

**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**

**April 24, 2012**

**11:00 A.M.**

**Members of the Executive Committee Present:**

Lucy Hancock Bode, Chairman  
Dr. George Binder  
George H.V. Cecil  
Albert F. Lockamy  
Mary L. Piepenbring  
Dr. Carl K. Rust

**Members of the Executive Committee Absent:**

Joseph D. Crocker, Vice-Chairman

**Members of Staff Present:**

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

**Others Present:**

Paul Billow, Womble Carlyle Sandridge & Rice, PLLC  
Rebecca Craig, Wayne Memorial Hospital  
David Kasdin, Citigroup  
Jon Mize, Womble Carlyle Sandridge & Rice, PLLC  
Jeff Poley, Parker Poe Adams & Bernstein, LLP

**1. Purpose of Meeting**

To consider a resolution authorizing the issuance and sale of bonds, the proceeds of which will be loaned to University Health Systems of Eastern Carolina, Inc. d/b/a Vidant Health and Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center. and to consider granting preliminary approval to refunding bond issues for Southeastern Regional Medical Center, WakeMed and Wayne Memorial Hospital.

**2. Series Resolution Authorizing the Issuance of North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (Vidant Health), Series 2012A (the “Bonds”).** - Remarks were made by David Kasdin & Jon Mize.

**Executive Committee Action:** A motion was made by Dr. George Binder, seconded by Mary Piepenbring and unanimously approved with Mrs. Lucy Bode and Mr. George Cecil 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, University Health Systems of Eastern Carolina, Inc. d/b/a Vidant Health (the “Parent Corporation”) and Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center (the “Corporation”) are each a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which operate, by themselves and through controlled affiliates, various health care facilities; and

WHEREAS, the Parent Corporation and the Corporation have made application to the Commission for a loan to be made to the Parent Corporation and the Corporation for the purpose of providing funds, together with other available funds, to (a) refund (i) all of its outstanding North Carolina Medical Care Commission Hospital Revenue Bonds (Pitt County Memorial Hospital), Series 1998A, dated September 1, 1998 (the “Series 1998A Bonds”), (ii) a portion of its outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (University Health Systems of Eastern Carolina), Series 2008C, dated December 10, 2008 (the “Series 2008C Bonds”), (iii) a portion of its outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (University Health Systems of Eastern Carolina), Series 2008E-1, dated December 10, 2008 (the “Series 2008E-1 Bonds”), and (iv) a portion of its outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (University Health Systems of Eastern Carolina), Series 2008E-2, dated December 10, 2008 (the “Series 2008E-2 Bonds” and, together with the Series 2008E-1 Bonds, the “Series 2008E Bonds”) and (b) pay certain expenses incurred in connection with the sale and issuance of the Bonds; and

WHEREAS, the Executive Committee of the Commission has, by resolution duly adopted on March 13, 2012 (the “Commission Resolution”), approved the issuance of the Bonds, subject to compliance with the conditions set forth in such resolution, and the Parent Corporation and the Corporation have complied with such conditions to the satisfaction of the Commission; and

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

(a) Master Trust Indenture (Amended and Restated), dated as of February 1, 2006 (the “Master Indenture”), between the Parent Corporation, the Corporation and First-Citizens Bank & Trust Company, as succeeded by U.S. Bank National Association as master trustee (the “Master Trustee”);

(b) Supplemental Master Trust Indenture No. 21, to be dated as of May 1, 2012 (“Supplemental Indenture No. 21”), between the Parent Corporation, the Corporation and the Master Trustee, including the form of Master Obligation, Series 2012A, to be dated the date of delivery thereof (the “2012A Master Obligation”), executed and delivered by the Parent Corporation to the Commission;

(c) Trust Agreement, to be dated as of May 1, 2012 (the “Trust Agreement”), between the Commission and U.S. Bank National Association, as bond trustee (the “Bond Trustee”);

(d) Loan Agreement, to be dated as of May 1, 2012 (the “Loan Agreement”), between the Parent Corporation, the Corporation and the Commission;

