

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**

JULY 25, 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
Robert E. Schaaf, M.D.
Paul, M. Wiles

Members of the Executive Committee Absent:

None

Members of Staff Present:

S. Mark Payne, MCC Secretary
Geary W. Knapp, MCC Healthcare Facilities Program Audit Manager and Advisor
Crystal Watson-Abbott, Auditor, MCC
Alice S. Creech, Executive Assistant

Others Present:

Allen Robertson, Robinson Bradshaw & Hinson, P.A.
Lynn DeJaco, FirstHealth of the Carolinas, Inc.
Doreen Schlicht, FirstHealth of the Carolinas, Inc.
John Cheney, Ponder & Co.

1. **Purpose of Meeting**

To authorize the sale of four separate series of bonds, the proceeds of which are to be loaned to FirstHealth of the Carolinas, Inc.

2. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$141,535,000 North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2017A, Series 2017B, Series 2017C and Series 2017D (collectively, the "Bonds").**

Remarks were made by Mr. Joe Crocker, Dr. John Fagg, Ms. Crystal Abbott, Mr. Allen Robertson, Ms. Lynn DeJaco, Dr. Robert Schaaf, Mr. Charles Hauser and Mr. John Cheney.

Executive Committee Action: Motion was made by Dr. Robert Schaaf, seconded by Mr. Charles Hauser, and unanimously approved with the recusals of Dr. John Fagg and Mr. Paul Wiles.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities and to refund bonds previously issued by the Commission; and

WHEREAS, FirstHealth of the Carolinas, 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 four loans for the purpose of providing funds, together with other available funds, to (1) refund the \$40,830,000 outstanding principal amount of the Commission's Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2009D (the "2009D Bonds"), (2) refund the \$29,535,000 outstanding principal amount of the Commission's Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2010 (the "2010 Bonds"), (3) refund the \$45,080,000 outstanding principal amount of the Commission's Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2012A (the "2012A Bonds"), (4) refund the \$28,435,000 outstanding principal amount of the Commission's Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2012B (the "2012B Bonds," and collectively with the 2009D Bonds, the 2010 Bonds and the 2012A Bonds, the "Refunded Bonds"), and (5) pay, or reimburse the Corporation for paying, certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed refundings and, by resolution adopted by the Commission on May 19, 2017, has

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 August 1, 2017 (the "2017A Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (in such capacity, the "2017A Bond Trustee"), the provisions of which relate to the issuance of and security for the 2017A Bonds (as defined below) and includes the form of the 2017A Bonds;

(b) a Loan Agreement, dated as of August 1, 2017 (the "2017A Loan Agreement"), between the Commission and the Corporation pursuant to which the Commission will lend the proceeds of the 2017A Bonds to the Corporation;

(c) a Contract of Purchase, to be dated on or about August 3, 2017 (the "2017A Purchase Contract"), between the Local Government Commission of North Carolina (the "LGC") and Branch Banking and Trust Company (the "2017A Purchaser"), and approved by the Commission and the Corporation, pursuant to which the 2017A Purchaser has agreed to purchase the 2017A Bonds on the terms and conditions set forth therein and in the 2017A Trust Agreement;

(d) a Supplemental Master Trust Indenture No. 26, dated as of August 1, 2017 ("Supplement No. 26"), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (in such capacity, the "Master Trustee") under the Second Amended and Restated Master Trust Indenture, dated as of February 1, 1998 (as supplemented and amended, the "Master Indenture"), between the Corporation and First Union National Bank, succeeded by The Bank of New York Mellon Trust Company, N.A., as master trustee, which includes the form of Master Obligation, Series 2017A-1, to be dated as of the date of delivery of the 2017A Bonds, to be issued by the Corporation to the Commission ("Master Obligation, Series 2017A-1");

(e) a Supplemental Master Trust Indenture No. 27, dated as of August 1, 2017 ("Supplement No. 27"), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2017A-2, to be dated as of the date of delivery of the 2017A Bonds, to be issued by the Corporation to the 2017A Purchaser ("Master Obligation, Series 2017A-2");

