

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
JULY 14, 2011
11:00 A.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Joseph D. Crocker, Vice-Chairman
Dr. George Binder
Gerald P. Cox
Charles T. Frock
Dr. Carl K. Rust
Dr. Robert E. Schaaf

Members of the Executive Committee Absent:

None

Members of Staff Present:

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

Others Present:

Alice Pinckney Adams, Robinson Bradshaw & Hinson, P.A.
Charles Ayscue, CFO, Mission Health System, Inc.
Kevin Dougherty, McGuire Woods
Bruce Gurley, Morgan Stanley

1. **Purpose of Meeting**

To consider for approval a project for Mission Health System, Inc. to provide funds to be used together, with other available funds, to refund the outstanding balance of the \$114,650,000 North Carolina Medical Care Commission Hospital Revenue Bonds, Series 1998, (2) To consider a resolution granting preliminary approval to a project for Angel Medical Center, Inc. to provide funds, to used together with other available funds, to effect a conversion/refunding of the \$18,500,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Angel Medical Center Project) Series 2007 outstanding in the amount of \$14,485,000, (3) To consider approval to a project for Transylvania Community Hospital, Inc. to provide funds, to be used together with other available funds, to refund the outstanding balances of \$4,855,000 North Carolina Medical Care Commission Hospital Revenue Bonds (Transylvania Community Hospital, Inc.) North Carolina Medical Care Commission Hospital Revenue Bonds Series 1997 outstanding in the amount of \$2,665,000 and the \$13,240,000 North Carolina Medical Care Commission Variable Rate Demand Hospital Revenue Bonds, Series 2009 outstanding in the amount of \$12,400,000 and (4) To consider a resolution approving a remarketing agreement with Wells Fargo Bank for Union Regional Hospital and (5) Approve resolutions for Moses Cone and (6) approve a resolution for Halifax Regional Medical Center.

2. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$47,980,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE REFUNDING BONDS (CONE HEALTH), SERIES 2011B-** Remarks were made by Kevin Dougherty and Bruce Gurley

Executive Committee Action: A motion was made by Mr. Charles Frock, seconded by Mr. Gerald Cox 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;

WHEREAS, each of The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Parent Corporation and the Operating Corporation own and the Operating Corporation operates health care facilities located in Greensboro and Reidsville, North Carolina;

WHEREAS, the Parent Corporation and the Operating Corporation have made an application to the Commission for a loan for the purposes of providing funds, together with other available funds, to refund the Commission's outstanding Hospital Revenue Refunding Bonds (Moses Cone Health System), Series 2008 (the "Prior Bonds");

WHEREAS, the Commission has determined that the public will best be served by the proposed refinancing and, by a resolution adopted on November 19, 2010, has approved the issuance of the Bonds (as hereinafter defined), subject to compliance by the Parent Corporation and the Operating Corporation with the conditions set forth in such resolution, and the Parent Corporation and the Operating Corporation have complied with such conditions to the satisfaction of the Commission;

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

(a) (i) the Bond Purchase Agreement, to be dated on or about August 2, 2011 (the "Bond Purchase Agreement"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Morgan Stanley & Co. LLC (the "Underwriter"), and approved by the Commission, the Parent Corporation and the Operating Corporation, and (ii) the Letters of Representation (the "Letters of Representation") attached to the Bond Purchase Agreement;

(b) the Supplemental Master Indenture for Obligation No. 24, dated as of August 1, 2011 ("Supplemental Indenture No. 24"), by and among the Parent Corporation, the Operating Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), supplementing the Second Amended and Restated Master Trust Indenture, dated as of August 1, 2011 (the "Master Indenture"), among the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc. (the "Foundation") and the Master Trustee;

(c) the Trust Agreement, dated as of August 1, 2011 (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, dated as of August 1, 2011 (the "Loan Agreement"), by and among the Parent Corporation, the Operating Corporation and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Parent Corporation and the Operating Corporation;

