

CREDIT AGREEMENT

among

BLOUNT COUNTY, TENNESSEE

and

BLOUNT MEMORIAL HOSPITAL, INCORPORATED

and

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

Dated as of

_____, 2019

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EXHIBIT A - COMPLIANCE CERTIFICATE

CREDIT AGREEMENT

CREDIT AGREEMENT dated as of _____, 2019, by and among BLOUNT COUNTY, TENNESSEE, a governmental entity of the State of Tennessee (the "County"), BLOUNT MEMORIAL HOSPITAL, INCORPORATED a governmental nonprofit corporation established to Chapter 187 of 1945 Private Acts of Tennessee ("Blount Memorial"; the County and Blount Memorial are herein referred to collectively as the "Borrower") and FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association ("Bank").

RECITALS

WHEREAS, the County is authorized and empowered to acquire, own and operate the Hospital Facilities hereinafter described for the purposes hereinafter set forth, including, without limitation, the promotion of the public health of the residents of the County; and

WHEREAS, the County owns and operates the Hospital Facilities by and through Blount Memorial; and

WHEREAS, the County has heretofore issued its General Obligation Refunding Bond, Series 2013A, dated December 9, 2013 (the "Refunded Bond"); and

WHEREAS, the County and Blount Memorial have authorized the County's issuance of the County's Hospital Revenue Refunding Bond, Series 2019A (the "Series A Bond") in the principal amount of \$_____, and the use of the proceeds thereof to refund the Refunded Bond; and

WHEREAS, the County and Blount Memorial have authorized the County's issuance of the County's Hospital Revenue Improvement Bond, Series 2019B (the "Series B Bond" and, together with the Series A Bonds, the "Bonds") in the principal amount of \$_____, and the use of the proceeds thereof to finance additional capital improvements to the Hospital Facilities; and

WHEREAS, pursuant to a Trust Indenture dated as of _____, 2019 among the Trustee, the County and Blount Memorial (the "Indenture"), the County and Blount Memorial have pledged the Gross Revenues (as defined in the "Indenture") to the repayment of the Bonds; and

WHEREAS, the Bank has agreed to make a loan to the County by purchasing the Bonds, and as a condition to such purchase, the Purchaser has required the County and Blount Memorial to enter into this Agreement.

NOW, THEREFORE, to induce the Purchaser to make a loan to the Borrower by purchasing the Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Borrower and the Purchaser hereby agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. As used in this Agreement, the following terms have the indicated meanings (terms defined in the singular to have the same meaning when used in the plural and vice versa):

“Advance” means the advance on the Funding Date by the Bank of proceeds of the Loan to or for the account of the Borrower.

“Agreement” means this Credit Agreement, as amended, supplemented or modified from time to time.

“Bonds” means, collectively, the County’s Hospital Revenue Refunding Bond, Series 2019A and its Hospital Revenue Improvement Bond, Series 2019B, each dated _____, 2019.

“Bond Counsel” means Bass, Berry & Sims or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Borrower.

“Bond Counsel Opinion” means an opinion from Bond Counsel, in a form acceptable to the Bank, to the effect that the Bonds and the Indenture have been duly authorized, executed and delivered, and addressing such other customary matters (other than federal tax opinions covered in the Tax Opinion) as the Bank may reasonably request.

“Borrower” means the County and Blount Memorial; representations, warranties, covenants and agreements made by the “Borrower” herein shall be deemed to be made by each of the County and Blount Memorial.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in Knoxville, Tennessee, are authorized or required to close under the laws of the State of Tennessee or applicable federal law.

“Capitalized Lease” means any lease of property by Borrower, as lessee, that would be capitalized on a balance sheet of the Borrower prepared in accordance with GAAP.

“Closing Date” means the date of this Agreement.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Entity or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Entity; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, regulations, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Days Cash on Hand” means the product of (i) 365 and (ii)(a) the unrestricted cash, cash equivalents and unrestricted marketable securities (determined in accordance with GAAP) not subject to a lien as reflected in the most recent annual audited or quarterly unaudited financial statements of Blount Memorial, including board and management designated funds, but excluding self-insurance funds, debt service reserve funds, and other funds restricted for payment of debt and investments that cannot be reasonably liquidated on a national exchange within a week, divided by (b) total operating expenses of Blount Memorial (including interest expense, but excluding depreciation and amortization expense) for the twelve months ending on such testing date.

“Debt” means, as to any Person: (1) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (including trade obligations); (2) obligations as lessee under Capitalized Leases; (3) current liabilities in respect of unfunded vested benefits under any Plan; (4) obligations under or in connection with letters of credit; (5) obligations arising under acceptance facilities; (6) any contingent obligation calculated in conformity with GAAP if the primary obligation is otherwise Debt under this definition; (7) obligations secured by any Lien on property owned by the Person, regardless of whether the obligations have been assumed; and (8) the principal component of any synthetic lease, tax retention operating lease, off balance sheet financing pursuant to which such Person is the obligor to the extent such transaction is considered indebtedness for federal income tax purposes, but is classified as an operating lease in accordance with GAAP.

“Default” means any of the events specified in Section 8.1, regardless of whether any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

“Environmental Laws” means all federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, now or hereafter in effect, relating to the generation, recycling, use, reuse, sale, storage, handling, transport, treatment, emission, discharge or disposal of Hazardous Materials, including the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 *et seq.* (“CERCLA”), the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §6901 *et seq.* (“RCRA”), the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. §1801, *et seq.*, the Clean Air Act, 42 U.S.C. §7401 *et seq.*, the Clean Water Act of 1977, 33 U.S.C. §1251 *et seq.*, and any state, regional, county or local statute, law, rule, regulation or ordinance now or hereafter in effect that relates to the protection of public health or safety from exposure to Hazardous Materials, to the discharge, emission or disposal of Hazardous Materials in or to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use, handling or disposal of asbestos, polychlorinated biphenyls, petroleum, petroleum derivatives or by-products, other petroleum hydrocarbons or urea formaldehyde, to the treatment, storage, disposal or management of Hazardous Materials, to exposure to Hazardous Materials or to the transportation, storage, disposal, management or release of gaseous or liquid substances, and any regulation, order, injunction, judgment, or legally enforceable declaration, notice or demand issued thereunder.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder and published interpretations thereof.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that together with the Borrower formerly would have been deemed or now or hereafter would be deemed to be a “single employer” within the meaning of Sections 414(b), (c), (m) or (o) of the Internal Revenue Code.

“Event of Default” means any of the events specified in Section 8.1, provided that any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

“Fiscal Year” means the twelve (12) month period ending on June 30 of each year.

“Funding Date” means _____, 2019, subject to the satisfaction or waiver by the Bank of the applicable conditions precedent set forth in Section 3.2 hereof.

“GAAP” means generally accepted accounting principles as issued by the Governmental Accounting Standards Board (GASB) from time to time, consistently applied.

“Gross Revenues” shall have the meaning given to such term in the Indenture.

“Hazardous Materials” means gasoline, motor oil, fuel oil, waste oil, other petroleum or petroleum-based products, asbestos, polychlorinated biphenyls, medical and infectious wastes and any chemical, material or substance to which exposure is prohibited, limited or regulated by any federal, state, county, local or regional authority or which, even if not so regulated, is known to pose a hazard to health and safety, including but not limited to substances and materials defined or designated as “hazardous substances”, “hazardous wastes”, “pollutants”, “contaminants”, “hazardous materials” or “toxic substances” under any Environmental Law.

