

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
FEBRUARY 18, 2010
11:00 A.M.**

Members of the Executive Committee Present:

Joseph D. Crocker, Vice-Chairman
George H. V. Cecil
Charles T. Frock
Mary L. Piepenbring

Members of the Executive Committee Absent:

Lucy Hancock Bode, Chairman
Gerald P. Cox
Dr. Robert E. Schaaf

Members of Staff Present:

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

Others Present:

Alice Adams, Robinson Bradshaw & Hinson, PA
Tommy Brewer, BB& T Capital Markets
Brad Clark, NC Baptist Hospital
Kevin Dougherty, McGuire Woods, LLP
Kevin Downes, McGuire Woods, LLP
Bruce Gurley, Morgan Stanley
Allen Robertson, Robinson Bradshaw & Hinson, PA

1. Purpose of Meeting

To consider a Resolution approving the conversion of The United Methodist Retirement Homes Project, Series 2005B to a “Bank-Bought Rate” Mode, (2) Resolution approving the conversion of the Carolina Village Project, Series 2008C to an “Index Floating Rate” Mode and (3) Series Resolution Authorizing the issuance of \$322,750,000 North Carolina Medical Care Commission Hospital Revenue Refunding Bonds (North Carolina Baptist Hospital), Series 2010.

2. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$322,750,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE REFUNDING BONDS (NORTH CAROLINA BAPTIST HOSPITAL), SERIES 2010-Remarks were made by Kevin Dougherty and Bruce Gurley

Executive Committee Action: A motion was made by Mr. Charles Frock, seconded by Ms. Mary Piepenbring and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the “Commission”) is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the “Act”), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, North Carolina Baptist Hospital (the “Corporation”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina; and

WHEREAS, the Corporation owns and operates health care facilities located in Winston-Salem, North Carolina; and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (North Carolina Baptist Hospitals Project), Series 1992B, in the aggregate principal amount of \$55,000,000, pursuant to that certain Trust Agreement, dated as of October 1, 1992, between the Commission and U.S. Bank National Association, as successor trustee, of which \$55,000,000 in aggregate principal amount is outstanding as of the date hereof (the “Series 1992B Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (North Carolina Baptist Hospitals Project), Series 1996, in the aggregate principal amount of \$50,000,000, pursuant to that certain Trust Agreement, dated as of June 1, 1996, between the Commission and U.S. Bank National Association, as successor trustee, of which \$18,700,000 in aggregate principal amount is outstanding as of the date hereof (the “Series 1996 Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (North Carolina Baptist Hospitals Project), Series 2000, in the aggregate principal amount of \$150,800,000, pursuant to that certain Trust Agreement, dated as of June 1, 2000, between the Commission and U.S. Bank National Association, as successor trustee, of which \$103,000,000 in aggregate principal amount is outstanding as of the date hereof (the “Series 2000 Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (North Carolina Baptist Hospital), Series 2009A, in the aggregate principal amount of \$77,000,000, pursuant to that certain Trust Agreement, dated as of January 1, 2009, between the Commission and U.S. Bank National Association, as successor trustee, of which \$75,530,000 in aggregate principal amount is outstanding as of the date hereof (the “Series 2009A Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (North Carolina Baptist Hospital), Series 2009B, in the aggregate principal amount of \$40,000,000, pursuant to that certain Trust Agreement, dated as of January 1, 2009, between the Commission and U.S. Bank National Association, as successor trustee, of which \$39,235,000 in aggregate principal amount is outstanding as of the date hereof (the “Series 2009B Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (North Carolina Baptist Hospital), Series 2009C, in the aggregate principal amount of \$40,000,000, pursuant to that certain Trust Agreement, dated as of January 1, 2009, between the Commission and U.S. Bank National Association, as successor trustee, of which \$39,235,000 in aggregate principal amount is outstanding as of the date hereof (the “Series 2009C Bonds” and, together with the Series 1992B Bonds, the Series 1996 Bonds, the Series 2000 Bonds, the Series 2009A Bonds and the Series 2009B Bonds, the “Prior Bonds”); and

WHEREAS, the Corporation has made an application to the Commission for a loan for the purposes of providing funds, together with other available funds, to refund in whole the outstanding principal amount of the Prior Bonds; and