(e) Obligation No. 24 of the Parent Corporation and the Operating Corporation, dated the date of its issuance ("Obligation No. 24"), to be issued by the Parent Corporation and the Operating Corporation to the Commission;

(f) the Remarketing Agreement, dated as of August 1, 2011 (the "Remarketing Agreement"), by and among the Commission, the Parent Corporation, the Operating Corporation and Morgan Stanley & Co. LLC, as remarketing agent;

(g) the Tender Agent Agreement, dated as of August 1, 2011 (the “Tender Agent Agreement”), by and among the Parent Corporation, the Operating Corporation and The Bank of New York Mellon Trust Company, N.A., as tender agent; and

(h) the Preliminary Official Statement relating to the Bonds (the “Preliminary Official Statement”);

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Parent Corporation and the Operating Corporation, the Parent Corporation and the Operating Corporation are financially responsible and capable of fulfilling their obligations under the Loan Agreement, Obligation No. 24 and Supplemental Indenture No. 24; 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 Parent Corporation and the Operating 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 (Cone Health), Series 2011B, in the aggregate principal amount of \$47,980,000 (the “Bonds”), dated as of their original date of issuance and maturing on October 1, 2035.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof and thereafter in denominations permitted by the provisions of the Trust Agreement. Commencing on the date of original delivery of the Bonds, the Bonds shall bear interest at a Window Rate calculated as provided in the Trust Agreement. Thereafter the Bonds shall bear interest as provided in the Trust Agreement. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement. 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 redemption at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. In addition, the Bonds are subject to optional and mandatory tender for purchase at such times, under such circumstances and upon such terms and conditions as are set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 218 of the Trust Agreement.

The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refinance the Prior Bonds accomplishes the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement, the Loan Agreement and the Remarketing 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 any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Remarketing 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 forms, terms and provisions of the Bond Purchase Agreement and the Letters of Representation 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 and the Letters of Representation in substantially the forms 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 any 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 Tender Agent Agreement, Supplemental Indenture No. 24 and Obligation No. 24 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 Tender Agent Agreement, Supplemental Indenture No. 24 and Obligation No. 24.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriter at the price of \$47,980,000 (which price represents the principal amount of the Bonds). The Parent Corporation and the Operating Corporation will pay the Underwriter the sum of \$344,899.67 as compensation for underwriting the Bonds.

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 Remarketing Agreement, the Tender Agent Agreement, Supplemental Indenture No. 24, Obligation No. 24 and the Loan Agreement by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Underwriter against payment therefor, subject to the provisions of Section 218 of the Trust Agreement.

Section 11. The Commission hereby approves 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 approved by the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, 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; 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 Remarketing Agreement, the Tender Agent Agreement, the Master Indenture, Supplemental Indenture No. 24, Obligation No. 24 and the Loan Agreement by the Underwriter 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 Bank of New York Mellon Trust Company, N.A. is hereby appointed as Bond Trustee and Tender Agent for the Bonds.

Section 15. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and any 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 Remarketing Agreement, the Tender Agent Agreement, the Bond Purchase Agreement, the Official Statement, the Master Indenture, Supplemental Indenture No. 24 and Obligation No. 24.

Section 16. 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 1 attached hereto and made a part hereof.

Section 17. This Series Resolution shall take effect immediately upon its passage.

**Schedule 1
Professional Fees**

<u>Professional</u>	<u>Preliminary Approval</u> ⁽¹⁾	<u>Actual</u>
Underwriter's Counsel	\$100,000	\$55,000
Accountants	75,000	11,374
Corporation Counsel	50,000	30,000
Bond Counsel	175,000	87,500
Financial Advisor	175,000	12,856

(1) Preliminary approval was granted on November 19, 2010 for (a) the refinancing of all of the outstanding revenue bonds issued for the benefit of the Parent Corporation and the Operating Corporation and (b) the financing of capital projects for the Parent Corporation and the Operating Corporation. The first series of revenue refunding bonds, the Series 2011A Bonds, was issued on February 16, 2011, and the issuance of the third and fourth series of revenue bonds, the Series 2011C Bonds and the Series 2011D Bonds, is contemplated in calendar year 2011 for the purpose of financing such capital projects.

