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TRUST INDENTURE

AMONG

BLOUNT COUNTY, TENNESSEE

AND

BLOUNT MEMORIAL HOSPITAL, INCORPORATED

AND

\_\_\_\_\_, as Trustee

Dated as of \_\_\_\_\_, 2019

\$\_\_\_\_\_ Hospital Revenue Refunding Bond, Series 2019A  
\$\_\_\_\_\_ Hospital Revenue Improvement Bond, Series 2019B

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THIS TRUST INDENTURE (the "Indenture"), dated as of \_\_\_\_\_, 2019, among BLOUNT COUNTY, TENNESSEE (the "County"), BLOUNT MEMORIAL HOSPITAL, INCORPORATED ("Blount Memorial") and \_\_\_\_\_, a \_\_\_\_\_ (the "Trustee") duly established, existing and authorized to accept and execute trusts of the character herein set out under.

W I T N E S S E T H:

WHEREAS, the County is a governmental sub-entity of the State of Tennessee and is authorized and empowered to acquire, own and operate the properties 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 (as hereinafter defined) by and through Blount Memorial, a nonprofit corporation established 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, for the purpose of operating the Hospital Facilities; and

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

WHEREAS, the Refunded Bond is payable from the revenues of the Hospital Facilities and additionally secured by a pledge of the full faith and credit of the County; and

WHEREAS, the Refunded Bond is subject to mandatory redemption in full no later than December 30, 2019, prior to its scheduled maturity; and

WHEREAS, the County has determined that it can refinance the Refunded Bond at a cost savings to the County by issuing refunding revenue bonds and using the proceeds thereof to refund the Refunded Bond; and

WHEREAS, the refunding revenue bonds would be payable solely from and secured solely by a pledge of the revenues of the Hospital Facilities, and would not constitute a debt obligation of the County (except to the extent of the pledge of revenues of the Hospital Facilities); and

WHEREAS, Blount Memorial has recommended that the County issue its revenue bonds to finance certain additional capital improvements to the Hospital Facilities, with said recommended bonds to also payable solely from and secured solely by a pledge of the revenues of the Hospital Facilities; and

WHEREAS, the County has determined that it is in the best interest of the County to issue revenue bonds to finance such additional capital improvements to the Hospital Facilities; and

WHEREAS, the County is authorized by the provisions of Title 9, Chapter 21, Tennessee Code Annotated (the "Act") to issue its revenue bonds for the foregoing purposes; and

WHEREAS, it has been determined by the Board of County Commissioners of the County by resolution duly adopted on \_\_\_\_\_, 2019 (the "Bond Resolution") that in order to accomplish such purposes the County will issue: (i) \$\_\_\_\_\_ in principal amount of its Hospital Revenue Refunding Bonds, Series 2019A (the "Series A Bonds"); and (ii) \$\_\_\_\_\_ in principal amount of its Hospital Revenue Improvement Bonds, Series 2019B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") pursuant to this Indenture; and

WHEREAS, the execution and delivery of this Indenture, and the issuance of the Bonds under the Act have been in all respects duly and validly authorized by resolution duly passed and approved by the County; and

WHEREAS, provision made herein for the issuance of additional bonds from time to time (“Additional Bonds”) which will rank on a parity with the Bonds for the purposes, upon the terms and subject to the conditions provided for herein; and

WHEREAS, the Bonds and the Trustee's certificate of authentication to be endorsed thereon are to be in substantially the following respective forms, and any Additional Bonds and Trustee's certificate of authentication are also to be in substantially the following forms (except as to redemption and other provisions peculiar to such Additional Bonds), with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

[Form of Series A Bond]

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF BLOUNT  
HOSPITAL REVENUE REFUNDING BOND, SERIES 2019A

No. R-1 \$\_\_\_\_\_

| <u>Rate of Interest</u> | <u>Maturity Date</u> | <u>Dated Date</u> | <u>CUSIP No.</u> |
|-------------------------|----------------------|-------------------|------------------|
| _____%                  | _____, 2029          | _____, 2019       | n/a              |

Registered Owner: FTB SECURITIES INVESTMENT I, LLC

Principal Amount: \_\_\_\_\_ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That Blount County, Tennessee (the “County”) for value received hereby promises to pay on the Maturity Date hereinabove set forth (or upon earlier redemption as set forth herein) to the registered owner hereof, or registered assigns, in the manner and solely from the funds hereinafter provided, the principal amount advanced hereunder, the principal amount hereinabove identified and to pay interest (computed on the basis of a 360 day year of twelve 30-day months) on such principal amount from the date that funds are advanced hereunder at the Rate of Interest per annum here-in-above set forth (the “Rate of Interest”) on the first day of each January, April, July and October, commencing [January 1, 2020], until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto; provided, however, that upon a Determination of Taxability (as defined in the Indenture), the Rate of Interest shall be a per annum rate equal to \_\_\_\_\_ retroactively to the date that the interest on the Bond became taxable.

This Bond shall be issued to the initial purchaser, FTB Securities Investment I, LLC (the “Initial Purchaser”), on \_\_\_\_\_, 2019 in the stated principal amount of \$\_\_\_\_\_. The stated principal amount shall be funded by the Initial Purchaser in one advance on \_\_\_\_\_, 2019 (the “Funding

Date”) as provided in the Credit Agreement dated \_\_\_\_\_, 2019, among the County, Blount Memorial Hospital, Incorporated (“Blount Memorial”) and the Initial Purchaser.

The principal of this Bond and the premium, if any, payable upon redemption, are payable at the corporate trust office of \_\_\_\_\_, as Trustee (the “Trustee”) under the Trust Indenture dated as of \_\_\_\_\_, 2019 (the “Indenture”) by and among the County, Blount Memorial and the Trustee. Except as otherwise provided in the Indenture with respect to Defaulted Interest (as defined therein), interest payments hereon shall be made to the registered owners hereof appearing on the registration books of the County (the “Bond Register”) maintained by the Trustee, as bond registrar, as of the close of business of the Trustee on the 15th day of the month next preceding the interest payment date (the “Record Date”) and shall be paid by check or draft of the Trustee mailed on the applicable interest payment date to such registered owner at his address as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Trustee.

This Bond is issued, along with the Issuer’s Hospital Revenue Improvement Bond, Series 2019B (collectively, the “Series 2019 Bonds”), under and equally and ratably secured by the Indenture for the purpose of (i) refunding the County’s outstanding General Obligation Refunding Bond, Series 2013A, dated December 9, 2013; and (ii) financing capital improvements to the hospital facilities owned and operated by the County and Blount Memorial (the “Hospital Facilities”), under and in full compliance with the constitution and the statutes of the State of Tennessee, including Title 9, Chapter 21, Tennessee Code Annotated, and a resolution adopted by the Board of County Commissioners on \_\_\_\_\_, 2019, authorizing execution of the Indenture.

It is provided in the Indenture that the County may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank on a parity with the Series 2019 Bonds. Such Additional Bonds, together with the Series 2019 Bonds, are herein collectively referred to as the “Bonds.” In addition, all or any portion of any series of Series 2019 Bonds may be advance refunded through a deposit in escrow for the benefit of such refunded Series 2019 Bonds of cash or Government Obligations (as defined in the Indenture). Reference is made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County and the Trustee, the rights of the owners of the Series 2019 Bonds, the issuance of Additional Bonds and the terms on which either thereof are or may be issued and secured, and to all the provisions of which the owner hereof by the acceptance of this Bond assents.

The Bonds of the issue of which this Bond is one are payable only from and secured by a pledge of the Gross Revenues (as defined in the Indenture) to be derived from the operation of the Hospital Facilities. The County is under no obligation to pay this Bond or the issue of which it is a part except from said revenues. The Bonds, and the interest thereon, do not constitute a debt of the County, nor a charge, lien or encumbrance, legal or equitable, upon any property of the County other than the Gross Revenues pledged to the payment of the Bonds. No recourse shall be had for the payment of the Bonds, or the interest thereon, or any part thereof, against the general funds of the County, nor shall the full faith and credit or taxing power of the County be deemed to be pledged to the payment of the Bonds.

This Bond is registered on the Bond Register of the County maintained by the Trustee and may be transferred by the registered owner hereof at the written request of such registered owner in person or by his duly authorized attorney, but only in the manner, subject to the limitations and upon the payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon such transfer, a new fully registered bond or bonds of the same series and maturity and of authorized denominations for the same aggregate principal amount shall be issued to the transferee in exchange therefor. The County and the Trustee may deem and treat the person in whose name this Bond is

registered as the absolute owner hereof for the purpose of receiving payment of, or on account of the principal, redemption premium, if any, and interest due hereon and for all other purposes, and neither the County nor the Trustee shall be affected by any notice to the contrary. The Trustee shall not be required to register the transfer of or exchange any Bond after notice calling such Bond or portion thereof for redemption has been given as provided in the Indenture, or during the period of fifteen (15) days next preceding the mailing of such notice of redemption with respect to any Bonds of the same maturity.

The Bonds are issuable only as registered Bonds, in denominations of \$100,000 and integral multiples \$5,000 in excess thereof.

The Bonds are subject to redemption prior to maturity at the option of the County as a whole or in part at any time (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar in such manner as it shall deem fair and appropriate) on any date, at the redemption price of par plus accrued interest to the redemption date.

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than fifteen (15) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect in such notice or mailing as to any Bond, shall not affect the validity of any proper proceedings for redemption any other Bond for which proper notice was given. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The foregoing notwithstanding, none of the Bonds may be so refunded nor may the Indenture be discharged if under any circumstances such refunding would result in the loss of any exclusion of interest on the Bonds from the gross income of the owner's thereof for the purposes of federal income taxation to which the owners of such Bonds would otherwise be entitled.

The County shall redeem this Bond on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption:

| <u>Redemption</u><br><u>Date (June 1)</u> | <u>Principal Amount of</u><br><u>Bonds Redeemed</u> |
|---|---|
| 2020                                      |   |
| 2021                                      |   |
| 2022                                      |   |
| 2023                                      |   |
| 2024                                      |   |
| 2025                                      |   |
| 2026                                      |   |
| 2027                                      |   |
| 2028                                      |   |
| 2029*                                     |   |

\*final maturity

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default



under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all Bonds of all series issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist, and be performed precedent to and in the issuance of this Bond have been done, have existed, have happened and have been performed in regular form and manner as required by the constitution and statutes of the State of Tennessee and that this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by law.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, Blount County, Tennessee, has caused this Bond to be executed by its County Mayor and attested by its County Clerk.

\_\_\_\_\_  
County Mayor

Attest:

\_\_\_\_\_  
County Clerk

#### CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

Date of Authentication:

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned, hereby sells, assigns and transfers unto

\_\_\_\_\_  
(PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF ASSIGNEE)

\_\_\_\_\_  
\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:\_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
NOTICE:  
Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program acceptable to the Trustee.

\_\_\_\_\_  
Signature

NOTICE:  
The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his authority to act must accompany the Bond.

[End of Series A Bond Form]

[Form of Series B Bond]

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF BLOUNT  
HOSPITAL REVENUE IMPROVEMENT BOND, SERIES 2019D

No. R-1 \$ \_\_\_\_\_

| <u>Rate of Interest</u> | <u>Maturity Date</u> | <u>Dated Date</u> | <u>CUSIP No.</u> |
|-------------------------|----------------------|-------------------|------------------|
| _____%                  | _____, 2029          | _____, 2019       | n/a              |

Registered Owner: FTB SECURITIES INVESTMENT I, LLC

Principal Amount: \_\_\_\_\_ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That Blount County, Tennessee (the "County") for value received hereby promises to pay on the Maturity Date hereinabove set forth (or upon earlier redemption as set forth herein) to the registered owner hereof, or registered assigns, in the manner and solely from the funds hereinafter provided, the principal amount advanced hereunder, the principal amount hereinabove identified and to pay interest (computed on the basis of a 360 day year of twelve 30-day months) on such principal amount from the date that funds are advanced hereunder at the Rate of Interest per annum here-in-above set forth (the "Rate of Interest") on the first day of each January, April, July and October, commencing [January 1, 2020], until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto; provided, however, that upon a Determination of Taxability (as defined in the Indenture), the Rate of Interest shall be a per annum rate equal to \_\_\_\_\_ retroactively to the date that the interest on the Bond became taxable.

This Bond shall be issued to the initial purchaser, FTB Securities Investment I, LLC (the "Initial Purchaser"), on \_\_\_\_\_, 2019 in the stated principal amount of \$\_\_\_\_\_. The stated principal amount shall be funded by the Initial Purchaser in one advance on \_\_\_\_\_, 2019 (the "Funding Date") as provided in the Credit Agreement dated \_\_\_\_\_, 2019, among the County, Blount Memorial Hospital, Incorporated ("Blount Memorial") and the Initial Purchaser.

The principal of this Bond and the premium, if any, payable upon redemption, are payable at the corporate trust office of \_\_\_\_\_, as Trustee (the "Trustee") under the Trust Indenture dated as of \_\_\_\_\_, 2019 (the "Indenture") by and among the County, Blount Memorial and the Trustee. Except as otherwise provided in the Indenture with respect to Defaulted Interest (as defined therein), interest payments hereon shall be made to the registered owners hereof appearing on the registration books of the County (the "Bond Register") maintained by the Trustee, as bond registrar, as of the close of business of the Trustee on the 15th day of the month next preceding the interest payment date (the "Record Date") and shall be paid by check or draft of the Trustee mailed on the applicable interest payment date to such registered owner at his address as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Trustee.

This Bond is issued, along with the Issuer's Hospital Revenue Refunding Bond, Series 2019A (collectively, the "Series 2019 Bonds"), under and equally and ratably secured by the Indenture for the purpose of (i) refunding the County's outstanding General Obligation Refunding Bond, Series 2013A, dated December 9, 2013; and (ii) financing capital improvements to the hospital facilities owned and operated by the County and Blount Memorial (the "Hospital Facilities"), under and in full compliance with the constitution and the statutes of the State of Tennessee, including Title 9, Chapter 21, Tennessee Code Annotated, and a resolution adopted by the Board of County Commissioners on \_\_\_\_\_, 2019, authorizing execution of the Indenture.

