

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**

March 16, 2011

11:00 A.M.

Members of the Executive Committee Present:

Joseph D. Crocker, Vice-Chairman
Dr. George Binder
Charles T. Frock
Dr. Carl K. Rust
Dr. Robert E. Schaaf

Members of the Executive Committee Absent:

Lucy Hancock Bode, Chairman
Gerald P. Cox

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
John Bonifacio, Wells Fargo Bank, NA
Allen K. Robertson, Robinson Bradshaw & Hinson, PA
Laura Traynor, Wells Fargo Bank, NA

1. Purpose of Meeting

To approve the conversion of the Commission's Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Novant Health Obligated Group) Series 2008, consisting of Series 2008A, Series 2008B and Series 2008C to "Index Interest Rates."

2. Resolution of the North Carolina Medical Care Commission Approving the Conversion of the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Novant Health Obligated Group) Series 2008, consisting of Series 2008A, Series 2008B and Series 2008C to "Index Interest Rates."- Remarks were made by Laura Traynor, Allen Robertson and John Bonifacio.

Executive Committee Action: A motion was made by Mr. Charles Frock seconded by Dr. Carl Rust and unanimously approved with Dr. George Binder and Dr. Robert Schaaf 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 to refund bonds previously issued by the Commission; and

WHEREAS, Novant Health, Inc. (the "Parent 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, on August 19, 2008, the Commission issued its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Novant Health Obligated Group) Series 2008, consisting of (a) Series 2008A in the aggregate principal amount of \$70,000,000, \$65,605,000 of which are outstanding (the "2008A Bonds"), (b) Series 2008B in the aggregate principal amount of \$75,090,000, \$70,695,000 of which are outstanding (the "2008B Bonds"), and (c) Series 2008C in the aggregate principal amount of \$50,870,000, \$47,165,000 of which are outstanding (the "2008C Bonds" and together with the 2008A Bonds and the 2008B Bonds, the "Bonds"), pursuant to Trust Agreements dated as of August 1, 2008 (collectively, the "Original Trust Agreements") between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee, and loaned the proceeds from the sale of the Bonds to the Parent Corporation pursuant to Loan Agreements dated as of August 1, 2008 (collectively, the "Original Loan Agreements") between the Commission and the Parent Corporation; and

WHEREAS, since they were issued, the Bonds have been bearing interest at Weekly Interest Rates (as defined in the Original Trust Agreements) and (a) the 2008A Bonds have been supported by a Standby Bond Purchase Agreement dated as of August 1, 2008 (the "2008A Standby Agreement") among the Parent Corporation, The Bank of New York Mellon Trust

Company, N.A., as tender agent (the “Tender Agent”), and Bank of America, N.A. (the “2008A Liquidity Provider”) and (b) the 2008B Bonds and the 2008C Bonds have each been supported by Standby Bond Purchase Agreements dated as of August 1, 2008 (the “2008B Standby Agreement” and the “2008C Standby Agreement” and together with the 2008A Standby Agreement, the “Standby Agreements”) among the Parent Corporation, the Tender Agent, and Branch Banking and Trust Company (the “2008B and 2008C Liquidity Provider” and together with the 2008A Liquidity Provider, the “Liquidity Providers”); and

WHEREAS, (a) Wells Fargo Bank, National Association (the “2008A Bank Holder”) has offered to purchase and hold the 2008A Bonds for five years at a variable interest rate equal to 68% of one-month LIBOR plus 0.75% for the first three years and 75% of one-month LIBOR plus 0.75% for the last two years, subject to adjustment under certain circumstances, and (b) Branch Banking and Trust Company (the “2008B Bank Holder” and “2008C Bank Holder” and together with the 2008A Bank Holder, the “Bank Holders”) has offered to purchase and hold the 2008B Bonds and the 2008C Bonds for five years at a variable interest rate equal to 68% of one-month LIBOR plus 0.82%, subject to adjustment under certain circumstances; and