3. RESOLUTION APPROVING THE LIQUIDITY AGREEMENT TO BE EXECUTED AND DELIVERED BY THE MOSES CONE LIQUIDITY PROVIDER RELATING TO THE OUTSTANDING NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (MOSES CONE HEALTH SYSTEM), SERIES 2004A- Remarks were made by Kevin Dougherty

Executive Committee Action: A motion was made by Dr. George Binder, seconded by Dr. Robert Schaaf 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, 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;

WHEREAS, each of The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Commission, the Parent Corporation and the Operating Corporation have heretofore entered into a Loan Agreement, dated as of October 1, 2004 (the “Loan Agreement”), relating to the lending by the Commission to the Parent Corporation and the Operating Corporation of the proceeds of the Commission’s Hospital Revenue Bonds (Moses Cone Health System), Series 2004A (the “Bonds”);

WHEREAS, the Bonds are secured by a Trust Agreement, dated as of October 1, 2004 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as successor bond trustee;

WHEREAS, the Bonds are subject to optional and mandatory tender for purchase pursuant to the terms of the Trust Agreement;

WHEREAS, the Trust Agreement provides that the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc., any other Member of the Obligated Group, any Affiliate or any other Person selected by the Parent Corporation, or any combination thereof, may be the obligor under a Liquidity Facility (as each such term is defined in the Trust Agreement) for the purpose of advancing funds for the purchase of Bonds which are tendered for purchase but not remarketed in a timely fashion;

WHEREAS, the Parent Corporation and the Operating Corporation propose to execute and deliver a Liquidity Agreement, dated as of August 1, 2011 (the “Liquidity Agreement”), by and among the Parent Corporation, the Operating Corporation and The Bank of New York Mellon Trust Company, N.A., as Tender Agent, for the purpose of providing a source of funds to pay the purchase price of Bonds which are tendered for purchase but not remarketed in a timely fashion;

WHEREAS, the Liquidity Agreement will be delivered in substitution of the Liquidity Agreement, dated as of October 1, 2004 and revised as of May 1, 2008, by and among the Parent Corporation, the Operating Corporation, The Bank of New York, as Tender Agent, and First-Citizens Bank & Trust Company, as Custodian, relating to the Bonds;

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

WHEREAS, the Commission has determined that the public interest will be served by the delivery of the Liquidity Agreement as a Liquidity Facility for the Bonds;

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

Section 1. The form, terms and provisions of the Liquidity Agreement are hereby approved in all respects.

Section 2. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the 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, notices, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the delivery of the Liquidity Agreement.

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

- 4. RESOLUTION AUTHORIZING CERTAIN AMENDMENTS TO THE LOAN AGREEMENTS RELATING TO THE OUTSTANDING NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (MOSES CONE HEALTH SYSTEM), SERIES 2001A AND SERIES 2001B AND THE OUTSTANDING NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (MOSES CONE HEALTH SYSTEM), SERIES 2004A -** Remarks were made by Kevin Dougherty.

Executive Committee Action: A motion was made by Mr. Charles Frock, seconded by Mr. Joe Crocker 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, 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;

WHEREAS, each of The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Commission, the Parent Corporation and the Operating Corporation have heretofore entered into a Loan Agreement, dated as of July 1, 2001 (the “2001A Loan Agreement”), relating to the lending by the Commission to the Parent Corporation and the Operating Corporation of the proceeds of the Commission’s outstanding \$42,600,000 Hospital Revenue Bonds (Moses Cone Health System), Series 2001A (the “2001A Bonds”);

WHEREAS, the Commission, the Parent Corporation and the Operating Corporation have heretofore entered into a Loan Agreement, dated as of July 1, 2001 (the “2001B Loan

Agreement”), relating to the lending by the Commission to the Parent Corporation and the Operating Corporation of the proceeds of the Commission’s outstanding \$42,600,000 Hospital Revenue Bonds (Moses Cone Health System), Series 2001B (the “2001B Bonds”);

