

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**

May 19, 2017

11:00 A.M.

Members of the Executive Committee Present:

John A. Fagg, M.D., Chairman
Joseph D. Crocker, Vice-Chairman
Charles H. Hauser
Eileen C. Kugler, RN, MSN, MPH, FNP
Paul M. Wiles

Members of the Executive Committee Absent:

Carl K. Rust, II, M.D.
Robert E. Schaaf, M.D.

Members of Staff Present:

S. Mark Payne, DHSR Director, MCC Secretary
Kathy C. Larrison, Auditor
Crystal Watson-Abbott, Auditor
Alice S. Creech, Executive Assistant

Others Present:

Janie Jaberg, Wayne Memorial Hospital
Rebecca Craig, Wayne Memorial Hospital
John Cheney, Ponder & Co.
Suzanne H. Pugh, Aldersgate
Mike Sulhan, Aldersgate
Thomas R. Lawing, Jr., Aldersgate
Blake Morris, Aldersgate
Jeff Poley, Parker Poe Adams & Bernstein, LLP
J. Kevin Dougherty, McGuire Woods, LLP
Lynn DeJaco, FirstHealth
Doreen Schlicht, FirstHealth

David Kilarski, FirstHealth
John Krahnert, FirstHealth
Seth Wagner, BB&T Capital Markets
Devdutta G. Sangvai, M.D., NC Medical Care Commission Member

1. Purpose of Meeting

To consider the following resolutions, which are: (1) Series Resolution authorizing the issuance of up to \$45,000,000 Hospital Revenue Bonds (Wayne Memorial Hospital, Series 2017A), (2) Series Resolution authorizing the issuance of \$32,245,000 Hospital Revenue Refunding Bonds (Wayne Memorial Hospital, Series 2017B), (3) Bond Sale Approval Policy for Wayne Memorial Hospital for Series 2017A and 2017B, (4) Resolution authorizing the issuance of \$19,080,000 First Mortgage Revenue Refunding Bonds (Aldersgate, Series 2017A), (5) Resolution authorizing the issuance of \$15,712,644.51 First Mortgage Revenue Bonds (Aldersgate, Series 2017B), (6) Bond Sale Approval Policy for Aldersgate for Series 2017A and 2017B, and (7) Resolution that grants preliminary approval to a refunding transaction for FirstHealth of the Carolinas with the Bond Sale Approval Policy attached.

2. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$45,000,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (WAYNE MEMORIAL HOSPITAL), SERIES 2017A.

Remarks were made by: Dr. Fagg, Mr. Crocker, Ms. Craig, Mr. Dougherty, Mr. Cheney, and Ms. Larrison.

Executive Committee Action: Motion was made to approve the Series 2017A Resolution by Mr. Paul Wiles, seconded by Ms. Kugler, and unanimously approved with the recusal of Dr. John Fagg.

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;

WHEREAS, each of Wayne Health Corporation (the "Corporation") and Wayne Memorial Hospital, Inc. (the "Hospital") is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Corporation owns and the Hospital operates health care facilities located in Goldsboro, North Carolina;

WHEREAS, the Corporation and the Hospital have made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) pay, or reimburse the Corporation and the Hospital 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);

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 November 4, 2016, has approved the issuance of the Bonds, subject to compliance by the Corporation and the Hospital with the conditions set forth in such resolution, and the Corporation and the Hospital have complied with such conditions to the satisfaction of the Commission;

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 BB&T Community Holdings Co. (the "Purchaser"), and approved by the Commission, the Corporation and the Hospital;

(b) the Supplemental Indenture for Obligation No. 10, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto ("Supplemental Indenture No. 10"), by and among the Corporation, the Hospital and Branch Banking and Trust Company, as master trustee (the "Master Trustee"), supplementing the Master Trust Indenture, dated as of September 15, 1998 (the "Master Indenture"), by and among the Corporation, the Hospital and the Master Trustee;

(c) the Trust Agreement, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto (the "Trust Agreement"), by and between the Commission and Branch Banking and Trust Company, 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 May 1, 2017 or such other date as shall be agreed upon by the parties thereto (the "Loan Agreement"), by and among the Corporation, the Hospital and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation and the Hospital;

(e) Obligation No. 10 of the Corporation and the Hospital, to be dated the date of its delivery ("Obligation No. 10"), to be issued by the Corporation and the Hospital to the Commission;

(f) the Amended and Restated Continuing Covenants Agreement, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto (the "Continuing Covenants Agreement"), by and among the Corporation, the Hospital and the Purchaser;

(g) the Supplemental Indenture for Obligation No. 11, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto ("Supplemental Indenture No. 11"), by and among the Corporation, the Hospital and the Master Trustee, supplementing the Master Indenture; and

(h) Obligation No. 11 of the Corporation and the Hospital, to be dated the date of its delivery (“Obligation No. 11”), to be issued by the Corporation and the Hospital to the Purchaser;

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation and the Hospital, the Corporation and the Hospital are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the Master Indenture, Obligation No. 10, Supplemental Indenture No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that, taking into account historical financial performance and financial forecasts internally generated by the Corporation and the Hospital, 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 Hospital Revenue Bonds (Wayne Memorial Hospital), Series 2017A in the aggregate principal amount of up to \$45,000,000 (the “Bonds”) dated as of their original date of issuance and having a final stated maturity date of July 1, 2049.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, provided that the Bonds may be initially issued to, and purchased by, the Purchaser in any principal amount, and thereafter in denominations authorized by the provisions of the Trust Agreement. Commencing on the date of Closing, the Bonds shall bear interest at the Bank-Bought Rate and the Bank-Bought Rate shall be equal to the sum obtained by adding (i) the product of (x) 68% and (y) One-Month LIBOR plus (ii) 0.75% per annum. The Bank-Bought Minimum Holding Period shall commence on the date of Closing and shall end on May 25, 2027. Interest on the Bonds shall be calculated in accordance with the Trust Agreement and shall be payable on each Interest Payment Date as provided in the Trust Agreement.

Section 3. The Bonds shall be subject to mandatory, extraordinary and optional redemption at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The mandatory sinking fund requirements for the Bonds are set forth in Schedule 1 attached to this Series Resolution.

The Bonds shall be subject to optional and mandatory tender for purchase at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be advanced as provided in Section 2.10 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 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; 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 form of the Bonds set forth in the Trust Agreement is 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 of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form 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 form 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 Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11 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 Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a purchase price not exceeding \$45,000,000 (representing the maximum principal amount of the Bonds). Payment for the Bonds by the Purchaser 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. The Hospital and the Corporation will separately pay, on the date of issuance of the Bonds, the Purchaser a fee of \$22,500 in consideration for such 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, Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11, Obligation No. 11 and the Loan 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 the Contract of Purchase.