(f) a Continuing Covenants Agreement dated as of August 1, 2017 (the "2017A Continuing Covenants Agreement"), between the Corporation and the 2017A Purchaser;

(g) a Trust Agreement, dated as of August 1, 2017 (the "2017B Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (in such capacity, the "2017B Bond Trustee"), the provisions of which relate to the issuance of and security for the 2017B Bonds (as defined below) and includes the form of the 2017B Bonds;

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

(i) a Contract of Purchase, to be dated on or about August 24, 2017 (the “2017B Purchase Contract”), between the LGC and BB&T Community Holdings Co. (in such capacity, the “2017B Purchaser”), and approved by the Commission and the Corporation, pursuant to which the 2017B Purchaser has agreed to purchase the 2017B Bonds on the terms and conditions set forth therein and in the 2017B Trust Agreement;

(j) a Supplemental Master Trust Indenture No. 28, dated as of August 1, 2017 (“Supplement No. 28”), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2017B-1, to be dated as of the date of delivery of the 2017B Bonds, to be issued by the Corporation to the Commission (“Master Obligation, Series 2017B-1”);

(k) a Supplemental Master Trust Indenture No. 29, dated as of August 1, 2017 (“Supplement No. 29”), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2017B-2, to be dated as of the date of delivery of the 2017B Bonds, to be issued by the Corporation to the 2017B Purchaser (“Master Obligation, Series 2017B-2”);

(l) a Continuing Covenants Agreement dated as of August 1, 2017 (the “2017B Continuing Covenants Agreement”), between the Corporation and the 2017B Purchaser;

(m) a Trust Agreement, dated as of October 1, 2017 (the “2017C Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (in such capacity, the “2017C Bond Trustee”), the provisions of which relate to the issuance of and security for the 2017C Bonds (as defined below) and includes the form of the 2017C Bonds;

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

(o) a Contract of Purchase, to be dated on or about October 2, 2017 (the “2017C Purchase Contract”), between the LGC and BB&T Community Holdings Co. (in such capacity, the “2017C Purchaser”), and approved by the Commission and the Corporation, pursuant to which the 2017C Purchaser has agreed to purchase the 2017C Bonds on the terms and conditions set forth therein and in the 2017C Trust Agreement;

(p) a Supplemental Master Trust Indenture No. 30, dated as of October 1, 2017 (“Supplement No. 30”), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2017C-1, to be dated as of the date of delivery of the 2017C Bonds, to be issued by the Corporation to the Commission (“Master Obligation, Series 2017C-1”);

(q) a Supplemental Master Trust Indenture No. 31, dated as of October 1, 2017 (“Supplement No. 31”), between the Corporation and the Master Trustee, which includes the form

of Master Obligation, Series 2017C-2, to be dated as of the date of delivery of the 2017C Bonds, to be issued by the Corporation to the 2017C Purchaser (“Master Obligation, Series 2017C-2”);

(r) a Continuing Covenants Agreement dated as of October 1, 2017 (the “2017C Continuing Covenants Agreement”), between the Corporation and the 2017C Purchaser;

(s) a Trust Agreement, dated as of September 1, 2017 (the “2017D Trust Agreement,” and collectively with the 2017A Trust Agreement, the 2017B Trust Agreement and the 2017C Trust Agreement, the “Trust Agreements”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (in such capacity, the “2017D Bond Trustee,” and collectively with the 2017A Bond Trustee, the 2017B Bond Trustee and the 2017C Bond Trustee, the “Bond Trustees”), the provisions of which relate to the issuance of and security for the 2017D Bonds (as defined below) and includes the form of the 2017D Bonds;

(t) a Loan Agreement, dated as of September 1, 2017 (the “2017D Loan Agreement,” and collectively with the 2017A Loan Agreement, the 2017B Loan Agreement and the 2017C Loan Agreement, the “Loan Agreements”), between the Commission and the Corporation pursuant to which the Commission will lend the proceeds of the 2017D Bonds to the Corporation;