WHEREAS, the Commission, the Parent Corporation and the Operating Corporation have heretofore entered into a Loan Agreement, dated as of October 1, 2004 (the “2004A Loan Agreement”), relating to the lending by the Commission to the Parent Corporation and the Operating Corporation of the Commission’s outstanding \$47,500,000 Hospital Revenue Bonds (Moses Cone Health System), Series 2004A (the “2004A Bonds”);

WHEREAS, the 2001A Bonds, the 2001B Bonds and the 2004A Bonds are currently exempt from the continuing disclosure requirements of paragraphs (b)(5) and (c) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”);

WHEREAS, notwithstanding such exemption from the Rule, the Parent Corporation and the Operating Corporation have determined to provide an undertaking, by amending the 2001A Loan Agreement, the 2001B Loan Agreement and the 2004A Loan Agreement, for the purpose of voluntarily complying with the continuing disclosure requirements of the Rule;

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

(a) the First Amendatory Loan Agreement, dated as of July 1, 2011 (the “2001A First Amendatory Loan Agreement”), by and among the Parent Corporation, the Operating Corporation and the Commission, relating to the 2001A Loan Agreement and the 2001A Bonds;

(b) the First Amendatory Loan Agreement, dated as of July 1, 2011 (the “2001B First Amendatory Loan Agreement”), by and among the Parent Corporation, the Operating Corporation and the Commission, relating to the 2001B Loan Agreement and the 2001B Bonds; and

(c) the First Amendatory Loan Agreement, dated as of July 1, 2011 (the “2004A First Amendatory Loan Agreement” and, together with the 2001A First Amendatory Loan Agreement and the 2001B First Amendatory Loan Agreement, the “First Amendatory Loan Agreements”), by and among the Parent Corporation, the Operating Corporation and the Commission, relating to the 2004A Loan Agreement and the 2004A Bonds; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed amendments set forth in the First Amendatory Loan Agreements;

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

Section 1. The forms, terms and provisions of the First Amendatory Loan Agreements 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 the Assistant Secretary of the Commission are hereby authorized and directed to

execute and deliver the First Amendatory Loan Agreements 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; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 2. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the 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, notices, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the amendments contemplated by the First Amendatory Loan Agreements.

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

5. RESOLUTION APPROVING THE APPOINTMENT OF BMO CAPITAL MARKETS GKST INC. AS SUCCESSOR REMARKETING AGENT FOR THE NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (MOSES CONE HEALTH SYSTEM), SERIES 2001A AND SERIES 2001B – Remarks were made by Kevin Dougherty

Executive Committee Action: A motion was made by Mr. Gerald Cox, seconded by Dr. Carl Rust and unanimously approved with Mrs. Lucy Bode abstaining from the vote.

WHEREAS, the North Carolina Medical Care Commission (the “Commission”) has previously issued its Hospital Revenue Bonds (Moses Cone Health System), Series 2001A (the “2001A Bonds”) and its Hospital Revenue Bonds (Moses Cone Health System), Series 2001B (the “2001B Bonds” and, together with the 2001A Bonds, the “2001 Bonds”), pursuant to two separate but substantially identical Trust Agreements, each dated as of July 1, 2001 (collectively, the “Trust Agreements”), and each between the Commission and The Bank of New York Mellon Trust Company, N.A., as successor bond trustee, the proceeds of which were loaned to The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation” and, together with the Parent Corporation, the “Borrower”);

WHEREAS, Morgan Stanley & Co. Incorporated is currently serving as Remarketing Agent for the 2001 Bonds, but has given notice of its resignation as Remarketing Agent for the 2001 Bonds;

WHEREAS, the Borrower desires that BMO Capital Markets GKST Inc. be appointed as successor Remarketing Agent for the 2001 Bonds and has requested the Commission to effectuate such appointment;

WHEREAS, Section 1019(a) of each of the Trust Agreements provides that, at the direction of the Parent Corporation, the Commission shall appoint any successor Remarketing