Section 11. S. Mark Payne, Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, Kathy C. Larrison, Auditor to the Commission, and Crystal M. Watson-Abbott, 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. Branch Banking and Trust Company is hereby appointed as Bond Trustee under the Trust Agreement.

Section 13. 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 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, Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11.

Section 14. 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 attached to this Series Resolution as Schedule 2.

Section 15. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Sinking Fund Requirements

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$ 1,155,000	2034	\$ 1,440,000
2020	1,170,000	2035	1,460,000
2021	1,190,000	2036	1,480,000
2022	1,205,000	2037	1,505,000
2023	1,225,000	2038	1,525,000
2024	1,245,000	2039	1,550,000
2025	1,260,000	2040	1,570,000
2026	1,280,000	2041	1,595,000
2027	1,295,000	2042	1,620,000
2028	1,320,000	2043	1,645,000
2029	1,340,000	2044	1,665,000
2030	1,355,000	2045	1,690,000
2031	1,375,000	2046	1,715,000
2032	1,400,000	2047	1,740,000
2033	1,420,000	2048	1,770,000
		2049*	1,795,000

* Maturity

Schedule 2

Professional Fees¹

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Corporation Counsel	\$45,000	\$65,000
Bond Counsel	\$85,000	\$105,000
Financial Advisor	\$80,000	\$118,867
Purchaser Origination Fee	\$77,145	\$22,500
Accountants Fees	\$35,000	\$35,000

¹ Concurrently with the issuance of the Series 2017A Bonds, the Commission is issuing its \$32,245,000 Hospital Revenue Refunding Bonds (Wayne Memorial Hospital), Series 2017B (the "Series 2017B Bonds"). This Schedule 2 of Professional Fees reflects the combined fees for the Series 2017A Bonds and the Series 2017B Bonds. The Purchaser Origination Fee applies only to the Series 2017A Bonds.

3. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$32,245,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE REFUNDING BONDS (WAYNE MEMORIAL HOSPITAL), SERIES 2017B.

Remarks were made by: Dr. Fagg, Mr. Wiles, Mr. Dougherty, Mr. Cheney, and Ms. Jaberg.

Executive Committee Action: Motion was made to approve the Series 2017B Resolution by Ms. Kugler, seconded by Mr. Wiles, and unanimously approved with the recusal of Dr. Fagg.

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;

WHEREAS, each of Wayne Health Corporation (the “Corporation”) and Wayne Memorial Hospital, Inc. (the “Hospital”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Corporation owns and the Hospital operates health care facilities located in Goldsboro, North Carolina;

WHEREAS, the Commission has heretofore issued its Variable Rate Demand Hospital Revenue Refunding Bonds (Wayne Memorial Hospital), Series 2009 (the “Series 2009 Bonds”), the proceeds of which have heretofore been loaned to the Hospital and the Corporation pursuant to a Loan Agreement, dated as of March 1, 2009, by and among the Commission, the Hospital and the Corporation;

WHEREAS, the Corporation and the Hospital have made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refund the outstanding Series 2009 Bonds and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined);

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 November 4, 2016, has approved the issuance of the Bonds, subject to compliance by the Corporation and the Hospital with the conditions set forth in such resolution, and the Corporation and the Hospital have complied with such conditions to the satisfaction of the Commission;

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 BB&T Community Holdings Co. (the “Purchaser”), and approved by the Commission, the Corporation and the Hospital;

(b) the Supplemental Indenture for Obligation No. 12, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto (“Supplemental Indenture No. 12”), by and among the Corporation, the Hospital and Branch Banking and Trust Company, as master trustee (the “Master Trustee”), supplementing the Master Trust Indenture, dated as of September 15, 1998 (the “Master Indenture”), by and among the Corporation, the Hospital and the Master Trustee;

(c) the Trust Agreement, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto (the “Trust Agreement”), by and between the Commission and Branch Banking and Trust Company, 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 May 1, 2017 or such other date as shall be agreed upon by the parties thereto (the “Loan Agreement”), by and among the Corporation, the Hospital and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation and the Hospital;

(e) Obligation No. 12 of the Corporation and the Hospital, to be dated the date of its delivery (“Obligation No. 12”), to be issued by the Corporation and the Hospital to the Commission;

(f) the Amended and Restated Continuing Covenants Agreement, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto (the “Continuing Covenants Agreement”), by and among the Corporation, the Hospital and the Purchaser;

(g) the Supplemental Indenture for Obligation No. 13, to be dated as of May 1, 2017 or such other date as shall be agreed upon by the parties thereto (“Supplemental Indenture No. 13”), by and among the Corporation, the Hospital and the Master Trustee, supplementing the Master Indenture; and

(h) Obligation No. 13 of the Corporation and the Hospital, to be dated the date of its delivery (“Obligation No. 13”), to be issued by the Corporation and the Hospital to the Purchaser;

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation and the Hospital, the Corporation and the Hospital are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the Master Indenture, Obligation No. 12, Supplemental Indenture No. 12, the Continuing Covenants Agreement, Supplemental Indenture No. 13 and Obligation No. 13; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that, taking into account historical financial performance and financial forecasts internally generated by the Corporation and the Hospital, 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 Hospital Revenue Refunding Bonds (Wayne Memorial Hospital), Series 2017B in the aggregate principal amount of \$32,245,000 (the "Bonds") dated as of their original date of issuance and having a final stated maturity date of July 1, 2035.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, and thereafter in denominations authorized by the provisions of the Trust Agreement. Commencing on the date of Closing, the Bonds shall bear interest at the Bank-Bought Rate and the Bank-Bought Rate shall be equal to the sum obtained by adding (i) the product of (x) 68% and (y) One-Month LIBOR plus (ii) 0.68% per annum. The Bank-Bought Minimum Holding Period shall commence on the date of Closing and shall end on May 25, 2024. Interest on the Bonds shall be calculated in accordance with the Trust Agreement and shall be payable on each Interest Payment Date as provided in the Trust Agreement.

Section 3. The Bonds shall be subject to mandatory, extraordinary and optional redemption at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The mandatory sinking fund requirements for the Bonds are set forth in Schedule 1 attached to this Series Resolution.

The Bonds shall be subject to optional and mandatory tender for purchase at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.10 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 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; 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 form of the Bonds set forth in the Trust Agreement is 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 of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form 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 form 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 Supplemental Indenture No. 12, Obligation No. 12, the Continuing Covenants Agreement, Supplemental Indenture No. 13 and Obligation No. 13 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 Supplemental Indenture No. 12, Obligation No. 12, the Continuing Covenants Agreement, Supplemental Indenture No. 13 and Obligation No. 13.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a purchase price of \$32,245,000 (representing the aggregate principal amount of the Bonds).