WHEREAS, the Commission has determined that the public will best be served by the proposed refinancing and, by a resolution adopted by the Executive Committee of the Commission on January 14, 2010, has approved the issuance of the Bonds (as hereinafter defined), subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented at this meeting the Preliminary Official Statement, dated February 5, 2010 (the “Preliminary Official Statement”), and draft copies of the following documents relating to the issuance of the Bonds:

(a) the Bond Purchase Agreement, to be dated the date of sale of the Bonds (the “Bond Purchase Agreement”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and Morgan Stanley & Co. Incorporated, BB&T Capital Markets, a division of Scott & Stringfellow, LLC and Goldman, Sachs & Co. (collectively, the “Underwriters”), and approved by the Commission and the Corporation;

(b) the Master Trust Indenture, to be dated as of March 1, 2010 (the “Master Indenture”), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”);

(c) the Supplemental Master Indenture for Obligation No. 1, to be dated as of March 1, 2010 (“Supplemental Indenture No. 1”), by and between the Corporation and the Master Trustee, supplementing the Master Indenture;

(d) the Trust Agreement, to be dated as of March 1, 2010 (the “Trust Agreement”), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond

trustee (the “Bond Trustee”), the provisions of which relate to the issuance of and security for the Bonds;

(e) the Loan Agreement, to be dated as of March 1, 2010 (the “Loan Agreement”), by and between the Corporation and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(f) Obligation No. 1 of the Corporation, to be dated the date of its delivery (“Obligation No. 1”), to be issued by the Corporation to the Commission and assigned by the Commission to the Bond Trustee; and

(g) the Continuing Disclosure Agreement, to be dated as of March 1, 2010 (the “Continuing Disclosure Agreement”), executed and delivered by the Corporation; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Obligation No. 1 and Supplemental Indenture No. 1; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed refinancing and that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Hospital Revenue Refunding Bonds (North Carolina Baptist Hospital), Series 2010 in the aggregate principal amount of \$322,750,000 (the “Bonds”). The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in Schedule 1 attached hereto and made a part hereof.

The Bonds shall be issued as fully registered bonds, initially in denominations of \$5,000 or any whole multiple thereof. The Bonds shall be initially issued in book-entry-only form as described in the Trust Agreement. Interest on the Bonds shall be payable on each June 1 and December 1, beginning June 1, 2010, until the Bonds are fully paid. Payments of principal and interest on the Bonds shall be forwarded by the Bond Trustee to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption and purchase in lieu of redemption prior to their maturity at such times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for the purpose described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds as shall be set forth in the Bond Purchase Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Master Indenture, Supplemental Indenture No. 1, Obligation No. 1 and the Continuing Disclosure Agreement are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the price of \$331,427,577.76 (which price represents the principal amount of the Bonds, less an underwriters' discount of \$2,574,830.34, plus net original issue premium of \$11,252,408.10).

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the due and valid execution of the Bond Purchase Agreement, the Trust Agreement, the Master Indenture, Supplemental Indenture No. 1, Obligation No. 1, the Continuing Disclosure Agreement and the Loan

Agreement by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Underwriters, against payment therefor, subject to the provisions of Section 2.08 of the Trust Agreement.

Section 11. The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the sale of the Bonds, and the Official Statement (the “Official Statement”), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the maturities, redemption provisions and interest rates of the Bonds, is hereby approved, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such designated member of the Commission, with the advice of counsel, may deem appropriate; and such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Master Indenture, Supplemental Indenture No. 1, Obligation No. 1, the Loan Agreement and the Continuing Disclosure Agreement by the Underwriters in connection with such sale.

Section 12. The Depository Trust Company (“DTC”), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 13. Christopher B. Taylor, C.P.A., Assistant Secretary to the Commission, and Kathy C. Larrison, Auditor to the Commission, are each hereby appointed a Commission Representative as that term is defined in the Trust Agreement and the Loan Agreement, with full power to carry out the duties set forth therein.

Section 14. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Bond Purchase Agreement, the Official Statement, the Master Indenture, Supplemental Indenture No. 1, Obligation No. 1 and the Continuing Disclosure Agreement.