“Hospital Facilities” means the complete hospital facilities known as the “Blount Memorial Hospital” owned by the County or Blount Memorial and operated through Blount Memorial, together with all ancillary and related facilities and buildings, appurtenances and improvements thereto and all equipment therefor now owned or hereafter acquired by the County or Blount Memorial while the Bonds remain outstanding, including all real and personal property of every nature comprising part of the facility or used or useful in connection therewith.

“Indenture” means that certain Trust Indenture dated as of _____, 2019 among the Trustee, the County and Blount Memorial.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder and published interpretations thereof.

“Lien” means any mortgage, deed of trust, deed to secure debt, security agreement or interest, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or other preferential arrangement, charge or encumbrance of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or the comparable law of any jurisdiction with respect to any of the foregoing).

“Loan” shall have the meaning assigned to such term in Section 2.1.

“Loan Documents” means this Agreement, the Bonds and the Indenture.

“Long-Term Debt Service Requirement” shall have the meaning given to such term in the Indenture.

“Multiemployer Plan” means a Plan described in Section 4001(a)(3) of ERISA that covers employees of the Borrower or any ERISA Affiliate.

“Net Income Available for Debt Service” shall have the meaning given to such term in the Indenture.

“Obligations” means the indebtedness evidenced by the Bonds, any fees payable by the Borrower to the Bank hereunder or under any of the other Loan Documents and all other indebtedness and obligations of the Borrower to the Bank pursuant to this Agreement and the other Loan Documents.

“Pension Plan” means an employee pension benefit plan as defined in Section 3(2) of ERISA (including a Multiemployer Plan) that is subject to the funding requirements under Section 302 of ERISA or Section 412 of the Internal Revenue Code, in whole or in part, and which is now or formerly maintained or contributed to by the Borrower or any ERISA Affiliate.

“Person” means an individual, partnership, corporation, business trust, joint venture, governmental authority or other entity of whatever nature.

“Plan” means any welfare plan or pension plan (as those terms are used in Sections 3(1) and 3(2) of ERISA) established or maintained, or to which contributions have been made, by the Borrower or any ERISA Affiliate.

“Prohibited Transaction” means any transaction set forth in Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended from time to time.

“Projects” shall mean capital improvements to the Hospital Facilities.

“Refunded Bond” means the County’s General Obligation Refunding Bond, Series 2013A, dated December 9, 2013.

“Reportable Event” means any of the events set forth in Section 4043 of ERISA other than those events as to which the thirty (30) day notice period is waived under the applicable regulations.

“Tax Opinion” means an opinion from Bond Counsel, in a form acceptable to the Bank, to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes and addressing such other customary matters as the Bank may reasonably request.

“Trustee” means Regions Bank.

“Uniform Commercial Code” means the Uniform Commercial Code as in effect in the State of Tennessee from time to time.

SECTION 1.2 Accounting Terms. Except as otherwise specifically provided herein, all accounting terms not specifically defined herein shall be defined and/or construed in accordance with GAAP. If, after the date hereof, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to herein and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Borrower or the Bank may by notice to the other party hereto, require that the Bank and the Borrower negotiate in good faith to amend such covenants, standards, and terms so

as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Borrower shall be the same as if such change had not been made. No delay by the Borrower or the Bank in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

SECTION 1.3 Principles of Construction.

(a) Capitalized terms used in this Agreement but not defined in Section 1.1 shall have the meanings assigned thereto elsewhere in this Agreement or in the Indenture.

(b) The use of defined terms in the Loan Documents is for convenience of reference and shall not be deemed to be limiting or to have any other substantive effect with respect to the persons or things to which reference is made through the use of such defined terms. Article and Section headings in the Loan Documents are included in such Loan Documents for convenience of reference and shall not constitute a part of the applicable Loan Documents for any other purpose.

(c) Any reference herein to any instrument, document or agreement, by whatever terminology used, shall be deemed to include any and all amendments, modifications, supplements, extensions, renewals and/or replacements thereof as the context may require.

(d) All references herein to articles, sections, annexes, schedules and exhibits are to articles, sections, annexes, schedules and exhibits in or to this Agreement unless otherwise specified. The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) When used herein, the singular shall include the plural, and vice versa, and the use of the masculine, feminine or neuter gender shall include all other genders, as appropriate.

(f) When used herein, “include”, “includes” and “including” shall be deemed to be followed by “without limitation” regardless of whether such words or words of like import in fact follow same.

ARTICLE II

AMOUNT AND TERMS OF THE LOAN

SECTION 2.1 The Loan. The Bank agrees, on the terms and conditions hereinafter set forth, to a loan (the "Loan") to the Borrower by purchasing the Series A Bond from the Borrower at the purchase price of \$_____ and the Series B Bond from the Borrower at the purchase price of \$_____, collectively representing the aggregate principal amount of the Bonds (the "Purchase Price"). On the Closing Date, the Borrower shall deliver to the Bank (i) one fully registered Bond of each series, in the principal amount equal to the Purchase Price attributable thereto, registered in the name of the Bank or as otherwise directed by the Bank and (ii) the other documents described in Section 3.1 hereof, other than the Tax Opinion. On the Funding Date, if the conditions described in Section 3.2 shall have been satisfied, the Bank will make the Advance by paying the full Purchase Price for the Bonds in immediately available federal funds for application and/or deposit to those funds as described in Section 3.1 of the Indenture.

SECTION 2.2 Method of Payment. The Borrower shall make each payment on the Bonds and under this Agreement not later than 4:00 p.m. (eastern time) on the date when due in lawful money of the United States to the Bank at its office in Knoxville, Tennessee in immediately available funds. Whenever any payment to be made under the Bonds or this Agreement shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest, as the case may be.

SECTION 2.3 Use of Proceeds. The proceeds of the Loan may be used by the Borrower to: (a) repay the Refunded Bond of the Borrower, (b) finance the costs of the Projects, and (c) pay the costs of issuance incurred in connection with the Loan and for no other purposes. The Borrower will not, directly or indirectly, use any part of such proceeds for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to any Person for the purpose of purchasing or carrying any such margin stock.

SECTION 2.4 Increased Costs Generally.

(a) If any Change in Law shall:

(1) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank;

(2) subject the Bank to any tax of any kind whatsoever with respect to this Agreement, or any Loan made by it, or change the basis of taxation of payments to such Bank in respect thereof; or

(3) impose on any Bank any other condition, cost or expense affecting this Agreement or Loans made by the Bank;

and the result of any of the foregoing shall be to increase the cost to the Bank of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by the Bank hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank, the Borrower shall promptly pay to the Bank, as the

case may be, such additional amount or amounts as will compensate the Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If the Bank determines that any Change in Law affecting the Bank or the Bank's holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Bank's capital or on the capital of the Bank's holding company, if any, as a consequence of this Agreement, the Commitment of the Bank or the Loans made by the Bank, to a level below that which the Bank or the Bank's holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's holding company with respect to capital adequacy), then from time to time upon written request of the Bank, the Borrower shall promptly pay to the Bank, such additional amount or amounts as will compensate the Bank or the Bank's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of the Bank setting forth the amount or amounts necessary to compensate the Bank or its holding company, as the case may be, as specified in this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate the Bank pursuant to this Section for any increased costs incurred or reductions suffered more than twenty-four (24) months prior to the date that the Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of the Bank's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the twenty-four (24)-month period referred to above shall be extended to include the period of retroactive effect thereof).