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, Supplemental Indenture No. 12, Obligation No. 12, the Continuing Covenants Agreement, Supplemental Indenture No. 13, Obligation No. 13 and the Loan 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 the Contract of Purchase.

Section 11. S. Mark Payne, Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, Kathy C. Larrison, Auditor to the Commission, and Crystal M. Watson-Abbott, 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. Branch Banking and Trust Company is hereby appointed as Bond Trustee under the Trust Agreement.

Section 13. 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 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, Supplemental Indenture No. 12, Obligation No. 12, the Continuing Covenants Agreement, Supplemental Indenture No. 13 and Obligation No. 13.

Section 14. 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 attached to this Series Resolution as Schedule 2.

Section 15. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Sinking Fund Requirements

<u>Year</u>	<u>Amount</u>
2022	\$ 1,820,000
2023	1,885,000
2024	1,960,000
2025	2,035,000
2026	2,110,000
2027	2,195,000
2028	2,275,000
2029	2,365,000
2030	2,460,000
2031	2,555,000
2032	2,650,000
2033	2,755,000
2034	2,860,000
2035*	2,320,000

* Maturity

Schedule 2

Professional Fees²

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Corporation Counsel	\$45,000	\$65,000
Bond Counsel	\$85,000	\$105,000
Financial Advisor	\$80,000	\$118,867
Purchaser Origination Fee	\$77,145	\$22,500
Accountants Fee	\$35,000	\$35,000

² Concurrently with the issuance of the Series 2017B Bonds, the Commission is issuing its up to \$45,000,000 Hospital Revenue Bonds (Wayne Memorial Hospital), Series 2017A (the "Series 2017A Bonds"). This Schedule 2 of Professional Fees reflects the combined fees for the Series 2017A Bonds and the Series 2017B Bonds. The Purchaser Origination Fee applies only to the Series 2017A Bonds.

4. Wayne Memorial Bond Sale Approval Policy

North Carolina Medical Care Commission
Wayne Memorial Hospital (WMH)
Series 2017A&B Bonds
NC Medical Care Commission Bond Sale Approval Policy

	Time of Preliminary Approval Series 2017A	Time of Final Approval Series 2017A	Variance Series 2017A	Time of Preliminary Approval Series 2017B	Time of Final Approval Series 2017B	Variance Series 2017B
Par Amount of Bonds	\$45,000,000	\$45,000,000	\$0	\$32,145,000	\$32,245,000	\$100,000
WMH Contribution ¹	\$228,895	\$10,863,000	\$10,634,105	\$0	\$0	\$0
Estimated Interest Rate	1.25% ²	1.42% ²	0.17%	4.76% ³	4.55% ³	-0.21%
All-in Interest Cost ⁴	1.31%	1.47%	0.16%	4.82% ³	4.61% ³	-0.21%
- Maturity Schedule Interest	7/1/2017 - 7/1/2049	7/1/2017 - 7/1/2049		7/1/2017 - 7/1/2035	7/1/2017 - 7/1/2035	
- Maturity Schedule Principal	7/1/2019 - 7/1/2049	7/1/2019 - 7/1/2049		7/1/2022 - 7/1/2035	7/1/2022 - 7/1/2035	
- Bank Holding Period	10 years (5/25/2027)	10 years (5/25/2027)		7 years (5/25/2024)	7 years (5/25/2024)	
- Estimated NPV Savings (\$)	N/A - Project Bonds	N/A - Project Bonds		None - Extends Hold Period	None - Extends Hold Period	

Notes:

- A. Bank-bought variable rate Series 2017A Bonds will finance WMH capital projects - surgery suite modernization and air handlers; total cost = \$55 million
- B. Bank-bought variable rate Series 2017B Bonds will refund the publicly-traded Series 2009 Weekly Adjustable Variable Rate Demand Bonds supported by a BB&T letter of credit
- C. Series 2017A&B Bonds are not rated. WMH maintains a Moody's rating of "Baa1" with stable outlook. Bond rating is solely for benefit of interest rate swap counterparty, Wells Fargo Bank, N.A.

Footnotes:

1. WMH increased its equity contribution to cover higher cost of surgery suite modernization project - from \$36,815,000 to \$48,000,000. Also, capitalized interest amount was reduced from \$1,150,000 to \$609,105.
2. Series 2017A Bond variable rate interest = (68% of 1ML) + 0.75%. One-month LIBOR as of November 4, 2016 = 0.54%. One-month LIBOR as of May 15, 2017 = 0.99%
3. Series 2017B Bond variable rate interest = (68% of 1ML) + 0.68% plus fixed payer swap. Under the swap, WMH pays a fixed rate of 3.863% and receives 68% of one-month LIBOR. One month Libor = 0.54% as of November 4, 2016 and 0.99% as of May 15, 2017.
4. All-in True Interest Cost takes into account the interest rate on the bonds, interest rate swap payments, if any, and the bond financing expenses over the bank's initial holding period (e.g. 10 years).

5. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$19,080,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate) Series 2017A.**

Remarks were made by: Dr. Fagg, Mr. Crocker, Ms. Abbott, Ms. Pugh, Mr. Poley, and Mr. Wagner.

Executive Committee Action: Motion was made to approve the Series 2017A Resolution by Mr. Wiles, seconded by Ms. Kugler, and unanimously approved with the recusal of Dr. Fagg.

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 (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, Aldersgate United Methodist Retirement Community, 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, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to be used, to (i) refinance the cost of an outstanding taxable loan from SunTrust Bank the proceeds of which were used to construct, equip and furnish an approximately 43,000 square foot new community center and fund the completion thereof and other routine capital improvements to buildings throughout the Corporation’s campus (collectively, the “*Project*”), (ii) fund the Debt Service Reserve Fund (as defined in the Master Indenture described below) so that the amount on deposit in such fund is equal to the Debt Service Reserve Fund Requirement (as defined in the Master Indenture described below), (iii) pay a portion of the interest accruing on the Bonds and (iv) pay certain expenses incurred in connection with the issuance of the Bonds (hereinafter defined); and

WHEREAS, the Commission has determined that the public will best be served by the proposed refunding and, by a resolution adopted by the Commission on February 10, 2017, 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) a Trust Agreement, dated as of May 1, 2017 (the “*Trust Agreement*”), between the Commission and The Bank of New York Mellon Trust Company, as bond trustee (the “*Bond Trustee*”), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

