

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

**The North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina 27603**

MINUTES

**CALLED MEETING OF THE EXECUTIVE COMMITTEE
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE COMMISSION'S OFFICE
DECEMBER 6, 2012
2:00 P.M.**

Members of the Executive Committee Present:

Joseph D. Crocker, Vice-Chairman
Dr. George A. Binder
George H.V. Cecil
Albert F. Lockamy
Dr. Carl K. Rust

Members of the Executive Committee Absent:

Lucy Hancock Bode, Chairman
Mary L. Piepenbring

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary
Alice S. Creech, Bond Program Assistant

Others Present:

Kevin Dougherty, McGuire Woods, LLP

1. **Purpose of Meeting**

To consider for approval the sale of bonds for Wake Forest Baptist Obligated Group, Series 2012D.

2. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$80,000,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (WAKE FOREST BAPTIST OBLIGATED GROUP), SERIES 2012D** – Remarks were made by Kevin Dougherty

Executive Committee Action: A motion was made by Dr. George Binder, seconded by Mr. Al Lockamy 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 (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, North Carolina Baptist Hospital (the “Corporation”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and intent of the Act, which owns and operates health care facilities located in the City of Winston-Salem, North Carolina and other locations in the State of North Carolina; and

WHEREAS, the Corporation has made an application to the Commission for a loan for the purposes of providing funds, together with other available funds, to (i) pay, or reimburse the Corporation for paying, 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 by the Commission on August 10, 2012, 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 the date of sale of the Bonds (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and JPMorgan Chase Bank, N.A., as purchaser (the “Purchaser”), and approved by the Commission, the Corporation, Wake Forest University Health Sciences (“Health Sciences”) and Wake Forest University Baptist Medical Center (the “Medical Center”);

(b) the Supplemental Master Indenture for Obligation No. 15, to be dated as of December 1, 2012 (“Supplemental Indenture No. 15”), by and among the Corporation, Health Sciences, the Medical Center and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), supplementing the Master Trust Indenture, dated as of March 1, 2010 (the “Master Indenture”), by and between the Corporation and the Master Trustee; and the Supplemental Master Indenture for Obligation No. 16, to be dated as of December 1, 2012 (“Supplemental Indenture No. 16” and, together with Supplemental Indenture No. 15, the “Supplemental Indentures”), by and among the Corporation, Health Sciences, the Medical Center and the Master Trustee, supplementing the Master Indenture;

(c) the Trust Agreement, to be dated as of December 1, 2012 (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, to be dated as of December 1, 2012 (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;

(e) Obligation No. 15 of the Corporation, to be dated the date of its delivery (“Obligation No. 15”), to be issued by the Corporation to the Commission and assigned by the Commission to the Bond Trustee; and Obligation No. 16 of the Corporation, to be dated the date of its delivery (“Obligation No. 16” and, together with Obligation No. 15, the “Obligations”), to be issued by the Corporation to the Purchaser; and

(f) the Continuing Covenants Agreement, dated as of December 1, 2012 (the “Covenants Agreement”), among the Corporation, Health Sciences, the Medical Center and the Purchaser; 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 Loan Agreement, the Master Indenture, the Obligations and the Supplemental Indentures; 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 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 Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group) Series 2012D in the aggregate principal amount of up to \$80,000,000 (the "Bonds"), dated as of their original date of issuance and maturing on December 1, 2042. The Sinking Fund Requirements are set forth in Schedule 1 attached hereto and made a part hereof.

The Bonds shall be issued as fully registered bonds in Authorized Denominations (as defined in the Trust Agreement). Commencing on the date of original delivery of the Bonds, the Bonds shall bear interest at the Bank-Bought Rate, calculated as provided in the Trust Agreement. During the initial Bank-Bought Minimum Holding Period, the Bonds shall bear interest at a rate per annum equal to 74% of LIBOR, plus 0.87%, subject to adjustment in accordance with the provisions of the Trust Agreement. The initial Bank-Bought Minimum Holding Period shall begin on the date of issuance of the Bonds and end on December 13, 2019. 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 sinking fund redemption prior to their maturity at such times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. In addition, the Bonds shall be 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 221 of the Trust Agreement. 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.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan 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 Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan 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 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, 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 7. 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 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 8. The forms, terms and provisions of the Supplemental Indentures, the Obligations and the Covenants 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 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a price not to exceed \$80,000,000 (which price represents the maximum principal amount of the Bonds). Payment for the Bonds by the Bank from time to time shall be made at the purchase price of 100% of so much of the principal amount of the Bonds as shall be advanced from time to time pursuant to the Contract of Purchase.

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 Contract of Purchase, the Trust Agreement, the Loan Agreement, the Supplemental Indentures, the Obligations and the Covenants Agreement by the proper parties

thereto, the Bond Trustee shall deliver the Bonds to the Purchaser, against payment therefor, in accordance with and subject to the provisions of Contract of Purchaser.

Section 11. Drexdal 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 12. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or 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 Contract of Purchase, the Master Indenture, the Supplemental Indentures, the Obligations and the Covenants Agreement.

Section 13. 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 2 attached hereto and made a part hereof. The professional fees set forth in Schedule 2 attached hereto are hereby approved.

Section 14. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Sinking Fund Requirements

<u>Due on December 1</u>	<u>Sinking Fund Requirement</u>
2034	\$ 14,075,000
2035	14,370,000
2036	14,675,000
2037	14,985,000
2038	15,295,000
2039	6,300,000
2040	100,000
2041	100,000
2042	100,000

Schedule 2

Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u> ⁽¹⁾	<u>Actual</u>
Corporation Counsel	\$ 75,000.00	\$34,645.16
Bond Counsel	300,000.00	50,000.00
Bank Counsel	-	35,000.00

(1) At the time of preliminary approval of the project, the precise number of series of bonds and the terms of such series of bonds had not yet been determined. It has since been determined that four series of bonds, Series 2012A (fixed rates), Series 2012B (fixed rates), Series 2012C (floating rates) and Series 2012D (bank direct placement), will be issued for such project. The Series 2012A Bonds and the Series 2012B Bonds were authorized pursuant to separate series resolutions adopted on October 26, 2012 and the Series 2012C Bonds were authorized pursuant to a separate series resolution on November 14, 2012.

44136376_1.DOC

3. Adjournment

There being no further business, the meeting was adjourned at 2:10 p.m.

Respectfully submitted,

Christopher B. Taylor, CPA
Assistant Secretary