Agent for the 2001A Bonds and the 2001B Bonds, respectively, subject to the conditions set forth in Section 1019(a) of each of the Trust Agreements;

WHEREAS, the Parent Corporation has requested that the Commission approve the appointment of BMO Capital Markets GKST Inc. as successor Remarketing Agent for the 2001A Bonds and the 2001B Bonds, respectively, in accordance with the terms and provisions of each of the Trust Agreements; and

WHEREAS, the Commission has determined to approve such request of the Parent Corporation;

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

Section 1. The Commission hereby approves the appointment of BMO Capital Markets GKST Inc. as successor Remarketing Agent for the 2001A Bonds and the 2001B Bonds, respectively.

Section 2. The Chairman, Vice Chairman, the Secretary and the Assistant Secretary of the Commission are authorized and directed 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 appointment of BMO Capital Markets GKST Inc. as successor Remarketing Agent for the 2001A Bonds and the 2001B Bonds, respectively.

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

6. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$6,500,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (HALIFAX REGIONAL MEDICAL CENTER), SERIES 2011- Remarks were made by Kevin Dougherty.

Executive Committee Action: A motion was made by Mr. Joe Crocker, seconded by Mr. Charles Frock and unanimously approved with Mr. Gerald Cox and Dr. Carl Rust 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, Halifax Regional Medical Center, Inc. (the “Corporation”) is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a health care facility in Roanoke Rapids, North Carolina; and

WHEREAS, the Corporation has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) pay 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 on May 13, 2011, 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 draft copies of the following documents relating to the issuance of the Bonds:

(a) the Contract of Purchase, to be dated July 26, 2011 or such other date as shall be agreed upon by the parties thereto (the "Contract of Purchase"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Branch Banking and Trust Company (the "Bank"), and approved by the Commission and the Corporation;

(b) the Loan Agreement, to be dated as of July 1, 2011 or such other date as shall be agreed upon by the parties thereto (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;

(c) the Trust Agreement, to be dated as of July 1, 2011 or such other date as shall be agreed upon by the parties thereto (the "Trust Agreement"), by and between the Commission and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), securing the Bonds;

(d) Supplemental Indenture for Obligation No. 2, to be dated as of July 1, 2011 or such other date as shall be agreed upon by the parties thereto ("Supplement No. 2"), by and between the Corporation and U.S. Bank National Association (successor in interest to Wachovia Bank, N.A. (successor to First Union National Bank)), as master trustee (the "Master Trustee"), supplementing the Master Trust Indenture, dated as of September 1, 1998 (the "Master Indenture"), by and between the Corporation and the Master Trustee;

(e) Obligation No. 2, to be dated the date of its issuance ("Obligation No. 2"), to be issued by the Corporation to the Commission and assigned by the Commission to the Bond Trustee;

(f) Supplemental Indenture for Obligation No. 3, to be dated as of July 1, 2011 or such other date as shall be agreed upon by the parties thereto ("Supplement No. 3"), by and between the Corporation and the Master Trustee;

(g) Obligation No. 3, to be dated the date of its issuance ("Obligation No. 3"), to be issued by the Corporation to the Bank;

(h) the Covenant Agreement, to be dated as of July 1, 2011 or such other date as shall be agreed upon by the parties thereto (the “Covenant Agreement”), by and between the Corporation and the Bank; and

(i) the Negative Pledge Agreement, to be dated as of July 1, 2011 or such other date as shall be agreed upon by the parties thereto (the “Negative Pledge Agreement”), from the Corporation to the Master Trustee and the Bank; 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 Trust Agreement, the Loan Agreement, the Covenant Agreement, the Negative Pledge Agreement, the Master Indenture, Supplement No. 2, Obligation No. 2, Supplement No. 3 and Obligation No. 3; 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. Defined Terms. 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 Loan Agreement or the Trust Agreement.