(b) a Loan Agreement, dated as of May 1, 2017 (the “*Loan Agreement*”), between the Commission and the Corporation pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(c) a Supplemental Indenture for Obligation No. 6, dated as of May 1, 2017, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “*Master Trustee*”) under the Master Trust Indenture, dated as of October 1, 2013 (the “*Master Indenture*”), between the Corporation and the Master Trustee;

(d) Obligation No. 6, dated as of the date of issuance of the Bonds (the “*Obligation*”), to be issued by the Corporation to the Commission;

(e) a Deed of Trust, dated as of October 1, 2013 (the “*Deed of Trust*”), as amended and to be amended, from the Corporation to the trustee named therein for the benefit of the Master Trustee;

(f) a Contract of Purchase, dated May 19, 2017 (the “*Purchase Agreement*”), between the Local Government Commission of North Carolina and BB&T Securities, LLC, t/a BB&T Capital Markets (the “*Underwriter*”), and approved by the Commission and the Corporation, pursuant to which the Underwriter has agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement (as defined below);

(g) a Preliminary Official Statement of the Commission relating to the Bonds (the “*Preliminary Official Statement*”).

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, the Supplement and the Obligations; and

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

NOW, THEREFORE, 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 Master Indenture, 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 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate) Series 2017A (the “*Bonds*”), in the aggregate principal amount of \$19,080,000. The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in **Schedule I** attached hereto. The Bonds designated as Term Bonds shall be subject to the Sinking Fund Requirements set forth in **Schedule I** hereto.

The Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or any whole multiple thereof. The Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each January 1 and July 1, beginning July 1,

2017, to and including July 1, 2047. 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 redemption, all 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 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to (i) refinance the cost of an outstanding taxable loan from SunTrust Bank the proceeds of which were used to construct, equip and furnish the Project, (ii) fund the Debt Service Reserve Fund so that the amount on deposit in such fund is equal to the Debt Service Reserve Fund Requirement, (iii) pay a portion of the interest accruing on the Bonds and (iv) pay certain expenses incurred in connection with the issuance of the Bonds.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any 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 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 form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form 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 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) 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 form 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 form presented at 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 Master Indenture, the Supplement, the Obligation and the Deed of Trust are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice

Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriter at the purchase price of \$19,047,693.05 (representing the principal amount of the Bonds, plus net original premium of \$301,593.05 and less underwriter's discount of \$333,900.00).

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 satisfaction of the conditions set forth in Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriter against payment therefor.

Section 11. The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "*Official Statement*"), both in connection with the sale of the Bonds. The Chairman, Vice Chairman, Secretary or any Assistant Secretary (or any member of the Commission designated by the Chairman) is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan Agreement, the Master Indenture, the Supplement, the Obligation, and the Deed of Trust by the Underwriter in connection with such sale.

Section 12. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustee for the Bonds.

Section 13. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 14. John A. Fagg, M.D., Chairman of the Commission, Joseph D. Crocker, Vice Chairman of the Commission, Mark Payne, Secretary of the Commission, Steven C. Lewis, Chief, Construction Section, and Kathy C. Larrison and Crystal Watson-Abbott, both Auditors to 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 Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each 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, 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 Purchase Agreement and the Official Statement.

Section 16. A comparison of the professional fees as set forth in the resolution of the Executive Committee of the Commission granting preliminary approval of this financing with the actual professional fees (exclusive of out-of-pocket expenses) incurred in connection with the financing is set forth as Exhibit A hereto.

Section 17. This Series Resolution shall take effect immediately upon its passage.

SCHEDULE I

MATURITY SCHEDULE

SERIES 2017A BONDS

\$3,460,000 SERIAL BONDS

YEAR	AMOUNT	RATE	YEAR	AMOUNT	RATE
2020	\$390,000	3.00%	2024	\$440,000	3.10 %
2021	400,000	3.00	2025	450,000	3.25
2022	410,000	3.00	2026	465,000	3.50
2023	425,000	3.00	2027	480,000	3.625

TERM BONDS AND SINKING FUND REQUIREMENTS THEREFOR

**\$2,710,000 TERM BOND DUE JULY 1, 2032;
INTEREST RATE OF 4.125%**

YEAR	AMOUNT	YEAR	AMOUNT
2028	\$500,000	2031	\$565,000
2029	520,000	2032*	585,000
2030	540,000		

* Maturity.

**\$3,340,000 TERM BOND DUE JULY 1, 2037;
INTEREST RATE OF 4.50%**

YEAR	AMOUNT	YEAR	AMOUNT
2033	\$610,000	2036	\$695,000
2034	640,000	2037*	730,000
2035	665,000		

* Maturity.

**\$9,570,000 TERM BOND DUE JULY 1, 2047;
INTEREST RATE OF 5.00%**

YEAR	AMOUNT	YEAR	AMOUNT
2038	\$760,000	2043	\$ 970,000
2039	800,000	2044	1,020,000
2040	840,000	2045	1,070,000
2041	880,000	2046	1,125,000
2042	925,000	2047*	1,180,000

* Maturity.

**PROFESSIONAL FEES COMPARISON FOR
ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.
(EXCLUSIVE OF EXPENSES)**

PROFESSIONAL	FEES ESTIMATED IN PRELIMINARY APPROVAL RESOLUTION	ACTUAL FEES
Underwriter's discount/Placement Fees	\$523,866	\$455,157*
Accountants	27,500	15,000
Bond counsel	93,500	93,500
Corporation counsel	82,500	82,500
Underwriters' counsel		75,000*
Feasibility Consultant	133,100	100,000
Bank Commitment Fee	95,132	108,078
Bank Counsel	38,500	20,000

* Underwriter's counsel fee was not estimated in the preliminary approval resolution. The fees shown herein will be paid out of the Underwriter's discount.

Note: Fees relate to the Bonds and the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Aldersgate) Series 2017B being issued simultaneously with the Bonds.

6. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$15,712,644.51 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Aldersgate) Series 2017B.**

Remarks were made by: Dr. Fagg, Mr. Crocker, Ms. Kugler, Mr. Hauser, Mr. Wiles, Ms. Pugh, and Mr. Sulhan.

Executive Committee Action: Motion was made to approve the Series 2017B Resolution by Mr. Wiles, seconded by Mr. Hauser, and unanimously approved with the recusal of Dr. Fagg.

