

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

**The North Carolina Medical Care Commission  
809 Ruggles Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING FROM THE  
COMMISSION'S OFFICE**

**October 26, 2012**

**11:00 A.M.**

**Members of the Executive Committee Present:**

Lucy Hancock Bode, Chairman  
Joseph D. Crocker, Vice-Chairman  
Dr. George Binder  
Albert F. Lockamy  
Mary L. Piepenbring

**Members of the Executive Committee Absent:**

George H.V. Cecil  
Dr. Carl Rust

**Members of Staff Present:**

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

**Others Present:**

Paul Billow, Womble Carlyle Sandridge & Rice, PLLC  
Kevin Dougherty, McGuire Woods, LLP  
Bruce Gurley, Morgan Stanley

**1. Purpose of Meeting**

(1) To consider a series resolution authorizing the issuance of \$118,405,000 for Wake Forest Baptist Obligated Group, Series 2012A, (2) to consider a series resolution authorizing the issuance of \$112,605,000 for Wake Forest Baptist Obligated Group, Series 2012B and (3) to consider a resolution approving the defeasance of the North Carolina Medical Care Commission FHA insured Mortgage Revenue Bonds (Morehead Memorial Hospital Project), Series 2005.

2. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$118,405,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (WAKE FOREST BAPTIST OBLIGATED GROUP), SERIES 2012A** - Remarks were made by Kevin Dougherty and Bruce Gurley.

**Executive Committee Action:** A motion was made by Mr. Joe Crocker, seconded by Mr. Al Lockamy and unanimously approved with Mrs. Lucy Bode abstaining from the vote.

**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 other locations in the State of North Carolina; 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 (i) pay, or reimburse the Corporation for paying, the cost of the Project (as defined in the hereinafter-mentioned Loan Agreement) and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined); and

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on August 10, 2012, has approved the issuance of the Bonds, 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 October 17, 2012 (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. LLC, Goldman, Sachs & Co., BB&T Capital Markets, a division of Scott & Stringfellow, LLC, and J.P. Morgan Securities LLC (collectively, the “Underwriters”), and approved by the Commission, the Corporation, Wake Forest University Health Sciences (“Health Sciences”) and Wake Forest University Baptist Medical Center (the “Medical Center”);

(b) the Supplemental Master Indenture for Obligation No. 12, to be dated as of November 1, 2012 (“Supplemental Indenture No. 12”), by and among the Corporation, Health Sciences, the Medical Center and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), supplementing the Master Trust Indenture, dated as of March 1, 2010 (the “Master Indenture”), by and between the Corporation and the Master Trustee;

(c) the Trust Agreement, to be dated as of November 1, 2012 (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;

(d) the Loan Agreement, to be dated as of November 1, 2012 (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;

(e) Obligation No. 12 of the Corporation, to be dated the date of its delivery (“Obligation No. 12”), to be issued by the Corporation to the Commission and assigned by the Commission to the Bond Trustee; and

(f) the Continuing Disclosure Agreement, to be dated as of November 1, 2012 (the “Continuing Disclosure Agreement”), executed and delivered by the Corporation and an Obligated Group Representative (as defined in the Master Indenture); 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. 12 and Supplemental Indenture No. 12; and

**WHEREAS**, the Commission has determined that the public interest will be served by the proposed financing 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 Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group) Series 2012A in the aggregate principal amount of \$118,405,000 (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 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, 2013, 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 purposes 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, Mary Piepenbring, a member of the Executive Committee, 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, Mary Piepenbring, 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 Supplemental Indenture No. 12, Obligation No. 12 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 \$122,822,820.85 (which price represents the principal amount of the Bonds, plus original issue premium of \$4,417,820.85). The compensation to the Underwriters for underwriting the Bonds is \$890,669.64.

**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 Loan Agreement, Supplemental Indenture No. 12, Obligation No. 12 and the Continuing Disclosure 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. 12, Obligation No. 12, 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.** Drexdal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, 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. 12, Obligation No. 12 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. The professional fees set forth in Schedule 2 attached hereto are hereby approved.