Section 2. Authorization of Bonds. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of its Hospital Revenue Bonds (Halifax Regional Medical Center), Series 2011 in the aggregate principal amount of \$6,500,000 (the “Bonds”), dated the date of Closing, and having a final stated maturity date of July 1, 2033.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 and thereafter in denominations authorized by the provisions of the Trust Agreement. The Bonds shall bear interest initially in the Bank-Bought Rate Period. Commencing on the date of Closing and ending on the day immediately prior to the Variable Rate Adjustment Date occurring on July 26, 2018, the Bonds shall bear an interest rate of 4.90% per annum. Thereafter the Bonds shall bear interest as provided in the Trust Agreement. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement.

Section 3. Redemption. The Bonds shall be subject to extraordinary, optional and mandatory redemption at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement.

Section 4. Optional and Mandatory Tender for Purchase. The Bonds shall be subject to optional and mandatory tender for purchase at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement.

Section 5. Use of Bond Proceeds. 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. The proceeds of the Bonds shall be applied as set forth in Section 2.10 of the Trust Agreement.

Section 6. Authorization of Loan Agreement and Trust Agreement. The forms, terms and provisions of the Loan Agreement and the Trust 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 the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement and the Trust 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; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. Authorization of Contract of Purchase. The form, terms and provisions of the Contract of Purchase 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 Contract of Purchase 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 8. Forms of Bonds. The forms of the Bonds set forth in the Trust 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 the 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 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 9. Approval of Other Financing Documents. The forms, terms and provisions of the Master Indenture, Supplement No. 2, Obligation No. 2, Supplement No. 3, Obligation No. 3, the Covenant Agreement and the Negative Pledge 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 6 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 9.

Section 10. Purchase of Bonds. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Bank at a purchase price equal to \$6,500,000 (representing the principal amount of the Bonds). The Corporation will separately pay, on the date of Closing, the Bank a fee of \$20,000 in consideration for such purchase.

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 Trust Agreement, the Loan Agreement, Supplement No. 2, Obligation No. 2, Supplement No. 3, Obligation No. 3, the Contract of Purchase, the Covenant Agreement and the Negative Pledge Agreement by the parties thereto, the Bond Trustee shall deliver the Bonds to the Bank against payment therefor.

Section 11. Commission Representatives. Drexdal R. Pratt, Secretary to the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary to 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 Loan Agreement, with full power to carry out the duties set forth therein.

Section 12. Designation of Bond Trustee. U.S. Bank National Association is hereby appointed as Bond Trustee for the Bonds.

Section 13. Ancillary Actions. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the 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 Master Indenture, Supplement No. 2, Obligation No. 2, Supplement No. 3, Obligation No. 3, the Contract of Purchase, the Covenant Agreement and the Negative Pledge Agreement.

Section 14. Professional Fees. 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 attached to this Series Resolution as Schedule 1.

Section 15. Effective Date. This Series Resolution shall take effect immediately upon its passage.

Schedule 1
Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Hospital Counsel	\$25,000	\$45,000
Bond Counsel	48,000	48,000
Bank Commitment Fee	20,000	20,000
Bank Counsel	35,000	35,000

7. Mission Health System, Inc., Angel Medical Center, Inc. and Transylvania Community - Hospital, Inc. – Asheville - Christopher B. Taylor and Charles Ayscue

Executive Committee Action: A motion was made by Mr. Joe Crocker, to approve resolutions for Mission Health System, Angel Medical Center and Transylvania Community Hospital, seconded by Mr. Charles Frock and unanimously approved.

The Three following agenda items are related in that Angel and Transylvania are members of Mission Health System and Mission Health System, Inc. is guaranteeing the debt of both Angel and Transylvania in order to induce Wells Fargo to extend favorable credit terms to each hospital and to provide the Medical Care Commission assurance that the debt reflected on the resolutions set forth below will be repaid. There are three resolutions set forth below (1) Mission Health System, Inc., (2) Angel Medical Center, Inc., and (3) Transylvania County Hospital, Inc.