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 (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, Aldersgate United Methodist Retirement Community, 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, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to be used, to (i) to finance the cost of constructing, equipping, furnishing and marketing 62 new independent living units in three three-story buildings (collectively being approximately 100,000 square feet) which will include parking and other routine capital improvements to buildings throughout the Corporation’s campus (collectively, the “*Project*”), (ii) pay a portion of the interest accruing on the Bonds and (iii) pay certain expenses incurred in connection with the issuance of the Bonds (hereinafter defined); and

WHEREAS, the Commission has determined that the public will best be served by the proposed refunding and, by a resolution adopted by the Commission on February 10, 2017, 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) a Trust Agreement, dated as of May 1, 2017 (the “*Trust Agreement*”), between the Commission and The Bank of New York Mellon Trust Company, as bond trustee (the “*Bond Trustee*”), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

(b) a Loan Agreement, dated as of May 1, 2017 (the “*Loan Agreement*”), between the Commission and the Corporation pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(c) a Supplemental Indenture for Obligation No. 7, dated as of May 1, 2017 (“*Supplement No. 7*”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “*Master Trustee*”) under the Master Trust Indenture, dated as of October 1, 2013 (the “*Master Indenture*”), between the Corporation and the Master Trustee;

(d) Obligation No. 7, dated as of the date of issuance of the Bonds (“*Obligation No. 7*”), to be issued by the Corporation to the Commission;

(e) a Supplemental Indenture for Obligation No. 8, dated as of May 1, 2017 (“*Supplement No. 8*” and, together with Supplement No. 7, the “*Supplements*”), by and between the Corporation and the Master Trustee;

(f) Obligation No. 8, dated as of the date of issuance of the Bonds (“*Obligation No. 8*” and, together with Obligation No. 7, the “*Obligations*”), to be issued by the Corporation to the STI Institutional & Government, Inc. (the “*Purchaser*”) it finance a “taxable take-out loan” if needed;

(g) a Deed of Trust, dated as of October 1, 2013 (the “*Deed of Trust*”), as amended and to be amended, from the Corporation to the trustee named therein for the benefit of the Master Trustee; and

(h) a Contract of Purchase, to be dated the date thereof (the “*Purchase Agreement*”), between the Local Government Commission of North Carolina and the Purchaser, and approved by the Commission and the Corporation, pursuant to which the Purchaser has agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement.

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, the Supplements and the Obligations; and

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

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

Section 18. 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 Master Indenture, the Trust Agreement and the Loan Agreement.

Section 19. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Aldersgate) Series 2017B (the “*Bonds*”), in the aggregate principal amount of \$15,712,644.51. The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in **Schedule I** attached hereto. The Bonds designated as Term Bonds shall be subject to the Sinking Fund Requirements set forth in **Schedule I** hereto.

The Bonds shall be issued as fully registered bonds in the denominations of \$0.01 or any whole multiple thereof. The Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on the first Business Day of each month, to and

including July 1, 2047. 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 20. The Bonds shall be subject to optional, extraordinary and mandatory redemption, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 21. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to (i) finance the costs of the Project, (ii) pay a portion of the interest accruing on the Bonds and (iii) pay certain expenses incurred in connection with the issuance of the Bonds.

Section 22. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any 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 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 23. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form 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 24. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) 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 form 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 form presented at 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 25. The forms, terms and provisions of the Master Indenture, the Supplement, the Obligation and the Deed of Trust are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of

this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 26. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at the purchase price of \$15,712,644.51.

Section 27. 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 satisfaction of the conditions set forth in Section 2.10 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

Section 28. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustee for the Bonds.

Section 29. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 30. John A. Fagg, M.D., Chairman of the Commission, Joseph D. Crocker, Vice Chairman of the Commission, Mark Payne, Secretary of the Commission, Steven C. Lewis, Chief, Construction Section, and Kathy C. Larrison and Crystal Watson-Abbott, both Auditors to 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 31. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each 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, 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, and the Purchase Agreement.

Section 32. A comparison of the professional fees as set forth in the resolution of the Executive Committee of the Commission granting preliminary approval of this financing with the actual professional fees (exclusive of out-of-pocket expenses) incurred in connection with the financing is set forth as Exhibit A hereto.

Section 33. This Series Resolution shall take effect immediately upon its passage.

MATURITY SCHEDULE

SINKING FUND REQUIREMENTS PER THE TRUST AGREEMENT

<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>
7/1/2019	\$ 35,456	7/1/2032	\$614,365
7/1/2020	424,545	7/1/2033	634,283
7/1/2021	439,077	7/1/2034	654,034
7/1/2022	452,751	7/1/2035	674,401
7/1/2023	466,849	7/1/2036	694,840
7/1/2024	480,230	7/1/2037	717,040
7/1/2025	496,342	7/1/2038	739,369
7/1/2026	511,798	7/1/2039	762,393
7/1/2027	527,736	7/1/2040	785,824
7/1/2028	543,187	7/1/2041	810,605
7/1/2029	561,085	7/1/2042	835,848
7/1/2030	578,557	7/1/2043	861,876
7/1/2031	596,573	6/1/2044	813,581

* Maturity

PRINCIPAL REQUIREMENTS REQUIRED BY THE BANK

<u>PERIOD</u>	<u>PRINCIPAL</u>	<u>PERIOD</u>	<u>PRINCIPAL</u>	<u>PERIOD</u>	<u>PRINCIPAL</u>
<u>ENDING</u>		<u>ENDING</u>		<u>ENDING</u>	
7/1/2017		11/1/2017		3/1/2018	
8/1/2017		12/1/2017		4/1/2018	
9/1/2017		1/1/2018		5/1/2018	
10/1/2017		2/1/2018		6/1/2018	