Section 15. A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is set forth in Schedule 2 attached hereto and made a part hereof.

Section 16. This Series Resolution shall take effect immediately upon its passage.

Schedule 1
Maturity Schedule
Serial Bonds

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$ 7,705,000	2.000 %
2012	7,860,000	4.000
2013	4,515,000	3.000
2013	3,660,000	5.000
2014	8,495,000	5.000
2015	4,525,000	4.000
2015	4,395,000	5.000
2016	6,615,000	4.000
2016	2,705,000	5.000
2017	9,720,000	5.000
2018	10,205,000	5.000
2019	6,805,000	4.000
2019	3,910,000	5.000
2020	11,185,000	5.000
2021	11,740,000	5.000
2022	12,330,000	5.000

Term Bonds

\$9,695,000, 4.375% Term Bonds due June 1, 2025

<u>Due on June 1</u>	<u>Sinking Fund Requirement</u>
2023	\$ 3,200,000
2024	3,235,000
2025*	3,260,000

*Maturity

\$31,130,000, 5.250% Term Bonds due June 1, 2025

<u>Due on June 1</u>	<u>Sinking Fund Requirement</u>
2023	\$ 9,745,000
2024	10,360,000
2025*	11,025,000

*Maturity

Schedule 1 (con't)

\$16,385,000, 4.750% Term Bonds due June 1, 2027

<u>Due on June 1</u>	<u>Sinking Fund Requirement</u>
2026	\$ 7,985,000
2027*	8,400,000

*Maturity

\$43,075,000, 5.250% Term Bonds due June 1, 2029

<u>Due on June 1</u>	<u>Sinking Fund Requirement</u>
----------------------	---------------------------------

2026	\$ 7,020,000
2027	7,350,000
2028	13,950,000
2029*	14,755,000

*Maturity

\$23,510,000, 4.750% Term Bonds due June 1, 2030

<u>Due on June 1</u>	<u>Sinking Fund Requirement</u>
2028	\$ 2,585,000
2029	2,635,000
2030*	18,290,000

*Maturity

\$82,585,000, 5.000% Term Bonds due June 1, 2034

<u>Due on June 1</u>	<u>Sinking Fund Requirement</u>
2031	\$ 19,160,000
2032	20,120,000
2033	21,125,000
2034*	22,180,000

***Maturity Schedule 2**

Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Underwriters' Co-Counsel	\$ 100,000	\$ 100,000
Accountants	70,000	77,000
Corporation Counsel	50,000	55,000
Bond Counsel	175,000	175,000
Financial Advisor	68,000	73,161

3. **Resolution of the North Carolina Medical Care Commission Approving the Conversion of the North Carolina Medical Care Commission Variable Rate Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project), Series 2008C to an "Index Floating Rate" Mode-**Remarks were made by Allen Robertson .

Executive Committee Action: A motion was made by Mr. George Cecil, seconded by Ms. Mary Piepenbring and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the “Commission”) is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the “Act”), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, Carolina Village, Inc. (the “Corporation”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “nonprofit agency” within the meaning of the Act; and

WHEREAS, on February 28, 2008, the Commission issued its Variable Rate Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project), Series 2008C in the aggregate principal amount of \$15,000,000, all of which are outstanding (the “Bonds”), pursuant to a Trust Agreement, dated as of February 1, 2008 (the “Original Trust Agreement”), between the Commission and First-Citizens Bank & Trust Company, succeeded by U.S. Bank National Association, as bond trustee (the “Bond Trustee”), and loaned the proceeds from the sale of the Bonds to the Corporation pursuant to a Loan Agreement, dated as of February 1, 2008 (the “Original Agreement”), between the Commission and the Corporation; and

WHEREAS, since they were issued, the Bonds have been bearing interest at the Weekly Rate (as defined in the Original Trust Agreement) and are secured by an irrevocable letter of credit (the “Letter of Credit”) issued by Wachovia Bank, National Association (the “Bank”); and

WHEREAS, as an alternative to renewing the Letter of Credit, the Bank has offered to purchase the Bonds and hold them for three years at a variable interest rate equal to the SIFMA index plus an appropriate credit spread; and