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

WHEREAS, upon the conversion of the Bonds to Index Interest Rates (the “Conversion”), the Tender Agent will surrender the Standby Agreements to the Liquidity Providers for cancellation thereof; and

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

WHEREAS, by a resolution adopted on March 3, 2011, the Commission preliminarily approved the Conversion, subject to compliance by the Parent Corporation with the conditions set forth in such resolution, and the Parent Corporation has complied with such conditions to the satisfaction of the Commission; and

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

(a) an Amended and Restated Trust Agreement dated as of March 23, 2011 (the “2008A Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “2008A Bond Trustee”), securing the 2008A Bonds;

(b) an Amended and Restated Loan Agreement dated as of March 23, 2011 (the “2008A Loan Agreement”), between the Commission and the Parent Corporation, related to the 2008A Bonds;

(c) an Amended and Restated Supplemental Master Trust Indenture No. 13 dated as of March 23, 2011 (“Supplement No. 13”), among the Parent Corporation,

Forsyth Memorial Hospital, Inc. (“Forsyth”), The Presbyterian Hospital (“Presbyterian”) and The Bank of New York Mellon Trust Company, N.A., as Master Trustee (the “Master Trustee”) under the Master Trust Indenture (Amended and Restated), dated as of June 1, 2003, among the Parent Corporation, Forsyth, Presbyterian and Wachovia Bank, National Association, succeeded by The Bank of New York Mellon Trust Company, N.A., as master trustee, which includes the form of Amended and Restated Master Obligation, Series 2008A, dated the date of its original issuance (“Master Obligation, Series 2008A”), to be issued to the Commission;

(d) a Supplemental Master Trust Indenture No. 21 dated as of March 23, 2011 (“Supplement No. 21”), among the Parent Corporation, Forsyth, Presbyterian and the Master Trustee, which includes the form of Master Obligation, Series 2008A-2, dated the date of its original issuance (“Master Obligation, Series 2008A-2”), to be issued to the 2008A Bank Holder;

(e) an Amended and Restated Trust Agreement dated as of March 23, 2011 (the “2008B Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “2008B Bond Trustee”), securing the 2008B Bonds;

(f) an Amended and Restated Loan Agreement dated as of March 23, 2011 (the “2008B Loan Agreement”), between the Commission and the Parent Corporation, related to the 2008B Bonds;

(g) an Amended and Restated Supplemental Master Trust Indenture No. 14 dated as of March 23, 2011 (“Supplement No. 14”), among the Parent Corporation, Forsyth, Presbyterian and the Master Trustee, which includes the form of Amended and Restated Master Obligation, Series 2008B, dated the date of its original issuance (“Master Obligation, Series 2008B”), to be issued to the Commission;

(h) a Supplemental Master Trust Indenture No. 22 dated as of March 23, 2011 (“Supplement No. 22”), among the Parent Corporation, Forsyth, Presbyterian and the Master Trustee, which includes the form of Master Obligation, Series 2008B-2, dated the date of its original issuance (“Master Obligation, Series 2008B-2”), to be issued to the 2008B Bank Holder;

(i) an Amended and Restated Trust Agreement dated as of March 23, 2011 (the “2008C Trust Agreement” and, collectively with the 2008A Trust Agreement and the 2008B Trust Agreement, the “Trust Agreements”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “2008C Bond Trustee” and, collectively with the 2008A Bond Trustee and the 2008B Bond Trustee, the “Bond Trustees”), securing the 2008C Bonds;

(j) an Amended and Restated Loan Agreement dated as of March 23, 2011 (the “2008C Loan Agreement” and, collectively with the 2008A Loan Agreement and the 2008B Loan Agreement, the “Loan Agreements”), between the Commission and the Parent Corporation, related to the 2008C Bonds;

