

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 2, 2014
11:00 A.M.**

Members of the Executive Committee Present:

John A. Fagg, MD, Chairman
Joseph D. Crocker, Vice-Chairman
George A. Binder, MD
George H. V. Cecil
Albert F. Lockamy, RPh

Members of the Executive Committee Absent:

Mary L. Piepenbring
Carl K. Rust, MD

Members of Staff Present:

Drexdal R. Pratt, DHSR Director/MCC Secretary
Christopher B. Taylor, CPA, Assistant Secretary
Alice S. Creech, Bond Program Assistant

Others Present:

Alice Pinckney-Adams, Robinson Bradshaw & Hinson, PA
Adam Garcia, Ziegler
Jeff Poley, Parker Poe Adams & Bernstein, LLP
Allen K. Robertson, Robinson Bradshaw & Hinson, PA

1. Purpose of Meeting

To authorize the execution and delivery of a First Supplemental Trust Agreement for the 2010A Bonds issued for the benefit of The United Methodist Retirement Homes, Incorporated and to authorize the amendment of certain loan agreements with WakeMed.

2. Resolution of the North Carolina Medical Care Commission Approving and Authorizing Execution and Delivery of a First Supplemental Trust Agreement Relating to the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (The United Methodist Retirement Homes Project), Series 2010A (the “Bonds”) – Remarks were made by Allen Robertson.

Executive Committee Action: A motion was made by Mr. George Cecil, seconded by Dr. George Binder and unanimously approved with Dr. John Fagg abstaining from the vote.

WHEREAS, the North Carolina Medical Care Commission (the “Commission”), a commission of the Department of Health and Human Services of the State of North Carolina, agreed to issue up to \$14,300,000 aggregate principal amount of its Retirement Facilities First Mortgage Revenue Bonds (The United Methodist Retirement Homes Project), Series 2010A (the “Bonds”) in the form of a “draw-down loan” (as described in Section 1.150-1(c)(4)(i) of the Treasury Regulations) to finance a portion of the costs of the Project (as described in Exhibit A to the hereinafter defined Agreement); and

WHEREAS, on February 4, 2010, the Commission initially issued \$300,000 principal amount of the Bonds and, through the completion of the Project, issued \$10,401,084.23 aggregate principal amount of the Bonds; and

WHEREAS, the Bonds were issued pursuant to the terms of a Trust Agreement dated as of February 1, 2010 (the “Trust Agreement”) between the Commission and U.S. Bank National Association, as Bond Trustee (the “Bond Trustee”), and the Commission loaned the proceeds of the Bonds to the Corporation pursuant to a Loan Agreement dated as of February 1, 2010 (the “Agreement”) between the Commission and The United Methodist Retirement Homes, Incorporated (the “Corporation”); and

WHEREAS, the Bonds were purchased upon their initial issuance and continue to be held by Branch Banking and Trust Company (the “Bank Holder”); and

WHEREAS, since their initial issuance, the Bonds have been bearing interest at a Bank-Bought Rate (as defined in the Trust Agreement) equal to 68% of One-Month LIBOR plus 1.625% per annum; and

WHEREAS, during the initial Bank-Bought Rate Period (as defined in the Trust Agreement), the Bonds are subject to mandatory tender upon notice by the Majority Bank Holders (as defined in the Trust Agreement) on or after the last day of the Bank-Bought Minimum Holding Period (as defined in the Trust Agreement), which was initially specified to be February 4, 2015; and

WHEREAS, the Bank has proposed to reduce the Bank-Bought Rate to 68% of One-Month LIBOR plus 1.1325% per annum and extend the Bank-Bought Minimum Holding Period to October 1, 2024 (the “Modifications”); and

WHEREAS, the Modifications will be treated as a “reissuance” (i.e., a deemed current refunding) of the Bonds for federal income tax purposes; and

WHEREAS, as of October 1, 2014, after the optional redemption required by the Bank Holder on October 1, 2014, the aggregate outstanding principal amount of the Bonds was \$9,351,084.23; and

WHEREAS, under Section 3.02 of the Trust Agreement, the Corporation is required to redeem \$1,084.23 principal amount of the Bonds, so that the Outstanding principal amount of the Bonds, after giving effect to such redemption, is a multiple of \$5,000; and

