

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**

March 17, 2015

11:00 A.M.

Members of the Executive Committee Present:

John A. Fagg, MD, Chairman
Joseph D. Crocker, Vice-Chairman
George H. V. Cecil
Charles T. Frock
Charles H. Hauser
Albert F. Lockamy, RPh
Mary L. Piepenbring

Members of the Executive Committee Absent:

None

Members of Staff Present:

Drexdal R. Pratt, DHSR Director/MCC Secretary
Christopher B. Taylor, CPA, Assistant Secretary
Alice S. Creech, Executive Assistant to the Assistant Secretary

Others Present:

Paul Billow, Womble Carlyle Sandridge & Rice, LLP
David Hiteshow, Ponder & Co.
David Hughes, Vidant Health
David Kasdin, Citigroup
Jon Mize, Womble Carlyle Sandridge & Rice, LLP
Janet Mullaney, Vidant Health

1. Purpose of Meeting

To consider (1) a resolution authorizing the sale and issuance 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, (2) the extension of the bank holding period for the Commission’s Health Care Facilities Revenue Bonds (Duke University Health System) Series 2006, consisting of Series 2006A, Series 2006B and Series 2006C and (3) authorize the financing of certain health care equipment for the benefit of Duke University Health System, Inc. pursuant to a master lease and sublease agreement.

2. Series Resolution Authorizing the Issuance of North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Vidant Health), Series 2015 (the “Bonds”) – Remarks were made by David Kasdin, Jon Mize, Paul Billow, David Hiteshow, David Hughes and Janet Mullaney.

Executive Committee Action: Motion by Mr. Crocker, seconded by Mr. Frock, and unanimously approved with Dr. Fagg and Mr. 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 all of its outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (University Health Systems of Eastern Carolina), Series 2008D, dated December 10, 2008 (the “Series 2008D Bonds”), (b) pay the cost of acquiring, constructing and equipping certain hospital facilities and equipment for the Parent Corporation and its affiliates, including (i) a new approximately 418,000 square foot bed tower and outpatient center dedicated to cancer services to be located at Vidant Medical Center, (ii) two new outpatient clinic facilities and (iii) various equipment, furniture, information services and roof improvements, (c) pay a portion of the interest accruing on the Bonds through April 1, 2018 and (d) pay certain fees and expenses incurred in connection with the sale and issuance of the Bonds; and

WHEREAS, the Commission has, by resolution duly adopted on February 13, 2015 (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. 27, to be dated as of April 1, 2015 (“Supplemental Indenture No. 27”), between the Parent Corporation, the Corporation and the Master Trustee, including the form of Master Obligation, Series 2015, to be dated the date of delivery thereof (the “2015 Master Obligation”), executed and delivered by the Parent Corporation to the Commission;

(c) Trust Agreement, to be dated as of April 1, 2015 (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 April 1, 2015 (the “Loan Agreement”), between the Parent Corporation, the Corporation and the Commission;

(e) Escrow Deposit Agreement, to be dated as of April 1, 2015 (the “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 2008D Bonds;

(f) 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

(g) Preliminary Official Statement, dated March 4, 2015 (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 financing and 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 \$297,100,000. 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, 2015, until the Bonds are fully paid. Payments of the 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 and the 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 and the 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 2015 Master Obligation and Supplemental Indenture No. 27 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 \$321,868,515.60 (which price represents the aggregate principal amount of the Bonds, plus a net original issue premium of \$26,387,710.60 and less an underwriters' discount of \$1,619,195.00).

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. 27, the 2015 Master Obligation, the Master Indenture

and the 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 and Escrow Agent pursuant to the Escrow Agreement.

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. Drexler R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Kathy C. Larrison, Auditor, Crystal Watson-Abbot, Auditor, and Steven Lewis, Chief of the Construction Section of the Division of Health Service Regulation, 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 Escrow Agreement and the Official Statement.

Section 16. The redemption of all of the Series 2008D Bonds on December 1, 2018 in accordance with the provisions of the Series 2008D Bonds, the trust agreement relating thereto and the 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.

