrawn as an Obligated Group Member pursuant to the provisions of the Master Indenture.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board. As of the date of this Disclosure Agreement, the address and telephone numbers of the MSRB are as follows:

1300 I Street NW, Suite 1000  
Washington, DC 20005  
Tel: (202) 838-1500

“*Notice of Material Events*” shall mean the Notice required to be given in accordance with Section 6 hereof.

“*Obligated Group*” shall mean, collectively, Orlando Health, Health Central, South Lake, OsceolaSC, LLC, a Delaware limited liability company (“Osceola”), OHI West, Inc., a Florida not-for-profit corporation (“OHI West”) and any other Person admitted as a Member of the Obligated Group pursuant to the provisions of the Master Indenture, but shall not mean or include any Person which has withdrawn as an Obligated Group Member pursuant to the provisions of the Master Indenture.

“*Obligated Group Agent*” means, Orlando Health or any other Member of the Obligated Group designated as such in accordance with the provisions of the Master Indenture.

“*Official Statement*” shall mean the Official Statement dated January 18, 2023 delivered with respect to the Bonds.

“*Operating Data*” shall mean certain information pertaining to the operations of the Obligated Group of the type contained in Appendix A to the Official Statement under the headings “Sources of Patient Revenues and Utilization of Patient Services” and “Financial Statements” and “Management's Discussion and Analysis” or such similar or other information that Orlando Health deems is relevant or necessary to comply with the Rule.

“*Participating Underwriter*” shall mean any of the original underwriters for the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Quarterly Financial Information*” shall mean (i) financial information, which shall be based on Orlando Health's quarterly unaudited consolidated financial statements (including a balance sheet, income statement and cash flow statement) and quarterly unaudited consolidating statement of revenues and expenses and balance sheet and (ii) Operating Data.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

## **Section 2. PROVISION OF ANNUAL FINANCIAL INFORMATION.**

(i) The Obligated Group Agent shall, while any Bonds are Outstanding, provide the Annual Financial Information to the Disclosure Dissemination Agent on or before February 25 of each year (the “Submission Date”), commencing February 25, 2024, and the Disclosure Dissemination Agent shall provide to the MSRB, through EMMA, such Annual Financial Information on or before March 1 of each year (the “Report Date”) while any Bonds are Outstanding or, if not received by the Disclosure Dissemination Agent by the Submission Date, then within 15 Business Days of its receipt by the Disclosure Dissemination Agent. The Obligated Group Agent shall include with each submission of Annual Financial Information to the Disclosure Dissemination Agent a written representation addressed to the Disclosure Dissemination Agent to the effect that the Annual Financial Information is the Annual Financial Information required by this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement. The Obligated Group Agent may amend the Submission Date and the Report Date if Orlando Health changes its Fiscal Year by providing written notice of the change of Fiscal Year and the new Submission Date and Report Date to the Authority and the Disclosure Dissemination Agent; provided that the new Report Date shall be six months after the end of the new Fiscal Year and the new Submission Date shall be 3 days prior to the Report Date, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report relating to the new Fiscal Year shall not exceed one year in duration.

(ii) If the Obligated Group Agent is unable to provide the Disclosure Dissemination Agent and the Disclosure Dissemination Agent is unable to provide to the MSRB, through EMMA, the Annual Financial

Information (including, without limitation, the required operating data) by the date required in subsection (i) above, the Disclosure Dissemination Agent shall send a notice to the MSRB, through EMMA, in substantially the form attached hereto as Exhibit A-1.

(iii) If the Disclosure Dissemination Agent is unable to obtain from the Obligated Group Agent the Audited Financial Statements and provide the Audited Financial Statements to the MSRB, through EMMA, by the date required in subsection (i), the Disclosure Dissemination Agent shall provide to the MSRB, through EMMA, unaudited financial statements and certain other operating data, as appropriate, of the Obligated Group, and, as required by the Rule. Audited Financial Statements, when and if available, must thereafter be provided to the MSRB, through EMMA.

**Section 3. CONTENT OF ANNUAL FINANCIAL INFORMATION.** The Obligated Group's Annual Financial Information shall contain or incorporate by reference the information described in the definition of "Annual Financial Information" contained in Section 1 hereof, as well as the following:

- (i) the Audited Financial Statements,
- (ii) the accounting principles pursuant to which the Audited Financial Statements were prepared, and
- (iii) that the above-described information has been provided directly by the Disclosure Dissemination Agent, on behalf of the Obligated Group.