(u) a Contract of Purchase, to be dated on or about September 13, 2017 (the “2017D Purchase Contract,” and collectively with the 2017A Purchase Contract, the 2017B Purchase Contract and the 2017C Purchase Contract, the “Purchase Contracts”), between the LGC and Wells Fargo Municipal Capital Strategies, LLC (the “2017D Purchaser”), and approved by the Commission and the Corporation, pursuant to which the 2017D Purchaser has agreed to purchase the 2017D Bonds on the terms and conditions set forth therein and in the 2017D Trust Agreement;

(v) a Supplemental Master Trust Indenture No. 32, dated as of September 1, 2017 (“Supplement No. 32”), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2017D-1, to be dated as of the date of delivery of the 2017D Bonds, to be issued by the Corporation to the Commission (“Master Obligation, Series 2017D-1”);

(w) a Supplemental Master Trust Indenture No. 33, dated as of September 1, 2017 (“Supplement No. 33,” and collectively with Supplement No. 26, Supplement No. 27, Supplement No. 28, Supplement No. 29, Supplement No. 30, Supplement No. 31 and Supplement No. 32, the “Supplements”), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2017D-2, to be dated as of the date of delivery of the 2017D Bonds, to be issued by the Corporation to the 2017D Purchaser (“Master Obligation, Series 2017D-2,” and collectively with Master Obligation, Series 2017A-1, Master Obligation, Series 2017A-2, Master Obligation, Series 2017B-1, Master Obligation, Series 2017B-2, Master Obligation, Series 2017C-1, Master Obligation, Series 2017C-2 and Master Obligation, Series 2017D-1, the “Master Obligations”);

(x) a Continuing Covenant Agreement dated as of September 1, 2017 (the “2017D Continuing Covenant Agreement,” and collectively with the 2017A Continuing Covenants Agreement, the 2017B Continuing Covenants Agreement and the 2017C Continuing Covenants Agreement, the “Continuing Covenant Agreements”), between the Corporation and the 2017D Purchaser; and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreements, the Master Indenture, the Supplements and the Master 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 Agreements and the Loan Agreements, as applicable.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the following four series of Bonds:

- North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2017A (the “2017A Bonds”), in the aggregate principal amount of \$38,090,000;
- North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2017B (the “2017B Bonds”), in the aggregate principal amount of \$29,630,000;
- North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2017C (the “2017C Bonds”), in the aggregate principal amount of \$45,225,000; and
- North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2017D (the “2017D Bonds”), in the aggregate principal amount of \$28,590,000.

The 2017A Bonds shall mature on October 1, 2039, the 2017B Bonds shall mature on October 1, 2028, the 2017C Bonds shall mature on October 1, 2039 and the 2017D Bonds shall mature on October 1, 2032. The Bonds shall bear interest at such rates determined in accordance with the respective Trust Agreements. The Bonds shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

The 2017A Bonds, the 2017B Bonds and the 2017C Bonds shall initially bear interest at a Direct Purchase Rate. The 2017D Bonds shall initially bear interest at an Index Interest Rate. The Bonds will bear interest at the rates shown in the following table for the initial holding periods shown in the following table:

<u>Series of Bonds</u>	<u>Interest Rates During Initial Periods</u>	<u>Initial Holding Period</u>
2017A	68% of one-month LIBOR plus 0.60%	August 1, 2027 (10 years)
2017B	68% of one-month LIBOR plus 0.64%	October 1, 2028 (maturity)
2017C	68% of one-month LIBOR plus 0.68%	October 1, 2029 (12 years)
2017D	67% of one-month LIBOR plus 0.40%	September 1, 2022 (five years)

The 2017A Bonds, the 2017C Bonds and the 2017D Bonds shall be subject to mandatory tender at the end of the applicable initial holding period, unless earlier converted to another Interest Rate Period.