MATURITY SCHEDULE

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$ 1,125,000	2.00%
2017	1,150,000	3.00
2018	1,185,000	3.00
2019	1,220,000	3.00
2020	1,255,000	3.00
2021	1,295,000	4.00
2022	1,345,000	4.00
2023	1,400,000	4.00
2024	1,455,000	4.00
2025	1,510,000	4.00
2026	1,575,000	3.00
2027	1,620,000	3.00
2028	6,530,000	5.00
2029	6,935,000	5.00
2030	20,535,000	5.00
2031	21,550,000	5.00
2032	22,635,000	5.00
2033	23,735,000	5.00
2034	20,000,000	4.00
2040	57,550,000	5.00
2045	50,000,000	5.00
2045	51,495,000	4.00

\$57,550,000 5.00% Term Bond due June 1, 2040

<u>Due June 1</u>	<u>Sinking Fund Requirement</u>
2037	\$12,640,000
2038	14,260,000
2039	14,960,000
2040*	15,690,000

* Maturity.

\$50,000,000 5.00% Term Bond due June 1, 2045

<u>Due June 1</u>	<u>Sinking Fund Requirement</u>
2041	\$10,000,000
2042	10,000,000
2043	10,000,000
2044	10,000,000
2045*	10,000,000

* Maturity.

\$51,495,000 4.00% Term Bond due June 1, 2045

<u>Due June 1</u>	<u>Sinking Fund Requirement</u>
2041	\$ 6,460,000
2042	9,880,000
2043	10,775,000
2044	11,705,000
2045*	12,675,000

* Maturity.

EXHIBIT B

PROFESSIONAL FEES

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Accountant/Auditor	\$ 100,000	\$ 100,000
Bond Counsel	128,000	125,000
		(plus expenses)
Underwriters	1,675,499	1,619,195
Underwriters' Counsel	90,000	90,000
Combined Group Counsel	55,000	55,000
Financial Advisor	150,000	150,000
Trustee/Escrow Agent (including counsel)	6,000	8,000

3. **Resolution of the North Carolina Medical Care Commission Approving the Extension of the Bank Holding Period for the North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Duke University Health System) Series 2006, consisting of Series 2006A, Series 2006B and Series 2006C** – Remarks were made by Allen Robertson.

Executive Committee Action: Motion was made by Mr. Frock, seconded by Mr. Cecil 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 to refund bonds previously issued by the Commission; and

WHEREAS, Duke University Health System, Inc. (the “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 November 15, 2006, the Commission issued its Health Care Facilities Revenue Bonds (Duke University Health System) Series 2006, consisting of (a) Series 2006A in the aggregate principal amount of \$65,355,000, of which \$55,720,000 aggregate principal amount is outstanding (the “2006A Bonds”), (b) Series 2006B in the aggregate principal amount of \$65,360,000, of which \$55,730,000 aggregate principal amount is outstanding (the “2006B Bonds”), and (c) Series 2006C in the aggregate principal amount of \$20,000,000, of which \$16,875,000 aggregate principal amount is outstanding (the “2006C Bonds” and together with the 2006A Bonds and the 2006B Bonds, the “Bonds”), pursuant to Trust Agreements dated as of November 1, 2006 (collectively, the “Original Trust Agreements”) between the Commission and The Bank of New York Trust Company, N.A., now known as The Bank of New York Mellon Trust Company, N.A., as trustee (collectively, the “Bond Trustee”); and

WHEREAS, on October 6, 2011 (the “Conversion Date”), the Commission and the Bond Trustee entered into three Amended and Restated Trust Agreements dated as of October 6 2011 (collectively, the “Trust Agreements”), for the purpose of amending and restating the Original Trust Agreements to add a “Bank-Bought Index Floating Rate” mode and convert to that mode; and

WHEREAS, the Commission has loaned the proceeds of the Bonds to the Corporation pursuant to three Amended and Restated Loan Agreements dated as of October 6, 2011 between the Commission and the Corporation; and

