

RESOLUTION OF THE NORTH CAROLINA MEDICAL CARE COMMISSION APPROVING THE DEFEASANCE OF THE NORTH CAROLINA MEDICAL CARE COMMISSION FHA INSURED MORTGAGE REVENUE BONDS (ROWAN REGIONAL MEDICAL CENTER PROJECT), SERIES 2004 AND CERTAIN MATTERS RELATED THERETO

WHEREAS, the North Carolina Medical Care Commission (the “Commission”) has heretofore issued, pursuant to a Trust Indenture, dated as of August 1, 2004 (the “Trust Indenture”), between the Commission and The Bank of New York, as trustee (the “Bond Trustee”), its \$87,125,000 FHA Insured Mortgage Revenue Bonds (Rowan Regional Medical Center Project), Series 2004 (the “2004 Bonds”), for the purpose of (a) repaying a loan from the North Carolina Medical Care Commission Hospital Revenue Bonds (Pooled Equipment Financing Project), Series 1985 and repaying a loan from the North Carolina Medical Care Commission Variable Rate Hospital Revenue Bonds (Pooled Financing Project), Series 1996A, (b) paying the costs of certain improvements to the health care facilities of Rowan Regional Medical Center, Inc. (the “Corporation”), (c) paying a portion of the interest accruing on the Bonds during construction thereof, (d) funding the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Requirement (as such terms are defined in the Trust Indenture) and (e) paying certain expenses incurred in connection with the authorization, sale and issuance of the 2004 Bonds; and

WHEREAS, the Commission has heretofore loaned the proceeds of the 2004 Bonds to the Corporation pursuant to a Loan Agreement, dated as of August 1, 2004 (the “Loan Agreement”), between the Corporation and the Commission, and the Corporation’s obligations thereunder are evidenced by a Deed of Trust Note, dated as of August 18, 2004 (the “2004 Note”), from the Corporation to the Bond Trustee; and

WHEREAS, the Corporation’s obligations under the Series 2004 Note are secured by a Deed of Trust and Assignment of Rents, Profits and Income, dated August 17, 2004 (the “Mortgage”), executed by the Corporation and granting to a deed of trust trustee named therein, for the benefit of the Bond Trustee, a first lien on certain real property of the Corporation; and

WHEREAS, the United States Secretary of Housing and Urban Development, acting through the Federal Housing Commissioner or his authorized agents (“FHA”), has insured the 2004 Note and the Mortgage pursuant to Section 242 of the National Housing Act, as amended; and

WHEREAS, the Corporation desires to defease and cause to be prepaid the 2004 Note by causing all of the outstanding 2004 Bonds to be defeased in accordance with Section 1101 of the Trust Indenture; and

WHEREAS, the Corporation also desires to cause the outstanding 2004 Bonds maturing on or after March 1, 2015 to be called for optional redemption by the Commission on September 1, 2014 at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date pursuant to Section 501(a) the Trust Indenture; and

WHEREAS, the amounts to be used to defease the outstanding 2004 Bonds as described above shall be derived from certain proceeds of the 2004 Bonds and other amounts held in various funds and accounts established under the Trust Indenture, together with other available funds of the Corporation (including funds received from Novant Health, Inc.); and

WHEREAS, in connection with such defeasance transaction, it will be necessary for the Commission to enter into an Escrow Deposit Agreement, to be dated as of July 1, 2012 or some other mutually agreeable date (the "Escrow Agreement"), among the Commission, the Corporation and The Bank of New York, as escrow agent (the "Escrow Agent"), pursuant to which an escrow fund composed of non-callable federal securities and/or cash shall be held in trust for the timely payment of principal or redemption price of and interest on all of the outstanding when the same becomes due and payable; and

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

WHEREAS, the Commission has determined that the Corporation and Novant Health, Inc. are financially responsible and capable of fulfilling their obligations under the proposed transaction; and

WHEREAS, the Commission has determined that the public interest will be served by the defeasance and prepayment of the 2004 Note by causing all of the 2004 Bonds to be defeased and to take such other actions as may be necessary or appropriate in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

Section 1. The form, terms and provisions of the Escrow Agreement are hereby authorized and approved in all respects, and each of 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 (the "Authorized Officers") are each hereby authorized to execute and deliver on behalf of the Commission the Escrow Agreement in substantially the form presented at this meeting, together with such additions, deletions or other modifications not inconsistent with the general tenor of said document as the Authorized Officer executing such document, with the advice of counsel, may deem necessary or appropriate, such execution and delivery to be conclusive evidence of the authorization and approval thereof by the Commission.

Section 2. The Authorized Officers are hereby authorized and directed to take such action and to execute and deliver any certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by this resolution and the documents described in this resolution, including, without limitation, such actions as may be necessary to defease and redeem the 2004 Bonds, provided such actions are not inconsistent with the provisions of this resolution.

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

ADOPTED the ____ day of May, 2012

Respectfully submitted,

Christopher B. Taylor, CPA
Assistant Secretary

Date: May __, 2012