It is provided in the Indenture that the County may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank on a parity with the Series 2019 Bonds. Such Additional Bonds, together with the Series 2019 Bonds, are herein collectively referred to as the "Bonds." In addition, all or any portion of any series of Series 2019 Bonds may be advance refunded through a deposit in escrow for the benefit of such refunded Series 2019 Bonds of cash or Government Obligations (as defined in the Indenture). Reference is made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County and the Trustee, the rights of the owners of the Series 2019 Bonds, the issuance of Additional Bonds and the terms on which either thereof are or may be issued and secured, and to all the provisions of which the owner hereof by the acceptance of this Bond assents.

The Bonds of the issue of which this Bond is one are payable only from and secured by a pledge of the Gross Revenues (as defined in the Indenture) to be derived from the operation of the Hospital Facilities. The County is under no obligation to pay this Bond or the issue of which it is a part except from said revenues. The Bonds, and the interest thereon, do not constitute a debt of the County, nor a charge, lien or encumbrance, legal or equitable, upon any property of the County other than the Gross Revenues pledged to the payment of the Bonds. No recourse shall be had for the payment of the Bonds, or the interest thereon, or any part thereof, against the general funds of the County, nor shall the full faith and credit or taxing power of the County be deemed to be pledged to the payment of the Bonds.

This Bond is registered on the Bond Register of the County maintained by the Trustee and may be transferred by the registered owner hereof at the written request of such registered owner in person or by his duly authorized attorney, but only in the manner, subject to the limitations and upon the payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon such transfer, a new fully registered bond or bonds of the same series and maturity and of authorized denominations for the same aggregate principal amount shall be issued to the transferee in exchange therefor. The County and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of the principal, redemption premium, if any, and interest due hereon and for all other purposes, and neither the County nor the Trustee shall be affected by any notice to the contrary. The Trustee shall not be required to register the transfer of or exchange any Bond after notice calling such Bond or portion thereof for redemption has been given as provided in the Indenture, or during the period of fifteen (15) days next preceding the mailing of such notice of redemption with respect to any Bonds of the same maturity.

The Bonds are issuable only as registered Bonds, in denominations of \$100,000 and integral multiples \$5,000 in excess thereof.

The Bonds are subject to redemption prior to maturity at the option of the County as a whole or in part at any time (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar in such manner as it shall deem fair and appropriate) on any date, at the redemption price of par plus accrued interest to the redemption date.

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than fifteen (15) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect in such notice or mailing as to any Bond, shall not affect the validity of any proper proceedings for redemption any other Bond for which proper notice was given. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The foregoing notwithstanding, none of the Bonds may be so refunded nor may the Indenture be discharged if under any circumstances such refunding would result in the loss of any exclusion of interest on the Bonds from the gross income of the owner's thereof for the purposes of federal income taxation to which the owners of such Bonds would otherwise be entitled.

The County shall redeem this Bond on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption:

| <u>Redemption<br/>Date (June 1)</u> | <u>Principal Amount of<br/>Bonds Redeemed</u> |
|-------------------------------------|---|
| 2020                                |   |
| 2021                                |   |
| 2022                                |   |
| 2023                                |   |
| 2024                                |   |
| 2025                                |   |
| 2026                                |   |
| 2027                                |   |
| 2028                                |   |
| 2029*                               |   |

\*final maturity

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all Bonds of all series issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist, and be performed precedent to and in the issuance of this Bond have been done, have existed, have happened and have been performed in regular form and manner as required by the constitution and statutes of the State of Tennessee and that this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by law.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bond during the period the Bond

is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, Blount County, Tennessee, has caused this Bond to be executed by its County Mayor and attested by its County Clerk.

\_\_\_\_\_  
County Mayor

Attest:

\_\_\_\_\_  
County Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

Date of Authentication:

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned, hereby sells, assigns and transfers unto

\_\_\_\_\_  
(PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF ASSIGNEE)

\_\_\_\_\_  
\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:\_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
NOTICE:  
Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program acceptable to the Trustee.

\_\_\_\_\_  
Signature

NOTICE:  
The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his authority to act must accompany the Bond.

[End of Series B Bond Form]

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the County in consideration of the premises and of the purchase of the Bonds 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 the Bonds and the performance and observance of all of the covenants and conditions herein or therein contained, has executed and delivered this Indenture and has conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and by these presents does hereby convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee, its successor or successors and its or their assigns forever, the property hereinafter described (said property being herein sometimes referred to as the "Trust Estate") to wit:

## GRANTING CLAUSES

### DIVISION I

All right, title and interest of the County in and to the Gross Revenues (as hereinafter defined) of the Hospital Facilities;

### DIVISION II

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 the County or by anyone on its behalf to the Trustee, including without limitation funds of the County held by the Trustee as security for the Bonds;

### EXCEPTED PROPERTY

TO HAVE AND TO HOLD, all and singular, the properties and the rights and privileges hereby conveyed, assigned and pledged by the County or intended so to be, unto the Trustee and its successors and assigns forever, in trust, never-the-less, with power of sale for the equal and pro rata benefit and security of each and every owner of the Bonds issued and to be issued hereunder, without preference, priority or distinction as to participation in the benefit and protection hereof of one Bond 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 Bonds shall have the same right, lien and privilege under this 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, NEVERTHELESS, and these presents are upon the express condition, that if the County or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest according to the provisions set forth in the Bonds in this Indenture or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities required 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 payable hereunder by the County, then these presents and the estate and rights hereby granted shall cease, determine and become void, and thereupon the Trustee on payment of its lawful charges and disbursements then unpaid, on demand of the County and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the County such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture, including if appropriate, any required discharge of record, and if necessary shall grant, reassign and deliver to the County, its successors or assigns, all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided. Otherwise, this Indenture shall be and remain in full force.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the parties hereto that all Bonds are to be issued, authenticated and delivered, and that all the trust estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the County, for itself and its successors, does hereby covenant and agree to and with the Trustee and its respective successors in said trust, for the benefit of those who shall hold the Bonds, or any of them as follows:



## ARTICLE I. DEFINITIONS

In addition to the words and terms defined elsewhere in this Indenture, the following words and terms as used shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Act” means Title 9, Chapter 21, Tennessee Code Annotated.

“Additional Bonds” means the bonds authorized to be issued by the County on a parity with the Bonds pursuant to the terms and conditions of this Indenture.

“Balloon Indebtedness” means (i) Long-Term Indebtedness twenty-five percent or more of the initial principal amount of which matures (or is payable at the option of the holder) during any twelve month period, if such twenty-five percent or more is not to be amortized to below twenty-five percent by mandatory redemption prior to the beginning of such twelve month period, or (ii) any balloon maturity or maturity payable prior to maturity at the option of the holder, constituting a portion of an issue of Long-Term Indebtedness which portion, if treated as a separate issue of Indebtedness, would meet the test set forth in clause (i) of this definition and which portion of Indebtedness is designated as Balloon Indebtedness in an Officer's Certificate stating that such portion shall be deemed to constitute a separate issue of Balloon Indebtedness.

“Blount Memorial” means Blount Memorial Hospital, Incorporated, a non-profit corporation created on behalf of the County for the purpose of operating and maintaining the Hospital Facilities for and on behalf of the County.

“Bondholder,” “holder,” or “owner of the Bonds” means the registered owner of any Bond.

“Bond Register” means the registration books of the County kept by the Trustee to evidence the registration and transfer of Bonds.

“Bonds” or “Bond” means the Series A Bond and the Series B Bond issued pursuant to this Indenture.

“Bond Fund” means the fund created pursuant to Section 4.3 of this Indenture.

“Bond Resolution” means the resolution adopted by the Board of County Commissioners of the County on \_\_\_\_\_, 2019 identified in the preamble hereto and authorizing the execution of this Indenture and the issuance and sale of the Bonds.

“Bond Year” means any 12-month period beginning July 1 of a calendar year and ending June 30 of the next calendar year. For the purpose of calculating debt service on the Bonds and Additional Bonds payable in any Bond Year, principal and interest payable on the Bonds and Additional Bonds on July 1 of any Bond Year shall be deemed to be payable during the preceding Bond Year.

“Capitalized Interest” means that portion of the proceeds of any Indebtedness or any other funds (other than the Bond Fund or any other bond fund or debt service reserve fund securing Indebtedness) that are held in trust and are restricted to be used to pay interest due or to become due on Indebtedness, including funds held in connection with an advance refunding or a cross-over refunding.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“County” means Blount County, Tennessee.

“Defaulted Interest” means interest on any Bond of a particular series that is payable but not duly paid on the date due.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

- (i) on the date when the County files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;
- (ii) on the date when the Bank notifies the County that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the County of such notification from the Bank, the County shall deliver to the Bank a ruling or determination letter issued to or on behalf of the County by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;
- (iii) on the date when the County shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the County, or upon any review or audit of the County or upon any other ground whatsoever, an Event of Taxability shall have occurred; or
- (iv) on the date when the County shall receive notice from the Bank that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank the interest on the Bonds due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the County has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Bank, the County shall promptly reimburse the Bank for any payments, including any taxes, interest, penalties or other charges, the Bank shall be obligated to make as a result of the Determination of Taxability.

“Event of Taxability” means a (i) change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the County, or the failure to take any action by the County, or the making by the County of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bond) which has the effect of causing interest paid or payable on any Bond to become includable, in whole or in part, in the gross income of the Bank for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid

or payable on the Bond to become includable, in whole or in part, in the gross income of the Bank for federal income tax purposes with respect to the Bond. In no event shall an Event of Taxability occur with respect to any Bond issued on a federally taxable basis.

“Fiscal Year” shall mean the twelve months' period beginning on the first day of July of each year and ending on the last day of June of the next succeeding year.

“Government Obligations” means securities that consist of: (a) United States Government Obligations, or (b) evidence 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 satisfactory to the Trustee pursuant to the terms of a custody agreement.

“Gross Revenues” means the gross revenues of Blount Memorial from all sources and the gross revenues of the County relating to the operation of the Hospital Facilities, including (i) patient fees (whether paid by patient or by any other party) and other charges payable by or on behalf of the patients of the Hospital Facilities, (ii) all revenues, rents and income derived by Blount Memorial or the County from the ownership, operation or leasing of any portion of any Hospital Facilities and all rights to receive the same, whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired (except and excluding all such items, whether now owned or hereafter acquired by the County or Blount Memorial, which by their terms or by reason of applicable law would become void or voidable if granted, assigned, or pledged hereunder), and (iii) any appropriations by the County pursuant to Chapter 187, Tennessee Private Acts of 1945.

“Hospital Consultant” means a person or firm generally recognized as being qualified to pass on questions relating to the financial condition and operation of hospitals, appointed by Blount Memorial on behalf of the County.

“Hospital Facilities” shall mean 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;

“Indebtedness” means all obligations for payments of principal and interest with respect to money borrowed, incurred or assumed by the County secured by revenues of Blount Memorial, including all purchase money mortgages, financing or capital leases, installment purchase contracts or other similar instruments in the nature of a borrowing by which the County will be unconditionally obligated to pay, from revenues of Blount Memorial.

“Indenture” means this Trust Indenture dated as of \_\_\_\_\_, 2019 from the County to the Trustee, as it may from time to time be amended or supplemented.

“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 Blount Memorial, the County or the Trustee.

“Initial Purchaser” and “Bank” mean FTB Securities Investment I, LLC and, where applicable, affiliates thereof.

“Insurance and Condemnation Award Fund” means the fund created pursuant to Section 4.4 of this Indenture.

“Land” means the real Property of the County or Blount Memorial upon which the operations of Blount Memorial are conducted, together with all buildings, improvements and fixtures located thereon.

“Long-Term Debt Service Requirement” means, for any Fiscal Year, the aggregate of the scheduled payments to be made (other than from amounts irrevocably deposited with the Trustee or otherwise held for the benefit of a lender for purposes of such payments, including funds held in connection with an advance refunding or a cross-over refunding) in respect of principal of and interest on Long-Term Indebtedness during such Fiscal Year, also taking into account (i) with respect to Balloon Indebtedness, the provisions pertaining to debt service on Balloon Indebtedness, (ii) with respect to Variable Rate Indebtedness, the provisions pertaining to debt service on Variable Rate Indebtedness, and (iii) with respect to Capitalized Interest, the provisions pertaining to credit for Capitalized Interest, as such provisions are set forth in Section 7.16 herein.

“Long-Term Indebtedness” means all Indebtedness not described in one of the following categories:

(a) Indebtedness of the County or Blount Memorial not secured by revenues of the Hospital Facilities or secured by a lien on the revenues of the Hospital Facilities subordinate to the lien in favor of the Bonds;

(b) Indebtedness with respect to money borrowed payable on demand or for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;

(c) Indebtedness with respect to leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; or

(d) Indebtedness with respect to installment purchase contracts having an original term of one year or less (other than contracts entered into in the ordinary course of business).

“Maximum Annual Debt Service Requirements” means the highest Long-Term Debt Service Requirement for the then current or any future Fiscal Year.

“Maximum Rate” means the maximum annual rate of interest permitted by State and other applicable law.

“Moody's” means Moody's Investors Service, Inc., or its successor.

“Net Income Available for Debt Service” means all Net Operating Revenues of the Hospital Facilities minus the operating expenses of the Hospital Facilities (other than interest, depreciation and amortization during the period of determination), determined in accordance with generally accepted accounting principles, plus investment income, unrestricted endowment income and Net Proceeds from business interruption insurance.

“Net Operating Revenues” means all operating revenues of the Hospital Facilities plus investment income, less contractual allowances and allowances for doubtful accounts.

“Net Proceeds” when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorney's fees, adjuster's fees and any expenses of the Trustee) incurred the collection of such gross proceeds.

“Officer's Certificate” means a certificate signed, in the case of a certificate delivered by Blount Memorial, by the President or Secretary of its Board of Trustees or its chief financial officer; by the County, by the County Mayor and by the County Clerk; or in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such other Person, in either case whose authority to execute such Certificate shall be evidenced to the satisfaction of the Trustee.

“Optional Redemption Account” means the account within the Bond Fund created pursuant to Section 4.3 of this Indenture.

