

STATE OF NORTH CAROLINA
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 OF THE COMMISSION
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE OFFICES OF THE COMMISSION

April 2, 2015
11:00 A.M.

Members of the Commission Present:

John A. Fagg, MD, Chairman
Joseph D. Crocker, Vice-Chairman
George H.V. Cecil
Charles T. Frock
Charles H. Hauser

Members of the Commission Absent:

Albert F. Lockamy, RPh
Mary L. Piepenbring

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary
Alice S. Creech, Executive Assistant to the Assistant Secretary

Others Present:

Adam Garcia, Ziegler
Tad Melton, Ziegler
Jon Mize, Womble Carlyle Sandridge & Rice, LLP
Rich Newman, Pennybyrn at Maryfield
Ted Shalek, Pennybyrn at Maryfield

1. **Purpose of Meeting**

To consider a resolution authorizing the sale and issuance of bonds, the proceeds of which will be loaned to Maryfield, Incorporated.

2. **Series Resolution Authorizing the Issuance of \$66,135,000 North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Pennybyrn at Maryfield), Series 2015 (the “Bonds”)** – Remarks were made by Tad Melton of Ziegler and Jon Mize of Womble Carlyle.

Executive Committee Action: Motion was made by Mr. Cecil, seconded by Mr. Hauser, 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, Maryfield, Incorporated (the “Corporation”) is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in High Point, North Carolina; and

WHEREAS, the Corporation has made application to the Commission for a loan to be made to the Corporation for the purpose of providing funds, together with other available funds, to (a) refund all of the outstanding (i) North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Pennybyrn at Maryfield Project), Series 2005A, dated December 29, 2005 (the “Series 2005A Bonds”), (ii) North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Pennybyrn at Maryfield Project), Series 2005B Extendable Rate Adjustable SecuritiesSM (EXTRASSM), dated December 29, 2005 (the “Series 2005B Bonds”), and (iii) North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bond (Pennybyrn at Maryfield Project), Series 2010, dated November 9, 2010 (the “Series 2010 Bond” and, together with the 2005A Bonds and the 2005B Bonds, the “Refunded Bonds”), (b) fund a debt service reserve fund for the Bonds and (c) pay certain fees and expenses incurred in connection with the sale and issuance of the Bonds; and

WHEREAS, the Commission has determined that the public interest will be best served by the proposed refinancing and, by resolution adopted by the Commission on February 13, 2015 (the “Commission Resolution”), has approved the issuance of the Bonds, subject to compliance 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 copies of the following documents relating to the issuance of the Bonds:

(a) Master Trust Indenture (the “Master Indenture”), to be dated as of April 1, 2015, between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Master Trustee”);

(b) Supplemental Indenture for Obligation No. 1 (the “Supplemental Indenture No. 1”), to be dated as of April 1, 2015, between the Corporation and the Master Trustee;

(c) Obligation No. 1, to be dated as of the date of delivery thereof (“Obligation No. 1”), to be issued by the Corporation to the Commission;

(d) Deed of Trust, to be dated as of April 1, 2015 (the “Deed of Trust”), from the Corporation to the deed of trust trustee named therein for the benefit of the Master Trustee;

(e) Trust Agreement, to be dated as of April 1, 2015 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Bond Trustee”);

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

(g) Escrow Deposit Agreement, dated as of April 1, 2015 (the “Escrow Deposit Agreement”), among the Commission, the Corporation and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), relating to the refunding of the Series 2005A Bonds and the Series 2005B Bonds;

(h) Contract of Purchase, to be dated the date of delivery thereof (the “Contract of Purchase”), among the Local Government Commission of North Carolina (the “LGC”) and B.C. Ziegler and Company, doing business as Ziegler Capital Markets and Davenport & Company LLC (collectively, the “Underwriters”), and approved by the Commission and the Corporation; and

(i) Preliminary Official Statement of the Commission, dated as of March 10, 2015 (the “Preliminary Official Statement”), relating to the Bonds; and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under each of the documents described above to which the Corporation is 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 (the “Executive Committee”) of the North Carolina Medical Care Commission (the “Commission”) as follows:

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

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 \$66,135,000. 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 April 1 and October 1, beginning October 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 Deposit 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 Deposit 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 forms, terms and provisions of the Contract of Purchase are hereby approved in all respects and the Chairman, the Vice Chairman, the Secretary 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, the Secretary 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 forms of the Bonds 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 Obligation No. 1, Supplemental Indenture No. 1, the Master Indenture and the Deed of Trust are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or the Secretary, 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 Obligation No. 1, Supplemental Indenture No. 1, the Master Indenture, and the Deed of Trust 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 \$68,290,965.65 (which price represents the aggregate principal amount of the Bonds, plus an original issue premium of \$3,214,125.65 and less an underwriters' discount of \$1,058,160.00).

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 Section 2.09 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 approves and authorizes the distribution and use of copies of each of the above-mentioned documents as presented to the Commission in connection with the offering and sale of the Bonds.

Section 12. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustee for the Bonds and Escrow Agent pursuant to the Escrow Deposit Agreement.

Section 13. The Depository Trust Company ("DTC"), Jersey City, New Jersey, 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. Drexdal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Kathy C. Larrison, Auditor of the Commission and Crystal Watson-Abbott, Auditor of the Commission, are each hereby appointed a Commission Representative (as that term is defined in the Loan Agreement) with full power to carry out the duties set forth therein.

Section 15. The redemption of the 2005A Bonds and the 2005B Bonds on October 1, 2015 in accordance with the provisions of the 2005A Bonds and the 2005B Bonds, the trust agreement relating thereto and the Escrow Deposit 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.

The redemption of the 2010 Bond on or about the issue date for the 2010 Bond in accordance with the provisions of the 2010 Bond 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 16. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman, the Secretary and any 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 Deed of Trust, the Escrow Deposit Agreement and the Official Statement.

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 as set forth in Exhibit B hereto.

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

MATURITY SCHEDULE

<u>Due October 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ 95,000	1.25%
2015	675,000	2.00
2016	420,000	1.75
2016	1,485,000	3.00
2017	250,000	2.25
2017	1,710,000	4.00
2018	250,000	2.50
2018	1,785,000	5.00
2019	250,000	2.75
2019	1,875,000	5.00
2020	500,000	3.00
2020	1,725,000	5.00
2025	1,250,000	4.00
2025	11,595,000	5.00
2030	750,000	4.50
2030	15,590,000	5.00
2035	1,500,000	4.75
2035	24,430,000	5.00

\$1,250,000 4.00% Term Bond due October 1, 2025

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2021	\$185,000
2022	230,000
2023	245,000
2024	255,000
2025*	335,000

* Maturity.

\$11,595,000 5.00% Term Bond due October 1, 2025

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2021	\$2,145,000
2022	2,210,000
2023	2,320,000
2024	2,440,000
2025*	2,480,000

* Maturity.

\$750,000 4.50% Term Bond due October 1, 2030

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2026	\$105,000
2027	145,000
2028	155,000
2029	165,000
2030*	180,000

* Maturity.

\$15,590,000 5.00% Term Bond due October 1, 2030

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2026	\$2,855,000
2027	2,960,000
2028	3,105,000
2029	3,255,000
2030*	3,415,000

* Maturity.

\$1,500,000 4.75% Term Bond due October 1, 2035

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2031	\$210,000
2032	225,000
2033	240,000
2034	250,000
2035*	575,000

* Maturity.

\$24,430,000 5.00% Term Bond due October 1, 2035

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2031	\$3,565,000
2032	3,735,000
2033	3,915,000
2034	4,115,000
2035*	9,100,000

* Maturity.

PROFESSIONAL FEES

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Accountant/Auditor	\$ 50,000	\$ 33,500
Bond Counsel	90,000	90,000
Underwriters	1,119,680	1,058,160
Underwriters' Counsel	55,000	55,000
Corporation Counsel	35,000	30,000
Verification Agent	1,500	1,300
Trustee/Escrow Agent (including counsel)	10,500	10,250

3. Adjournment

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

Respectfully submitted,

Christopher B. Taylor, CPA
Assistant Secretary

Date: April 2, 2015