(e) Escrow Deposit Agreement, to be dated as of May 1, 2012 (the “2008C Escrow Agreement”), among the Commission, the Parent Corporation, the Corporation and U.S. Bank National Association, as escrow agent (the “Escrow Agent”), relating to the refunding of the Series 2008C Bonds;

(f) Escrow Deposit Agreement, to be dated as of May 1, 2012 (the “2008E Escrow Agreement”), among the Commission, the Parent Corporation, the Corporation and the Escrow Agent, relating to the refunding of the Series 2008E Bonds;

(g) Contract of Purchase, to be dated the date of delivery thereof (the “Contract of Purchase”), between Citigroup Global Markets Inc., Wells Fargo Bank, National Association, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Edward D. Jones & Co., L.P. (collectively, the “Underwriters”) and the Local Government Commission of North Carolina (the “LGC”) and approved by the Commission and the Parent Corporation; and

(h) Preliminary Official Statement, dated April 11, 2012 (the “Preliminary Official Statement”), relating to the offering and sale of the Bonds; and

WHEREAS, the Commission has determined that the Parent Corporation and the Corporation are financially responsible and capable of fulfilling their obligations under each of

the documents described above to which the Parent Corporation and/or the Corporation are a party; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed refinancing and that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the North Carolina Medical Care Commission as follows:

Section 1. Capitalized terms used in this Series Resolution and not defined herein shall have the meanings given such terms in the Trust Agreement, the Loan Agreement and the Master Indenture.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$150,500,000. The Bonds shall be dated as of the date of delivery thereof and shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in Exhibit A attached hereto and made a part hereof. The Bonds shall be issued as fully registered bonds in denominations of \$5,000 or any whole multiple thereof. The Bonds shall be initially issued in book-entry only form as described in the Trust Agreement. Interest on the Bonds shall be payable semiannually on each June 1 and December 1, beginning June 1, 2012, until the Bonds are fully paid. Payments of principal of and interest on the Bonds shall be forwarded by the Bond Trustee to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

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

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.09 of the Trust Agreement.

Section 5. The forms, terms and provisions of the Loan Agreement, the Trust Agreement, the 2008C Escrow Agreement and the 2008E Escrow Agreement are hereby approved in all respects, and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement, the Trust Agreement, the 2008C Escrow Agreement and the 2008E Escrow Agreement 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 or 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 Contract of Purchase and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Contract of Purchase are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose is hereby authorized and directed to execute and deliver the Contract of Purchase in substantially the form presented at

this meeting, together with such changes, modifications, insertions and deletions as such Chairman, the Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary or 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. The form of the Bonds as set forth in the Trust Agreement are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the respective 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 at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary or 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 2012A Master Obligation and Supplemental Indenture No. 21 are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement by the Commission shall be conclusive evidence of the approval of such documents by the Commission.

Section 9. The Commission hereby approves the action of the LGC in awarding the Bonds to the Underwriters at the price of \$158,164,101.70 (which price represents the aggregate principal amount of the Bonds plus a net original issue premium of \$8,726,894.00 and less an underwriters' discount of \$1,062,792.30).

Section 10. Upon execution of the Bonds 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 compliance with the provisions of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby ratifies and approves the use and distribution of the Preliminary Official Statement in connection with the offering and sale of the Bonds. The preparation and distribution of a final Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the final terms of the Bonds, is hereby approved, and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose is hereby authorized to execute and deliver, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary or appropriate; and such execution and delivery shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby authorizes, ratifies and approves the distribution and use of copies of the Loan Agreement, the Trust Agreement, Supplemental Indenture No. 21, the 2012A Master Obligation, the Master Indenture,

the 2008C Escrow Agreement and the 2008E Escrow Agreement by the Underwriters in connection with the offering and sale of the Bonds.

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

Section 13. 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. The Commission has heretofore executed and delivered to DTC a Blanket Letter of Representations.

Section 14. Drexal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, and Kathy C. Larrison, Auditor, are each hereby appointed a Commission Representative (as such term is defined in the Loan Agreement) with full power to carry out the duties set forth therein and in the Trust Agreement.