“Paying Agent” means with respect to the Bonds the Trustee and with respect to Additional Bonds the bank or banks, if any, designated pursuant to this Indenture to receive and disburse the principal of and premium on the Bonds.

“Permitted Encumbrances” means this Indenture and, as of any particular time:

- (a) liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with Section 7.4 hereof;

- (b) utility, access and other easements and rights-of way, restrictions and exceptions which will not materially interfere with or materially impair the operation of the Hospital Facilities (or, if they are not being then operated, the operation for which they were designed or last modified);

- (c) any mechanic's, laborer's, materialmen's, supplier's or vendor's 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 Section 7.4 hereof;

- (d) such minor defects and irregularities of title as normally exist with respect to properties similar in character to the Land and that do not materially adversely affect the value of the Hospital Facilities or materially impair the property affected thereby for the purpose for which it was acquired or is held by the County (or by Blount Memorial on behalf of the County);

- (e) zoning laws and similar restrictions that are not violated by the Hospital Facilities;

- (f) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill-Burton grants, and similar rights under other federal and Tennessee Statutes;

- (g) all right, title and interest of the State, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way; and

- (h) any instrument creating Additional Bonds.

“Permitted Indebtedness” has the meaning set forth in Section 7.16 herein.

“Person” means natural persons, firms, associations, incorporations and public bodies.

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

“Property” means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible, wherever situated and whether now owned or hereafter acquired.

“Qualified Investments” means (i) United States Government Obligations, (ii) obligations issued or guaranteed by the following instrumentalities and agencies of the United States Government: (A) the United States Export-Import Bank, (B) the Farmers Home Administration of the United States Department of Agriculture, (C) the Federal Financing Bank, (D) the Federal Housing Administration, (E) General Services Administration, (F) Government National Mortgage Association, (G) the United States Maritime Administration, (H) the Department of Housing and Urban Development, (I) the Federal Home Loan Bank System, (J) Federal Home Loan Mortgage Corporation, (K) Federal and National Mortgage Association and (L) the Student Loan Marketing Association, (iii) certificates of deposit issued by commercial banks (including those issued by the Trustee) the deposits of which are insured by the Federal Deposit Insurance Corporation, provided that such certificates of deposit shall be fully secured by obligations referred to in (i) or (ii) above having a current market value not less than the principal amount and accrued interest of such certificates of deposit; provided, however, such collateralization of any such certificate of deposit results in transfer of legal title to identified direct obligations of the United States of America that are delivered to the Trustee or are supported by a safekeeping receipt issued by a Depository satisfactory to the Trustee and in connection with any certificate of deposit (A) the Trustee shall have a perfected security interest in such collateral, (B) the Trustee shall have possession of such collateral, and (C) such collateral shall be free of all third party claims; and (iv) repurchase agreements secured by obligations referred to in (i) and (ii) above having a current market value not less than the principal amount of such repurchase agreements; provided, however for obligations referred to in (ii) above, such obligations shall be limited to those obligations issued by full faith and credit agencies of the United States of America and provided further (A) such repurchase agreements must be collateralized at 103% of their face value (except those issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, which must be collateralized at 105% of face value); (B) such collateralization of any such repurchase agreement results in transfer of legal title to identified direct obligations of the United States of America that are delivered to the Trustee or are supported by a safekeeping receipt issued by a Depository satisfactory to the Trustee and in connection with any repurchase agreement; (C) the term of such repurchase agreements does not exceed thirty (30) days; (D) such repurchase agreements are valued weekly; (E) the Trustee shall have a perfected first security interest in such collateral; (F) the Trustee shall have possession of such collateral; (G) and such collateral shall be free of all third party claims; provided further that any counterparty to such repurchase agreements must be either (1) a commercial bank rated “A” or better by Moody's or (2) a financial institution listed as a “primary dealer” on the Federal Reserve Bank's reporting dealer list; and provided further that any investment in a repurchase agreement may be made only if the County furnishes to the Trustee written evidence that the State Director of Local Finance has approved repurchase agreements as authorized investments and if such investment is in compliance with guidelines, if any, established by the State Funding Board and Section 6-56-106, Tennessee code Annotated; provided, further, the direct obligations of the United States of America acquired pursuant to such repurchase agreements shall be valued at the lower of the then market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement; (v) money market funds whose portfolios consist of any of the foregoing investments; provided, however, any investment in a money market fund may be made only if the County furnishes to the Trustee written evidence that the State Director of Local Finance has approved money market funds as authorized investments and if such investment is in compliance with guidelines, if any, established by the State Funding Board and Section 6-56-106, Tennessee Code Annotated, provided that such funds must be administered by the State; (vi) the pooled investment funds

established by Section 9-17-101, et seq., Tennessee Code Annotated, provided that such funds must be administered by the State; and (vi) any other investment in which municipalities are authorized to investment under State law.

“Record Date” means the fifteenth (15th) day of the month next preceding an interest payment date on the Bonds.

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

“Revenue Fund” means the fund created pursuant to Section 4.2 of this Indenture.

“Series A Bond” means the Hospital Revenue Refunding Bonds, Series 2019A issued hereunder.

“Series B Bond” means the Hospital Revenue Improvement Bonds, Series 2019B issued hereunder.

“Special Record Date” means the date fixed by the Trustee pursuant to Section 2.3 of this Indenture for the payment of Defaulted Interest.

“State” means the State of Tennessee.

“Subordinate Obligation Fund” means the fund created pursuant to Section 4.5 of this Indenture.

“Tax Exemption Agreement” means the Tax Certificate and Agreement with respect to the Bonds (other than the Series C Bond) dated as of the date of issuance of the Bonds.

“Trustee” means \_\_\_\_\_, or any successor trustee under this Indenture.

“United States Government Obligations” means 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.

“Variable Rate Indebtedness” means Indebtedness that bears interest at a variable, adjustable or floating rate.

“Written Request” with reference to the County means a request in writing signed by the County Mayor and County Clerk and with reference to Blount Memorial means a request in writing signed by the President or Secretary of the Board of Trustees of Blount Memorial or its chief financial officer, or any other officers designated by the County or Blount Memorial, as the case may be.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles. Headings of articles and sections herein and the table of contents hereof are solely for the convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

## ARTICLE II. THE BONDS

Section 2.1 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. Additional Bonds may be issued as provided in Section 2.8 hereof.

Section 2.2 Issuance of Bonds. The Bonds shall consist of two separate bonds, each of which is described below:

(a) The first Bond (the “Series A Bond”) shall be designated as “Hospital Revenue Refunding Bond, Series 2019A,” shall be issued in the principal amount of \$\_\_\_\_\_ and shall bear interest (computed on the basis of a 360 day year of twelve 30-day months) at a fixed rate of \_\_\_\_%. The Series A Bond shall mature on June 1, 2029 and be subject to optional and mandatory redemption as set forth in Article V.

(b) The second Bond (the “Series B Bond”) shall be designated as “Hospital Revenue Improvement Bond, Series 2019D,” shall be issued in a principal amount of \$\_\_\_\_\_ and shall bear interest (computed on the basis of a 360 day year of twelve 30-day months) at a fixed rate of \_\_\_\_%. The Series D Bond shall mature on June 1, 2029 and be subject to optional and mandatory redemption as set forth in Article V.

Section 2.3 Payment Provisions Applicable to Bonds. The principal and premium, if any, and interest on the Bonds shall be payable in any currency of the United States of America that, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal and premium, if any, shall be payable at the corporate trust office of the Trustee, or its successor as Trustee, or at the office of any alternate Paying Agent, if any, named in any such Bond. Payment of the interest on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof as of the close of business of the Trustee on the Record Date for such interest payment and shall be paid by wire in immediately available funds on the applicable interest payment date to the registered owner pursuant to the wire instructions of such owner as they appears on the Bond Register or at such other address furnished in writing to the Trustee by such owner.

Defaulted Interest with respect to any Bond of any series shall cease to be payable to the owner of such Bond on the relevant Record Date and, except as hereinafter provided, shall be payable to the person in whose name such Bond is registered at the close of business of the Trustee on the Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The County shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof) and, at the same time, the County shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such notice the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, not less than ten (10) days prior to such Special Record Date to each owner of a Bond of such series at the address of such owner as it appears on the Bond Register. Such Defaulted



Interest shall be paid to the owners in whose names the Bonds on which Defaulted Interest is to be paid are registered on such Special Record Date.

Section 2.4 Execution; Limited Obligation. The Bonds shall be executed on behalf of the County with the facsimile signature of the County Mayor, shall be attested with the facsimile signature of County Clerk. The facsimile signatures of said officers shall have the same force and effect as if such officers had manually signed each of said Bonds. In case any officer whose facsimile signature appears on the Bonds shall cease to be such officer before the delivery of such Bonds, such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

The Bonds, and interest thereon, shall not be a debt of the County, nor a charge, lien or encumbrance, legal or equitable, upon any property of the County or upon any income, receipts or revenues of the County other than the Gross Revenues pledged hereunder to the payment of the Bonds (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) and shall be a valid claim of the respective holders thereof only against the funds established under this Indenture and other moneys held by the Trustee for the benefit of the Bonds and the Gross Revenues, all of which are hereby assigned and pledged hereunder 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 this Indenture.

No recourse shall be had for the payment of the Bonds, or interest thereon, or any part thereof, against the general funds of the County, nor shall the full faith and credit or taxing power of the County be pledged to the payment of the Bonds. The issuance of the Bonds under the provisions of the Act does not directly, indirectly or contingently, obligate the County to levy any form of taxation for the payment thereof or to make any appropriation for their payment, and such Bonds and the interest payable thereon do not now and shall never constitute a debt of the County within the meaning of the Constitution or the statutes of the State and do not now and shall never constitute a charge against the credit or taxing power of the County.

Section 2.5 Authentication. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.6 Form of Bonds and Temporary Bonds. The Bonds issued under this Indenture shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or deemed necessary by the Trustee and the County.

Bonds of any series may be initially issued in temporary form exchangeable for definitive Bonds of the same series when ready for delivery. The temporary Bonds shall be of such denomination or denominations as may be determined by the County and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the County and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the County issues temporary Bonds, it will execute and furnish

definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation in exchange therefor at the principal corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same series and maturity of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.7 Delivery of Bonds. Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate each of the Bonds to be issued in the principal amounts set forth in Section 2.2, and deliver them to the Initial Purchaser.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed with or delivered to the Trustee for the account of the County:

(a) a copy, duly certified by the County Clerk of the County, of the resolution(s) adopted and approved by the Board of County Commissioners of the County approving the issuance and sale of the Bonds and the execution and delivery of this Indenture.

(b) an original executed counterpart of this Indenture;

(c) the opinion of Independent Counsel to the effect that the County or Blount Memorial has good and marketable fee simple title to the Land and good and marketable title to its other Property, subject in both cases only to Permitted Encumbrances;

(d) such other closing documents and opinions of counsel as the Trustee or the County may reasonably specify.

Section 2.8 Issuance of Additional Bonds. Additional Bonds may be issued by the County on a parity with the Bonds for the following purposes, provided that such Additional Bonds constitute Permitted Indebtedness within the meaning of Section 7.16(a) of this Indenture: (1) to refund any series of outstanding Bonds or portion thereof; (2) to advance refund any series of outstanding Bonds or portion thereof by depositing with the Trustee, in trust for the sole benefit of such series of Bonds or portion thereof, Government Obligations in a principal amount which, alone or together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, will be, in the opinion of a certified public accountant of recognized standing, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds of such series or portion thereof to be refunded at or before their respective maturity dates; and (3) to obtain funds to finance costs of future extensions and improvements to the Hospital Facilities as a “public works project” under the Act.

The principal amount of such Additional Bonds may include an amount sufficient to pay the costs and expenses of issuance as well as such capitalized amounts (including debt service reserve funds) as are permitted by the Act. Such Additional Bonds shall be issued on a parity with the Bonds (except that any series of Bonds or portion thereof may be advance refunded through the deposit in escrow for the benefit of such Bonds of cash and/or Government Obligations) notwithstanding the fact that no additional security (except for the required pledge of the Gross Revenues of Blount Memorial) is made subject to the lien of this Indenture; provided, however, that the Trustee and the County are authorized to accept additional security upon the issuance of any Additional Bonds.

Prior to the delivery of any Additional Bonds, there shall be filed with the Trustee, among other items, all of the following:

(a) A copy, duly certified by the County Clerk of the County of the resolution(s) theretofore adopted and approved authorizing the execution and delivery of the supplements to this Indenture as may be necessary and authorizing the issuance and sale of such Additional Bonds.

(b) A copy, duly certified by the Clerk of the County, of the resolution adopted by the Board of County Commissioners of the County approving the supplemental indenture and the issuance and sale of such Additional Bonds.

(c) An opinion of Independent Counsel to the effect the County or Blount Memorial has good and marketable fee simple title to the Land, and good and marketable title to its other Property, subject in both cases only to Permitted Encumbrances.

(d) Evidence that the Additional Bonds are Permitted Indebtedness within the meaning of Section 7.16(a) of this Indenture.

(e) Such other closing documents and opinions of counsel as the County and the Trustee may reasonably specify.

Section 2.9 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any temporary or definitive Bond is mutilated, lost, stolen or destroyed, the County may execute and the Trustee may authenticate a new Bond of like form, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee on behalf of the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond the Trustee at the direction of the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

Section 2.10 Transfer and Exchange of Bonds; Persons Treated as Owners. The County shall cause the Bond Register to be kept by the Trustee. At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the County.

Upon surrender for transfer of any Bond at the corporate trust office of the Trustee, the County shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bonds or Bonds 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 Trustee for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the County of any Bond shall constitute full and due authorization of such Bond, and the 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 Trustee, duly executed by the registered true satisfactory such owner's duly authorized attorney, owner or by such owner's duly authorized attorney.

No service charge shall be imposed on any Bondholder for any exchange or transfer of Bonds. The County and the 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 County and the Trustee shall not be required to register the transfer of or exchange any Bond after notice calling such Bond or portion thereof for redemption has been mailed or during the 15-day period next preceding the mailing of a notice of redemption of any Bonds of the same series and maturity.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the County, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

The County and the Trustee may treat the registered owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of and premium, if any, and interest on any such Bond as herein provided shall be made only to or upon the written 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 Bond to the extent of the sums so paid.