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

**Schedule 1**  
**Maturity Schedule**  
**Term Bonds**

\$88,405,000 4.00% Term Bonds due December 1, 2045

<u>Due on December 1</u>	<u>Sinking Fund Requirement</u>
2039	\$ 6,665,000
2040	12,180,000
2041	12,710,000
2042	13,260,000
2043	13,920,000
2044	14,520,000
2045*	15,150,000

---

\*Maturity

\$30,000,000 5.00% Term Bonds due December 1, 2045

<u>Due on December 1</u>	<u>Sinking Fund Requirement</u>
2039	\$ 2,760,000
2040	4,060,000
2041	4,235,000
2042	4,420,000
2043	4,635,000
2044	4,840,000
2045*	5,050,000

---

\*Maturity

## Schedule 2

### Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u> <sup>(1)</sup>	<u>Actual</u>
Underwriters' Counsel	\$ 100,000	\$ 16,362.19
Accountants	80,000	20,452.74
Corporation Counsel	75,000	51,277.00
Bond Counsel	300,000	60,000.00

(1) At the time of preliminary approval of the project, the precise number of series of bonds and the terms of such series of bonds had not yet been determined. It is now contemplated that four series of bonds, Series 2012A (fixed rates), Series 2012B (fixed rates), Series 2012C (floating rates) and Series 2012D (bank direct placement), will be issued for such project. The authorization of the Series 2012B Bonds, the Series 2012C Bonds and the Series 2012D Bonds will be pursuant to separate series resolutions.

3. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$112,605,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE REFUNDING BONDS (WAKE FOREST BAPTIST OBLIGATED GROUP), SERIES 2012B-** Remarks were made by Kevin Dougherty and Bruce Gurley.

**Executive Committee Action:** A motion was made by Dr. George Binder, seconded by Ms. Mary Piepenbring and unanimously approved with Mrs. Lucy Bode abstaining from the vote.

**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**, Wake Forest University Health Sciences (the "Corporation") is a North Carolina nonprofit corporation and a "nonprofit agency" within the meaning and intent of the Act, which owns and operates (in certain cases through controlled affiliates) health care facilities located in the City of Winston-Salem, North Carolina and other locations in the State of North Carolina; and



**WHEREAS**, the Commission has heretofore issued its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008A, in the original aggregate principal amount of \$62,955,000, pursuant to that certain Trust Agreement, dated as of October 1, 2008, between the Commission and The Bank of New York Mellon Trust Company, N.A., as successor bond trustee, of which \$58,080,000 in aggregate principal amount is outstanding as of the date hereof (the “Prior Bonds”); and

**WHEREAS**, the Commission has heretofore issued its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008C, in the original aggregate principal amount of \$31,320,000 (the “Series 2008C Bonds”); and

**WHEREAS**, the Commission has heretofore issued its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008D, in the original aggregate principal amount of 63,035,000 (the “Series 2008D Bonds”); and

**WHEREAS**, the Corporation has heretofore entered into a taxable loan transaction as evidenced by that certain Loan Agreement, dated as of June 25, 2012, between the Corporation and JPMorgan Chase Bank, N.A., and that certain Promissory Note, dated June 25, 2012, from the Corporation to JPMorgan Chase Bank, N.A., in the original principal amount of up to \$89,115,000 (the “Taxable Loan”), the proceeds of which were used by the Corporation to redeem the Series 2008C Bonds and the Series 2008D Bonds on June 25, 2012; 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 (i) refund the Prior Bonds, (ii) refinance the Taxable Loan and (iii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined); and

**WHEREAS**, the Commission has determined that the public will best be served by the proposed refinancing and, by a resolution adopted by the Commission on August 10, 2012, has approved the issuance of the Bonds, 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 October 17, 2012 (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. LLC, Goldman, Sachs & Co., BB&T Capital Markets, a division of Scott & Stringfellow, LLC, and J.P. Morgan Securities LLC (collectively, the “Underwriters”), and approved by the Commission, the Corporation, North Carolina Baptist Hospital (the “Hospital”) and Wake Forest University Baptist Medical Center (the “Medical Center”);

(b) the Supplemental Master Indenture for Obligation No. 13, to be dated as of November 1, 2012 (“Supplemental Indenture No. 13”), by and among the Corporation, the Hospital, the Medical Center and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), supplementing the Master Trust Indenture, dated as of March 1, 2010 (the “Master Indenture”), by and between the Hospital and the Master Trustee;

(c) the Trust Agreement, to be dated as of November 1, 2012 (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;

(d) the Loan Agreement, to be dated as of November 1, 2012 (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;

