

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

**The North Carolina Medical Care Commission
701 Barbour Drive
Raleigh, North Carolina**

MINUTES

**CALLLED MEETING OF THE EXECUTIVE COMMITTEE
CONFERENCE TELEPHONE MEETING ORIGINATING FROM THE
COMMISSION'S OFFICE
JANUARY 26, 2012
11:00 A.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Joseph D. Crocker, Vice-Chairman
Dr. George Binder
George H. V. Cecil
Al Lockamy
Dr. Carl K. Rust

Members of the Executive Committee Absent:

Mary L. Piepenbring

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary
Kathy C. Larrison, Auditor
Crystal Watson-Abbott, Auditor
Alice S. Creech, Bond Program Assistant

Others Present:

Allen K. Robertson, Robinson Bradshaw & Hinson, PA

1. Purpose of Meeting

To authorize the execution and delivery of First Supplemental Trust Agreements for the 2009D Bonds and 2010 Bonds issued for the benefit of FirstHealth of the Carolinas, Inc.

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 Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2009D (the “Bonds”). – Remarks were made by Allen Robertson

Executive Committee Action: A motion was made by Mr. Joe Crocker, seconded by Mr. Al Lockamy and unanimously approved with Dr. Carl Rust 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, has issued \$40,830,000 aggregate principal amount of its Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2009D (the “Bonds”), all of which are outstanding, pursuant to the terms of a Trust Agreement, dated as of December 1, 2009 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”); and

WHEREAS, the Commission loaned the proceeds from the sale of the Bonds to FirstHealth of the Carolinas, Inc. (the “Corporation”) pursuant to a Loan Agreement, dated as of December 1, 2009 (the “Loan Agreement”), between the Commission and 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 0.89375% 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 December 9, 2014; and

WHEREAS, the Bank Holder has proposed to reduce the Bank-Bought Rate to 68% of One-Month LIBOR plus 0.60% per annum and extend the Bank-Bought Minimum Holding Period to the fifth anniversary of the date of delivery of the Supplement described below (e.g., February 2017); and

WHEREAS, Section 11.02 of the Trust Agreement permits 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, 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 changes proposed by the Bank Holder; 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) are 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.

Section 2. The Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) or any duly authorized Commission Representative under the Trust Agreement 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.

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

3. **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 Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2010 (the “Bonds”)** – Remarks were made by Allen Robertson

Executive Committee Action: A motion was made by Mr. Joe Crocker, seconded by Mr. Al Lockamy and unanimously approved with Dr. Carl Rust 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, has issued \$29,535,000 aggregate principal amount of its Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2010 (the “Bonds”), all of which are outstanding, pursuant to the terms of a Trust Agreement, dated as of January 1, 2010 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”); and

WHEREAS, the Commission loaned the proceeds from the sale of the Bonds to FirstHealth of the Carolinas, Inc. (the “Corporation”) pursuant to a Loan Agreement, dated as of January 1, 2010 (the “Loan Agreement”), between the Commission and 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 0.89375% 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 January 6, 2015; and

WHEREAS, the Bank Holder has proposed to reduce the Bank-Bought Rate to 68% of One-Month LIBOR plus 0.65% per annum and extend the Bank-Bought Minimum Holding Period to July 6, 2017; and

WHEREAS, Section 11.02 of the Trust Agreement permits 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, 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 changes proposed by the Bank Holder; 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) are 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.

Section 2. The Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) or any duly authorized Commission Representative under the Trust Agreement 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.

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

4. Adjournment

There being no further business, the meeting was adjourned at 11:09 a.m.

Respectfully submitted,

Christopher B. Taylor, CPA
Assistant Secretary