Section 15. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman, the Secretary or 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 Loan Agreement, the Trust Agreement, the Contract of Purchase, the 2008C Escrow Agreement, the 2008E Escrow Agreement and the Official Statement.

Section 16. The redemption of (a) all of the Series 1998A Bonds on June 1, 2012, (b) \$71,525,000 of the Series 2008C Bonds on December 1, 2013, (c) \$21,750,000 of the Series 2008E-1 Bonds on December 2, 2013 and (d) \$54,185,000 of the Series 2008E-2 Bonds on December 2, 2014 in accordance with the provisions of the Series 1998A Bonds, the Series 2008C Bonds, the Series 200E-1 Bonds and the Series 2008E-2 Bonds and the respective trust agreements relating thereto and the 2008C Escrow Agreement and the 2008E Escrow Agreement, is hereby authorized, ratified and approved, and all prior actions taken by the Commission and its officers in connection with such redemption are hereby ratified and approved.

Section 17. The Commission hereby recommends that the Governor of the State of North Carolina approve the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, and hereby requests such approval.

Section 18. A comparison of the professional fees as set forth in the Commission Resolution granting preliminary approval of this financing with the actual professional fees incurred in connection with the financing is set forth as Exhibit B hereto.

Section 19. This Series Resolution shall take effect immediately upon its passage.

3. Southeastern Regional Medical Center – Lumberton Christopher B. Taylor

**Executive Committee Action:** A motion was made by Mr. Al Lockamy, seconded by Mr. George Cecil and unanimously approved with Dr. Carl Rust abstaining from the vote.

**Resolution:** The Commission grants preliminary approval to a project for Southeastern Regional Medical Center to provide funds, to be used together with other available funds, to refund the \$25,270,000 North Carolina Medical Care Commission Health Care Hospital Revenue Bonds (Southeastern Regional Medical Center) Series 1999 outstanding in the amount of \$14,960,000 and refund the \$48,980,000 North Carolina Medical Care Commission Hospital Revenue Bonds (Southeastern Regional Medical Center) Series 2002 outstanding in the amount of \$32,685,000. The refunding is projected to result in a present value savings of \$7.5 million. The project is in accordance with an application received as follows:

**ESTIMATED SOURCES OF FUNDS**

Principal amount of Bonds to be issued	\$47,200,000
Debt service reserve fund-Prior Bonds	<u>6,000,000</u>
<b>Total Sources</b>	<b>\$53,200,000</b>

**ESTIMATED USES OF FUNDS**

Escrow to refund Series 1999 Bonds and Series 2002 Bonds	\$48,000,000
Reserve Fund	4,500,000
Underwriters' discount	400,000
Accountants' fee	15,000
Corporation counsel	35,000
Bond counsel	60,000
Rating agency fee	105,000
Trustee fee	3,000
Printing costs	5,000
Local Government Commission fee	8,750
Underwriters' counsel	45,000
Miscellaneous	<u>23,250</u>
<b>Total Expenditures</b>	<b>\$53,200,000</b>

Tentative approval is given with the understanding that the governing board of Southeastern Regional Medical Center 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 or conversion of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance or conversion 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 or conversion of bonds for this project and may approve the issuance or conversion 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 or converted 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	✓ _____	Yes	No _____	N/A _____
2. Construction and related costs are reasonable		Yes _____	No _____	✓ _____ N/A



Notes:

<b>1) Information from 2011 Audit</b>	
<b>Operating Income</b>	<b>\$6,250,388</b>
<b>Increase in unrestricted Net Assets</b>	<b>\$980,656</b>
<b>Increase in Net Assets</b>	<b>\$1,412,902</b>
<b>Net Cash provided by Operating Activities</b>	<b>\$23,357,911</b>
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>\$2,246,264</b>

**2) Long Term Debt Service Coverage Ratios**

<b>Actual FYE 9/30/2011</b>	<b>4.62</b>
<b>Forecasted 9/30/2012</b>	<b>4.16</b>
<b>9/30/2013</b>	<b>4.35</b>
<b>9/30/2014</b>	<b>4.28</b>