WHEREAS, such redemption will occur immediately prior to giving effect to the amendments to the Trust Agreement set forth in the Supplement (defined below); therefore, the Outstanding aggregate principal amount of the Bonds on the effective date of the Supplement will be \$9,350,000; and

WHEREAS, the amount of Bonds authorized but not issued, \$3,898,915.77, plus the amount redeemed pursuant to Section 3.02 of the Trust Agreement, \$1,084.23, which equals \$3,900,00.00, will be applied to reduce the principal amount payable on the maturity date of the Bonds; and

WHEREAS, Section 11.02 and 11.08 of the Trust Agreement permit the Commission and the Bond Trustee, with the consent of the Bank Holder as the Holder (as defined in the Trust Agreement) of 100% of the Bonds, to enter into agreements supplemental to the Trust Agreement to make any change to the Trust Agreement; and

WHEREAS, by a resolution adopted on September 12, 2014, the Commission preliminarily approved the Modifications, 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 has been presented at this meeting a draft copy of a First Supplemental Trust Agreement, to be dated the date of delivery thereof (the “Supplement”) between the Commission and the Bond Trustee, that would amend the Trust Agreement to make the Modifications and reflect the reduction of the amount payable, including changing the maturity date of the Bonds from October 1, 2036 to October 1, 2032; and

WHEREAS, the Corporation has requested that the Commission approve the Supplement and authorize its execution and delivery;

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

Section 1. The form, terms and provisions of the Supplement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Supplement in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of bond counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

As set forth in the Supplement, the Bonds will mature on October 1, 2032 and are subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

Section 2. The Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are authorized and directed to execute and deliver a replacement Bond reflecting the terms of the Supplement to the Bank Holder and to take such other action and to execute and deliver any such other documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to effect the changes made in the Supplement and the reissuance of the Bonds.

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

Schedule 1

Required Redemption of the Bonds

<u>October 1,</u>	<u>Amount</u>	<u>October 1,</u>	<u>Amount</u>
2011	\$ 25,000	2022	485,000
2012	305,000	2023	540,000
2013	360,000	2024	545,000
2014	360,000	2025	600,000
2015	366,084.23	2026	600,000
2016	420,000	2027	600,000
2017	420,000	2028	645,000
2018	420,000	2029	660,000
2019	425,000	2030	665,000
2020	480,000	2031	720,000
2021	480,000	2032*	280,000

* Final Maturity

Professional Fees Comparison for
UMRH Series 2010A Bonds (2014 Reissuance)

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Bank counsel	\$ 3,500	\$ 3,500
Bond counsel	15,000	12,500
Corporation counsel	7,000	7,000
Structuring agent fee	32,953	32,725

3. Resolution of the North Carolina Medical Care Commission Authorizing a First Amendment to Loan Agreements with WakeMed – Remarks were made by Jeff Poley.

Executive Committee Action: A motion was made by Mr. Crocker, seconded by Mr. Lockamy 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, WakeMed (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 “non-profit agency” within the meaning of the Act; and

WHEREAS, the Corporation has requested the Commission to amend the Loan Agreements relating to the Commission’s Health Care Facilities Revenue Bonds (WakeMed), Series 2009A, Health Care Facilities Revenue Bonds (WakeMed), Series 2009B and Health Care Facilities Revenue Refunding Bonds (WakeMed), Series 2009C to permit the Corporation to deliver to the Commission its budgets at the same time as required in the Loan Agreement relating to the Commission’s Health Care Facilities Revenue Refunding Bonds (WakeMed), Series 2012A; and

WHEREAS, there has been presented at this meeting a draft copy of First Amendment to Loan Agreements, dated as of October 1, 2014 (the “*First Amendment*”), between the Commission and the Corporation, which First Amendment effectuates the change as set forth above.

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

Section 1. The forms, terms and provisions of the First Amendment are hereby approved in all respects, and the Chairman or Vice Chairman and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver First Amendment in substantially the form 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 2. This resolution shall take effect immediately upon its passage.

4. Adjournment

There being no further business, the meeting was adjourned at 11:15 a.m.

Respectfully submitted,

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