The Obligated Group Agent reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Obligated Group Agent; provided that the Obligated Group Agent agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 12 hereof.

It shall be sufficient if the Obligated Group Agent provides to the Disclosure Dissemination Agent and the Disclosure Dissemination Agent provides to the MSRB, through EMMA, the Annual Financial Information by specific reference to documents previously provided to the MSRB or filed with the Securities and Exchange Commission and, if such document is a final official statement, it must be available from the MSRB. The Obligated Group Agent shall clearly identify each such other document so incorporated by reference.

**Section 4. PROVISION OF QUARTERLY FINANCIAL INFORMATION.**

(i) The Obligated Group Agent shall, while any Bonds are Outstanding, provide the Quarterly Financial Information to the Disclosure Dissemination Agent on or before February 25, May 25, August 25 and November 25 of each year (each a "Quarterly Submission Date"), commencing February 25, 2023, and the Disclosure Dissemination Agent shall provide to the MSRB, through EMMA, such Quarterly Financial Information on or before the first day of each month immediately succeeding a Quarterly Submission Date (each a "Quarterly Report Date") or, if not received by the Disclosure Dissemination Agent by the Quarterly Submission Date, then within 15 business days of its receipt by the Disclosure Dissemination Agent. The Obligated Group Agent shall, within five (5) business days after the Quarterly Report Date, provide the Quarterly Financial Information directly to the holders of one million dollars or more in principal amount of the Bonds requesting such information in writing. The Obligated Group Agent shall include with each submission of Quarterly Financial Information to the Disclosure Dissemination Agent a written representation addressed to the Disclosure Dissemination Agent to the effect that the Quarterly Financial Information is the Quarterly Financial Information required by this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement; provided that completion of the Disclosure Dissemination Agent template will be deemed to comply with such written representation requirement. The Obligated Group Agent may amend the Quarterly Submission Dates and the Quarterly Report Dates to reflect a change in Fiscal Year in accordance with the requirements therefor set forth in Section 2(i) hereof.

(ii) If the Obligated Group Agent is unable to provide the Disclosure Dissemination Agent and the Disclosure Dissemination Agent is unable to provide to the MSRB, through EMMA, the Quarterly Financial Information (including, without limitation, the required operating data) by the date(s) required in subsection (i)



above, the Disclosure Dissemination Agent shall send a notice to the MSRB, through EMMA, in substantially the form attached hereto as Exhibit A-2.

**Section 5. CONTENT OF QUARTERLY FINANCIAL INFORMATION.** The Obligated Group's Quarterly Financial Information shall contain or incorporate by reference the information described in the definition of "Quarterly Financial Information" contained in Section 1 hereof, as well as the following:

- (i) the accounting principles pursuant to which the unaudited consolidated financial statements were prepared, and
- (ii) that the above-described information has been provided directly by the Disclosure Dissemination Agent, on behalf of the Obligated Group Agent.

The Obligated Group Agent reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Obligated Group Agent; provided that the Obligated Group Agent agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 12 hereof.

It shall be sufficient if the Obligated Group Agent provides to the Disclosure Dissemination Agent and the Disclosure Dissemination Agent provides to the MSRB, through EMMA, the Quarterly Financial Information by specific reference to documents previously provided to the MSRB or filed with the Securities and Exchange Commission and, if such document is a final official statement, it must be available from the MSRB. The Obligated Group Agent shall clearly identify each such other document so incorporated by reference.

**Section 6. REPORTING OF MATERIAL EVENTS.**

(i) If a Material Event occurs while any Bonds are Outstanding, the Obligated Group Agent shall provide a Material Event Notice to the Disclosure Dissemination Agent in a timely manner but not in excess of nine (9) business days of the occurrence thereof and the Disclosure Dissemination Agent shall provide to the Authority, the Bond Trustee and the MSRB, through EMMA, such Material Event Notice not later than ten (10) business days from the occurrence of such Material Event. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds. Notwithstanding the foregoing, a Notice of Material Event described in items (viii) and (ix) under the definition of "Material Event" herein need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Indenture.