Any Bond surrendered for the purpose of payment or retirement or for exchange or transfer or for replacement pursuant to Section 2.10 hereof, shall be canceled upon surrender thereof to the Trustee. If the County shall acquire any of the Bonds, the County shall deliver such Bonds to the Trustee for cancellation and the Trustee shall cancel the same. Certification of Bonds canceled by the Trustee shall be made to the County. Canceled Bonds may be destroyed by the Trustee unless instructions to the contrary are received from the County.

### ARTICLE III. APPLICATION OF BOND PROCEEDS

Section 3.1 Deposit of Funds. Upon the funding of the Bonds on \_\_\_\_\_, 2019, the County shall cause the proceeds of the Bonds to be deposited with the Trustee, which shall apply such proceeds as follows:

(a) \$\_\_\_\_\_ of the proceeds of the Series A Bonds will be paid to the paying agent for the Refunded Bond, with instructions to apply such proceeds to the payment in full of the Refunded Bond on the date hereof.

(b) \$\_\_\_\_\_ of the proceeds of the Series B Bonds will be paid to the County, which shall deposit such proceeds with a financial institution regulated by the Federal Deposit Insurance Corporation or similar or successor federal agency in a special fund known as the 2019 Hospital Project Fund, in such amounts as shall be determined by the County Mayor (the "Project Fund") to be kept separate and apart from all other funds of the County. The funds in the Project Fund shall be disbursed solely to pay the costs of the respective Projects, including necessary legal, accounting, engineering, architectural and fiscal expenses, and other necessary miscellaneous expenses incurred in connection with the Projects. Moneys in the Construction Fund shall be invested as directed by the Finance Director in such investments as shall be permitted by applicable law and the earnings thereon may either be retained in the Project Fund and used for the same purposes as all other funds in the Project Fund.

(c) The balance of the proceeds of the Series A Bonds and the Series B Bonds shall be paid to the County, which shall deposit such proceeds with a financial institution regulated

by the Federal Deposit Insurance Corporation or similar or successor federal agency in a special fund known as the 2019 Hospital Cost of Issuance Fund (the "Cost of Issuance Fund"), for further allocation between Series A and Series B subaccounts, respectively. The funds in each account of the Cost of Issuance Fund shall be disbursed solely to pay the costs of issuing the applicable series of Bonds.

#### ARTICLE IV. REVENUES AND FUNDS

Section 4.1 Creation of Funds and Account; Source of Payment of Bonds. The following funds and accounts shall be created hereunder and the moneys deposited therein shall be held in trust for the purposes set forth in this Indenture:

- (a) Revenue Fund;
- (b) Bond Fund, which shall contain the Optional Redemption Account;
- (c) Insurance and Condemnation Fund; and
- (d) Subordinate Obligation Fund.

Moneys in each of the funds and accounts created and established by this Article shall be, and the same are hereby, pledged to the payment of the principal of, premium, if any, and interest on the Bonds, and such moneys shall immediately be subject to the lien of this pledge for the benefit of the owners of the Bonds without any physical delivery thereof or further act and the lien of this pledge shall be valid and binding against the County and Hospital and against all other persons having claims against the County and Hospital, whether such claims shall have arisen in tort, contract or otherwise and irrespective of whether such parties have notice thereof.

Notwithstanding the foregoing, the Bonds and all payments to be made by the County thereon under this Indenture are not general obligations of the County, but are limited obligations payable solely from the Gross Revenues and from funds on deposit from time to time in the Bond Fund.

Section 4.2 Revenue Fund. There is hereby created and established a special trust fund, which is designated as "The Blount Memorial Hospital Revenue Fund" (the "Revenue Fund"), which shall be held in trust by one or more depositaries designated from time to time by Blount Memorial, unless an "event of default" (as defined in Section 8.2 of this Indenture) shall have occurred and the Trustee shall have directed that such fund, or any part thereof, be transferred to it as provided in Section 8.2 of this Indenture. Blount Memorial shall maintain the Revenue Fund as long as any of the Bonds shall remain outstanding, and all Gross Revenues shall be deposited by Blount Memorial daily, insofar as practicable, into the Revenue Fund. Moneys in the Revenue Fund shall be held and used as hereinafter set forth in this Article.

Section 4.3 Bond Fund. There is hereby created and established a special trust fund for the benefit of the owners of the Bonds, which is designated as "The Blount Memorial Hospital Bond Fund" (the "Bond Fund").

Deposits to the Bond Fund by the Trustee shall be made from funds withdrawn from the Revenue Fund by Blount Memorial for that purpose. Each deposit shall be made no later than one (1) business day prior to the next ensuing principal or interest payment date and shall be in the amount needed to pay principal and/or interest coming due on such date; provided, however, that no further deposit shall be

required when the Bond Fund balance is equal to or greater than the amount needed to pay principal and/or interest coming due on the next ensuing principal or interest payment date.

Moneys on deposit in the Bond Fund, other than income earned thereon that is to be transferred to other funds created hereunder, shall be applied by the Trustee to pay principal of and interest on the Bonds as the same become due and to redeem the Bonds in accordance with any applicable mandatory sinking fund redemption schedule. In lieu of such mandatory sinking fund redemption, the Trustee may, at the direction of the County, which direction shall be given to the Trustee no later than sixty (60) days prior to the scheduled sinking fund redemption, purchase in the open market an equal principal amount of Bonds of the maturity and series to be redeemed at prices not exceeding the principal amount of the Bonds being purchased plus accrued interest. In addition, the amount of Bonds to be redeemed on any date pursuant to the mandatory sinking fund redemption schedule shall be reduced by the principal amount of Bonds of the maturity and series required to be redeemed that are acquired by the County and delivered to the Trustee for cancellation.

In the event of deposit with the Trustee by Blount Memorial or the County of moneys from any source for the optional redemption of Bonds, such moneys shall be deposited into an account within the Bond Fund to be known as the "Optional Redemption Account." Moneys on deposit in the Optional Redemption Account shall be used first to make up any deficiencies existing in the Bond Fund and the Subordinate Obligation Fund (in the order listed) and second for the optional redemption or purchase of Bonds in accordance with the provisions of Article V hereof.

Section 4.4     Insurance and Condemnation Award Fund. If the County or Hospital shall receive proceeds of insurance or of any condemnation award or compensation that pursuant to Section 7.10 hereof are required to be deposited in the Insurance and Condemnation Award Fund, the County shall establish with a bank or banks, a separate account to be known as the "The Blount Memorial Hospital Insurance and Condemnation Award Fund" (the "Insurance and Condemnation Award Fund"). Any money on deposit in the Insurance and Condemnation Award Fund shall be used in accordance with Section 7.10 hereof.

Section 4.5     Subordinate Obligation Fund. The County may establish with a bank or banks a separate account or accounts to be known as the "The Blount Memorial Hospital Subordinate Obligation Fund" (the "Subordinate Obligation Fund"). Money in the Revenue Fund may be used to make deposits into the Subordinate Obligation Fund to pay the principal of and interest on (including reasonable reserves therefor) any other obligations that are Permitted Indebtedness and that by their terms are payable from but not secured by the Gross Revenues of the Hospital Facilities or have a lien on the Gross Revenues subordinate to the lien in favor of the Bonds.

Section 4.6     Investment.

(a)     Upon a Written Request of the County (or an official of Blount Memorial so designated by the County) filed with the Trustee, moneys in the Bond Fund, Optional Redemption Account within the Bond Fund and the Insurance and Condemnation Award Fund shall be invested in Qualified Investments specified by the County (or Blount Memorial if authority is delegated by the County to Blount Memorial). If the County fails to file such Written Request with the Trustee, moneys in such Funds shall be invested in Government Obligations with a maturity of no more than thirty (30) days. Investments shall be made so as to mature on or prior to the date or dates that moneys therefrom are anticipated to be required. The Trustee may trade with itself in the purchase and sale of securities for such investment; provided, however, that in no case shall any investment be otherwise than in accordance with the investment limitations contained herein and in the Tax Exemption Agreement. The Trustee shall not be liable or responsible for any loss resulting from any such investments.

(b) All income in excess of the requirements of the funds specified hereinabove derived from the investment of moneys on deposit in any such funds shall be deposited in the following funds in the order listed:

(i) The Bond Fund to the extent of the amounts required to be deposited in each on the next required payment date on the Bonds; and

(ii) The balance, if any, in the Optional Redemption Account.

The Trustee shall sell or present for redemption any investment whenever it shall be necessary in order to provide money to meet any payment hereunder and the Trustee shall not be liable or responsible for any loss resulting from such sale. Any loss on investments in any fund or account created hereunder shall be charged to the fund or account in which such investment was held. To the extent any loss on investments in any fund or account reduces the amount of money or the value of Qualified Investments in such fund or account below the amount then required to be on deposit in such fund or account pursuant to this Indenture, such loss shall be made up by Blount Memorial from the first available moneys in the Revenue Fund, and any moneys paid to the Trustee by Blount Memorial for such purpose shall be deposited in the fund or account with respect to which, and to the extent that, such loss was incurred. For the purpose of determining the amount on deposit to the credit of any fund or account established pursuant to this Indenture, obligations in which amounts in such fund or account shall have been invested shall be computed at the purchase price of such obligations, including any amount paid as accrued interest at the time of such purchase until the payment of such interest on the next payment date.

Section 4.7 Arrangement for Payment. The Trustee shall, from time to time at least one (1) business day prior to each date when principal of, premium, if any, or interest on the Bonds becomes due, withdraw from the Bond Fund and deposit in trust with the Paying Agent sufficient moneys for paying the principal of, premium, if any, and interest on the Bonds, as the same become due, together with an amount sufficient to pay the fees and charges of the Paying Agent in connection therewith. All moneys which the Trustee shall have withdrawn from the Bond Fund and deposited with any Paying Agent shall be held in trust for the owners of the Bonds and for the purpose of paying such fees and charges. The Trustee shall make such credit arrangements as will assure, to the extent of the money in the Bond Fund, prompt payment of principal of, premium, if any, and interest on all bonds.

Section 4.8 Excess Moneys in Bond Fund. Whenever there are moneys in the Bond Fund in excess of the amount required to be on deposit therein pursuant to this Indenture and any Supplemental Indenture and the County or Blount Memorial, if authority is so delegated by the County, shall so request, the Trustee shall, as directed by the County or Blount Memorial either (i) transfer all or any portion of such excess moneys to the Revenue Fund, or (ii) if possible, apply such excess moneys to the purchase of any outstanding Bonds at a price that shall not exceed the then applicable redemption price, or if such Bonds are not then redeemable, the redemption price of such Bonds at the earliest date on which such Bonds could be redeemed at the option of the County. If the Trustee is unable to purchase Bonds in the open market as aforesaid, then the Trustee, upon direction of the County or Blount Memorial shall use the excess moneys for the purpose of calling said Bonds according to the terms and conditions provided in Article III and any applicable Supplemental Indenture. Any request so made may be modified or withdrawn at any time before the transfer of moneys or purchase or call of Bonds pursuant thereto.

Section 4.9 Requirements of Depositaries. No uninvested moneys received or held by the Trustee or any other depositary under this Indenture shall remain deposited with any bank or trust company in any amount exceeding 50% of the combined capital and surplus of such depositary, and no moneys, other than moneys on deposit in the Revenue Fund, shall remain on deposit with any bank or trust company, including the Trustee, unless (a) such depositary shall have pledged with a bank or trust

company having a capital and surplus of not less than \$75,000,000 or the Federal Reserve Bank of Atlanta for the benefit of the County and the owners of the Bonds, as collateral security for the moneys deposited, direct and general obligations of the United States of America, or obligations the principal and interest of which are unconditionally guaranteed by the United States of America or direct and general obligations of the State of Tennessee, having a market value at all times (exclusive of accrued interest) at least equal to the amount of such deposit, or (b) in lieu of such collateral security as to all or any part of such deposit, there shall have been lodged with the Federal Reserve Bank of Atlanta, and remain in full force and effect as security for the moneys deposited, the indemnifying bond or bonds of a surety company or companies qualified as surety for the United States of America deposits and qualified to transact business in the state in which such bank or trust company has its principal office, in a sum at least equal to the amount of moneys deposited with such bank or trust company, such bond or bonds to be approved in writing by the County Mayor of the County. The County covenants and agrees with the owners of the Bonds, and each of them, that it will not permit any moneys to remain deposited except in compliance with the provisions of this Section.

Section 4.10 Surplus Moneys in Revenue Fund. All remaining revenues in the Revenue Fund, after the payments therefrom required to be made pursuant to the provisions of Section 4.3 through 4.8 of this Indenture, shall be paid on the order of Blount Memorial.

Section 4.11 Trust Funds. All moneys received by the Trustee under the provisions of this Indenture shall, except as provided in Section 4.10 hereof, be trust funds under the terms hereof for the benefit of all Bonds outstanding hereunder (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of the County or Blount Memorial. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

Section 4.12 Miscellaneous.

(a) Deposits into the Bond Fund and the Subordinate Obligation Fund shall be made on the twenty-fifth (25th) day of each month except that when the twenty-fifth (25th) day of any month shall be a Saturday, Sunday or legal holiday, then such deposit shall be made on the next succeeding business day.

(b) The money in the Revenue Fund shall be allotted and paid into the various funds hereinabove established in the order in which those funds are listed, and, if in any month the money in the Revenue Fund shall be insufficient to place the required amount in any of said funds, the deficiency shall be made up in the following month or months after payment into all funds enjoying a prior claim to the revenues shall have been met in full.

## ARTICLE V. REDEMPTION OF BONDS

Section 5.1 Redemption Dates and Prices. The Bonds are subject to redemption prior to maturity at the option of the County as a whole or in part at any time (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar in such manner as it shall deem fair and appropriate) at the redemption price of par plus accrued interest to the redemption date.

The County shall, at least thirty (30) days prior to the redemption date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such redemption date, the series of Bonds to be redeemed and of the principal amount and maturities of such series to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity and the same series, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than twenty-five (25)



days prior to the redemption date by the Trustee from the outstanding Bonds of any maturity then outstanding by lot by such method as the Trustee shall deem fair and appropriate.