(k) an Amended and Restated Supplemental Master Trust Indenture No. 15 dated as of March 23, 2011 (“Supplement No. 15”), among the Parent Corporation, Forsyth, Presbyterian and the Master Trustee, which includes the form of Amended and Restated Master Obligation, Series 2008C, dated the date of its original issuance (“Master Obligation, Series 2008C”), to be issued to the Commission; and

(l) a Supplemental Master Trust Indenture No. 23 dated as of March 23, 2011 (“Supplement No. 23” and, collectively with Supplement No. 13, Supplement No. 14, Supplement No. 15, Supplement No. 21 and Supplement No. 22, the “Supplements”), among the Parent Corporation, Forsyth, Presbyterian and the Master Trustee, which includes the form of Master Obligation, Series 2008C-2, dated the date of its original issuance (“Master Obligation, Series 2008C-2” and, collectively with Master Obligation, Series 2008A, Master Obligation, Series 2008B, Master Obligation, Series 2008C, Master Obligation, Series 2008A-2 and Master Obligation, Series 2008B-2, the “Obligations”), to be issued to the 2008C Bank Holder.

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

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

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

As set forth in the Original Trust Agreements and the Trust Agreements, the 2008A Bonds and the 2008B Bonds mature on November 1, 2028 and the 2008C Bonds mature on May 1, 2026 and are subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

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

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

deem necessary, appropriate and consistent with the applicable Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 5. The forms of the Supplements and the Obligations are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission, with the advice of counsel, may deem necessary and appropriate, and the execution and delivery of the Trust Agreements by the Commission shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 6. Lucy H. Bode, Chairman of the Commission, Drexdal R. Pratt, Secretary of the Commission and Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreements, with full power to carry out the duties set forth therein.

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

Section 8. This Final Resolution shall take effect immediately upon its passage.

Required Redemption of the Series 2008A Bonds

<u>November</u>	<u>Amount</u>	<u>November</u>	<u>Amount</u>
2009	\$3,250,000	2019	\$4,550,000
2010	1,145,000	2020	4,700,000
2011	3,400,000	2021	4,900,000
2012	3,500,000	2022	5,100,000
2013	3,600,000	2023	5,250,000
2014	3,750,000	2024	5,450,000
2015	3,900,000	2025	1,005,000
2016	4,050,000	2027	1,850,000
2017	4,250,000	2028*	1,950,000
2018	4,400,000		

* Maturity

Required Redemption of the Series 2008B Bonds

<u>November</u>	<u>Amount</u>	<u>November</u>	<u>Amount</u>
2009	\$3,250,000	2019	\$4,550,000
2010	1,145,000	2020	4,700,000
2011	3,400,000	2021	4,900,000
2012	3,500,000	2022	5,100,000
2013	3,600,000	2023	5,250,000
2014	3,750,000	2024	5,450,000
2015	3,900,000	2025	2,495,000
2016	4,050,000	2026	3,600,000
2017	4,250,000	2027	1,850,000
2018	4,400,000	2028*	1,950,000

* Maturity

Required Redemption of the Series 2008C Bonds

<u>May</u>	<u>Amount</u>	<u>May</u>	<u>Amount</u>
2009	\$1,550,000	2018	\$2,825,000
2010	2,155,000	2019	2,945,000
2011	2,215,000	2020	3,070,000
2012	2,275,000	2021	3,190,000
2013	2,395,000	2022	3,315,000
2014	2,460,000	2023	3,440,000
2015	2,580,000	2024	3,560,000
2016	2,640,000	2025	3,685,000
2017	2,765,000	2026*	3,805,000

* Maturity

Professional Fees Comparison for
Novant Health, Inc.
Series 2008A, 2008B and 2008C Conversions

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Bank counsel	\$35,000*	\$ 70,000
Bond counsel	75,000	75,000
Corporation counsel	35,000	35,000
2008B & 2008C Bank Holder commitment fee	N/A	117,860

*This was intended to be \$35,000 per Bank, for a total of \$70,000.

3. Adjournment

There being no further business, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,

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