WHEREAS, to enable the Bank to purchase and hold the Bonds, the Original Trust Agreement must be amended and restated to add an “Index Floating Rate” mode and then remarketed to the Bank upon conversion to that mode; and

WHEREAS, the conversion of the Bonds to the Index Floating Rate mode (the “Conversion”) will be treated as a “reissuance” (i.e., a deemed current refunding) of the Bonds for federal income tax purposes; and

WHEREAS, by a resolution adopted on January 22, 2010, the Commission preliminarily approved the Conversion, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented at this meeting draft copies of the following documents relating to the Conversion:

- (a) an Amended and Restated Trust Agreement, dated as of February 25, 2010 (the “Trust Agreement”), between the Commission and U.S. Bank National Association, Raleigh, North Carolina, as bond trustee (the “Bond Trustee”);

(b) an Amended and Restated Loan Agreement, dated as of February 25, 2010 (the “Loan Agreement”), between the Commission and the Corporation;

(c) an Amended and Restated Supplemental Indenture for Obligation No. 6, dated as of February 25, 2010 (“Supplement No. 6”), between the Corporation and U.S. Bank National Association, as successor master trustee (in such capacity, the “Master Trustee”) under the Master Trust Indenture, dated as of February 1, 2008 (as supplemented, the “Master Indenture”), between the Corporation and First-Citizens Bank & Trust Company, as master trustee (the “Original Master Trustee”);

(d) Amended and Restated Obligation No. 6, dated as of February 25, 2010 (“Obligation No. 6”), from the Corporation to the Commission;

(e) a Supplemental Indenture for Obligation No. 9, dated as of February 25, 2010 (“Supplement No. 9” and together with Supplement No. 6, the “Supplemental Indentures”), between the Corporation and the Master Trustee; and

(f) Obligation No. 9, dated as of February 25, 2010 (“Obligation No. 9” and together with Obligation No. 6, the “Obligations”), from the Corporation to the Bank; and

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Final Resolution and not defined herein shall have the same meanings in this Final Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes and approves the Conversion.

Section 3. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 4. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 5. The forms, terms and provisions of the Supplemental Indentures and the Obligations are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 3 of this Final Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 6. Lucy H. Bode, Chairman of the Commission, the Secretary of the Commission (currently William J. Horton, Acting Secretary) and Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 7. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the Conversion.

Section 8. All references in this Resolution to the Secretary of the Commission include any Acting Secretary of the Commission.

Section 9. This Final Resolution shall take effect immediately upon its passage.

Note: The Bonds will bear interest at a flat SIFMA rate plus 2.10 %.

Professional Fees Comparison for
Carolina Village, Inc.
Series 2008C Conversion

<u>Professional</u>	<u>Fees Estimated In Preliminary Approval Resolution</u>	<u>Actual Fees</u>
Bank counsel	\$15,000	\$20,000
Financial advisor	5,000	5,000
Bond counsel	25,000	30,000
Placement fee	56,250	56,250
Corporation counsel	N/A	7,500

4. **Resolution of the North Carolina Medical Care Commission Approving the Conversion of the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (The United Methodist Retirement Homes Project), Series 2005B to a “Bank-Bought Rate” Mode-** Remarks were made by Tommy Brewer and Allen Robertson.

Executive Committee Action: A motion was made by Ms. Mary Piepenbring, seconded by Mr. Charles Frock and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the “Commission”) is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the “Act”), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, The United Methodist Retirement Homes, Incorporated (the “Corporation”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “nonprofit agency” within the meaning of the Act; and

WHEREAS, on February 16, 2005 the Commission issued its Retirement Facilities First Mortgage Revenue Bonds (The United Methodist Retirement Homes Project), Series 2005B in the aggregate principal amount of \$24,250,000, of which \$14,415,000 aggregate principal amount is outstanding (the “Bonds”), pursuant to a Trust Agreement, dated as of February 1, 2005 (the “Original Trust Agreement”), between the Commission and First-Citizens Bank & Trust Company, succeeded by U.S. Bank National Association, as bond trustee (the “Bond Trustee”), and loaned the proceeds from the sale of the Bonds to the Corporation pursuant to a Loan Agreement, dated as of February 1, 2005 (the “Original Agreement”), between the Commission and the Corporation; and