The Series A Bond is subject to mandatory redemption on the dates and amounts set forth below:

| <u>Redemption<br/>Date (June 1)</u> | <u>Principal Amount of<br/>Bonds Redeemed</u> |
|-------------------------------------|---|
| 2020                                |   |
| 2021                                |   |
| 2022                                |   |
| 2023                                |   |
| 2024                                |   |
| 2025                                |   |
| 2026                                |   |
| 2027                                |   |
| 2028                                |   |
| 2029*                               |   |

\*final maturity

The Series B Bond is subject to mandatory redemption on the dates and amounts set forth below:

| <u>Redemption<br/>Date (June 1)</u> | <u>Principal Amount of<br/>Bonds Redeemed</u> |
|-------------------------------------|---|
| 2020                                |   |
| 2021                                |   |
| 2022                                |   |
| 2023                                |   |
| 2024                                |   |
| 2025                                |   |
| 2026                                |   |
| 2027                                |   |
| 2028                                |   |
| 2029*                               |   |

\*final maturity

Additional Bonds are subject to mandatory redemption as provided in the applicable supplemental indenture.

The Bonds (or portions of any such Bonds) shall be subject to redemption from the proceeds of insurance or condemnation awards in the event of any damage to, destruction of or condemnation of the Hospital Facilities (or portions thereof) if Blount Memorial determines that the property so damaged, destroyed or taken shall not be repaired, replaceable or reconstructed as set forth in Section 7.10 hereof. Any amounts deposited in the Insurance and Condemnation Award Fund in accordance with the provisions of Section 7.10 hereof shall be used by the Trustee to redeem Bonds. If called for redemption prior to maturity in accordance with the provisions of this paragraph, the Bonds may be redeemed in whole or in part (in the inverse order of maturity) at any time at a redemption price equal to the principal amount of such Bonds (or portion thereof) to be redeemed plus interest accrued to the date of redemption.

Section 5.2 Notice of Redemption. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by mailing a copy of such notice of redemption by first class mail, postage prepaid, to the registered owners of the Bonds to be redeemed not less than fifteen (15) or more

than sixty (60) days prior to the redemption date or purchase date, as the case may be, to the address shown on the Bond Register; provided, however, that failure to give such notice by mailing or a defect in the notice or the mailing as to any Bond will not affect the validity of any proceedings for redemption as to any other Bond with respect to which proper notice is given. Upon the happening of the above conditions, the Bonds, or portions thereof, thus called for redemption shall not bear interest after the applicable redemption date, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture. The Trustee shall redeem, in the manner provided in this Article V, such an aggregate principal amount of Bonds at the principal amount thereof plus accrued interest to the redemption date and premium, if any, as will exhaust as nearly as practicable such funds. At the direction of the County (or an official of Blount Memorial designated by the County), such funds may be invested in Government Obligations until needed for redemption or purchase.

## ARTICLE VI. GENERAL COVENANTS

Section 6.1     Payment of Principal, Premium, if any, and Interest. Subject to the limited source of payment referred to in Sections 2.4 and 4.1 hereof, the County covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof.

Section 6.2     Performance of Covenants; Legal Authorization. The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of pertaining thereto. The County represents that it is duly authorized under the Constitution and laws of the State to issue the Bonds authorized hereby and to execute this Indenture and to pledge to the payment of the Bonds the Gross Revenues in the manner and to the extent herein set forth; that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken (or, if Additional Bonds are issued pursuant to Section 2.8 hereof, will be duly taken as provided therein); and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the County according to the import thereof.

Section 6.3     Ownership; Instruments of Further Assurance. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee, the Gross Revenues pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds.

Section 6.4     Recording and Filing. The County covenants that it will, if necessary, cause any financing statements and continuation statements, to be kept, recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the owners of the Bonds and the rights of the Trustee hereunder.

Section 6.5     Books and Records. The County covenants that so long as any Bonds are outstanding and unpaid, it will keep, or cause to be kept, proper books of record and account with respect to Gross Revenues and funds and securities under the control of the Trustee. Such books shall at all times be open for any lawful purpose to the inspection of such accountants or other agencies as the Trustee may from time to time designate.

Section 6.6 Bond Register. The Trustee shall keep on file at its office the Bond Register. At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by Blount Memorial, the County or the authorized representative of any owner or owners of ten percent (10%) or more in principal amount of the Bonds outstanding such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 6.7 Designation of Additional Paying Agents. The County may cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents for any series of Bonds other than the Bonds and for the making available of funds hereunder for the payment of such of the Bonds as shall be presented when due at the principal corporate trust office of the Trustee, or its successor in trust hereunder, or at the principal office of said alternate Paying Agents.

Section 6.8 Arbitrage; Compliance with Tax Exemption Agreement. The County covenants and agrees that it will not take any action or fail to take any action with respect to the investment of the proceeds of the Bonds or any other funds (regardless of the source thereof and whether or not held under this Indenture) or with respect to the payments derived from the Gross Revenues pledged hereunder which may result in constituting the Bonds "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The County further covenants and agrees that it will comply with and take all actions required by the Tax Exemption Agreement.

#### ARTICLE VII. COVENANTS RELATING TO THE USE AND OPERATION OF THE HOSPITAL FACILITIES

Section 7.1 Taxes, Charges and Assessments. The County covenants and agrees, subject to the provisions of Section 7.4 hereof relating to permitted contests, to pay or cause to be paid:

(a) all taxes, assessments and charges on account of the use, occupancy or operation of the Hospital Facilities, 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 the Hospital Facilities or on account of Blount Memorial's use or occupancy thereof or the activities conducted thereon or therein; and

(b) 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 Indenture upon all or any part of the Hospital Facilities, or the interest of the County in and to the Hospital Facilities.

If under applicable law any such tax, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, the County may exercise such option. The County covenants and agrees that it will, at its own cost and expense, obtain exemption from all taxes and other charges referred to in this Section 7.1 to the extent permitted under applicable law.

Section 7.2 Liens. Subject to the provisions of Section 7.4 hereof relating to permitted contests, the County will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, encumbrances and charges on the Hospital Facilities or any part thereof other than Permitted Encumbrances.

Section 7.3 Compliance with Orders, Ordinances, Etc. Subject to the provisions of Section 7.4 hereof relating to permitted contests, the County will, at its sole cost and expense, promptly comply

with all present and future laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof that may be applicable to the County or any of the Hospital Facilities or any part thereof or any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining any of the Hospital Facilities or any part thereof or to the use or manner of use, occupancy or condition of any of the Hospital Facilities or any part thereof.

Section 7.4 Permitted Contests. The County shall not be required to pay any tax, charge, assessment or imposition referred to in Section 7.1 hereof, nor to remove any lien, charge or encumbrance required to be removed under Section 7.2 hereof, nor to comply with any law, ordinance, rule, order, decree, decision, regulation or requirement referred to in Section 7.3 hereof, so long as the County shall contest, in good faith and at its cost and expense, in its own name and behalf, 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, assessment, levy, fee, rent, charge, lien or encumbrance so contested, and the sale, forfeiture, or loss of the Hospital Facilities or any part thereof, provided, that no such contest shall subject the Trustee to the risk of any liability. While any such matters are pending, the County shall not be required to pay, remove or cause to be discharged the tax, assessment, levy, fee, rent, charge, lien or encumbrance being contested unless the County agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the County to settle any such contest), and in any event the County will, to the extent permitted by law, save the Trustee harmless against all losses, judgments, decrees and costs (including 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. The County shall give the Trustee prompt written notice of any such contest.

If the Trustee shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any of the foregoing items the Hospital Facilities or any substantial part thereof will be subject to imminent loss or forfeiture, then the County shall promptly pay all such unpaid items and cause them to be satisfied and discharged.

Section 7.5 Use of the Hospital Facilities. The County shall cause Blount Memorial to use the Hospital Facilities primarily as and for a general hospital and related activities and only in furtherance of the lawful purposes of the County. The County covenants and agrees that it will at all times cause Blount Memorial to maintain, preserve and keep all of the Hospital Facilities and each part thereof (other than the portions of certain facilities to be demolished as part of any public works project undertaken with the proceeds of Additional Bonds, if any) and all personal property used in connection therewith in good condition, repair and working order and will from time to time make all necessary and proper repairs, replacements, additions, betterments and improvements thereto so that the operations and business pertaining to the Hospital Facilities and every part thereof shall at all times be conducted properly and advantageously.

The County shall admit and treat individuals in the Hospital Facilities without regard to race, sex, national origin or religious belief and respect, permit and not interfere with the religious beliefs of persons admitted and treated, except as the same may be required for proper medical treatment.

The County shall cause Blount Memorial to observe the terms and conditions of the Tax Exemption Agreement in Blount Memorial's administration of the Hospital Facilities, including the provisions therein that no more than ten percent (10%) of the Hospital Facilities may be employed in a "private business use," as that term is used in Section 141 of the Code.

Section 7.6 Repairs, Maintenance and Alterations. The County will cause Blount Memorial throughout the term of this Indenture at its own cost and expense to maintain, preserve and keep all of the Hospital Facilities and each part thereof and all equipment therein and personal Property used in connection therewith in good and tenantable condition, repair and working order, reasonable wear and tear excepted, and in as safe condition as its operation will reasonably permit and will make all necessary and proper repairs thereto and replacements thereof, interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen, and all necessary replacements or renewals.

The County (or Blount Memorial on behalf of the County) shall have the right from time to time at its sole cost and expense to make additions, alterations and changes (hereinafter collectively referred to as "alterations") in and to the Hospital Facilities, subject, however, to the following conditions:

- (a) no alteration of any kind shall be made which would result in a violation of the provisions of Section 7.5 hereof;
- (b) no building or buildings constituting a part of the Hospital Facilities shall be demolished or removed nor shall any alteration to the Hospital Facilities be made that would substantially impair the structural strength, utility or market value thereof;
- (c) all alterations to the Hospital Facilities shall be located wholly within the boundary lines of the Land and shall become a part of the Hospital Facilities; and
- (d) such alterations shall be made in compliance with the provisions of this Indenture.

With respect to any repairs, construction, restoration, replacement or alterations performed upon the Hospital Facilities by the County (or Blount Memorial on behalf of the County) during the term hereof, in accordance with or as required by any provisions hereof, the County agrees that:

- (i) no work in connection therewith shall be under taken until the County or Blount Memorial shall have procured and paid for, so far as the same may be required, from time to time, all municipal and other governmental permits and authorizations of the various state, federal and municipal departments, agencies and subdivisions having jurisdiction;
- (ii) all work in connection therewith shall be done promptly and in workmanlike manner and in compliance with the building and zoning laws of the County or other governmental subdivisions wherein the Hospital Facilities are situated, and with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Hospital Facilities, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted; and
- (iii) it or they will obtain or have obtained worker's compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against the County or Blount Memorial or the Hospital Facilities, and (unless the contractor provides the same) general liability insurance (specifically covering this class of risk) for the benefit of the County and Blount Memorial in such amounts as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure and as otherwise required or permitted by applicable law. The general liability insurance provided for in this paragraph may be effected by an appropriate

endorsement, if obtainable, upon the insurance referred to in Section 7.9 hereof or any modifications to such insurance made in accordance with the provisions of Section 7.9. All such insurance shall be effected with financially sound and reputable insurance companies qualified to do business in the State.

Section 7.7 Removal of Equipment. In any instance where Blount Memorial in its sound discretion determines that any items of equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the operation of the Hospital Facilities, the County (or Blount Memorial on behalf of the County) may remove such items of such equipment from the Hospital Facilities and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Trustee therefor, provided that the County or Blount Memorial retains or substitutes and installs adequate equipment to operate such Hospital Facilities.

Section 7.8 Installation of Equipment. The County (or Blount Memorial on behalf of the County) may from time to time in its sole discretion and at its own cost and expense, install or place other equipment and tangible personal property in the Hospital Facilities. The County (or Blount Memorial on behalf of the County) may remove such equipment and tangible personal property at any time at its or their own cost and expense, whether or not the same shall have been affixed or annexed to the Hospital Facilities, but any damage to the Hospital Facilities by any such removal shall be repaired at the sole cost and expense of the County or Blount Memorial.

Section 7.9 Liability, Casualty and Other Insurance. The County shall maintain, or cause to be maintained by Blount Memorial, at its or their sole cost and expense, insurance with respect to the Hospital Facilities, the operation thereof and Blount Memorial's business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated and is adequate to protect the Property used in connection with the Hospital Facilities and the operations of Blount Memorial. The County may self-insure if such self-insurance is prudent under the circumstances; provided, however, that the County may not self-insure against physical damage to or loss of the Hospital Facilities.

The foregoing requirement with respect to public liability insurance coverage is subject to the condition that, if at any time the County shall be immune from suit for injuries to persons and/or property occurring on, in or about the Hospital Facilities, the County need not maintain insurance against losses from the aforesaid injuries, and is further subject to the condition that, if at any time the County shall be subject to suit for the aforesaid injuries and liable for monetary damages in connection with such suits, but only in such amounts as may be permitted from time to time under State law (and if the County elects not to self-insure against such liability), the County shall be required to maintain insurance coverage for such injuries only in the amounts necessary to cover its liability under State law.

Section 7.10 Insurance and Condemnation Award Proceeds.

(A) If, prior to full payment of all Bonds (or provisions for payment thereof having been made in accordance with the provisions of this Indenture), the Hospital Facilities shall be damaged or destroyed, by whatever cause, or shall be taken or damaged by any public authority or entity in the exercise of its power of eminent domain, or sold by the County under threat of the exercise of such power of eminent domain (which sale, for purposes of this Section 7.10 shall be deemed a taking) there shall be no abatement or reduction in the payments payable under this Indenture.

(B) The proceeds of any insurance carried pursuant to Section 7.09 of this Indenture allocable other than to principal and interest on the Bonds shall be paid to the County and/or to Blount

Memorial. All other net proceeds of insurance or of any condemnation award or compensation (being the proceeds less all reasonable and necessary legal and other direct costs and expenses incurred in connection therewith) shall (i) if such net proceeds are in an aggregate amount of \$250,000 or less in any Bond Year, be paid to Blount Memorial to be used by Blount Memorial in its sole discretion or, (ii) if such net proceeds are in an aggregate amount in excess of \$250,000 in any Bond Year, be deposited in the Insurance and Condemnation Award Fund.