ARTICLE III CONDITIONS PRECEDENT

SECTION 3.1 Condition Precedent to Closing. The obligation of the Bank to close the Loan is subject to the condition precedent that the Bank shall have received, on or before the date hereof, each of the following, in form and substance satisfactory to the Bank and its counsel and that the following conditions shall be satisfied in the Bank's sole discretion:

(a) Credit Agreement. A counterpart of this Agreement, duly executed by the Borrower;

(b) Indenture. A fully executed copy of the Indenture;

(c) Insurance. Insurance certificates satisfactory to the Bank with respect to the insurance required to be maintained pursuant to the Indenture and Section 5.6 hereof;

(d) Evidence of Action by the Borrower. Certified (as of the date of this Agreement) copies of all action taken by the Borrower, authorizing the execution, delivery and performance of the

Loan Documents to which they are a party and each other document to be delivered by the Borrower pursuant to this Agreement;

(e) Incumbency and Signature Certificate of the Borrower. A certificate (dated as of the date of this Agreement) of the County Mayor and County Clerk of the County and of the Secretary of Blount Memorial certifying the names and true signatures of the officers of the Borrower authorized to sign the Loan Documents to which they are a party and the other documents to be delivered by the Borrower under this Agreement;

(f) Organizational Documents. Copies of the certificate of formation and other publicly filed organizational documents of the Blount Memorial, certified by the Secretary of State;

(g) Evidence of Legal Existence/Good Standing. A certificate as to the legal existence and good standing of the Blount Memorial, issued by the Tennessee Secretary of State;

(h) Opinion of Bond Counsel. The Bond Counsel Opinion in form and substance satisfactory to the Bank;

(i) Opinion of Counsel for the County and Blount County. A favorable opinion of counsel for the County and Blount Memorial, in form and substance satisfactory to the Bank;

(j) Financial Statements. Copies of the audited consolidated financial statements for Blount Memorial for the Fiscal Year ending June 30, 2018;

(k) Refunded Bond. Evidence satisfactory to the Bank that the proceeds of the Loan, together with other funds available to the Borrower, will be sufficient to redeem the Refunded Bond in full;

(l) No Material Adverse Change. Since June 30, 2018, no material adverse change in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Hospital Facilities or Blount Memorial or in the facts and information regarding the the Hospital Facilities or Blount Memorial, as determined by the Bank in its sole discretion, shall have occurred;

(m) Legal Proceedings. No action, suit, proceeding or investigation shall be pending before or threatened by any court or governmental authority with respect to the transactions contemplated hereby or that could reasonably be expected to have a material adverse effect (as determined by the Bank in its sole discretion) on the Hospital Facilities or Blount Memorial; and

(n) Other Matters. All other documents, instruments, agreements, opinions, certificates, insurance policies, consents and evidences of other legal matters, in form and substance satisfactory to the Bank and its counsel, as the Bank may reasonably request.

SECTION 3.2 Conditions Precedent to the Advance. The obligation of the Bank to make the Advance on the Funding Date shall be subject to the further conditions set forth below in this Section 3.2:

- (a) The conditions precedent set forth in Section 3.1 with respect to the closing of the Loan shall have been satisfied;
- (b) The Bank shall have received the Tax Opinion; and
- (c) No Event of Default has occurred and is continuing, or would result from such Advance.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

For the benefit of and to induce the Bank to make the loan, the County and Blount Memorial hereby make the following representations and warranties (references to the Borrower shall refer to both the County and Blount Memorial, however, the County is only making representations and warranties as to the County and Blount Memorial is only making representations and warranties as to Blount Memorial):

SECTION 4.1 Organization, Good Standing and Due Qualification. The County is a local government under the laws of the State. Blount Memorial is a nonprofit corporation created for the purpose of operating the Hospital Facilities pursuant to (i) Chapter 187 of 1945 Private Acts of Tennessee, (ii) a resolution adopted by the Quarterly County Court of the County on January 7, 1946 and (iii) a Charter of Incorporation issued by the State of Tennessee on January 22, 1946. Blount Memorial is validly existing and in good standing under the laws of the State of Tennessee; and has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged.

SECTION 4.2 Power and Authority. The execution, delivery and performance by the Borrower of the Loan Documents have been duly authorized by all necessary action and do not and will not (a) require any further consent or approval of the Board of Directors of Blount Memorial or the Board of County Commissioners of the County that has not been obtained; (b) contravene any of the Borrower's organizational documents; (c) violate any provision of any law, rule, regulation (including Regulation U of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to any of the Borrower; (d) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which the Borrower or any of its properties may be bound or affected; or (e) result in or require the creation or imposition of any Lien upon or with respect to any of the properties now owned or hereafter acquired by the Borrower (other than under the Indenture).

SECTION 4.3 Legally Enforceable Agreements. This Agreement is, and each of the other Loan Documents when delivered under this Agreement will be, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms except to the extent that enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditor's rights generally.

SECTION 4.4 Financial Statements. The balance sheets of Blount Memorial as of June 30, 2018, and the related income statements, statements of cash flows and statements of changes in net assets of Blount Memorial for the Fiscal Year then ended, copies of which have been furnished to the Bank, are complete and correct and fairly present the financial condition of the Borrower as of such dates and the results of the operations of the Borrower for the period covered by such statement, have been prepared in accordance with GAAP consistently applied (subject to year-end adjustments in the case of the interim financial statements).

SECTION 4.5 Post-Balance Sheet Results. Since June 30, 2018, there has not been any: (a) material damage, destruction, or loss (whether or not covered by insurance) affecting the Hospital Facilities; (b) material adverse changes in the condition, financial or otherwise, of Blount Memorial, the business or prospects of, or in the results of operations of, any of the Hospital Facilities; (c) threatened employee strike or work stoppage pertaining to the Hospital Facilities; (d) sale, assignment, transfer or disposition of any item of property, plant or equipment of Blount Memorial, except in the ordinary course of business; (e) any general increase in the compensation payable to employees or categories of employees of Blount Memorial, other than in the ordinary course of business and consistent with past practices or any increase in, or institution of, any bonus, insurance, pension, profit-sharing or other employee benefit plan, remuneration or arrangements made to, for or with such employees other than in the ordinary course of business; (f) changes in the composition of the medical staffs of the Hospital Facilities other than normal turnover occurring in the ordinary course of business; (g) changes in the rates charged by Blount Memorial for its services, other than those made in the ordinary course of business; (h) changes in the accounting methods or practices employed by Blount Memorial or changes in depreciation or amortization policies; or (i) material transactions pertaining Blount Memorial outside the ordinary course of business.

SECTION 4.6 Licenses. Blount Memorial is duly licensed pursuant to applicable law to operate the Hospital Facilities as a general acute care hospital and each of its other facilities in the manner currently operated. The pharmacies, laboratories, and all other ancillary departments located at, or operated solely for the benefit of, the Hospital Facilities which are required to be specially licensed are duly licensed by the Tennessee Department of Health or other appropriate licensing agency (the “State Health Agency”). Blount Memorial has all other material licenses, registrations, permits, and approvals which are needed or required by law to operate the Hospital Facilities, any ancillary services operated by it and related thereto and each of its other facilities in the manner currently operated.

SECTION 4.7 Certificates of Need. No application for any Certificate of Need, Exemption Certificate (each as defined below) or declaratory ruling (collectively, the “Applications”) filed by Blount Memorial within the past three (3) years has been ultimately denied by any commission, board or agency or withdrawn by Blount Memorial. As used herein, “Certificate of Need” means a written statement issued by the State Health Agency evidencing community need for a new, converted, expanded or otherwise significantly modified skilled nursing facility or behavioral health facility, and “Exemption Certificate” means a written statement from the State Health Agency stating that a health care project is not subject to the Certificate of Need requirements under applicable state law.