Mission Health System, Inc. – Asheville – Christopher B. Taylor, Charles Ayscue

Resolution: The Commission grants preliminary approval to a project for Mission Health System, Inc., to provide funds to be used together, with other available funds, to refund the outstanding balance of the \$114,650,000 North Carolina Medical Care Commission Hospital Revenue Bonds (Mission-St. Joseph’s Health System, Inc.) Series 1998 (outstanding in the amount of \$32,270,000). The refunding is to be accomplished through a direct purchase of the new bonds by Wells Fargo. The Bonds will be in the non-bank qualified mode and will have a fixed rate of 2.500% for the initial 5 year put period. The transaction will save Mission Health System approximately \$3.6 million over the initial 5 year put period. The project is in accordance with an application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	\$32,470,000
Cash and negotiable securities from reserves	<u>745,192</u>
Total	\$32,215,192

ESTIMATED USES OF FUNDS

Refund the Series 1998 Bonds	\$32,470,000
Accrued interest on Series 1998 Bonds	570,267
Accountants fees	25,000
Corporation Counsel	14,000
Bond counsel	45,000
Trustee fees	1,500
Local Government Commission fee	8,750
Bank fees and counsel	<u>80,675</u>
Total Use	\$32,215,192

Tentative approval is given with the understanding that the governing board of Mission Health System, Inc. 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.
3. Financial feasibility must be determined prior to the issuance of the debt.
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 debt for this project and may approve the issuance of such greater principal amount of the debt 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 debt or notes shall be financed 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 debt 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 | ✓ | Yes | _____ | No | _____ | N/A |
| 2. Construction and related costs are reasonable | _____ | Yes | _____ | No | ✓ | N/A |

8. Angel Medical Center, Inc. - Franklin – Christopher B. Taylor and Charles Ayscue

Resolution: The Commission grants preliminary approval to a project for Angel Medical Center, Inc. to provide funds, to be used together with other available funds, to effect a conversion/refunding of the \$18,500,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Angel Medical Center Project) Series 2007 outstanding in the amount of \$14,485,000. The Bonds will be purchased by Wells Fargo and held as non-bank qualified bonds. During the initial put period of five years the Bonds will carry an interest rate of 70% of one month LIBOR plus .60%. Angel Medical Center is expected to save approximately \$237,000 during the initial 5 year holding period. The Bonds will be guaranteed by Mission Health System, Inc. The project is in accordance with an application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be converted/refunded	\$14,485,000
Cash and negotiable securities from reserves	<u>77,954</u>
Total Sources	\$14,562,954

ESTIMATED USES OF FUNDS

Conversion/refunding of Series 2007 Bonds	14,485,000
Accrued interest on Series 2007 Bonds	241
Corporation counsel	15,000
Bond counsel	25,000
Trustee fee	1,500
Bank fee and counsel	<u>36,213</u>
Total Expenditures	\$14,562,954

Tentative approval is given with the understanding that the governing board of Angel Medical Center, Inc. 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 | <u> ✓ </u> | Yes | <u> </u> | No | <u> </u> | N/A |
| 2. Construction and related costs are reasonable | <u> </u> | Yes | <u> </u> | No | <u> ✓ </u> | N/A |

9. Transylvania Community Hospital - Brevard – Christopher B. Taylor and Charles Ayscue

Executive Committee Action: A motion was made by Mr. Joe Crocker, seconded by Mr. Charles Frock and unanimously approved.

Resolution: The Commission grants preliminary approval to a project for Transylvania Community Hospital, Inc. to provide funds, to be used together with other available funds, to refund the outstanding balances of (1) the \$4,855,000 North Carolina Medical Care Commission Hospital Revenue Bonds (Transylvania Community Hospital, Inc.) Series 1997 outstanding in the amount of \$2,665,000 and (2) the \$13,240,000 North Carolina Medical Care Commission Variable Rate Demand Hospital Revenue Bonds (Transylvania Regional Hospital) Series 2009 outstanding in the amount of \$12,400,000. The Bonds will be purchased by Wells Fargo and held as non-bank qualified bonds for an initial put period of 5 years. During the initial put period the Bonds will carry an interest rate of 70% of the one month LIBOR rate plus .60%. The transaction is expected to save Transylvania Hospital approximately \$758,000 over the 5 year put period. The Bonds will be guaranteed by Mission Health System. The project is in accordance with an application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	\$15,065,000
Cash and negotiable securities from reserves	<u>141,482</u>
Total Sources	\$15,206,482