<b>3) Community Benefits per ANDI Report FYE 2011</b>	<b>\$15,121,410</b>
<b>Bad Debts</b>	<b><u>\$12,138,656</u></b>
<b>Total</b>	<b>\$27,260,066</b>

**4) Financing Participants**

**Underwriter- BB& T Capital Markets**  
**Bond Counsel – McGuire Woods, LLP**

**5) Bond Ratings**

<b>Moody's</b>	<b><u>A</u></b>
<b>Standard &amp; Poor's</b>	<b><u>A</u></b>

**4. WakeMed - Raleigh Christopher B. Taylor**

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

**Resolution:** The Commission grants preliminary approval to a project for WakeMed to provide funds, to be used together with other available funds, to accomplish (1) a current refunding of \$150,000,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (WakeMed Project) Series 2001 outstanding in the amount of \$138,800,000 and (2) an advance refunding of the North Carolina Medical Care Commission \$169,750,000 Health Care Facilities Revenue Bonds (WakeMed) Series 2009A outstanding in the amount of \$163,865,000. The

refundings are expected to generate a net present value savings of apparently \$21 million with a 6.9% in savings on the refunded bonds. The project is in accordance with an application received as follows:

**ESTIMATED SOURCES OF FUNDS**

Principal Amount of Bonds to be Issued	\$309,365,000
Debt Service Reserve funds from Series 2009 Bonds	11,946,013
Original Issuance Premium on Bonds	<u>6,507,185</u>
<b>Total Sources</b>	<b>\$327,818,198</b>

**ESTIMATED USES OF FUNDS**

Escrow to refund Series 2001 Bonds and Series 2009 Bonds	\$324,800,655
Underwriters' discount (\$8.25 per \$1,000 bonds)	2,301,346
Bond counsel	125,000
Underwriters' counsel	85,000
Corporation counsel	75,000
Financial Advisor	75,000
Accountants' fee	30,000
Rating agency fee	267,000
Trustee fee	3,000
Printing costs	5,000
Local Government Commission fee	8,750
Verification Agent	5,000
Miscellaneous	<u>37,447</u>
<b>Total Expenditures</b>	<b>\$327,818,198</b>

Tentative approval is given with the understanding that the governing board of WakeMed 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 or conversion of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance or conversion 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 or conversion of bonds for this project and may approve the issuance or conversion 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 or converted 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	✓ _____	Yes	_____	No	_____	N/A
2.	Construction and related costs are reasonable		Yes		No	✓ _____	N/A

**Notes:**

**A) Financing Participants**

**Citigroup is senior manager**

**Parker Poe Adams & Bernstein, LLP is bond counsel**

**Hunton & Williams, LLP is underwriters’ counsel**

<b>B) Financial Information from 2011 Audit</b>	
Income from Operations	\$ 33,470,000
Increase in Net Assets	\$ 40,379,000
Net Cash provided by Operating Activities	\$107,371,000
Net increase (decrease) in Cash and Cash Equivalents	\$ 15,025,000
Total Bonds Outstanding	\$468,072,000

**C) Ratings**

Moody's A1 (reflects current rating; no change expected)

Standard & Poor's private

Fitch AA- (reflects current rating; no change expected)

**D) Community Benefits from ANDI Report FYE 09/30/2011**

1) Community Benefits	\$207,993,962
2) Bad Debts	<u>11,255,531</u>
Total	\$219,249,493

**E) Long Term Debt Service Coverage Ratio**

Actual FYE 9/30/2011	4.36
Forecasted FYE 9/30/2012	5.28
Forecasted FYE 9/30/2013	4.90
Forecasted FYE 9/30/2014	4.79
Forecasted FYE 9/30/2015	4.89

**5. Wayne Memorial Hospital and Wayne Health Corporation – Goldsboro**

Christopher B. Taylor and Rebecca Craig

**Executive Committee Action:** A motion was made by Dr. Carl Rust, seconded by Mr. George Cecil and unanimously approved.