(C) In the event the net proceeds are deposited in the Insurance and Condemnation Award Fund, the County may, within ninety (90) days of such deposit notify the Trustee by an Officer's Certificate of its election to apply such net proceeds to the repair, replacement or rebuilding of the Hospital Facilities or of one of the following options:

(i) if such net proceeds are five percent (5%) or less of the net book value of the Hospital Facilities as shown on the most recent financial statements of Blount Memorial, the County may direct the Trustee to deposit such net proceeds in the Optional Redemption Account and apply them to the redemption of all or a part of the Bonds, or

(ii) if such net proceeds are in excess of five percent (5%) of the net book value of the Hospital Facilities as shown on the most recent financial statements of Blount Memorial, the County may redeem all or part of the Bonds;

provided, however, that before such proceeds may be applied for the purpose of redeeming less than all of the Bonds, the County shall have provided the Trustee a certificate of the authorized representative of the County to the effect that failure of the County to repair or restore the property destroyed will not impair the ability of the County to comply with the provisions of Section 7.6 of the Indenture.

(D) If the County elects to redeem all of the Bonds, then it shall promptly pay to the Trustee for deposit to the credit of the Optional Redemption Account additional moneys sufficient to provide, together with any moneys then on deposit in the various funds and accounts established by this Indenture, for the redemption of all Bonds then Outstanding at the Redemption Price provided for the extraordinary redemption of Bonds. Upon the deposit of sufficient additional moneys by the County, the Trustee shall forthwith transfer any moneys on deposit in the various funds and accounts established by this Indenture to the Optional Redemption Account and effect such redemption.

(E) If the County elects to repair, rebuild or restore the Hospital Facilities, or the portion thereof so damaged, destroyed or taken, or apply the proceeds for the purpose for which the claim was made, the Trustee shall hold such net proceeds in the Insurance and Condemnation Award Fund and make disbursements therefrom, from time to time, upon receipt of a requisition, signed by an authorized representative of the County. The County may make alterations and modifications (including the substitution and addition of other property) as it may desire and as will not impair the character or significance of the Hospital Facilities.

(F) The County shall not, by reason of the payment of any costs which it pays or incurs, be entitled to any diminution in or postponement of the payments payable under this Indenture.

(G) Any balance of such net proceeds remaining after the payment of all costs of such repair, rebuilding, restoration, construction or acquisition shall, at the option of the County, be paid to the County or deposited in the Optional Redemption Account. The Trustee shall transfer any retained business interruption insurance to the credit of the Bond Fund as needed to pay the principal of and interest on Bonds.

(H) In the event the County does not elect any of the above options within ninety (90) days of receipt of the proceeds by the Trustee, the Trustee shall deposit such net proceeds, other than the proceeds of business interruption insurance applied as described above, to the credit of the Optional Redemption Account after such ninety (90) day period upon written notice to the County.

Section 7.11 Right to Perform County's Covenants; Advances. In the event the County or Blount Memorial shall fail to (i) pay any tax, charge, assessment or imposition pursuant hereto, (ii) remove any lien, encumbrance or charge pursuant hereto, (iii) maintain the Hospital Facilities in repair pursuant hereto, (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 the County (or Blount Memorial on behalf of the County) is not contesting the same in accordance with Section 7.4 hereof, then and in each such case the Trustee may (but shall not be obligated to) remedy such failure for the account of the County and Blount Memorial and make advances for that purpose. No such performance or advance shall operate to release the County or Blount Memorial from any such failure and any sums so advanced by the Trustee shall be repayable by the County or Blount Memorial on demand and shall bear interest at the prime rate per annum then charged by the Trustee from the date of the advance until repaid. The Trustee shall have the right of entry on the Hospital Facilities or any portion thereof in order to effectuate the purposes of this Section 7.11, subject to the permission of a court of competent jurisdiction, if required by law.

Section 7.12 Rates and Charges. The County covenants and agrees that Blount Memorial will operate the Hospital Facilities as a revenue producing hospital on a nondiscriminatory basis, to charge such fees and rates in each Fiscal year for its facilities and services and to exercise such skill and diligence as to provide: (1) Net Income Available for Debt Service equal to at least 115% of the Maximum Annual Debt Service Requirements on the Bonds and any Additional Bonds for that and any subsequent Fiscal Year and (2) all other payments required to be made by the County under this Indenture for that and any subsequent Fiscal Year. The County further covenants and agrees that it or Blount Memorial will, from time to time as often as necessary, to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section. If in any Fiscal Year, Blount Memorial's Net Income Available for Debt Service is less than 110% of the principal, sinking fund, interest and any other debt service payment requirements upon the outstanding Bonds during such Fiscal Year, the County or Blount Memorial at its expense shall retain a nationally recognized Hospital Consultant, to make recommendations with respect to such rates, fees and charges and Blount Memorial's methods of operation and other factors affecting its financial condition. The foregoing provisions notwithstanding, if in any Fiscal Year Blount Memorial's Net Income Available for Debt Service is less than 110% of such debt service requirements, the County and Blount Memorial shall not be obligated to retain a Hospital Consultant to make such recommendations if: (A) there is filed with the Trustee and the County, a written report addressed to them of a nationally recognized Hospital Consultant which contains an opinion of such Consultant that applicable laws or regulations have prevented Blount Memorial from generating Net Income Available for Debt Service in such amount and, if requested by the Trustee, such report is accompanied by a concurring opinion of Independent Counsel acceptable to the Trustee as to any conclusions of law supporting the opinion of such Hospital Consultant; (B) Blount Memorial has generated the maximum amount of Net Income Available for Debt Service that in the opinion of such Hospital Consultant could reasonably have been generated given such laws and regulations during the period affected thereby; and (C) the Net Income Available for Debt Service so generated was at least 100% of such debt service requirements. A copy of Blount Memorial Consultant's report and recommendations, if any, shall be filed with the County, Blount Memorial, the Trustee, and any Bondholder or Bondholders holding ten percent (10%) or more in aggregate principal amount of the outstanding Bonds of any series requesting a copy of the same. Blount Memorial shall to the extent feasible follow the recommendations of Blount Memorial Consultant. This Section shall not be construed to prohibit Blount Memorial from serving indigent patients 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 County or Blount Memorial from satisfying the other requirements of this Section.

Section 7.13 Financial Statements, Etc. The County covenants that it or Blount Memorial will keep proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of Blount Memorial in accordance with generally accepted principles of accounting consistently applied, and will furnish to the Trustee, to the original purchasers of the Bonds and to any requesting holder or holders of ten percent (10%) or more in aggregate principal amount of the outstanding Bonds of any series:

(A) Within forty-five (45) days after the expiration of each of the first three (3) quarterly fiscal periods of each Fiscal Year of Blount Memorial, 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 the Treasurer or another authorized financial officer of Blount Memorial;

(B) Within 120 days after the last day of each Fiscal Year of Blount Memorial, a financial report for such fiscal year certified 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) Within 120 days after the last day of each Fiscal Year of Blount Memorial an Officer's Certificate of Blount Memorial, stating that Blount Memorial has made a review of its activities during the preceding Fiscal Year for the purpose of determining whether Blount Memorial has complied with all of the terms, provisions and conditions of this Indenture and that Blount Memorial has kept, observed, performed and fulfilled each and every covenant, provision and condition of this Indenture on its or the County's part to be performed and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof, or if the County or Blount Memorial shall be in default such certificate shall specify all such defaults and the nature thereof; and

(D) Such additional information (including information necessary to make the determination required of the Trustee in Section 7.12) as the Trustee or any holder or holders of ten percent (10%) or more in aggregate principal amount of the outstanding Bonds of any series may reasonably request concerning the County or Blount Memorial in order to enable the Trustee or such holder or holders to determine whether the covenants, terms and provisions of this Indenture have been complied with by the County and Blount Memorial and for that purpose all pertinent books, documents and vouchers relating to its business, affairs and properties shall at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated and compensated by the Trustee or such holder or holders of ten percent (10%) or more of the Bonds of any series.

Without limiting the foregoing, the County or Blount Memorial will permit the Trustee and any holder or holders of ten percent (10%) or more in aggregate principal amount of the outstanding Bonds of

any series (or such persons as such holder or holders may designate) to visit and inspect, at the expense of such person, any of the properties of Blount Memorial and to discuss the affairs, finances and accounts of Blount Memorial with its and their officers and independent accountants, all at such reasonable times and as often as the Trustee or such holder or holders may reasonably desire.

The County shall give prompt written notice of a change of the accountants of Blount Memorial to the Trustee. The notice shall state: (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as the Trustee may reasonably request.

Section 7.14 Accreditation. The County warrants that Blount Memorial is now accredited by the Joint Commission on Accreditation of Healthcare Organizations and covenants that it will use its best efforts (so long as it is in the best interests of the County, Blount Memorial and the Bondholders, as determined by the County and Blount Memorial) to maintain such accreditation by the Joint Commission or its successors. The County or Blount Memorial shall send to the Trustee written notice of reaccreditation and the period thereof or in lieu thereof immediately upon failure to obtain accreditation after eligibility therefor or any subsequent loss of accreditation, a statement by the County or Blount Memorial that Blount Memorial is no longer accredited. Such statement shall set forth the reasons given by the accrediting body for non-accreditation.

Section 7.15 Medicare, Medicaid and Blue Cross. The County covenants and agrees that it will use its best efforts (so long as it is in the best interest of Blount Memorial and the Bondholders, as determined by the County and Blount Memorial) to establish and maintain its status as a provider of health care services, eligible for reimbursement under Medicare, Blue Cross and equivalent insurance programs and under Medicaid and other similar contractual programs, including future federal and state programs.

Section 7.16 Permitted Indebtedness. Each of the County and Blount Memorial covenant and agree that it will not incur any Indebtedness or liabilities of any kind payable from revenues of the Hospital Facilities or any assets relating thereto, whether such revenues or assets are held by or titled in the name of Blount Memorial, except as permitted by the following (herein referred to as “Permitted Indebtedness”):

(a) Indebtedness, including Additional Bonds, if prior to the incurrence of such Indebtedness there is delivered to the Trustee (A) a written report of an independent certified public accountant of recognized standing stating that Blount Memorial's Net Income Available for Debt Service for the full Fiscal Year next preceding the incurrence of such Indebtedness is not less than 120% of the Maximum Annual Debt Service Requirement on the outstanding Indebtedness and the additional Indebtedness then proposed to be issued, in any of the years following such issuance; or (B) a written report of a Hospital Consultant (which Consultant and report are acceptable to the Trustee) stating that Blount Memorial's estimated or forecasted Net Income Available for Debt Service for each of the two (2) Fiscal Years immediately following the anticipated completion date of the “public works project” (as defined in the Act) to be acquired or constructed with the proceeds of such additional Indebtedness is not less than 120% of the Maximum Annual Debt Service Requirement on the outstanding Indebtedness and the additional Indebtedness then proposed to be issued, in any of the years following such issuance.

The requirements of the foregoing clause (B) shall be deemed satisfied if: (I) the written Hospital Consultant's report referred to in subsection (B) contains an opinion of such Hospital Consultant that

applicable laws or regulations have prevented or will prevent Blount Memorial from generating the amount of Net Income Available for Debt Service required to be generated by such clause as a prerequisite to the issuance of additional Indebtedness and such report is accompanied by a concurring opinion of Independent Counsel as to any conclusions of law supporting the opinion of such Hospital Consultant; (II) Blount Memorial has generated, and the forecasts or estimates contained in such Hospital Consultant's report are that Blount Memorial will generate, the maximum amount of Net Income Available for Debt Service that in the opinion of such Hospital Consultant can reasonably be generated given such laws and regulations during the period affected thereby; and (III) the Net Income Available for Debt Service so generated is at least 100% of the Maximum Annual Debt Service Requirement on the outstanding Indebtedness and the Net Income Available for Debt Service estimated or forecasted to be so generated are at least 100% of such estimated Maximum Annual Debt Service Requirement on the outstanding Indebtedness and the Indebtedness proposed to be issued.

The foregoing notwithstanding, the written report referred to in clause (B) above is not required in connection with the issuance of additional Indebtedness if there shall be filed with the Trustee a written report of an independent certified public accountant of recognized standing stating that Blount Memorial's average Net Income Available for Debt Service for the two (2) full Fiscal Years next preceding the issuance of such additional Indebtedness is not less than 120% of the Maximum Annual Debt Service Requirement on the then outstanding Indebtedness and the Indebtedness proposed to be issued.

(b) liabilities (other than for borrowed money and other than rents payable under lease agreements) incurred in the regular operation of the Hospital Facilities;

(c) liabilities under leases of real or personal Property with unexpired lease terms (including renewal periods at the option of the lessee) of less than three (3) years;

(d) liabilities, other than those described above, unsecured or secured by or evidenced by mortgages, leases (other than those described in (c) above), liens, security agreements or conditional sales contracts; provided that the amount of liabilities described in this clause (d) shall not in the aggregate at any one time exceed twenty percent (20%) of the Net Operating Revenues of Blount Memorial for the preceding Fiscal Year and further provided that with respect to any such unsecured indebtedness maturing not later than 366 days after it is incurred and that is not renewable at the option of Blount Memorial (i) there shall be during each Fiscal Year thirty (30) consecutive calendar days during which no such indebtedness shall be outstanding and (ii) the repayment obligation thereon shall not exceed ten percent (10%) of the total operating revenues of Blount Memorial during the preceding Fiscal Year;

(e) liabilities for contributions to self-insurance programs permitted to be maintained hereunder; and

(f) liabilities that are payable from but not secured by a lien on the Gross Revenues or which have a lien on Gross Revenues subordinate to the lien in favor of the Bonds.

The County and Blount Memorial agree that prior to incurring Permitted Indebtedness under subparagraph (d) above to entities other than sellers of real or personal Property for purchase money debt, lessors of such Property or banks or other institutional lenders, it will provide the Trustee with an opinion in form and substance satisfactory to the Trustee rendered by Independent Counsel satisfactory to the Trustee to the effect that, to such Independent Counsel's knowledge, the County and Blount Memorial have complied in all material respects with all applicable state and federal laws regarding the issuance of securities in connection with the incurrence of such Permitted Indebtedness (including the issuance of any securities or other evidences of indebtedness in connection therewith) and he has no reason to believe that

a right of rescission under such laws exists on the part of the entities to which such Permitted Indebtedness is to be incurred.