SECTION 4.8 Medicare Participation/Accreditation. Blount Memorial is duly qualified for participation in the Medicare, Medicaid, and CHAMPUS/TRICARE programs, has a current and valid provider contract with such programs, is in substantial compliance in all material respects with the conditions of participation in such programs, and has received all material approvals or qualifications necessary for capital reimbursement for the Hospital Facilities. Blount Memorial is duly accredited, with no material contingencies, by the Joint Commission on Accreditation of Healthcare Organizations (“JCAHO”) in the previous three (3) years. To the best knowledge of Blount Memorial, billing practices

during the last three (3) years with respect to the Hospital Facilities to all third party payors including the Medicare, Medicaid, and CHAMPUS/TRICARE programs and private insurance companies, have been in compliance in all material respects with all material laws, regulations and policies applicable to such third party payors and the Medicare, Medicaid, and CHAMPUS/TRICARE programs. Blount Memorial has not received within the last three (3) years written notice from Medicare, Medicaid, or CHAMPUS/TRICARE programs, or any other third party payor programs, of any pending or threatened investigations or surveys, and to the best knowledge of Blount Memorial, no such investigations or surveys are pending, threatened, or imminent.

SECTION 4.9 Regulatory Compliance. To the best knowledge of Blount Memorial, the operations of the Hospital Facilities and each of its other facilities are in compliance in all material respects with all material statutes, rules, regulations, and requirements of the Government Entities having jurisdiction over the Hospital Facilities and the operations of the Hospital Facilities or their related ancillary services. As used herein, "Government Entity" means any government or any agency, bureau, board, directorate, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local. To the best knowledge of Blount Memorial, Blount Memorial has timely filed within the past three (3) year all material reports, data, and other information that they are required to file with the Government Entities. To the best knowledge of Blount Memorial, neither Blount Memorial nor any of its offices, directors, agents or employees have committed a violation of federal or state laws regulating health care fraud, including, but not limited to, the federal Anti-Kickback Law, 42 U.S.C. § 1320a-7b, the Stark I and II Laws, 42 U.S.C. § 1395nn, as amended, and the False Claims Act, 31 U.S. C. § 3729, et seq. To the best knowledge of Blount Memorial, Blount Memorial is in compliance in all material respects with the administrative simplification provisions required under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), including the electronic data interchange regulations and the health care privacy regulations, as of the applicable effective dates for such requirements.

SECTION 4.10 Hill-Burton and Other Liens. The transactions contemplated hereby will not result in any obligation of Blount Memorial to repay any loans, grants or loan guarantees pursuant to the Hill-Burton Act Program, the Health Professions Educational Assistance Act, the Nurse Training Act, the National Health Planning and Resources Development Act, and the Community Mental Health Centers Act, each as amended, or similar laws or acts relating to health care facilities, nor subject Blount Memorial to any lien, restriction or obligation, including any requirement to provide uncompensated care.

SECTION 4.11 Employee Relations. All persons who work at the Hospital Facilities are employees of Blount Memorial (other than physicians who are independent contractors, volunteers, employees and independent contractors of independent contractor physicians, and employees and independent contractors of vendors). To the best knowledge of Blount Memorial, there is no threatened employee strike, work stoppage or labor dispute with any labor organization pertaining to either of the Hospital Facilities or Blount Memorial's other facilities. There are no unfair labor practice charges pending against Blount Memorial at the National Labor Relations Board. Blount Memorial is in compliance in all material respects with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours.

SECTION 4.12 Third Party Payor Cost Reports. Blount Memorial has duly filed all required cost reports for the past three (3) years. Such cost reports accurately reflect in all material respects the information required to be included thereon and such cost reports do not claim and Blount Memorial has not received reimbursement in any amount in excess of the amounts provided by law or any applicable agreement, except where excess reimbursement was noted on such cost report.

SECTION 4.13 Medical Staff Matters. There have been no adverse actions (as such term is defined in the bylaws and rules and regulations of the medical staffs of the Hospital Facilities) with respect to any medical staff members of the Hospital Facilities or any applicant thereto for which a medical staff member or applicant has requested a judicial review hearing which has not been scheduled or has been scheduled but has not been completed, and there are no pending or, to the best knowledge of the Borrower, threatened disputes which have been conveyed in writing to the Chief Executive Officer, Chief Operating Officer or Chief Medical Officer of Blount Memorial with applicants or staff members, and the Borrower knows of no basis therefore, and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired.

SECTION 4.14 Experimental Procedures. Any experimental or research procedures or studies involving patients of either of the Hospital Facilities or the Borrower's other facilities have been conducted in accordance with applicable law.

SECTION 4.15 Compliance Program. The Borrower (a) is not a party to a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services, (b) has no reporting obligations pursuant to any Settlement Agreement entered into with any governmental entity, (c) to the best knowledge of the Borrower, has not been the subject of any government payer program investigation conducted by any federal or state enforcement agency, (d) to the best knowledge of the Borrower, has not been a defendant in any qui tam/False Claims Act litigation, (e) has not been served with or received any search warrant, subpoena, civil investigative demand, contact letter, or, to the best knowledge of the Borrower, any telephone or personal contact by or from any federal or state enforcement agency (except in connection with medical services provided to third-parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the health care businesses conducted by the Borrower, and (f) to the best knowledge of the Borrower, has not received any complaints (either in writing or through the Borrower's compliance "hotline") from employees, independent contractors, vendors, physicians, or any other person that would indicate that the Borrower has violated any law or regulation. For purposes of this Agreement, the term "compliance program" refers to provider programs of the type described in the compliance guidance published by the Office of Inspector General of the Department of Health and Human Services.

SECTION 4.16 Labor Disputes and Acts of God. Neither the business nor the properties of Blount Memorial are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy, or other casualty (whether or not covered by insurance), materially and adversely affecting such business or properties or the operation of Blount Memorial.

SECTION 4.17 Other Agreements. The Borrower is not a party to any indenture, loan or credit agreement, lease or other agreement or instrument, or subject to any charter or corporate restriction, that could reasonably be expected to have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise, of Blount Memorial or the ability of Blount Memorial to carry out its obligations under the Loan Documents. Blount Memorial is not in default of any agreement or instrument material to its business that could reasonably be expected to have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise of Blount Memorial.

SECTION 4.18 Litigation. There is no pending or threatened action or proceeding against or affecting the Borrower before any court, governmental agency or arbitrator that could reasonably be expected to, in any one case or in the aggregate, materially adversely affect the financial condition, operation, properties or business of the Blount Memorial or the ability of the Borrower to perform any of its obligations under the Loan Documents.

SECTION 4.19 No Defaults on Outstanding Judgments or Orders. There are no outstanding or unpaid final judgments not subject to appeal against Blount Memorial or relating to the Hospital Facilities that have remained outstanding for sixty (60) days, except for those in an aggregate amount that is not more than \$100,000 in excess of applicable and effective insurance coverage acknowledged by the insurer.

SECTION 4.20 Ownership and Liens. The Borrower has title to, or valid interests in, all of the Hospital Facilities and related assets, real and personal, and none of the properties and assets owned by the Borrower and none of its leasehold interests is subject to any Lien relating to the Hospital Facilities, except such as may be permitted pursuant to the Indenture.

SECTION 4.21 No Subsidiaries. Except for certain interests in other healthcare-related entities in furtherance of its mission and except for investment of funds in the ordinary course of its operation, Blount Memorial does not own any capital stock, partnership interest, membership interest or other equity interest in any other Person.

SECTION 4.22 Indenture and Bonds. The Indenture is in full force and effect. The Bonds have been properly authorized and issued under the Indenture, and is entitled to the benefits thereof.