WHEREAS, since they were issued, the Bonds have been bearing interest at the Weekly Rate (as defined in the Original Trust Agreement) and are secured by an irrevocable letter of credit (the “Letter of Credit”) issued by Branch Banking and Trust Company (the “Bank”); and

WHEREAS, as an alternative to renewing the Letter of Credit, the Bank has offered to purchase the Bonds and hold them for at least five years at a variable interest rate equal to a percentage of one-month LIBOR plus an appropriate credit spread; and

WHEREAS, to enable the Bank to purchase and hold the Bonds, the Original Trust Agreement must be amended and restated to add a “Bank-Bought Rate” mode and then remarketed to the Bank upon conversion to that mode; and

WHEREAS, the conversion of the Bonds to the Bank-Bought Rate mode (the “Conversion”) will be treated as a “reissuance” (i.e., a deemed current refunding) of the Bonds for federal income tax purposes; and

WHEREAS, by a resolution adopted on January 22, 2010, the Commission preliminarily approved the Conversion, subject to compliance by the Corporation with the conditions set forth

in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented at this meeting draft copies of the following documents relating to the Conversion:

(g) an Amended and Restated Trust Agreement, dated as of February 1, 2010 (the “Trust Agreement”), between the Commission and U.S. Bank National Association, Raleigh, North Carolina, as bond trustee (the “Bond Trustee”);

(h) an Amended and Restated Loan Agreement, dated as of February 1, 2010 (the “Loan Agreement”), between the Commission and the Corporation;

(i) an Amended and Restated Supplemental Indenture for Obligation No. 3, dated as of February 1, 2010 (“Supplement No. 3”), between the Corporation, The United Methodist Retirement Homes Foundation (the “Foundation”) and U.S. Bank National Association, as successor master trustee (in such capacity, the “Master Trustee”) under the Amended and Restated Master Trust Indenture, dated as of February 1, 2005 (as supplemented, the “Master Indenture”), between the Corporation, the Foundation and First-Citizens Bank & Trust Company, as master trustee (the “Original Master Trustee”);

(j) Amended and Restated Obligation No. 3, dated as of February 19, 2010 (“Obligation No. 3”), from the Corporation to the Commission;

(k) a Supplemental Indenture for Obligation No. 9, dated as of February 1, 2010 (“Supplement No. 9” and together with Supplement No. 3, the “Supplemental Indentures”), between the Corporation, the Foundation and the Master Trustee; and

(l) Obligation No. 9, dated as of February 19, 2010 (“Obligation No. 9” and together with Obligation No. 3, the “Obligations”), from the Corporation to the Bank; and

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Final Resolution and not defined herein shall have the same meanings in this Final Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes and approves the Conversion.

Section 3. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 4. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 5. The forms, terms and provisions of the Supplemental Indentures and the Obligations are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 3 of this Final Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 6. Lucy H. Bode, Chairman of the Commission, the Secretary of the Commission (currently William J. Horton, Acting Secretary) and Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 7. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the Conversion.

Section 8. All references in this Resolution to the Secretary of the Commission include any Acting Secretary of the Commission.

Section 9. This Final Resolution shall take effect immediately upon its passage.

Note: The Bonds should bear interest at the rate of 68% of 1 month LIBOR Plus 1.625%.

Professional Fees Comparison for
The United Methodist Retirement Homes, Incorporated
Series 2005B Conversion

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Structuring fee (BB&T Capital Markets)	\$150,000	\$64,475.00
Accountants	5,000	0
Corporation counsel	30,000	13,000.00
Bond counsel	30,000	30,000.00
Bank commitment fee	36,038	32,237.50
Bank counsel	20,000	20,000.00

Professional Fees Comparison for
Carolina Village, Inc.
Series 2008C Conversion

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Bank counsel	\$15,000	\$20,000
Financial advisor	5,000	5,000
Bond counsel	25,000	30,000
Placement fee	56,250	56,250
Corporation counsel	N/A	7,500

5. **Adjournment**

There being no further business, the meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Christopher B. Taylor, C.P.A.
Assistant Secretary