Blount Memorial covenants that it will not incur any Indebtedness, without the prior written consent of the County, except Indebtedness incurred jointly with the County as Additional Bonds pursuant to this Indenture.

For purposes of the computation of the Long-Term Debt Service Requirement, whether historic or projected, Balloon Indebtedness shall, at the election of the County, be deemed to be Indebtedness which, at the later of the date of its original incurrence or the date of calculation, is payable over a twenty-five (25) year term, with level annual debt service, at a rate of interest equal to that set forth in writing by a firm of investment bankers or a financial advisory firm selected by the County.

For purposes of the computation of the projected (but not historic) Long-Term Debt Service Requirement, Variable Rate Indebtedness shall be deemed Indebtedness which bears interest at a rate equal to the index or interest rate submitted in writing to the Trustee by a firm of investment bankers or a financial advisory firm selected by the County, as the index or interest rate reasonably reflecting the terms and provisions of the Indebtedness in question.

For purposes of the computation of the Long-Term Debt Service Requirement, whether historic or projected, the County may subtract from interest due on Indebtedness any Capitalized Interest which is available and is to be applied to make such interest payment in the year such interest comes due, at the time of such computation for the period in question, for the payment of such interest on such Indebtedness.

Section 7.17 Merger, Consolidation or Transfer of Hospital Assets by the County. The County will not transfer all or substantially all of the Hospital Facilities or assets related thereto or transfer (by sale, lease or otherwise) all or substantially all of the Hospital Facilities or assets related thereto to another authority, organization or corporation unless the following requirements are complied with and there has been delivered to the Trustee an opinion of Independent Counsel reasonably acceptable to the Trustee stating that there has been such compliance:

- (a) The transferee authority, organization or corporation, as the case may be:
  - (i) is an authority, organization or corporation to which the County is required or permitted by the laws of the State of Tennessee to transfer (by sale, lease or otherwise) all or substantially all of the Hospital Facilities or assets related thereto;
  - (ii) assumes in writing all of the obligations of the County under the Bonds and this Indenture;
  - (iii) will not, after such transaction is consummated, otherwise be in default under any provisions of the Bonds or this Indenture;
  - (iv) is licensed and accredited to the extent required to operate the Hospital Facilities;
  - (v) will, in the opinion of the County's accountant, have a net worth or fund balance, determined in accordance with generally accepted accounting principles, not less than the fund balance of Blount Memorial immediately prior to such merger, consolidation or transfer;

(vi) will, in the opinion of a Hospital Consultant, be able to produce Net Income Available for Debt Service equal to at least 115% of the Maximum Annual Debt Service Requirement for the Bonds for that and any subsequent Fiscal Year, after deducting any interest to be paid from proceeds of the Bonds;

(b) Any indebtedness to be incurred or assumed by the County in connection with any such merger, consolidation or transfer satisfies the provisions of Section 7.16 of this Indenture; and

(c) The Trustee shall have received an opinion of Independent Counsel to the effect that (i) the lien created by this Indenture will not in any manner be adversely affected thereby, and (ii) the exclusion of interest on the Bonds from the gross incomes of the owners thereof for federal income tax purposes will not be impaired as a result of such transfer, consolidation or merger, under then existing law.

## ARTICLE VIII. REMEDIES

Section 8.1 Extension of Payment; Penalty. In case the time for the payment of principal of or the interest on any Bonds shall be extended, whether or not such extension be by or with the consent of the County, such principal or such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Indenture except subject to the prior payment in full of the principal of all Bonds then outstanding and of all interest thereon, the time for the payment of which shall not have been extended.

Section 8.2 Events of Default. Each of the following events is hereby declared an “event of default”:

(a) payment of any installment of interest payable on any of the Bonds shall not be made by the County when the same shall become due and payable; or

(b) payment of the principal of or the premium, if any, payable on any of the Bonds shall not be made when the same shall become due and payable, either at maturity, by proceedings for redemption, upon acceleration, through failure to make any payment to any fund hereunder or otherwise; or

(c) the County or Blount Memorial shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) an order or decree shall be entered, appointing a receiver, receivers, custodian or custodians for any of the revenues of the County or Blount Memorial, or approving a petition filed against the County or Blount Memorial seeking reorganization of the County or Blount Memorial under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the County or Blount Memorial, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(e) any proceeding shall be instituted with the consent or acquiescence of the County, or any plan shall be entered into by the County or Blount Memorial, for the purpose of effecting a composition between the County or Blount Memorial and its or their creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if

the claims of such creditors are under any circumstances payable from any part or all of the trust estate, including the Gross Revenues of Blount Memorial pledged under this Indenture; or

(f) the County or Blount Memorial (1) files a consent in bankruptcy or under Title 11 of the United States Code, as amended, (2) makes an assignment for the benefit of its creditors, (3) consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the trust estate, including the revenues and other moneys derived by the County or Blount Memorial pledged under this Indenture, or (4) is generally not paying its or their debts as such debts become due; or

(g) (i) the County or Blount Memorial is adjudged insolvent by a court of competent jurisdiction, (ii) on a petition in bankruptcy filed against the County or Blount Memorial, either or both are adjudged as bankrupts, or (iii) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the County or Blount Memorial, a receiver, custodian or trustee of the County or Blount Memorial or of the whole or any part of its or their property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or

(h) the County or Blount Memorial shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(i) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the County or Blount Memorial or of the whole or any substantial part of its or their property, and such custody or control shall not be terminated within thirty (30) days from the date of assumption of such custody or control; or

(j) the County or Blount Memorial shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture or any indenture supplemental hereto to be performed on the part of the County or Blount Memorial, and such default shall continue for the period of thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County and Blount Memorial by the Trustee; the Trustee may give such notice in its discretion and shall give such notice at the written request of the holders of not less than ten percent (10%) in aggregate principal amount of the Bonds then outstanding hereunder; or

(k) the County 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 thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by the Trustee; or

(l) With respect to any Bonds that have been purchased by a Bondholder pursuant to credit agreement, continuing covenant agreement or other similar agreement (a "Credit Agreement") containing terms and conditions pursuant to which such Bondholder has agreed to purchase the Bonds, the receipt by the Trustee of written notice from such Bondholder that an Event of Default has occurred under the Credit Agreement.

The Trustee may, at any time that an event of default exists, (i) by written notice to the depositaries in which any funds in the Revenue Fund are deposited, direct that such funds be immediately transferred to the Trustee, and upon receipt of such funds the same shall be held in trust by the Trustee and disposed of as provided in the Indenture, and (ii) by written notice to Blount Memorial direct that all subsequent deposits into the Revenue Fund be made with the Trustee as the depositary thereof as

provided in Section 4.2 of this Indenture. During the continuance of an event of default, all moneys received by the Trustee under this Indenture from Blount Memorial or from any other source shall be applied by the Trustee first to the payment of the reasonable and proper charges, expenses and liabilities paid or incurred by the Trustee and owners of the Bonds (including fees of attorneys, engineers and other consultants), and thereafter to the payment of principal of and interest on the Bonds in accordance with the terms of this Indenture.

Section 8.3 Acceleration. Upon the happening of any event of default specified in paragraphs (c) through (l) of Section 8.2 and the continuance of the same for the period, if any, specified in said paragraphs, the Trustee may, without any action on the part of the Bondholders, and upon the happening of an event of default specified in paragraph (a) or (b) of Section 8.2 or upon the happening and continuance of any other event of default (other than those specified in paragraph (a) or (b) of Section 8.02) and the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding hereunder, and upon being indemnified to its satisfaction, the Trustee shall, by notice in writing delivered to the County and Blount Memorial, declare the entire principal amount of the Bonds then outstanding hereunder and the interest accrued thereon, immediately due and payable, and the entire principal and interest shall thereupon become and be immediately due and payable, subject, however, to the provisions of Section 8.11 hereof with respect to waivers of events of default.

Section 8.4 Remedies; Rights of Bondholders. Upon the occurrence of any event of default, the Trustee may, and upon the written request of the owners of 25% in aggregate principal amount of the Bonds outstanding, and provided the Trustee shall have been indemnified as provided in Section 9.1 hereof, shall, pursue any available remedy under Tennessee law, including, without limitation, the remedies available to the Trustee under Section 9-21-310, Tennessee Code Annotated, including a suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds outstanding hereunder; provided, however, that the Trustee shall have the right to decline to comply with any such request or direction if the Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of Bonds not parties to such request.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the holders of Bonds) 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 Trustee or to the holders of Bonds 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 by the Trustee shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 8.5 Direction of Proceedings by the Bondholders. The owners of a majority in aggregate principal amount of Bonds then outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the 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 Indenture, including 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 including, without

limitation, Sections 9-21-310 to 9-21-316, Tennessee Code Annotated, inclusive, and of this Indenture, and shall be subject to the Trustee's right to indemnification as provided in Section 8.4.

Section 8.6 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 Trustee and the owners of Bonds under this Indenture, the 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 8.7 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment of amounts, if any, payable pursuant to the Tax Exemption Agreement;

Second: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege;

Third: To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds that shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege; and

Fourth: To the payment of the Persons entitled thereto of unpaid principal and interest due and owing on any Bonds, and to the payment of principal and interest of which has been extended in the manner described in Section 8.1.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment of amounts, if any, payable pursuant to the Tax Exemption Agreement;

Second: To the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal or interest over the other, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege; and



Third: To the payment of the principal and interest then due and unpaid upon Bonds with respect to which the payment of principal and interest has been extended as described in Section 8.1.

(c) If the principal of all the Bonds 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 Bonds 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 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 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 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, or, with respect to payments of Defaulted Interest, shall be such date as is required by the last paragraph of Section 2.3 hereof) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The 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 of the Special Record Date by mailing a copy of such notice by first class mail to the registered owners of the Bonds, at least ten (10) days prior to the Special Record Date. The Trustee shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. Whenever all Bonds and interest thereon have been paid under the provisions of this Section 8.7 and all expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the Persons entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the County.

Section 8.8 Remedies Vested in Trustee. All rights of action including the right to file proof of claims under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and recovery of judgment shall be for the equal benefit of the owners of the outstanding Bonds.

Section 8.9 Rights and Remedies in the Event of Default. In the event that an Event of Default has occurred and is ongoing, no owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder.

Section 8.10 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this 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 Trustee, then and in every case the County and the 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 Trustee shall continue as if no such proceedings had been taken.

Section 8.11 Waiver of Events of Default. The Trustee may in its discretion waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal, and shall do so upon written request of the owners of (1) at least 51% in aggregate principal amount of all the Bonds outstanding in respect of which default in the payment of principal and/or interest exists, or (2) at

least 51% in aggregate principal amount of all the Bonds outstanding in the case of any other event of default. The foregoing notwithstanding, in no event shall there be waived (a) any event of default in the payment of the principal of any outstanding Bonds when due whether by mandatory redemption or at the dates of maturity specified therein or (b) any default in the payment, other than an acceleration of the Bonds, when due of the interest on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee and any Paying Agent in connection with such default shall have been paid or provided for. In case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12 Notice of Default. In the event of any default hereunder, the Trustee will promptly give written notice thereof to the County and Blount Memorial setting forth the nature of such default.

## ARTICLE IX. THE TRUSTEE

Section 9.1 Acceptance of the Trusts. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth herein. The Trustee, prior to the occurrence of an event of default and after the curing of all events of default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and to perform such trusts as an ordinarily prudent trustee under a corporate mortgage, and no implied covenants or obligations should be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, notwithstanding anything herein to the contrary, the Trustee shall not be answerable for other than its gross negligence or willful default. If any event of default under this Indenture shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of his own affairs. The Trustee agrees to perform such trusts only upon and subject to the following expressed terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts and duties hereunder, and may in all cases pay such compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith. The Trustee may act upon the opinion or advice of an attorney, surveyor, engineer or accountant selected by it or selected or retained by the County. The 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 Trustee shall not be responsible for any recital herein, or in the Bonds (except with respect to the certificate of the Trustee endorsed on the Bonds), or for the investment of moneys as herein permitted (except that no investment shall be made except in compliance with Section 4.9 hereof and the Tax Exemption Agreement in which event the Trustee may rely upon written direction from the County (or Blount Memorial on behalf of the County, as the case may be), or for the validity of the execution by the County of this Indenture, or of any supplemental indentures or

instruments of further assurance, or for the sufficiency of the security for the Bonds 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 Trustee may (but shall be under no duty, except where herein be specified, to) require of the County and Blount Memorial full information and advice as to the performance of the covenants, conditions and agreements in this Indenture and shall use its best efforts, but without any obligation, to advise the County and Blount Memorial of any impending default known to the Trustee. The Trustee shall not be responsible for the accuracy of any information contained in any written reports, certificates or statements delivered to it pursuant to Article VII, this Section 9.1(b) or elsewhere in this Indenture, or, except as specifically provided in this Indenture, to review, take any action based upon, or distribute to Bondholders any of such written reports, certificates or statements.

(c) The Trustee shall not be accountable for the use or application by the County or Blount Memorial of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any Paying Agent. The Trustee may become the owner of Bonds secured hereby with the same rights it would have if not Trustee.

(d) The 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 Trustee pursuant to this 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 Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds 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 Trustee shall be entitled to rely upon a certificate signed on behalf of the County by the County Mayor and the County Clerk or of Blount Memorial by the President or Secretary of its Board of Trustees or its chief finance officer as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (g) of this Section, or of which by said subsection it is deemed to have notice, may 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 Trustee may accept a certificate of the County Clerk of the County under its seal to the effect that a resolution in the form therein set forth has been adopted by the County as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the County to cause to be made any of the payments to the Trustee required to be made by Article IV unless the Trustee shall be specifically notified in writing of such default by the County or Blount Memorial or by the holders of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Hospital Facilities.