SECTION 4.23 ERISA. There are Pension Plans or Multiemployer Plans covering employees of Blount Memorial or any ERISA Affiliate. All of the retirement plans covering employees of Blount Memorial (i) “governmental plans” within the meaning of Section 414(d) of the Internal Revenue Code of 1986 and Section 3(32) of ERISA, (ii) exempt from coverage under Titles I, III and IV of ERISA, (iii) exempt from the Prohibited Transaction rules, and (iv) exempt from the Reportable Event requirements.

SECTION 4.24 Operation of Hospital Facilities. Blount Memorial possesses all material licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to operate the Hospital Facilities substantially as now conducted and as presently proposed to be conducted.

SECTION 4.25 Compliance With Law. The Borrower is in compliance with all laws, regulations, decrees and orders applicable to it (including laws, regulations, decrees and orders relating to environmental, occupational and health standards and controls, antitrust, monopoly, restraint of trade or unfair competition), except to the extent that noncompliance, in the aggregate, could not reasonably be expected to have a material adverse effect on the Hospital Facilities and revenues thereof and will not materially adversely affect the Borrower's ability to perform any of its obligations under the Loan Documents.

SECTION 4.26 Taxes. The Borrower has filed all material tax returns and/or forms (federal, state and local) required to be filed and has paid all material taxes, assessments and governmental charges and levies indicated thereon to be due, including interest and penalties, or has provided adequate reserves for the payment thereof.

SECTION 4.27 Debt. Other than the Bonds, the Indenture and this Agreement, there are no credit agreements, indentures, purchase agreements, promissory notes and other evidences of indebtedness, guaranties, Capitalized Leases and other instruments, agreements and arrangements in effect on the date hereof enjoying a Lien on the revenues of the Hospital Facilities.

SECTION 4.28 Environmental Matters. Except to the extent that the following would not, in the aggregate, be reasonably expected to have a material adverse effect on Blount Memorial or the

Hospital Facilities financial condition and will not materially adversely affect the Borrower's ability to perform its obligations under the Loan Documents to which it is a party, the Borrower represents and warrants to the Bank as follows: (a) the Hospital Facilities are being operated in compliance with Environmental Laws, and the Borrower has obtained, maintained and is in good standing under all approvals, consents, certificates, licenses and permits required by Environmental Laws with respect to the Hospital Facilities, (b) the Hospital Facilities are free of all Hazardous Materials other than those maintained therein or thereon in compliance with Environmental Laws.

SECTION 4.29 Investment Company Status. The Borrower is not an “investment company” or company “controlled” by an investment company within the meaning of the Investment Company Act of 1940, as now in effect.

SECTION 4.30 Anti-Terrorism.

(a) The Borrower is not in violation of Executive Order No. 13,224, 66 Fed. Reg. 49,079 (2001), effective September 24, 2001, relating to terrorist financing and blocking property and prohibiting transactions with persons who commit, threaten to commit or support terrorism (the “Executive Order”) and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56 (2001) (the “Patriot Act”);

(b) The Borrower is not a Person:

(1) listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(2) that is owned or controlled by, or acting on behalf of, any Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(3) with which the Bank is prohibited from dealing or otherwise engaging in any transaction by the Executive Order, the Patriot Act or any other applicable law relating to terrorism or money laundering;

(4) that commits or supports or threatens or conspires to commit or support “terrorism” as defined in the Executive Order;

(5) that is named as a “specifically designated national (SDN) and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets control on its official website, <http://www.treas.gov/ofac/t11sdn.pdf>, or on any replacement website or other replacement official publication of such list; or

(6) that is an affiliate (including any principal, officer, immediate family member or close associate) of a Person described in one or more of the preceding paragraphs (1) through (5).

SECTION 4.31 Management Agreements. The Borrower has not entered into any management agreement with respect to the Hospital Facilities or any portion or department thereof.

ARTICLE V

AFFIRMATIVE COVENANTS

So long as any of the Obligations (except any indemnification obligations of the Borrower under the Loan Documents pursuant to which the Bank has not made any claim) are unpaid or outstanding, the County will or will cause Blount Memorial to, and Blount Memorial will:

SECTION 5.1 Compliance with Indenture. Comply with all covenants and agreements in the Indenture, as the same may be amended from time to time.

SECTION 5.2 Maintenance of Records. Keep adequate records and books of account in which complete entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of Blount Memorial and the Hospital Facilities.

SECTION 5.3 Right of Inspection. At any reasonable time and from time to time, permit the Bank or any agent or representative thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, Blount Memorial and to discuss the affairs, finances and accounts of Blount Memorial and the Hospital Facilities with any of their respective officers and directors and the Borrower's independent accountants.

SECTION 5.4 Reporting Requirements. Furnish to the Bank:

(a) Quarterly Financial Statements. Within forty-five (45) days after the expiration of each of the first three (3) quarterly fiscal periods of each Fiscal Year, a statement of revenues and expenses and changes in fund equities of Blount Memorial during such period, and a balance sheet as of the end of each such quarterly fiscal period, all in reasonable detail and certified, subject to year-end adjustment, by an authorized financial officer of Blount Memorial;

(b) Annual Financial Statements. Within 120 days after the last day of each Fiscal Year, a financial report for such Fiscal Year prepared by an independent certified public accountant of recognized standing selected by the County or Blount Memorial covering the operations of Blount Memorial for such Fiscal Year and containing a balance sheet as at the end of such Fiscal Year and a statement of changes in fund equities and changes in financial position of Blount Memorial for such Fiscal Year and a statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the accountants preparing such report that such accountants have obtained no knowledge of any default by the County in the fulfillment of any of the terms, covenants, provisions or conditions of this Indenture, or if such accountants shall have obtained knowledge of any such default or defaults, they shall disclose in such statement the default or defaults and the nature thereof (but such accountants shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default);

(c) Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting Blount Memorial or the Hospital Facilities, which if determined adversely thereto could reasonably be expected to have a material adverse effect on the financial condition, properties or operations of the Borrower;

(d) Notice of Defaults and Events of Default. As soon as possible and in any event within seven (7) Business Days after the occurrence of each Default or Event of Default, a written notice

setting forth the details of such Default or Event of Default and the action that is proposed to be taken by the Borrower with respect thereto;

(e) Licensure and Accreditation Surveys. Promptly upon request by the Bank, a copy of each licensing report of the appropriate state agency, any deficiency list and a copy of the most recent JCAHO accreditation survey report and any deficiency list received by Blount Memorial;

(f) Review of Malpractice Self-Insurance Reserves. Promptly upon request by the Bank, a copy of a review of the malpractice claims and self-insurance reserves (if any) with respect to any claims against or self-insurance maintained by Blount Memorial, which review shall be made by an actuary or other consultant experienced in valuing malpractice claims and acceptable to the Bank;

(g) Cost Reports. Promptly upon request by the Bank, copies of each cost report, interim cost report or similar report filed by Blount Memorial with Medicare, Medicaid or Blue Cross, and any summaries thereof prepared by the Borrower;

(h) Other Health Care Audits. Within sixty (60) days following the receipt thereof, copies of any and all audits, studies or reports prepared by any governmental authority or nationally recognized accreditation association or commission relating specifically to the business or operations of Blount Memorial or the Hospital Facilities;

(i) Loss of Accreditation or License. Notice not later than five (5) Business Days after the Borrower knows or has reason to know of:

(1) The loss or, if known by Blount Memorial, threatened loss, by the Hospital Facilities of its accreditation by the JCAHO or any other nationally recognized accreditation association or commission; or

(2) The decertification or, if known by Blount Memorial, potential decertification, of Blount Memorial, under any Third Party Payor Program;

(j) General Information. Such other information respecting the condition or operations, financial or otherwise, of Blount Memorial or the Hospital Facilities as the Bank from time to time may reasonably request; and

(k) Compliance Certificate. Within forty-five (45) days after the expiration of each of the first three (3) quarterly fiscal periods of each Fiscal Year and within 120 days after the last day of each Fiscal Year, furnish to the Bank a written certificate in the form of Exhibit A attached hereto signed by the chief financial officer of the Borrower to the effect that, to the best of such officer's knowledge and belief, no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by any Applicant to remedy the same. Such certificates for the quarters ending June 30 and December 31 shall be accompanied by the financial statements to be furnished to the Bank pursuant to clauses (a) and (b) of this Section and shall also set forth the calculations supporting the financial covenants contained in Article VII hereof.