WHEREAS, since October 6, 2011, the Bonds have been bearing interest at a Bank-Bought Index Floating Rate (as defined in the Trust Agreements) equal to 67% of One-Month LIBOR plus 0.48% per annum; and

WHEREAS, for the Bank-Bought Index Floating Rate Period (as defined in the Trust Agreement) which began on October 6, 2011, the Bonds are subject to mandatory tender on October 4, 2018 (the “Bank-Bought Index Floating Rate Purchase Date”); and

WHEREAS, the Bonds were purchased on October 6, 2011 by Bank of America, N.A., and in February 2013, the Bonds were transferred to, and registered in the name of, Specialized Lending, LLC, an affiliate of Bank of America, N.A. (the “Bank Holder”); and

WHEREAS, the Bank Holder has proposed (i) to increase the Bank-Bought Index Floating Rate to 67% of One-Month LIBOR plus 0.72% per annum, effective on March 19, 2015 for the remainder of the Bank-Bought Index Floating Rate Period which began on October 6, 2011, and (ii) to extend the Bank-Bought Index Floating Rate Purchase Date to March 19, 2025 (collectively, the “Modifications”); and

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

WHEREAS, Sections 1102 and 1106 of the Trust Agreements permit the Commission and the Bond Trustee, with the consent of the Bank Holder as the Holder of 100% of the Bonds and the Corporation, to enter into agreements supplemental to the Trust Agreements to make any change to the Trust Agreements;

WHEREAS, by a resolution adopted on February 27, 2015, the Commission preliminarily approved the Modifications, 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 has been presented at this meeting draft copies of three First Supplemental Trust Agreements, to be dated the date of delivery thereof (the “Supplements”) between the Commission and the Bond Trustee, that would amend the Trust Agreements to make the Modifications; and

WHEREAS, the Corporation has requested that the Commission approve the Supplements and authorize their execution and delivery;

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 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 Modifications.

As set forth in the Original Trust Agreements and the Trust Agreements, the Bonds mature on June 1, 2039 and are subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

Section 3. The forms, terms and provisions of the Supplements 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 Supplements 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 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 replacement Bonds reflecting the terms of the Supplements 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 Supplements and the reissuance of the Bonds.

Section 5. 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 Modifications.

Section 6. This Final Resolution shall take effect immediately upon its passage.

Required Redemption of the Series 2006A Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	2,885,000	2033	\$4,655,000
2029	4,120,000	2034	4,790,000
2030	4,265,000	2035	4,915,000
2031	4,390,000	2036	5,075,000
2032	4,520,000	2037	5,230,000
		2038	5,380,000
		2039*	5,495,000

* Maturity

Required Redemption of the Series 2006B Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	2,885,000	2033	4,655,000
2029	4,115,000	2034	4,790,000
2030	4,265,000	2035	4,920,000
2031	4,390,000	2036	5,080,000
2032	4,520,000	2037	5,230,000
		2038	5,380,000
		2039*	5,500,000

* Maturity

Required Redemption of the Series 2006C Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	935,000	2033	1,405,000
2029	1,240,000	2034	1,445,000
2030	1,285,000	2035	1,485,000
2031	1,325,000	2036	1,530,000
2032	1,365,000	2037	1,575,000
		2038	1,625,000
		2039*	1,660,000

* Maturity

Professional Fees Comparison for
Duke University Health System, Inc.
Series 2006A, 2006B and 2006C Modifications

<u>Professional</u>	<u>Fees Estimated In Preliminary Approval Resolution</u>	<u>Actual Fees</u>
Bank counsel	\$ 7,500	\$7,500
Bond counsel	30,000	15,000
Corporation counsel	30,000	20,000
Bank fee	2,500	2,500

4. **Resolution of the North Carolina Medical Care Commission Authorizing Financing in the Aggregate Principal Amount of up to \$40,000,000 of Health Care Equipment for the Benefit of Duke University Health System, Inc. Pursuant to a Master Lease and Sublease Agreement** – Remarks were made by Allen Robertson.