(i) At any and all reasonable times, the 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 the County and Blount Memorial pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The 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.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this 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 Trustee deemed reasonably necessary for the purpose of establishing the right of the County to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

(l) Before taking any action under Article VIII or IX of this Indenture, the Trustee may require that a satisfactory indemnity bond 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 gross negligence or willful default in connection with any action so taken.

(m) All moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as provided in this Indenture or in the Tax Exemption Agreement, 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, by this Indenture or by the Tax Exemption Agreement. Neither the Trustee nor any Paying Agent shall be under any liability for interests on any moneys received hereunder except as provided under the Tax Exemption Agreement or as may otherwise be agreed upon.

Section 9.2 Fees, Charges and Expenses of Trustee and any Additional Paying Agent. The Trustee shall be entitled to payment and/or reimbursement for customary fees and for its service rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and/or reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Bond Registrar for the Bonds 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 Bonds. Upon an event of default, but only upon an event of default, the Trustee and any additional Paying Agent shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred.

Section 9.3 Notice to the County and Bondholders if Default Occurs. If a default occurs of which the Trustee is by subsection (g) of Section 9.1 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give written notice thereof by first class mail to the County, Blount Memorial and the last known owners of all Bonds then outstanding shown by the Bond Register.

Section 9.4 Intervention by Trustee. In any judicial proceeding to which the County or Blount Memorial is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and, subject to the provisions of Section 9.1(1), shall do so if requested in writing by the owners of at least twenty-five (25%) in aggregate principal amount of all Bonds then outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 9.5 Successor Trustee. Any corporation or association into which the 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, provided such corporation or association is otherwise eligible under Section 9.6 hereof, shall be and become successor 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 any of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.6 Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a bank or trust company within Tennessee organized under the laws of the United States of America or the State of Tennessee, authorized to exercise corporate trust powers, subject to supervision or examination by federal or state authorities, and having a reported combined capital and surplus of not less than \$75,000,000. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner provided in Section 9.7 hereof. No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the successor Trustee has accepted its appointment under Section 9.10 hereof.

Section 9.7 Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the County and Blount Memorial and by registered or certified mail to each registered owner of Bonds then outstanding. Such notice to the County and Blount Memorial may be served personally or sent by registered or certified mail. In the event that a successor Trustee has not been appointed by the Bondholders or the County within a period of thirty (30) days following such resignation, and after complying with the provisions of Section 9.13 of this Indenture, the Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

Section 9.8 Removal of the Trustee. Subject to the provisions of Section 9.13 of this Indenture, the Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and the County, and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding.

Section 9.9 Appointment of Successor Trustee by the Bondholders; Temporary Trustee. In case the 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, and after compliance with the provisions of Section 9.13 of this Indenture, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the County by an instrument executed and signed by the County Mayor and attested by the County Clerk or other designated officer of the County under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by

the Bondholders in the manner above provided; provided further, that if no permanent successor Trustee shall have been appointed by the Bondholders within the six (6) calendar months next succeeding the month during which the County appoints such a temporary Trustee, such temporary Trustee shall without any further action on the part of the County or the Bondholders become the permanent successor Trustee. The foregoing notwithstanding, any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by any successor Trustee so appointed by such Bondholders.

Section 9.10 Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Bond Insurer and the County 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 County, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successors. Should any instrument in writing from the County be required by any successor 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 the County.

Section 9.11 Trustee Protected in Relying Upon Resolution, Etc. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection from the County to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 9.12 Successor Trustee as Trustee of Funds, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of the Revenue Fund, Bond Fund (including Optional Redemption Account), Subordinate Obligation Fund and any other funds provided hereunder and Bond Registrar and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Bond Registrar and Paying Agent unless a separate Paying Agent or Agents are appointed by the County in connection with the appointment of any successor Trustee.

## ARTICLE X. SUPPLEMENTAL INDENTURES

Section 10.1 Supplemental Indentures Not Requiring Consent of Bondholders. Subject to the limitations set forth in Section 10.3 and the limitation set forth in Section 10.2 hereof with respect to this Section 10.1, the County and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders and the Trustee, or either of them;
- (c) to assign and pledge under this Indenture additional revenues, properties or collateral;

(d) to evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(e) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(f) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the issuance of coupon bonds of any series hereunder and to permit the exchange of Bonds from registered to coupon form and vice versa;

(g) to provide for the refunding or advance refunding of any Bonds;

(h) to provide for Additional Bonds to the extent permitted by this Indenture and in connection therewith to provide for the creation of additional funds and accounts for the disposition of proceeds of such Additional Bonds and reserves for such Additional Bonds;

(i) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit continued compliance with the Tax Exemption Agreement or any similar certificate or agreement entered into in connection with the issuance of any series of Additional Bonds; and

(j) to make any change that in the judgment of the Trustee does not materially adversely affect the rights of any Bondholders.

The County and the Trustee may not enter into an indenture supplemental to this Indenture pursuant to paragraph (f) of this Section 10.1 unless they shall have received an opinion of nationally recognized municipal bond counsel to the effect that the issuance of coupon Bonds will not adversely affect the validity of such Bonds or the exclusion from federal gross income to which interest on such Bonds would otherwise be entitled.

Section 10.2 Supplemental Indentures Requiring Consent of Bondholders. In addition to supplemental indentures covered by Section 10.1 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds that are outstanding hereunder at the time of the execution of such indenture or supplemental indenture, or, in the case less than all of the several series of Bonds outstanding are affected thereby the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of each series so affected which are outstanding at the time of such execution, shall have the right, from time to time, to consent to and approve the execution by the County and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing contained in this Section shall permit, or be construed as permitting a supplemental indenture to effect: (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 payment of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the owners of such Bonds; (b) a reduction in the amount or extension of the time of any payment required to be made to or from the Bond Fund; (c) the creation of any lien prior to or (except for Additional Bonds) on a parity with the lien of this Indenture, without the consent of the owners of all the Bonds at the time outstanding; (d) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any

such supplemental indenture, without the consent of the owners of all the Bonds at the time outstanding which would be affected by the action to be taken; or (e) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to each holder of Bonds as shown on the registration books of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the holders of the requisite principal amount of Bonds which are outstanding hereunder at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond 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 Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

#### ARTICLE XI. SATISFACTION OF THIS INDENTURE

Section 11.1 Defeasance. If the County shall pay or provide for the payment of the entire indebtedness on all Bonds 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 Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Bonds outstanding (including the payment of premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested in non-callable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other purpose under the Act;

(c) by delivering to the Trustee, for cancellation by it, all Bonds outstanding;  
or

(d) by depositing with the Trustee, in trust, non-callable Government Obligations in such amount as the Trustee shall determine (which determination may be based upon the opinion of an independent certified public accountant of recognized standing) 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 Bonds outstanding at or before their respective maturity dates;

and if the County shall pay or cause to be paid all other sums payable hereunder by the County, this Indenture and the estate and rights granted hereunder shall cease, determine, and become null and void,



and thereupon the Trustee shall, upon receipt by the Trustee of an Officer's Certificate of the County and an opinion of Independent Counsel and an opinion of a certified public accountant acceptable to the Trustee, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture and the lien hereof. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the County for any expenditures which it may thereafter incur in connection herewith.

Any moneys, funds, securities, or other property remaining on deposit in the Revenue Fund, Bond Fund (including Optional Redemption Account), Subordinate Obligation Fund or in any other fund or investment under this Indenture (other than said Government Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of this Indenture, forthwith be transferred, paid over and distributed to the County or Blount Memorial if the County so elects.

The County may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered, which the County may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 11.2 Liability of County Not Discharged. Upon the deposit with the Trustee, in trust, at or before maturity, of money or Government Obligations in the necessary amount to pay or redeem all outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds) and compliance with the other payment requirements of Section 11.1, provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article V herein provided, or provisions satisfactory to the Trustee shall have been made for the giving of such notice, and subject to the provisions of Section 11.4, this Indenture may be discharged in accordance with the provisions hereof but the liability of the County in respect of the Bonds shall continue provided that the owners thereof shall thereafter be entitled to payment only out of the moneys or Government Obligations deposited with the Trustee as aforesaid.

Section 11.3 Provision for Payment of a Particular Series of Bonds or any Portion Thereof. If the County shall pay or provide for the payment of the entire indebtedness on all Bonds of a particular series, or any portion of a particular series, in one or more of the following ways:

(a) by paying or causing to be paid the principal of (including premium, if any) and interest on all Bonds of such series outstanding or any such portion thereof, as and when the same shall become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Bonds of such series outstanding or any such portion thereof (including the payment of premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested in non-callable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds of such series outstanding or any such portion thereof at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other purpose under the Act;

(c) by delivering to the Trustee, for cancellation by it, all Bonds of such series outstanding or any such portion thereof; or

(d) by depositing with the Trustee, in trust, non-callable Government Obligations in such amount as the Trustee shall determine (which determination may be based upon the opinion of an independent certified public accountant of recognized standing) 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 Bonds of such series or any such portion thereof at or before their respective maturity dates; and if the County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such series of Bonds or any such portion thereof, and, if such Bonds of such series or any such portion thereof are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article V of this Indenture provided or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture. The liability of the County in respect of such Bonds shall continue but the owners thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Government Obligations deposited with the Trustee as aforesaid.

Section 11.4 When Advance Refunding is Not Permitted. None of the Bonds outstanding hereunder may be refunded as aforesaid, nor may this Indenture be discharged if under any circumstances such refunding would result in the loss of any exclusion from federal gross income to which interest on such Bonds would otherwise be entitled. As a condition precedent to the advance refunding of any Bonds outstanding hereunder, the Trustee shall receive an opinion of Independent Counsel, who are nationally recognized municipal bond counsel (which Independent Counsel and opinion, including the scope, form, substance and other aspects thereof are acceptable to the Trustee and the Municipality and which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such refunding would not result in the loss of any exclusion from federal gross income to which interest on such Bonds would otherwise be entitled.

## ARTICLE XII. MANNER OF EVIDENCING OWNERSHIP OF BONDS

Section 12.1 Proof of Ownership. Any request, direction, consent or other instrument provided by this Indenture to be signed executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by 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 Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Trustee and the County, 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 Bonds and the amounts and registration numbers of such Bonds and the date of holding the same shall be proved by the Bond Register.

Any action taken or suffered by the Trustee pursuant to any provision of this Indenture, upon the request or with the assent of any person who at the time is the holder of any Bond or Bonds, shall be conclusive and binding upon all future holders of the same Bond or Bonds.

For the purpose of determining whether a required portion of the Bondholders has (i) accepted, consented, approved or agreed to any action or document to which the Bondholders have been given the right to accept, consent, approve or agree, or (ii) waived any covenant hereunder which the Bondholders have been given the right to waive or (iii) consented to any supplement hereto which the Bondholders have been given the right to consent to, Bonds purchased and held by the County or Blount Memorial hereof shall not be considered Outstanding.

### ARTICLE XIII. MISCELLANEOUS

Section 13.1 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, and the owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this 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 owners of the Bonds as herein provided.

Section 13.2 Unclaimed Moneys. Any moneys deposited with the Trustee by the County in order to redeem or pay any Bond in accordance with the provisions of this Indenture that remain unclaimed by the owners of the Bond for six (6) years after the redemption or maturity date, as the case may be, shall, if the County is not at the time, to the knowledge of the Trustee, in default with respect to any of the terms and conditions of this Indenture or the Bonds, be repaid by the Trustee to the County upon its written request therefor; and thereafter the owners of the Bond shall be entitled to look only to the County for payment thereof. The County hereby covenants and agrees to indemnify and save the Trustee harmless from any and all loss, costs, liability and expense suffered or incurred by the Trustee by reason of having returned any such moneys to the County as herein provided.

Section 13.3 Severability. If any provision of this 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 Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 13.4 Agreement of Blount Memorial to Pledge of Gross Revenues and Agreement and Covenants of this Indenture. As permitted by Chapter 187 of the 1945 Private Acts of the State of Tennessee, the County has entrusted the operation, management and maintenance of the Hospital Facilities to Blount Memorial, including the accounting for and maintenance of the Gross Revenues. By execution of this Indenture, Blount Memorial hereby pledges to the payment of the Bonds, and grants a security interest in, all right, title and interest of Blount Memorial in and to the Gross Revenues (including, without limitation all accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights), to the extent Blount Memorial should be deemed to have any interest therein, hereby joins in the Granting Clauses set forth herein with the same effect as the County, and agrees to be bound by all of the covenants and agreements of the County set forth in this Indenture as they relate to the operation, management and maintenance of the Hospital Facilities. The County and Blount Memorial hereby expressly grant to the Trustee the full right and authority to file any

Uniform Commercial Code financing statement, continuation statement or amendment that may be required by law or is, necessary to maintain any security interest granted by the County or Blount Memorial to the Trustee pursuant to this Indenture. Blount Memorial shall be responsible for and shall pay any reasonable expenses, including legal fees incurred under this section.

Section 13.5 Notices. All notices, requests, complaints, demands, papers or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. The County, Blount Memorial and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices or other communications to them shall be sent when required as contemplated by this Indenture until otherwise provided by the respective parties, all notices and communications shall be addressed as follows:

To the County:

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

To Blount Memorial:

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

To the Trustee:

Section 13.6 Trustee as Paying Agent and Registrar. The Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds.

Section 13.7 Counterparts. This 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 13.8 Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State of Tennessee.

Section 13.9 Immunity of Officers, Employees and Members of County. No recourse shall be had for the payment of the principal of or premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained against any past, present or future officer, director, member, employee or agent of the County, or of any successor municipal corporation, as such, either directly or through the County or any successor municipal 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, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds.



IN WITNESS WHEREOF, BLOUNT COUNTY, TENNESSEE has caused these presents to be signed in its name and on its behalf by its County Mayor and attested by its County Clerk, and to evidence its acceptance of the trusts hereby created the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the day and year first above written.

BLOUNT COUNTY, TENNESSEE

By: \_\_\_\_\_  
County Mayor

Attest:

\_\_\_\_\_  
County Clerk

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Blount Memorial Hospital, Incorporated joins herein for the purposes set forth in Section 13.4 hereof.

Accepted:

BLOUNT MEMORIAL HOSPITAL,  
INCORPORATED

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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