**Resolution:** The Commission grants preliminary approval to a project for Wayne Memorial Hospital and Wayne Health Corporation to provide funds, to be used together with other available funds, to refund the \$41,310,000 North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (Wayne Memorial Hospital) Series 1998 outstanding in the amount of \$23,290,000. The Series 2012 Bonds will be purchased by PNC Bank as Non-Bank Qualified Bonds and bear a fixed interest rate for the ten year period ending 2021 (the fixed maturity date of the Series 1998 Bonds). The 2012 Bonds will result in an estimated savings of \$2.6 million to Wayne Memorial over the ten year period. The project is in accordance with an application received as follows:

### ESTIMATED SOURCES OF FUNDS

Principal amount of Bonds to be issued	\$23,290,000
Corporation equity contribution	<u>212,500</u>
<b>Total Sources</b>	<b>\$23,502,500</b>

### ESTIMATED USES OF FUNDS

Refund the Series 1998 Bonds	\$23,290,000
Corporation counsel	50,000
Bond counsel	50,000
Trustee fee	2,500
Bank counsel	25,000
Financial advisor	75,000
Local Government Commission fee	8,750
Miscellaneous	<u>1,250</u>
<b>Total Expenditures</b>	<b>\$23,502,500</b>

Tentative approval is given with the understanding that the governing board of Wayne Memorial Hospital 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 or conversion of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance or conversion 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 or conversion of bonds for this project and may approve the issuance or conversion 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 or converted 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	✓	Yes	No	N/A
	_____		_____	_____
2. Construction and related costs are reasonable		Yes	No	✓ N/A
		_____	_____	_____

**Notes:**

**Financial information from audit FYE 09/30/2011 for Wayne Memorial Hospital**

<b>Operating Income</b>	<b>\$6,306,091</b>
<b>Increase (decrease) in Unrestricted Net Assets (A)</b>	<b>(\$10,514,643)</b>
<b>Increase (decrease) in Net Assets (A)</b>	<b>(\$10,425,628)</b>

**(A) \$14,064,417 of decrease due to change in minimum pension liability.**

**Net Cash provided by Operating Activities** **\$14,010,803**

**Net increase (decrease) in Cash and Cash Equivalents (B)** **(\$10,009,032)**

**(B) Primarily due to acquisition of property equipment and investments**

<b>Community Benefits from ANDI Report FYE 09/30/2011 Filing</b>	<b>\$26,045,784</b>
<b>Estimated Cost of Treating Bad Debt Patients</b>	<b>\$6,190,990</b>

**Long Term Debt Service Coverage Ratios**

**Actual FYE 2011 6.62**

**Forecasted FYE 2012 4.92**

**Forecasted FYE 2013 5.16**

**Forecasted FYE 2014 5.95**

**Ratings**

**Moody's A2**

**6. Adjournment**

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

Respectfully submitted,

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Christopher B. Taylor, CPA

Assistant Secretary

Date: April 24, 2012

**MATURITY SCHEDULE**

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$ 1,400,000	2.00%
2013	1,335,000	2.00
2014	1,365,000	3.00
2015	2,415,000	3.00
2016	2,750,000	4.00
2017	2,940,000	4.00
2018	3,065,000	4.00
2019	3,205,000	4.00
2020	3,315,000	4.00
2021	2,200,000	5.00
2021	1,275,000	4.00
2022	2,695,000	5.00
2022	1,400,000	3.00
2023	1,915,000	5.00
2023	2,715,000	4.00
2024	4,280,000	5.00
2024	575,000	4.00
2025	4,445,000	5.00
2025	1,065,000	4.25
2026	6,405,000	5.00
2027	1,935,000	5.00
2027	1,425,000	3.75
2033	33,185,000	4.00
2036	63,195,000	5.00



**PROFESSIONAL FEES**

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Accountant/Auditor	\$ 30,000	\$ 30,000
Bond Counsel	95,000	90,000
Underwriters' Counsel	75,000	70,000
Combined Group Counsel	50,000	50,000
Financial Advisor	137,000	135,000
Trustee (including counsel)	3,000	6,000