(ii) The Bond Trustee shall promptly advise the Obligated Group Agent and the Disclosure Dissemination Agent whenever, in the course of performing its duties as Trustee under the Indenture, the Bond Trustee obtains actual knowledge of an occurrence which, if material, would require the Obligated Group Agent to provide a Material Event Notice pursuant to paragraph (i) above; provided that the failure of the Bond Trustee so to advise the Obligated Group Agent shall not constitute a breach by the Bond Trustee of any of its duties and responsibilities hereunder or under the Indenture.

(iii) The Disclosure Dissemination Agent shall, without further direction or instruction from the Obligated Group Agent, provide in a timely manner to the MSRB, through EMMA, notice of any failure while any Bonds are Outstanding by the Disclosure Dissemination Agent to provide to the MSRB, through EMMA, Annual Financial Information on or before the Report Date or Quarterly Financial Information on or before a Quarterly Report Date (whether caused by failure of the Obligated Group Agent to provide such information to the Disclosure Dissemination Agent or for any other reason). For the purposes of determining whether information received from the Obligated Group Agent is Annual Financial Information or Quarterly Financial Information, the Disclosure Dissemination Agent shall be entitled conclusively to rely on the Obligated Group Agent's written representation made pursuant to Section 2(i) or Section 4(i), respectively, hereof.

(iv) The Obligated Group Agent may from time to time choose to provide notice of the occurrence of certain other events, in addition to Material Events, if, in the judgment of the Obligated Group Agent, such other

event is material with respect to the Bonds, but the Obligated Group Agent does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

(v) Whenever the Obligated Group Agent obtains knowledge of the occurrence of a Material Event, the Obligated Group Agent shall, as soon as possible, determine if such event would constitute material information for Bondholders; provided, that any Material Event under item (i), (iii), (iv), (v), (vi), (viii), (ix), (xi), (xii) or (xiii) of the definition of “Material Event” herein will always be deemed to be material.

**Section 7. ADDITIONAL DISCLOSURE OBLIGATIONS.** The Obligated Group Agent acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Group, and that the failure of the Disclosure Dissemination Agent to so advise the Obligated Group Agent shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Obligated Group Agent acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

**Section 8. TERMINATION OF REPORTING OBLIGATION.** The Obligated Group Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption in whole or payment in full of all of the Bonds. In addition, any provision hereof and any provision relating to the Rule as set forth in the Indenture or the Loan Agreement shall be null and void in the event that the Obligated Group Agent delivers to the Bond Trustee an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Agreement, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Obligated Group Agent shall have provided notice of such delivery and the cancellation of this Disclosure Agreement and that portion of the Loan Agreement relating to the Rule to the MSRB, through EMMA.

**Section 9. DISCLOSURE DISSEMINATION AGENT.** The Obligated Group Agent has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent pursuant to this Disclosure Agreement. Upon termination of the Disclosure Dissemination Agent's services as Disclosure Dissemination Agent as provided in this Disclosure Agreement, the Obligated Group Agent agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the holders of the Bonds.

**Section 10. REMEDIES IN EVENT OF DEFAULT.** In the event of a failure of the Obligated Group Agent or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement; and provided further that any challenge to the adequacy of the information provided in accordance with Section 3 and Section 5 hereof shall be brought only by the Bond Trustee on behalf of the holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding. Any failure by any party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

**Section 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISCLOSURE DISSEMINATION AGENT.**

(i) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver information at the times and with the contents described herein shall be limited to the extent the Obligated Group Agent has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Annual Financial Information, Audited Financial Statements, Notice of Material Events, Operating Data and Quarterly Financial Information, or any other information, disclosures or notices provided to it by the Obligated Group Agent and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, the holders of the Bonds or

any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Group Agent's failure to report to the Disclosure Dissemination Agent a Notice of Material Events or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Group Agent has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Group Agent at all times.

THE GROUP REPRESENTATIVE AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE AUTHORITY AND THE BOND TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Group Agent under this Section 11 shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(ii) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Disclosure Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

**Section 12. AMENDMENT; WAIVER.** Notwithstanding any other provision of this Disclosure Agreement, the Obligated Group Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not in and of itself cause the undertakings herein to violate, or adversely affect compliance with the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Provided, however, that the following conditions must be satisfied prior to such amendment:

(i) The undertaking hereunder, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(ii) The amendment does not materially impair the interests of the holders of the Bonds, as determined either by parties unaffiliated with the Obligated Group (such as bond counsel), or by approving vote of such holders in accordance with the terms of the Indenture at the time of the amendment.