SECTION 5.5 Environmental Matters.

(a) Cause the Hospital Facilities to remain free of all Hazardous Materials other than those maintained therein or thereon in material compliance with Environmental Laws. The Borrower will

not cause or permit the Hospital Facilities to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials except in material compliance with Environmental Laws.

(b) Notify the Bank promptly if it receives any notice or obtains knowledge of any potential liability under any Environmental Law that would reasonably be expected to have a material adverse effect on Blount Memorial's business, operations, property or financial condition.

(c) In the event that Hazardous Materials unrelated to the Hospital Facilities are discovered on or are brought onto the Hospital Facilities, cause such Hazardous Materials to be removed and disposed of promptly to the extent such action is required pursuant to an enforceable order or directive of a governmental agency with jurisdiction over the Hospital Facilities or to the extent necessary to avoid the Hospital Facilities or the Borrower becoming subject to liability under any Environmental Law that would reasonably be expected to have a material adverse effect on Blount Memorial's business, operations, property or financial condition.

(d) To the extent permitted by applicable law, indemnify and hold the Bank and its officers, directors, agents, employees, affiliates and representatives harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits, actions, orders, judgments, investigations, regulatory proceedings and other proceedings, and all costs and expenses (including, but not limited to, attorney's and consultant's fees and expenses) (collectively, "Liabilities"), incurred in connection therewith, arising directly or indirectly from or out of, or in any way connected with (1) the presence or alleged presence of any Hazardous Materials or underground storage tanks in, on or under the Hospital Facilities; (2) any cleanup, removal and/or remedial proceeding, investigation, order or other action undertaken or required pursuant to any Environmental Law; (3) any violation or alleged violation of any Environmental Law relating to the Hospital Facilities; (4) any inaccuracy of the certifications, representations and warranties contained herein; or (5) any default by the Borrower in the performance or observance of the covenants and agreements of the Borrower contained herein. This indemnity shall survive the termination of this Agreement.

SECTION 5.6 Maintenance of Insurance. In addition to the requirements of the insurance requirements of the Indenture, the County shall or shall cause Blount Memorial to, and Blount Memorial shall at a minimum maintain the following insurance coverages:

(a) Property/Casualty Insurance. "All risk" property/casualty insurance with respect to the Hospital Facilities, insuring against loss or damage by such hazards as are presently included in so-called "all risk" coverage and such other hazards as, under good insurance practices, from time to time are insured against for properties of similar character and location, the amount of which insurance shall be not less than the amounts commonly insured against by other Persons engaged in enterprises or activities similar to those of Blount Memorial.

(b) Builder's Risk Insurance. During the course of any material construction or repair of any improvements on real property, builder's risk insurance insuring against loss or damage by such hazards as are presently included in so-called "all risk" coverage and such other hazards as, under good insurance practices, from time to time are insured against for properties of similar character and location, the amount of which insurance shall be not less than one hundred percent (100%) of the full replacement cost of such improvements without deduction for depreciation.

(c) Business Interruption Insurance. Rent or business interruption insurance against loss of income arising out of damage or destruction by such hazards as are presently included in so-called

“all risk” coverage and such other hazards as, under good insurance practices, from time to time are insured against for properties of similar character and location, in an amount reasonably satisfactory to the Bank.

(d) Liability Insurance. Comprehensive liability insurance on a “claims made basis” against claims for malpractice, personal injury, death and property damage, in an amount satisfactory to the Bank or a self-insurance program for such risks reasonably satisfactory to the Bank.

(e) Other Insurance. Such other insurance in such other amounts and against such other hazards as are commonly insured against by other Persons engaged in enterprises or activities similar to those of Blount Memorial.

Blount Memorial hereby represents to the Bank that it is not subject to the State of Tennessee’s worker’s compensation program and the requirements thereof. However, the County shall or shall cause Blount Memorial to, and Blount Memorial shall, maintain a job injury program to compensate employees for injuries while working in a manner substantially similar to what the Borrower is presently undertaking.

The Borrower further agrees that:

(1) each such policy shall contain an agreement to notify the Bank in writing at least thirty (30) days prior to any cancellation or material alteration thereof;

(2) all policies of insurance (other than liability policies) maintained pursuant to this Section shall contain a standard Insurance Services Offices (ISO) Loss Payable endorsement; and

(3) at least ten (10) Business Days prior to the expiration of each policy of insurance maintained pursuant to this Section, evidence of the renewal or replacement thereof shall be delivered to the Bank.

SECTION 5.7 Indemnity. To the extent permitted by applicable law, defend, indemnify and hold the Bank harmless from and against any and all claims, damages, judgments, penalties, costs and expenses (including attorney’s fees and court costs) arising directly or indirectly from the activities of the Borrower, any predecessor(s) in interest or third parties with whom any of them has or had a contractual relationship (including claims arising directly or indirectly from the violation of any environmental protection, health or safety law), whether such claims are asserted by any governmental agency or any other Person; provided that this indemnity shall not extend to any such claims, damages, judgments, penalties, costs and expenses to the extent found to have resulted from the gross negligence or willful misconduct of the Bank or its affiliates. This indemnity shall survive termination of this Agreement.

SECTION 5.8 Compliance With Terms of Material Contracts. Comply with all agreements, covenants, terms, conditions and provisions of all material contracts, except to the extent and so long as noncompliance therewith will not have a material adverse effect on the properties, businesses, prospects, results of operations, management or financial or other condition of Blount Memorial and the Hospital Facilities, and will not materially impair the Bank’s rights or materially affect the ability of the Borrower to perform its obligations under this Agreement, the Indenture, the Bonds or the other Loan Documents.

ARTICLE VI NEGATIVE COVENANTS

So long as any of the Obligations (except any indemnification obligations of the Borrower under the Loan Documents pursuant to which the Bank has not made any claim) are unpaid or outstanding, the County will not and will not permit Blount Memorial to, and Blount Memorial will not:

SECTION 6.1 Mergers, Etc. Merge or consolidate with, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of the Hospital Facilities (whether now owned or hereafter acquired) to, any Person, or acquire all or substantially all of the assets or the business of any Person, or create any subsidiaries.

SECTION 6.2 Sale of Assets. Other than as permitted by the Indenture, sell, lease, assign, transfer or otherwise dispose of any of the Hospital Facilities now owned or hereafter acquired.

SECTION 6.3 Amendment to Material Documents. Amend, modify or waive any of its rights relating to the Hospital Facilities in a manner materially adverse to the Bank under its bylaws, or other organizational documents, or under the Loan Documents.

SECTION 6.4 Indebtedness.

(a) Blount Memorial will not create, incur, assume or suffer to exist any Debt, except:

- (1) Debt arising under this Agreement;
- (2) Following _____, 2021, Debt in an aggregate amount not to exceed \$2,500,000.

(b) The County will not create, incur, assume or suffer to exist any Debt secured by a Lien on the Gross Revenues, except:

- (1) Debt arising under this Agreement;
- (2) Following _____, 2021, Debt permitted under the Indenture in an aggregate amount not to exceed \$2,500,000.