ESTIMATED USES OF FUNDS

Refund Series 1997 and 2009 Bonds	15,065,000
Accrued interest on Bonds	53,569
Corporation counsel	15,000
Bond counsel	25,000
Trustee fees	1,500
Local Government Commission fee	8,750
Bank fee and counsel	<u>37,663</u>
Total Expenditures	\$15,206,482

Tentative approval is given with the understanding that the governing board of Transylvania Community Hospital, Inc. 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 | <u> ✓ </u> | Yes | <u> </u> | No | <u> </u> | N/A |
| 2. Construction and related costs are reasonable | <u> </u> | Yes | <u> </u> | No | <u> ✓ </u> | N/A |

10. **Resolution of the North Carolina Medical Care Commission Approving Remarketing Agreement with Wells Fargo Bank, National Association as Successor Remarketing Agent for the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (Union Regional Medical Center Project) Series 2002B** – Remarks were made by Alice Adams

Executive Committee Action: A motion was made by Mr. Gerald Cox, seconded by Dr. George Binder and unanimously approved.

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, has issued \$15,000,000 aggregate principal amount of its Variable Rate Demand Health Care Facilities Revenue Bonds (Union Regional Medical Center Project) Series 2002B (the “Bonds”), all of which is outstanding, pursuant to the terms of a Trust Agreement, dated as of June 15, 2002 (the “Trust Agreement”), between the Commission and The Bank of New York, succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Bond Trustee”); and

WHEREAS, the Commission loaned the proceeds from the sale of the Bonds to Union Memorial Regional Medical Center, Inc. d/b/a Carolinas Medical Center – Union (the “Corporation”) pursuant to a Loan Agreement, dated as of June 15, 2002 (the “Loan Agreement”), between the Commission and the Corporation; and

WHEREAS, since their initial issuance, the Bonds have been bearing interest at Weekly Interest Rates and are subject to optional and mandatory tender; and

WHEREAS, Merrill Lynch, Pierce, Fenner & Smith Incorporated, successor to Bank of America, N.A., is currently serving as Remarketing Agent for the Bonds, and a letter of credit (the “Credit Facility”) issued by Wells Fargo Bank, National Association, as successor to

Wachovia Bank, National Bank, secures the payment of principal and purchase price of and interest on the Bonds when due; and

WHEREAS, the Corporation has requested that Merrill Lynch, Pierce, Fenner & Smith Incorporated resign as Remarketing Agent and desires to appoint Wells Fargo Bank, National Association (“Wells Fargo”) as successor Remarketing Agent for the Bonds pursuant to Section 13.01(a) of the Trust Agreement; and

WHEREAS, in connection with the appointment Wells Fargo as the successor Remarketing Agent, the Corporation, the Commission and Wells Fargo will enter into a Remarketing Agreement dated as of July 15, 2011 (the “Remarketing Agreement”), a draft copy of which has been presented at this meeting; and

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

Section 1. The form, terms and provisions of the Remarketing Agreement are hereby approved in all respects, and the Chairman, Vice Chairman (or any member of the Commission designated by the Chairman), the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Remarketing Agreement 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. 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 appointment of Wells Fargo as successor Remarketing Agent under the Trust Agreement.

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

11. Executive Committee Closed Session

A motion was made by Mr. Joe Crocker to enter into a closed Executive Session for the purpose of discussing the Samaritan Housing issue. Mr. Drexdal Pratt left the room and the other parties left the call. A motion was made by Mr. Gerald Cox to come out of the closed Executive Session and was seconded by Dr. Carl Rust.

12. Adjournment

There being no further business, the meeting was adjourned at 12:05 p.m.

Respectfully Submitted,

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