Further, the Annual Financial Information and Quarterly Financial Information containing the amended Operating Data or financial information shall explain in narrative form the reasons for the amendment and the impact of the change in the type of Operating Data or financial information being provided.

Further provided, if an amendment is made to an undertaking hereunder specifying the accounting principles to be followed in preparing the Audited Financial Statements, the Annual Financial Information for the year and any Quarterly Financial Information during such year in which the change is made should present a comparison between the Audited Financial Statements or other financial information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the Audited Financial Statements or other financial information, in order to provide information to investors to enable them to reevaluate the ability of the Obligated Group to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to the MSRB, through EMMA.

**Section 13. ADDITIONAL INFORMATION.** Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Group Agent from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Quarterly Financial Information or Notice of Material Event, in addition to that which is required by this Disclosure Agreement. If the Obligated Group Agent chooses to include any information in any Annual Financial Information, Quarterly Financial Information or Notice of Material Event in addition to that which is specifically required by this Disclosure Agreement, the Obligated Group Agent shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Quarterly Financial Information or Notice of Material Event.

**Section 14. BENEFICIARIES.** This Disclosure Agreement shall inure solely to the benefit of the Obligated Group Agent, the Obligated Group, the Authority, the Disclosure Dissemination Agent, the Participating Underwriters and the holders of the Bonds, and shall create no rights in any other person or entity.

**Section 15. FEES.** The Obligated Group Agent agrees to pay the Disclosure Dissemination Agent its reasonable fees and expenses as compensation for the Disclosure Dissemination Agent's duties and responsibilities hereunder.

**Section 16. GOVERNING LAW.** This Disclosure Agreement shall be governed by the laws of the State of Florida without regard to its choice of law principles.

**Section 17. COUNTERPARTS.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURE PAGE TO FOLLOW]

**SIGNATURE PAGE TO  
CONTINUING DISCLOSURE AGREEMENT**

**ORLANDO HEALTH, INC.,**  
as Obligated Group Agent

By: \_\_\_\_\_  
Name: Leslie Flake  
Title: Chief Financial Officer and  
Senior Vice President

**DIGITAL ASSURANCE  
CERTIFICATION, L.L.C.,**  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: Shana Blanchard  
Title: Client Service Manager,  
Deputy Director

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,** as Bond Trustee

By: \_\_\_\_\_  
Name: Paul Henderson  
Title: Assistant Vice President

Date: February 2, 2023

**EXHIBIT A-1**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Orange County Health Facilities Authority  
Name of Obligated Person: Orlando Health, Inc. ( "Orlando Health" or "Obligated Group Agent")  
Name of Bond Issue: \$300,000,000 Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A  
Date of Issuance: February 2, 2023

**NOTICE IS HEREBY GIVEN** that the Obligated Group Agent has not provided Annual Financial Information with respect to the above-named Bonds as required by Continuing Disclosure Agreement of the Obligated Group dated February 2, 2023. The Obligated Group Agent anticipates that such information will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**DIGITAL ASSURANCE  
CERTIFICATION, L.L.C.,**  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A-2**

**NOTICE TO MSRB OF FAILURE TO FILE  
QUARTERLY FINANCIAL INFORMATION**

Name of Issuer: Orange County Health Facilities Authority  
Name of Obligated Person: Orlando Health, Inc. (“Orlando Health” or “Obligated Group Agent”)  
Name of Bond Issue: \$300,000,000 Hospital Revenue Bonds (Orlando Health Obligated Group), Series 2023A  
Date of Issuance: February 2, 2023

**NOTICE IS HEREBY GIVEN** that the Obligated Group Agent has not provided Quarterly Financial Information with respect to the above-named Bonds as required by Continuing Disclosure Agreement of the Obligated Group dated February 2, 2023. Orlando Health anticipates that such information will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**DIGITAL ASSURANCE  
CERTIFICATION, L.L.C.,**  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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# ORLANDO HEALTH®