ARTICLE VII ADDITIONAL COVENANTS

So long as any of the Obligations (except any indemnification obligations of the Borrower under the Loan Documents pursuant to which the Bank has not made any claim) are unpaid or outstanding, the County will or will cause Blount Memorial to, and Blount Memorial will:

SECTION 7.1 Compliance with Current Indenture. Comply with all covenants set forth in the Indenture as such agreements exist as of the date hereof and as they have been modified and supplemented to date and without taking into account any future amendments of such agreements (unless consented to by the Bank) or the release, discharge, termination or expiration of such agreements, which covenants are hereby incorporated by reference into this Agreement.

SECTION 7.2 Debt Service Coverage Ratio. Maintain Net Income Available for Debt Service equal to at least 110% of the Long-Term Debt Service Requirement for the Fiscal Year tested, which will be tested as of each June 30 and December 31 based upon the financial statements of Blount Memorial provided to the Bank in accordance with the requirements of this Agreement.

SECTION 7.3 Days Cash on Hand. Maintain not less than 105 Days Cash on Hand through December 31, 2019, 100 Days Cash on Hand from January 1, 2020 through December 31, 2020, 95 Days Cash on Hand from January 1, 2021 through December 31, 2021, and 90 Days Cash on Hand from January 1, 2022 and thereafter, which shall be tested as of each June 30 and December 31 based upon the financial statements of Blount Memorial provided to the Bank in accordance with the requirements of this Agreement.

ARTICLE VIII EVENTS OF DEFAULT; REMEDIES

SECTION 8.1 Events of Default. The occurrence of any of the following shall constitute an Event of Default hereunder:

(a) The Borrower shall fail to pay the principal of, or interest on, the Bonds or any other fee or charge payable by the Borrower hereunder, on the date that such is due and payable;

(b) The Borrower shall fail to perform or observe any term, covenant or agreement on its part to be performed or observed under Sections 5.1, 5.2, 5.3 5.4, or 5.8 or Articles VI or VII of this Agreement (subject to any applicable notice and cure periods under the Indenture, if applicable);

(c) The Borrower shall fail to perform or observe any term, covenant or agreement on its part to be performed or observed under this Agreement (other than as specified in Sections 8.1(a) and (b)) and such failure shall continue unremedied for a period of thirty (30) days;

(d) Any default or event of default shall occur under the Indenture or any other Loan Document subject to applicable notice and cure periods;

(e) Any representation or warranty made or deemed made by the Borrower in this Agreement or any of the other Loan Documents, or that is contained in any certificate, document, opinion or financial or other statement furnished at any time under or in connection with any Loan Document, shall prove to have been incorrect in any material respect on or as of the date made or deemed made;

(f) The Borrower or Blount Memorial shall (1) default in the timely payment of any indebtedness for borrowed money (other than the Bonds) secured by the gross revenues of the Hospital Facilities, or any interest or premium thereon, (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), or (2) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration after the giving of notice or the passage of time or both, of the maturity of such indebtedness, whether or not such failure to perform or observe shall be waived by the holder of such indebtedness; or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof, so long as the aggregate principal amount of such indebtedness that would then become due or payable would equal or exceed \$1,000,000;

(g) The Borrower (1) shall generally not pay or shall be unable to pay its debts secured by gross revenues of the Hospital Facilities as such debts become due; or (2) shall make an assignment for the benefit of creditors or petition or apply to any tribunal for the appointment of a custodian, receiver, or trustee for it or a substantial part of the Hospital Facilities; or (3) shall commence any proceeding relating to the Hospital Facilities under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (4) shall have any such petition or application relating to the Hospital Facilities filed or any such proceeding commenced against it in which an order for relief is entered or an adjudication or appointment is made; or (5) shall indicate, by any act or omission, its consent to, approval of or acquiescence in any such petition, application, proceeding or order for relief or the appointment of a custodian, receiver or trustee for it or for all or any substantial part of the Hospital Facilities; or (6) shall suffer any such custodianship, receivership or trusteeship relating to the Hospital Facilities to continue undischarged for a period of sixty (60) days or more; or

(h) One or more judgments, decrees or orders for the payment of money in excess of \$1,000,000 in the aggregate shall be rendered against the Borrower relating to the Hospital Facilities and such judgment(s), decree(s) or order(s) shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal.

SECTION 8.2 Acceleration of Maturity; Remedies. Upon the occurrence of any Event of Default described in Section 8.1(g) as it relates to the Borrower, the indebtedness evidenced by the Bonds as well as any and all other indebtedness and obligations of the Borrower to the Bank shall be immediately due and payable in full; and upon the occurrence of any other Event of Default described above the Bank at any time thereafter may at its option accelerate the maturity of the indebtedness evidenced by the Bonds, or direct the Trustee to do so, as well as any and all other indebtedness and obligations of the Borrower to the Bank; all without notice of any kind. Upon the occurrence of any such Event of Default and the acceleration of the maturity of the indebtedness evidenced by the Bonds the Bank shall have and may exercise any and all other rights, powers, privileges, options and remedies that the Bank may now or hereafter possess at law, in equity or by statute.

SECTION 8.3 Remedies Cumulative; No Waiver. No right, power or remedy conferred upon or reserved to the Bank by this Agreement or any of the other Loan Documents is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder, under any of the other Loan Documents or now or hereafter existing at law, in equity or by statute. No delay or omission by the Bank to exercise any right, power or remedy accruing upon the occurrence of any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every right, power and remedy given by this Agreement and the other Loan Documents to the Bank may be exercised from time to time and as often as may be deemed expedient by the Bank.

SECTION 8.4 Proceeds of Remedies. Any or all proceeds resulting from the exercise of any or all of the foregoing remedies shall be applied as set forth in the Loan Document(s) providing the remedy or remedies exercised; if none is specified, or if the remedy is provided by this Agreement, then as follows:

First, to the costs and expenses, including reasonable attorney's fees, incurred by the Bank in connection with the exercise of its remedies;

Second, to the expenses of curing the default that has occurred, in the event that the Bank elects, in its sole discretion, to cure the default that has occurred;

Third, to the payment of the Obligations, including, but not limited to, the payment of the principal of and interest on the indebtedness evidenced by the Bonds, in such order of priority as the Bank shall determine in its sole discretion; and

Fourth, the remainder, if any, to the Borrower or to any other person lawfully thereunto entitled.

ARTICLE IX MISCELLANEOUS

SECTION 9.1 Amendments, Etc. No amendment, modification, termination or waiver of any provision of any Loan Document to which the Borrower is a party, nor consent to any departure by the Borrower from compliance with the terms of any Loan Document to which it is a party, shall in any event be effective unless the same shall be in writing and signed on behalf of the Bank by a duly authorized officer of the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 9.2 Notices, Etc. Any and all notices, elections or demands permitted or required to be made under this Agreement shall be in writing and shall be delivered personally or sent by certified mail or nationally recognized courier service (such as Federal Express), to the other party at the address set forth below, or at such other address as may be supplied in writing and of which receipt has been acknowledged in writing. The date of personal delivery date of mailing (or delivery to such courier service), as the case may be, shall be the date of such notice, election or demand, and rejection, refusal to accept or inability to deliver because of a changed address of which no notice was sent shall not affect the validity of any notice, election or demand given in accordance with the provisions of this Agreement. For the purposes of this Agreement:

The Address of the Bank is:

First Tennessee Bank National Association
800 South Gay Street, 4th Floor
Knoxville, Tennessee 37929
Attention: Tiffany E. Gardner

The Address of the County is:

Blount County, Tennessee
Blount County Courthouse
Maryville, Tennessee 37801
Attention: County Mayor

The Address of Blount Memorial is:

Blount Memorial Hospital, Incorporated
907 East Lamar Alexander Parkway
Maryville, Tennessee 37801
Attention: Chief Financial Officer

Additionally, the Borrower shall provide to the Bank copies of any notices required to be provided to the Trustee pursuant to the Indenture concurrently with their provision to the Trustee.

