

**NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**The North Carolina Medical Care Commission  
701 Barbour Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING  
FROM THE COMMISSION'S OFFICE  
SEPTEMBER 29, 2009  
11:00 A.M.**

**Members of the Executive Committee Present:**

Lucy Hancock Bode, Chairman  
Joseph D. Crocker, Vice-Chairman  
George H.V. Cecil  
Gerald P. Cox  
Charles T. Frock  
Mary Piepenbring  
Dr. Robert E. Schaaf

**Members of the Executive Committee Absent:**

None

**Members of Staff Present:**

Christopher B. Taylor, CPA, Assistant Secretary  
Alice S. Creech, Bond Program Assistant

**Others Present:**

Kimberly Crews, High Point Regional Health System  
Polly Doroshenko, High Point Regional Hospital  
Kevin Dougherty, McGuire Woods, LLP

1. **Purpose of Meeting**  
To consider preliminary approval for a refunding bond issue for High Point Regional Health System.

2. **High Point Regional Health System, High Point** - Christopher B. Taylor

**Executive Committee Action:** A motion was made by Mr. Joe Crocker, seconded by Mr. Gerald Cox and unanimously approved.

**Resolution:** The Commission grants preliminary approval to a project for High Point Regional Health System to provide funds, to be used together with other available funds, to refund the Pooled Equipment Financing Project, Series 1985 loan to High Point Regional Health System and High Point Regional Health Services, Inc. dated as of May 1, 2007. The 1985 Pool Loan, outstanding in the amount of \$9,427,302, will be refunded with the proceeds of a Bank Qualified Bond Issue with BB&T. The project is in accordance with an application received as follows:

#### **ESTIMATED SOURCES OF FUNDS**

Principal amount of Bank Qualified Bonds	\$9,700,000
Total Sources	\$9,700,000

#### **ESTIMATED USES OF FUNDS**

Amount to repay 1985 Pool Loan	\$9,427,302
Accrued interest and expenses on 1985 Pool Loan	10,000
Accountants fee	40,000
Corporation counsel	30,000
Bond counsel	50,000
Bank counsel	45,000
Commitment fee for letter of credit to cover bankruptcy risk for 150 days	10,000
Local Government Commission fee	3,500
Commitment fee to bank for Bank Qualified Bonds	25,000
Miscellaneous	<u>59,198</u>
Total	\$9,700,000

Tentative approval is given with the understanding that the governing board of High Point Regional Health System accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of §G.S. 131A (Health Care Facilities Finance Act).
5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).
6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.
7. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North Carolina Hospital Association (NCHA) in accordance with a resolution passed by the Commission on February 9, 2007 adopting the NCHA Community Benefits reporting format and methodology for hospitals reporting to the Commission.
8. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.
9. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

Based on information furnished by applicant, the project is -

- |  |                                     |     |                          |    |                                     |     |
|--|-------------------------------------|-----|--------------------------|----|-------------------------------------|-----|
| 1. Financially feasible                          | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No | <input type="checkbox"/>            | N/A |
| 2. Construction and related costs are reasonable | <input type="checkbox"/>            | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> | N/A |

Notes:

1) Projected Long Term Debt Service Ratios

2009 1.01 <with investment losses>  
 2009 2.40 <without investment losses>  
 2010 4.05  
 2011 4.55  
 2012 5.51

2) ANDI-Community Benefits for 2008 = \$41,751,255

3. **Adjournment**

There being no further business, the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

  
Christopher B. Taylor, CPA  
Assistant Secretary