Executive Committee Action: Motion was made by Mr. Cecil, seconded by Ms. Piepenbring 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”), (i) to finance health care facilities and pay all or any part of the cost thereof from funds available to the Commission for such purpose, (ii) to acquire personal property constituting health care facilities by lease upon such terms and at such cost as shall be agreed upon by the owner and the Commission, (iii) to lease as lessor personal property, (iv) to lease any health care facility to a non-profit agency for operation and maintenance, (v) to fix and collect rents for the use of health care facilities, and (vi) to pledge and assign the revenues and receipts from any health care facilities and any lease and the rent received thereunder; and

WHEREAS, Duke University Health System, Inc. (“DUHS”) 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, DUHS has made application to the Commission requesting that the Commission provide financing for the cost of acquiring and installing certain health care equipment for the benefit of DUHS pursuant to a master lease and sublease agreement; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on September 12, 2014, has approved the financing, subject to compliance by DUHS with the conditions set forth in such resolution, and DUHS has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there has been presented at this meeting a draft copy of a Master Lease and Sublease Agreement dated as of April 1, 2015 (the "Master Agreement") among SunTrust Equipment Finance & Leasing Corp. (“SunTrust”), the Commission and DUHS, and the form of Draw-Down Schedule (as defined in the Master Agreement) thereto attached as Exhibits A-1 and A-2 the Master Agreement (the Master Agreement and a Draw-Down Schedule thereto being referred to herein as an “Agreement” and collectively as the “Agreements”), pursuant to which the Commission will lease medical, computer, office and capital equipment for use at Duke University Hospital, Duke Regional Hospital, Duke Raleigh Hospital and other DUHS facilities (collectively, the “Equipment”) from SunTrust (the obligations of the Commission to make payments to SunTrust for the use of Equipment pursuant to an Agreement being referred to herein as a “Lease” and collectively as the “Leases”) and sublease the Equipment to DUHS, and SunTrust, on behalf of the Commission, will pay or provide the proceeds of the Leases in the aggregate principal amount of up to \$40,000,000 to DUHS for the purpose of financing and reimbursing the cost of acquiring and installing the Equipment; and

WHEREAS, the Commission has determined that DUHS is financially responsible and capable of fulfilling its obligations under the Agreements; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, prepayment premium, if any, and interest on the Leases;

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

Section 1. Capitalized words and terms used in this Resolution and not defined herein shall have the same meanings in this Resolution as such words and terms are given in the Master Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the incurrence of the Leases in the aggregate principal amount of up to \$40,000,000. Each Lease shall be repaid and shall bear interest upon the terms and conditions set forth in the related Agreement.

Section 3. Each Lease shall be subject to prepayment at the times, upon the terms and conditions, and with the premium set forth in the related Agreement.

Section 4. The proceeds of each Lease shall be applied as provided in the related Agreement and the related Escrow Agreement, if any. The Commission hereby finds that the use of the proceeds of the Leases to finance the cost of the Equipment will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Master Agreement are hereby approved in all respects, and the Chairman, the Vice Chairman, any member of the Commission designated by the Chairman, the Secretary and the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Master Agreement 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 and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The Chairman, the Vice Chairman, any member of the Commission designated by the Chairman, the Secretary and the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver Draw-Down Schedules, in substantially the form of Exhibits A-1 or A-2 to the Master Agreement, together with such changes, modifications 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 7. The Chairman, the Vice Chairman, any member of the Commission designated by the Chairman, the Secretary and the Assistant Secretary of the Commission are hereby 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, financing statements, undertakings, agreements or other instruments, including Escrow Agreements, as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Agreements.

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

Professional Fees Comparison for
Duke University Health System, Inc.
Tax-Exempt Equipment Lease Program with SunTrust Equipment Finance & Leasing Corp.

Professional	Fees Estimated In Preliminary Approval Resolution	Actual Fees
Bond counsel	\$30,000	\$20,000
DUHS counsel	30,000	15,000
Lessor counsel	N/A	16,000

5. Adjournment

There being no further business, the meeting was adjourned at 11:55 a.m.

Respectfully submitted,

Christopher B. Taylor, CPA
Assistant Secretary