SECTION 9.3 No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right, power or remedy under any of the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy under any of the Loan Documents preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies provided in the Loan Documents are cumulative and not exclusive of any other rights and remedies now or hereafter existing at law, in equity or otherwise.

SECTION 9.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Bank and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights under any Loan Document to which the Borrower is a party without the prior written consent of the Bank.

SECTION 9.5 Costs, Expenses and Taxes. The Borrower agrees to pay on demand all costs and expenses in connection with the preparation, execution, delivery, filing and recording of the Loan Documents and the administration of the Loan, including the reasonable fees and out-of-pocket expenses of counsel for the Bank, and local counsel who may be retained by the Bank or said counsel, with respect thereto and with respect to advising the Bank as to its rights and responsibilities under any of the Loan Documents, and all costs and expenses, if any, in connection with the enforcement of any of the Loan Documents. In the case of a Default or Event of Default, the Borrower shall also pay the costs of any and all field examinations conducted by or on behalf of the Bank, as the Bank shall deem necessary in its sole discretion. The Borrower shall also pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of any of the Loan Documents and the other documents to be delivered under any such Loan Documents, and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

The provisions of this Section shall be effective regardless of whether the Borrower shall be entitled to any Advances hereunder and shall survive any termination of this Agreement.

SECTION 9.6 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

SECTION 9.7 Severability of Provisions. Any provision of any Loan Document that is prohibited or unenforceable with respect to any Person or circumstance or in any jurisdiction shall, as to such Person, circumstance or jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision with respect to other Persons or circumstances or in any other jurisdiction.

SECTION 9.8 Calculations; Computations. The books and accounts of the Borrower shall be maintained, and the financial statements to be furnished to the Bank pursuant hereto shall be made and prepared, in a manner consistent with GAAP consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing to the Bank).

SECTION 9.9 Integration. This Agreement, the Bonds and the Loan Documents contain the entire agreement among the parties relating to the subject matter hereof and supersede all oral statements and prior writings with respect thereto. The execution and delivery of this Agreement and the other Loan Documents by the Borrower were not based upon any facts or materials provided by the Bank, nor was the Borrower induced or influenced to execute and deliver this Agreement or any other Loan Document by any representation, statement, analysis or promise made by the Bank.

SECTION 9.10 Counterparts. This Agreement may be executed in any number of counterparts and by different parties to this Agreement in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

SECTION 9.11 Survival of Representations and Warranties. All representations and warranties contained herein or made by or furnished on behalf of the Borrower in connection herewith shall survive the execution and delivery of this Agreement and all other Loan Documents.

SECTION 9.12 Time is of the Essence. Time is of the essence in interpreting and performing this Agreement and all other Loan Documents.

SECTION 9.13 Construction and Interpretation. Should any provision of this Agreement require judicial interpretation, the parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be more strictly construed against the party that itself or through its agent prepared the same, it being agreed that the Borrower, the Bank and their respective agents have participated in the preparation hereof.

SECTION 9.14 Interest and Loan Charges Not to Exceed Maximum Amounts Allowed by Law. Anything in this Agreement, the Bonds or any of the other Loan Documents to the contrary notwithstanding, in no event whatsoever, whether by reason of advancement of proceeds of the Loan, acceleration of the maturity of the unpaid balance of the Loan or otherwise, shall the interest and loan charges agreed to be paid to the Bank for the use of the money advanced or to be advanced hereunder exceed the maximum amounts collectible under applicable laws in effect from time to time. It is understood and agreed by the parties that, if for any reason whatsoever the interest or loan charges paid or contracted to be paid by the Borrower in respect of the Loan shall exceed the maximum amounts collectible under applicable laws in effect from time to time, then ipso facto, the obligation to pay such interest and/or loan charges shall be reduced to the maximum amounts collectible under applicable laws in effect from time to time, and any amounts collected by the Bank that exceed such maximum amounts shall be applied to the reduction of the principal balance of the Loan and/or refunded to the Borrower so

that at no time shall the interest or loan charges paid or payable in respect of the Loan exceed the maximum amounts permitted from time to time by applicable law.

SECTION 9.15 Third Party Beneficiaries. This Agreement is intended for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and shall not serve to confer any rights or benefits in favor of any Person not a party hereto; and no other Person shall have any right to rely on this Agreement or the other Loan Documents, or to derive any benefit herefrom.

SECTION 9.16 Assignment. The Bonds, this Agreement and the other Loan Documents may be endorsed, assigned and/or transferred in whole or in part by the Bank, and any such holder and/or assignee of the same shall succeed to and be possessed of the rights and powers of the Bank under all of the same to the extent transferred and assigned. The Bank may grant participations in all or any portion of its interest in the indebtednesses evidenced by the Bonds. The Borrower shall not assign any of its rights nor delegate any of its duties hereunder or under any of the other Loan Documents without the prior express written consent of the Bank.

SECTION 9.17 Jury Trial Waiver. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. The scope of this waiver is intended to be all-encompassing with respect to any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each of the parties hereto (a) acknowledges that this waiver is a material inducement for the parties to the Loan Documents to enter into a business relationship, that the parties to the Loan Documents have already relied on this waiver in entering into same and the transactions that are the subject thereof, and that they will continue to rely on this waiver in their related future dealings, and (b) further warrants and represents that each has reviewed this waiver with its legal counsel and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. This waiver is irrevocable, meaning that it may not be modified either orally or in writing, and this waiver shall apply to any subsequent amendments, modifications, supplements, extensions, renewals and/or replacements of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

COUNTY:

BLOUNT COUNTY, TENNESSEE

By: _____
County Mayor

Attest:

County Clerk

HOSPITAL:

BLOUNT MEMORIAL HOSPITAL,
INCORPORATED

By: _____
President

BANK:

FIRST TENNESSEE BANK NATIONAL
ASSOCIATION

By: _____
Name: _____
Title: _____

EXHIBIT A
FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished to First Tennessee Bank, National Association (the “Bank”) pursuant to that certain Credit Agreement dated as of _____, 2019 (the “Agreement”), among Blount County, Tennessee (the “County”), Blount Memorial Hospital, Incorporated (“Blount Memorial”; together with the County, the “Borrower”) and the Bank. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____ of Blount Memorial;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below:

_____;
4. To the best of my knowledge the financial statements required by Section 5.4 of the Agreement and being furnished to you concurrently with this certificate fairly represent the condition of Blount Memorial and the Hospital Facilities in accordance with GAAP as of the dates and for the periods covered thereby; and
5. The Attachment hereto sets forth financial data and computations evidencing the Borrower’s compliance with the following financial covenants of the Agreement, all of which data and computations are, to the best of my knowledge, true, complete and correct and have been made in accordance with the relevant Sections of the Agreement:

Debt Service Coverage Ratio: _____ (to be certified with delivery of audited annual financial statements as of each June 30)

Days Cash on Hand: _____ (to be certified with the delivery of the audited annual financial statements as of each June 30 and the quarterly unaudited financial statements as of each December 31)

(Signature Page Follows)

The foregoing certifications, together with the computations set forth in the Attachment hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this _____ day of _____, 20__.

BLOUNT MEMORIAL HOSPITAL,
INCORPORATED

By: _____
Its _____