7/1/2018		11/1/2020	35,614.17	3/1/2023	41,915.08
8/1/2018		12/1/2020	36,978.09	4/1/2023	38,467.85
9/1/2018		1/1/2021	35,803.48	5/1/2023	39,746.92
10/1/2018		2/1/2021	35,896.84	6/1/2023	38,671.82
11/1/2018		3/1/2021	39,776.16	7/1/2023	39,944.82
12/1/2018		4/1/2021	36,094.18	8/1/2023	38,876.83
1/1/2019		5/1/2021	37,443.83	9/1/2023	38,978.22
2/1/2019		6/1/2021	36,285.95	10/1/2023	40,242.11
3/1/2019		7/1/2021	37,629.90	11/1/2023	39,184.81
4/1/2019		8/1/2021	36,478.71	12/1/2023	40,442.55
5/1/2019		9/1/2021	36,573.84	1/1/2024	39,392.46
6/1/2019		10/1/2021	37,909.22	2/1/2024	39,495.19
7/1/2019	\$35,455.89	11/1/2021	36,768.08	3/1/2024	41,889.22
8/1/2019	34,226.57	12/1/2021	38,097.68	4/1/2024	39,707.42
9/1/2019	34,315.82	1/1/2022	36,963.31	5/1/2024	40,949.63
10/1/2019	35,718.34	2/1/2022	37,059.70	6/1/2024	39,917.76
11/1/2019	34,498.46	3/1/2022	40,829.22	7/1/2024	41,153.71
12/1/2019	35,895.55	4/1/2022	37,262.82	8/1/2024	40,129.17
1/1/2020	34,682.03	5/1/2022	38,577.72	9/1/2024	40,233.82
2/1/2020	34,772.47	6/1/2022	37,460.60	10/1/2024	41,460.38
3/1/2020	37,459.68	7/1/2022	38,769.61	11/1/2024	40,446.86
4/1/2020	34,960.84	8/1/2022	37,659.39	12/1/2024	41,667.08
5/1/2020	36,344.18	9/1/2022	37,757.60	1/1/2025	40,661.00
6/1/2020	35,146.79	10/1/2022	39,057.78	2/1/2025	40,767.03
7/1/2020	36,524.60	11/1/2022	37,957.92	3/1/2025	44,186.51
8/1/2020	35,333.69	12/1/2022	39,252.14	4/1/2025	40,988.57
9/1/2020	35,425.83	1/1/2023	38,159.26	5/1/2025	42,192.69
10/1/2020	36,795.35	2/1/2023	38,258.77	6/1/2025	41,205.49

7/1/2025	42,403.16	11/1/2027	44,483.18	3/1/2030	50,518.52
8/1/2025	41,423.53	12/1/2027	45,583.38	4/1/2030	48,015.52
9/1/2025	41,531.55	1/1/2028	44,718.05	5/1/2030	49,010.69
10/1/2025	42,719.52	2/1/2028	44,834.67	6/1/2030	48,268.55
11/1/2025	41,751.26	3/1/2028	46,897.25	7/1/2030	49,256.19
12/1/2025	42,932.69	4/1/2028	45,073.89	8/1/2030	48,522.87
1/1/2026	41,972.10	5/1/2028	46,156.52	9/1/2030	48,649.41
2/1/2026	42,081.55	6/1/2028	45,311.80	10/1/2030	49,625.73
3/1/2026	45,376.91	7/1/2028	46,387.36	11/1/2030	48,905.69
4/1/2026	42,309.63	8/1/2028	45,550.93	12/1/2030	49,874.39
5/1/2026	43,474.46	9/1/2028	45,669.71	1/1/2031	49,163.29
6/1/2026	42,533.33	10/1/2028	46,734.64	2/1/2031	49,291.50
7/1/2026	43,691.51	11/1/2028	45,910.69	3/1/2031	51,906.10
8/1/2026	\$42,758.19	12/1/2028	46,968.44	4/1/2031	49,555.40
9/1/2026	42,869.69	1/1/2029	46,152.89	5/1/2031	50,504.78
10/1/2026	44,017.87	2/1/2029	46,273.25	6/1/2031	49,816.33
11/1/2026	43,096.28	3/1/2029	49,172.84	7/1/2031	50,757.96
12/1/2026	44,237.72	4/1/2029	46,522.16	8/1/2031	50,078.61
1/1/2027	43,324.03	5/1/2029	47,561.73	9/1/2031	50,209.20
2/1/2027	43,437.01	6/1/2029	46,767.51	10/1/2031	51,139.15
3/1/2027	46,604.39	7/1/2029	47,799.79	11/1/2031	50,473.50
4/1/2027	43,671.81	8/1/2029	47,014.12	12/1/2031	51,395.58
5/1/2027	44,796.14	9/1/2029	47,136.72	1/1/2032	50,739.15
6/1/2027	43,902.52	10/1/2029	48,158.02	2/1/2032	50,871.47
7/1/2027	45,019.99	11/1/2029	47,385.23	3/1/2032	52,559.31
8/1/2027	44,134.41	12/1/2029	48,399.14	4/1/2032	51,141.19
9/1/2027	44,249.50	1/1/2030	47,635.01	5/1/2032	52,043.42
10/1/2027	45,356.65	2/1/2030	47,759.24	6/1/2032	51,410.28

7/1/2032	52,304.51	11/1/2034	55,473.79	3/1/2037	61,184.13
8/1/2032	51,680.74	12/1/2034	56,247.20	4/1/2037	59,851.69
9/1/2032	51,815.52	1/1/2035	55,765.14	5/1/2037	60,494.92
10/1/2032	52,697.70	2/1/2035	55,910.56	6/1/2037	60,165.53
11/1/2032	52,088.07	3/1/2035	57,900.20	7/1/2037	60,799.43
12/1/2032	52,962.14	4/1/2035	56,207.36	8/1/2037	60,480.98
1/1/2033	52,362.01	5/1/2035	56,958.95	9/1/2037	60,638.71
2/1/2033	52,498.56	6/1/2035	56,502.47	10/1/2037	61,258.53
3/1/2033	54,810.36	7/1/2035	57,245.29	11/1/2037	60,956.59
4/1/2033	52,778.40	8/1/2035	56,799.10	12/1/2037	61,566.96
5/1/2033	53,631.95	9/1/2035	\$56,947.22	1/1/2038	61,276.10
6/1/2033	53,055.90	10/1/2035	57,676.81	2/1/2038	61,435.90
7/1/2033	53,901.20	11/1/2035	57,246.13	3/1/2038	62,903.84
8/1/2033	53,334.82	12/1/2035	57,966.84	4/1/2038	61,760.15
9/1/2033	53,473.91	1/1/2036	57,546.59	5/1/2038	62,346.63
10/1/2033	54,306.77	2/1/2036	57,696.66	6/1/2038	62,083.79
11/1/2033	53,754.97	3/1/2036	58,960.81	7/1/2038	62,660.65
12/1/2033	54,579.49	4/1/2036	58,000.87	8/1/2038	62,409.10
1/1/2034	54,037.49	5/1/2036	58,699.13	9/1/2038	62,571.85
2/1/2034	54,178.41	6/1/2036	58,305.20	10/1/2038	63,134.20
3/1/2034	56,331.60	7/1/2036	58,994.41	11/1/2038	62,899.67
4/1/2034	54,466.59	8/1/2036	58,611.09	12/1/2038	63,452.27
5/1/2034	55,269.94	9/1/2036	58,763.94	1/1/2039	63,229.17
6/1/2034	54,752.76	10/1/2036	59,439.51	2/1/2039	63,394.05
7/1/2034	55,547.61	11/1/2036	59,072.19	3/1/2039	64,677.11
8/1/2034	55,040.40	12/1/2036	59,738.60	4/1/2039	63,728.04
9/1/2034	55,183.94	1/1/2037	59,382.02	5/1/2039	64,256.00
10/1/2034	55,965.96	2/1/2037	59,536.88	6/1/2039	64,061.79