(e) Obligation No. 13 of the Corporation, to be dated the date of its delivery (“Obligation No. 13”), to be issued by the Corporation to the Commission and assigned by the Commission to the Bond Trustee; and

(f) the Continuing Disclosure Agreement, to be dated as of November 1, 2012 (the “Continuing Disclosure Agreement”), executed and delivered by the Corporation and an Obligated Group Representative (as defined in the Master Indenture); 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. 13 and Supplemental Indenture No. 13; 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 Health Care Facilities Revenue Refunding Bonds (Wake Forest Baptist Obligated Group) Series 2012B in the aggregate principal amount of \$112,605,000 (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 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, 2013, 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 purposes 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, Mary Piepenbring, a Member of the Executive Committee, 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, Mary Piepenbring, 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 Supplemental Indenture No. 13, Obligation No. 13 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 \$129,019,660.75 (which price represents the principal amount of the Bonds, plus original issue premium of \$16,414,660.75). The compensation to the Underwriters for underwriting the Bonds is \$743,190.68.

**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 Loan Agreement, Supplemental Indenture No. 13, Obligation No. 13 and the Continuing Disclosure 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. 13, Obligation No. 13, 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.** Drexal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, 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. 13, Obligation No. 13 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. The professional fees set forth in Schedule 2 attached hereto are hereby approved.

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

**Schedule 1**  
**Maturity Schedule**

**Serial Bonds**

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2013	\$ 3,385,000	2.00%
2014	3,470,000	3.00
2015	3,595,000	4.00
2016	3,740,000	4.00
2017	3,895,000	4.00
2018	4,075,000	5.00
2019	4,280,000	5.00
2020	4,505,000	5.00
2021	4,710,000	4.00
2022	4,925,000	5.00
2023	5,180,000	5.00
2024	5,440,000	5.00
2025	5,720,000	5.00
2026	6,000,000	5.00
2027	6,325,000	5.00

**Term Bonds**

\$21,730,000 4.00% Term Bonds due December 1, 2033

<u>Due on December 1</u>	<u>Sinking Fund Requirement</u>
2028	\$ 3,330,000
2029	3,480,000
2030	3,635,000
2031	3,805,000
2032	3,980,000
2033*	3,500,000

---

\*Maturity

\$21,630,000 5.00% Term Bonds due December 1, 2033

<u>Due on December 1</u>	<u>Sinking Fund Requirement</u>
2028	\$ 3,305,000
2029	3,460,000
2030	3,620,000
2031	3,785,000
2032	3,960,000
2033*	3,500,000

---

\*Maturity

## Schedule 2

### Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u> <sup>(1)</sup>	<u>Actual</u>
Underwriters' Counsel	\$ 100,000	\$ 15,560.70
Accountants	80,000	19,450.87
Corporation Counsel	75,000	48,765.22
Bond Counsel	300,000	70,000.00

(1) At the time of preliminary approval of the project, the precise number of series of bonds and the terms of such series of bonds had not yet been determined. It is now contemplated that four series of bonds, Series 2012A (fixed rates), Series 2012B (fixed rates), Series 2012C (floating rates) and Series 2012D (bank direct placement), will be issued for such project. The authorization of the Series 2012A Bonds, the Series 2012C Bonds and the Series 2012D Bonds will be pursuant to separate series resolutions.

- 4. RESOLUTION OF THE NORTH CAROLINA MEDICAL CARE COMMISSION APPROVING THE DEFEASANCE OF THE NORTH CAROLINA MEDICAL CARE COMMISSION FHA INSURED MORTGAGE REVENUE BONDS (MOREHEAD MEMORIAL HOSPITAL PROJECT), SERIES 2005 AND CERTAIN MATTERS RELATED THERETO** – Remarks were made by Paul Billow.