7/1/2039	64,579.84	11/1/2041	69,098.71	3/1/2044	74,381.03
8/1/2039	64,397.26	12/1/2041	69,466.98	4/1/2044	74,524.77
9/1/2039	64,565.20	1/1/2042	69,460.06	5/1/2044	74,731.71
10/1/2039	65,068.27	2/1/2042	69,641.19	6/1/2044	74,914.00
11/1/2039	64,903.25	3/1/2042	70,334.41		
12/1/2039	65,396.28	4/1/2042	70,006.22		
1/1/2040	65,243.05	5/1/2042	70,347.51		
2/1/2040	65,413.19	6/1/2042	70,372.23		
3/1/2040	66,198.32	7/1/2042	70,702.64		
4/1/2040	65,756.40	8/1/2042	70,740.13		
5/1/2040	66,224.06	9/1/2042	70,924.60		
6/1/2040	66,100.58	10/1/2042	71,238.58		
7/1/2040	66,558.00	11/1/2042	71,295.33		
8/1/2040	66,446.52	12/1/2042	71,598.29		
9/1/2040	66,619.80	1/1/2043	71,667.97		
10/1/2040	67,061.79	2/1/2043	71,854.86		
11/1/2040	66,968.42	3/1/2043	72,339.06		
12/1/2040	67,400.03	4/1/2043	72,230.89		
1/1/2041	67,318.82	5/1/2043	72,506.03		
2/1/2041	67,494.37	6/1/2043	72,608.33		
3/1/2041	68,390.29	7/1/2043	72,872.25		
4/1/2041	67,848.73	8/1/2043	72,987.72		
5/1/2041	68,254.17	9/1/2043	73,178.05		
6/1/2041	68,203.66	10/1/2043	73,425.03		
7/1/2041	68,598.55	11/1/2043	73,560.36		
8/1/2041	68,560.41	12/1/2043	73,795.97		
9/1/2041	68,739.20	1/1/2044	73,944.64		
10/1/2041	69,118.17	2/1/2044	74,137.47		

**PROFESSIONAL FEES COMPARISON FOR
ALDRSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.
(EXCLUSIVE OF EXPENSES)**

PROFESSIONAL	FEES ESTIMATED IN PRELIMINARY APPROVAL RESOLUTION	ACTUAL FEES
Underwriter's discount/Placement Fees	\$523,866	\$455,157*
Accountants	27,500	15,000
Bond counsel	93,500	93,500
Corporation counsel	82,500	82,500
Underwriters' counsel		75,000*
Feasibility Consultant	133,100	100,000
Bank Commitment Fee	95,132	108,078
Bank Counsel	38,500	20,000

* Underwriter's counsel fee was not estimated in the preliminary approval resolution. The fees shown herein will be paid out of the Underwriter's discount.

Note: Fees relate to the Bonds and the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate) Series 2017A being issued simultaneously with the Bonds.

7. Aldersgate Bond Sale Approval Policy

**Aldersgate
Series 2017A & B Bond Project Financing
NC Medical Care Commission Bond Sale Approval Policy**

	Time of Preliminary Approval - Series 2017A Public Offering	Delivery of POS Series 2017A Public Offering	Time of Final Executive Committee Approval Series 2017A Public Offering	Explanation for Variance
- Estimated Interest Rate	4.75% - 6.25%	4.75% - 6.25%	2.13% - 4.55%	Successful Bond Pricing
- All In True Interest Cost	6.38%	6.17%	4.76%	Favorable Interest Rates
- Maturity Schedule Interest	1/1/2018 - 7/1/2047	1/1/2018 - 7/1/2047	1/1/2018 - 7/1/2047	
- Maturity Schedule Principal	7/1/2020 - 7/1/2047	7/1/2020 - 7/1/2047	7/1/2020 - 7/1/2047	
- Estimated NPV Savings (\$)	n/a	n/a	n/a	
- Estimated NPV Savings (%)	n/a	n/a	n/a	

	Time of Preliminary Approval - Series 2017B Bank-Placement	Time of Final Executive Committee Approval Series 2017B Bank Placement	Explanation for Variance
- Estimated Interest Rate	3.19%	3.03%	Removed conservative cushion in rates
- All In True Interest Cost	3.32%	3.20%	Removed conservative cushion in rates
- Maturity Schedule Interest	6/1/2017 - 6/1/2044	7/1/2017 - 6/1/2044	Closing was pushed back slightly after prelim. approval
- Maturity Schedule Principal	6/1/2019 - 6/1/2044	7/1/2019 - 6/1/2044	Closing was pushed back slightly after prelim. approval
- Estimated NPV Savings (\$)	n/a	n/a	
- Estimated NPV Savings (%)	n/a	n/a	

Series 2017A Bonds are publicly offered bonds
Series 2017B Bonds are being held by SunTrust Bank

8. FirstHealth of the Carolinas, Inc., - Pinehurst, NC - Crystal M. Watson-Abbott

Remarks were made by: Mr. Crocker, Ms. DeJaco, Mr. Cheney, Ms. Abbott, and Mr. Kilarski.

Resolution: The Commission grants preliminary approval to a project for FirstHealth of the Carolinas, Inc. to provide funds to refund the (1) \$40,830,000 North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project) Series 2009D outstanding in the amount of \$40,830,000, (2) the North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project) \$29,535,000 Series 2010 outstanding in the amount of \$29,535,000, (3) the North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project) \$45,610,000 Series 2012A outstanding in the amount of \$45,080,000 and (4) the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (FirstHealth of the Carolinas Project) \$28,435,000 Series 2012B outstanding in the amount of \$28,435,000. The variable rate Series 2009D and Series 2010 Bonds are held by Branch Banking and Trust Company and are being refunded to extend holding periods for the bonds. The variable rate Series 2012B Bonds are held by Wells Fargo Bank and are being refunded to extend the holding period of these bonds. An existing fixed rate payer interest rate swap serves as a rate hedge for the Series 2012B Bonds. This swap will remain and serve as a rate hedge for the refunding bonds. The publicly-offered, fixed rate 2012A Bonds will be refunded for savings with variable rate bonds to be purchased by Branch Banking and Trust Company and combined with another existing fixed payer interest rate swap to achieve estimated net present value savings of \$11,477,535. The proposed transaction is in accordance with an application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal Amount of Bonds to be issued	<u>\$144,405,000</u>
Total Sources	\$144,405,000

ESTIMATED USES OF FUNDS

Amount to refund Series 2009D	\$40,830,000
Amount to refund Series 2010	29,535,000
Amount to refund Series 2012A	45,080,000
Amount to refund Series 2012B	28,435,000
Corporation counsel	85,000
Bank Purchaser counsel (BB&T)	80,000
Bank Purchaser counsel (Wells Fargo)	35,000
Bond counsel	120,000
Trustee counsel	10,000
Trustee fee	8,000

Local Government Commission fee	8,750
Financial Advisor fee	128,000
Accountants fees	30,000
Miscellaneous	<u>20,250</u>
Total Uses	\$144,405,000

Executive Committee Action: Motion was made to approve the Resolution by Ms. Kugler, seconded by Mr. Hauser, and unanimously approved with the recusals of Dr. Fagg and Mr. Wiles.

Tentative approval is given with the understanding that the governing board of FirstHealth of the Carolinas, Inc. 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 amount 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 leases 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 leases, 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 | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | N/A |
| 2. Construction and related costs are reasonable | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> | N/A |

Notes:

1) Information from 2016 Audit of FirstHealth of the Carolinas, Inc.

Operating income	\$21,184,000
Change in unrestricted net assets	59,291,000
Change in net assets	61,678,000
Net cash provided by operating activities	29,669,000
Net decrease in cash and cash equivalents (A)	(10,749,000)

(A) Primarily due to the purchase of property and equipment.

2) Ratings:

Fitch AA
 Moody's Aa3
 Standard & Poor's AA-

3) Community Benefits for FirstHealth of the Carolinas, Inc. from the 2016 ANDI Report

Community Benefits	\$37,631,946
Estimated Costs of Treating Bad Debt Patients	\$15,236,417

4) Long Term Service Coverage Ratios

Actual	FYE 2016	7.68
Forecasted	FYE 2017	8.80
Forecasted	FYE 2018	10.50
Forecasted	FYE 2019	10.70

5) Transaction Participants

Financial Advisor	Ponder & Co.
Bond counsel	Robinson Bradshaw & Hinson, P.A.
Corporation counsel	Nelson Mullins Riley & Scarborough
Bank Purchaser counsel	Moore & Van Allen (BB&T legal counsel)
Bank Purchaser counsel	Chapman and Cutler (Wells Fargo legal counsel)
Bond Trustee	Bank of New York Mellon Trust Company
Accountant	CliftonLarsonAllen

6) Other Information

Board diversity

Male: 10

Female: 5

Total: 15

Caucasian: 14

African American: 1
15

7) Compliance

Upon review of the routine annual and quarterly document filings as of March 28, 2017, FirstHealth meets the 6 month exception in filing an application to the NC Medical Care Commission in accordance with the NC Medical Care Commission's Policy on Compliance by Borrowers. The routine covenant violations are for FYE 2015 and are due to the Series 2009C and 2010 Rebate Calculations not being filed to the Commission until August 8, 2016 after being requested by the Commission's auditor. It should be noted the rebate calculation reports were timely prepared in accordance with their respective Tax Certificate and Agreements. FirstHealth believes the reports were timely filed to the Commission but are unable to locate an email or proof of mailing supporting the documents were timely filed to the Commission.

8) FirstHealth Bond Sale Approval Policy

North Carolina Medical Care Commission ("NCMCCC")
 First Health of the Carolinas, Inc ("FH")
 Series 2017ABCD Bond Issues
 NCMCCC Bond Sale Approval Policy

	Time of Preliminary Approval Series 2017A	Time of Preliminary Approval Series 2017B	Time of Preliminary Approval Series 2017C	Time of Preliminary Approval Series 2017D
- Estimated Interest Rate	2.26% ¹	3.44% ²	2.01% ³	2.03% ⁴
- All-in True Interest Cost	2.29% ¹	3.47% ²	2.04% ³	2.14% ⁴
- Maturity Schedule Interest	10/1/2017 - 10/1/2039	10/1/2017 - 10/1/2028	10/1/2018 - 10/1/2039	10/1/2017 - 10/1/2032
- Maturity Schedule Principal	10/1/2025 - 10/1/2039	10/1/2024 - 10/1/2028	10/1/2018 - 10/1/2039	10/1/2030 - 10/1/2032
- Bank Holding Period	10 years (2027)	11.5 yrs to maturity (2028)	12 years (2029)	5 years (2022)
- Estimated NPV Savings (\$)	None - Extends Hold Period ⁵	None - Extends Hold Period ⁶	\$11,477,535	None - Extends Hold Period ⁷
- Estimated NPV Savings (%)	None - Extends Hold Period ⁵	None - Extends Hold Period ⁶	25.50%	None - Extends Hold Period ⁷

Bank-bought variable rate Series 2017A Bonds will refund the bank-bought variable rate Series 2009D Bonds
 Bank-bought variable rate Series 2017B Bonds will refund the bank-bought variable rate Series 2010 Bonds
 Bank-bought variable rate Series 2017C Bonds will refund the publicly-offered Series 2012A Bonds
 Bank-bought variable rate Series 2017D Bonds will refund the bank-bought variable rate Series 2012B Bonds

Both the bank-bought variable rate Series 2017B and 2017C Bonds will be hedged by existing fixed payer interest rate swaps
 All-in true interest cost takes into account the interest rate on the bonds, interest rate swap payments (if any) and financing expenses amortized over the bank's initial holding period (e.g. 10 years)

- 1 - Series 2017A Bond variable rate interest = (68% of 1ML) + 0.60%. Assumes one-month LIBOR equals 20-year average of 2.44%.
- 2 - Series 2017B Bond variable rate interest = (68% of 1ML) + 0.64% plus fixed payer swap. Under swap agreement, FH pays a fixed rate of 3.849% and receives 61.8%1ML + 1.20375%. Assumes one month Libor equals 20-year average of 2.44%.
- 3 - Series 2017C Bond variable rate interest = (68% of 1ML) + 0.68% plus fixed payer swap. Under swap, FH pays fixed rate of 1.306% and receives 67%1ML. Assumes one month Libor equals 20-year average of 2.44%.
- 4 - Series 2017D Bond variable rate interest = (67% of 1ML) + 0.40% and 20-year average one-month LIBOR approximately 2.44%.
- 5 - Outstanding Series 2009D Bonds holding period expires on 03/04/2017. 88&T continues to hold the bonds.
- 6 - Outstanding Series 2010 Bonds holding period expires on 07/06/2017.
- 7 - Outstanding Series 2012B Bonds holding period expires on 10/01/2018.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:20 p.m.

Respectfully submitted,

Crystal Watson-Abbott
Crystal Watson-Abbott, Auditor