**Executive Committee Action:** A motion was made by Ms. Mary Piepenbring, seconded by Mr. Al Lockamy and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") has heretofore issued, pursuant to a Trust Indenture, dated as of June 1, 2005 (the "Trust Indenture"), between the Commission and Wachovia Bank, National Association (succeeded by U.S. Bank National Association), as trustee (the "Bond Trustee"), its \$47,675,000 North Carolina Medical Care Commission FHA Insured Mortgage Revenue Bonds (Morehead Memorial Hospital Project), Series 2005 (the "2005 Bonds"), for the purpose of providing funds, together with any other available funds, to (a) refund certain outstanding bond of the Commission issued for the benefit of Morehead Memorial Hospital (the "Corporation"), (b) pay the costs of acquiring, constructing and equipping certain health care facilities for the Corporation, (c) paying a portion of the interest accruing on the Bonds during construction of such improvements, (d) funding the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Requirement (as such terms are defined in the Trust Indenture) and (e) paying certain expenses incurred in connection with the authorization, sale and issuance of the 2005 Bonds; and

WHEREAS, the Commission has heretofore loaned the proceeds of the 2005 Bonds to the Corporation pursuant to a Loan Agreement, dated as of June 1, 2005 (the "Loan Agreement"), between the Corporation and the Commission, and the Corporation's obligations there under are evidenced by a Deed of Trust Note, dated as of June 15, 2005 (the "2005 Note"), from the Corporation to the Bond Trustee; and

WHEREAS, the Corporation's obligations under the Series 2005 Note are secured by a Deed of Trust and Assignment of Rents, Profits and Income, dated June 14, 2005 and effective June 1, 2015 (the "Mortgage"), executed by the Corporation and granting to a deed of trust trustee named therein, for the benefit of the Bond Trustee, a first lien on certain real property of the Corporation; and

WHEREAS, the United States Secretary of Housing and Urban Development, acting through the Federal Housing Commissioner or his authorized agents ("FHA"), has insured the 2005 Note and the Mortgage pursuant to Section 242 of the National Housing Act, as amended; and

WHEREAS, the Corporation desires to defease and cause to be prepaid the 2005 Note by causing all of the outstanding 2005 Bonds to be defeased in accordance with Sections 601 and 1101 of the Trust Indenture; and

WHEREAS, the Corporation also desires to cause the outstanding 2005 Bonds maturing on or after November 1, 2020 to be called for optional redemption by the Commission on May 1, 2015 at a redemption price equal to 100% of the principal amount of such 2005 Bonds to be redeemed, plus accrued interest to the redemption date pursuant to Section 501(a) the Trust Indenture; and

WHEREAS, the amounts to be used to defease the outstanding 2005 Bonds as described above shall be derived from certain proceeds of the 2005 Bonds and other amounts held in various funds and accounts established under the Trust Indenture, together with other available funds of the Corporation (including amounts received from the refinancing of the 2005 Note and the Mortgage); and

WHEREAS, in connection with such defeasance transaction, it will be necessary for the Commission to enter into an Escrow Deposit Agreement (the "Escrow Agreement"), to be dated as of December 1, 2012, among the Commission, the Corporation and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), pursuant to which an escrow fund composed of non-callable federal securities and/or cash shall be held in trust for the timely payment of principal or redemption price of and interest on all of the outstanding when the same becomes due and payable; and

WHEREAS, there has been presented at this meeting a draft of the Escrow Agreement; and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling their obligations under the proposed transaction; and



WHEREAS, the Commission has determined that the public interest will be served by the defeasance and prepayment of the 2005 Note by causing all of the 2005 Bonds to be defeased and to take such other actions as may be necessary or appropriate in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

Section 1. The form, terms and provisions of the Escrow Agreement are hereby authorized and approved in all respects, and each of the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission (the "Authorized Officers") are each hereby authorized to execute and deliver on behalf of the Commission the Escrow Agreement in substantially the form presented at this meeting, together with such additions, deletions or other modifications not inconsistent with the general tenor of said document as the Authorized Officer executing such document, with the advice of counsel, may deem necessary or appropriate, such execution and delivery to be conclusive evidence of the authorization and approval thereof by the Commission.

Section 2. The Authorized Officers are hereby authorized and directed to take such action and to execute and deliver any certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by this resolution and the documents described in this resolution, including, without limitation, such actions as may be necessary to defease and redeem the 2005 Bonds, provided such actions are not inconsistent with the provisions of this resolution.

Section 3. This resolution shall take effect immediately upon its passage.

ADOPTED the \_\_\_\_ day of October \_\_, 2012

Respectfully submitted,

---

Christopher B. Taylor, CPA  
Assistant Secretary

Date: \_\_\_\_\_

**5. Adjournment**

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

Respectfully submitted,

---

Christopher B. Taylor, CPA  
Assistant Secretary