The 2017A Bonds, the 2017B Bonds and the 2017C Bonds shall be issued as fully registered bonds in (i) denominations of \$5,000 or any integral multiple thereof during any Long-Term Interest Rate Period and (ii) \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any period not described in the preceding clause (i). The 2017D Bonds shall be issued as fully registered bonds in (i) denominations of \$5,000 or any integral multiple thereof during any Long-Term Interest Rate Period, (ii) \$250,000 or any integral multiple of \$5,000 in excess of \$250,000 during any Index Interest Rate Period, and (iii) \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any period not described in either of the preceding clauses (i) or (ii). While bearing interest at any rate other than the Direct Purchase Rate or an Index Interest Rate, as applicable, the Bonds shall be issuable in book-entry form as provided in the Trust Agreements. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreements. Payments of principal of and interest on the Bonds shall be forwarded by the Bond Trustees to the registered owners of the Bonds in such manner as is set forth in the Trust Agreements.

Section 3. The Bonds shall be subject to (i) optional, mandatory and extraordinary redemption, (ii) during any Daily Interest Rate Period or Weekly Interest Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, at all times, upon the terms and conditions, and at the prices set forth in the Trust Agreements.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreements. The Commission hereby finds that the use of the proceeds of the Bonds for loans to refund the Refunded Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreements and the Loan Agreements 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 Agreements and the Loan Agreements 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 forms, terms and provisions of the Purchase Contracts 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 Contracts in substantially the forms presented at this meeting, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Bonds set forth in the Trust Agreements 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, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustees for authentication on behalf of the Commission, the Bonds in definitive form, which shall be 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, appropriate and consistent with the Trust Agreements, 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 Supplements, the Master Obligations and the Continuing Covenant Agreements are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications, insertions 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 Agreements 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 2017A Bonds to the 2017A Purchaser at the purchase price of \$38,090,000.

The Commission hereby approves the action of the Local Government Commission in awarding the 2017B Bonds to the 2017B Purchaser at the purchase price of \$29,630,000.

The Commission hereby approves the action of the Local Government Commission in awarding the 2017C Bonds to the 2017C Purchaser at the purchase price of \$45,225,000.

The Commission hereby approves the action of the Local Government Commission in awarding the 2017D Bonds to the 2017D Purchaser at the purchase price of \$28,590,000.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreements, the Bonds shall be deposited with the Bond Trustees for authentication, and the Bond Trustees are

hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.08 of the respective Trust Agreements, the Bond Trustees shall deliver the Bonds to the 2017A Purchaser, the 2017B Purchaser, the 2017C Purchaser or the 2017D Purchaser, as applicable, against payment therefor.

Section 11. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustee for each series of the Bonds.

Section 12. If a series of Bonds is ever converted to an interest rate other than the Direct Purchase Rate or the Index Interest Rate, as applicable, The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for such series of Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and registered owner of such Bonds.

Section 13. S. Mark Payne, Secretary of the Commission, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreements, with full power to carry out the duties set forth therein.

Section 14. 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 Agreements, the Loan Agreements, the Continuing Covenant Agreements and the Purchase Contracts.

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

Required Redemption of the Bonds (Sinking Fund Requirements)

<u>Series 2017A</u>		<u>Series 2017B</u>		<u>Series 2017D</u>	
<u>October 1</u>	<u>Amount</u>	<u>October 1</u>	<u>Amount</u>	<u>October 1</u>	<u>Amount</u>
2025	\$ 165,000	2024	\$ 525,000	2030	\$9,220,000
2026	155,000	2025	6,830,000	2031	9,525,000
2027	135,000	2026	7,125,000	2032*	9,845,000
2028	155,000	2027	7,420,000		
2029	25,000	2028*	7,730,000		
2030	25,000				
2031	20,000				
2032	20,000				
2033	4,620,000				
2034	4,845,000				
2035	5,075,000				
2036	5,320,000				
2037	5,575,000				
2038	5,845,000				
2039*	6,110,000				

<u>Series 2017C</u>			
<u>October 1</u>	<u>Amount</u>	<u>October 1</u>	<u>Amount</u>
2018	\$120,000	2029	\$ 125,000
2019	105,000	2030	80,000
2020	75,000	2031	80,000
2021	65,000	2032	125,000
2022	140,000	2033	5,520,000
2023	110,000	2034	5,760,000
2024	60,000	2035	6,000,000
2025	65,000	2036	6,240,000
2026	75,000	2037	6,505,000
2027	70,000	2038	6,765,000
2028	75,000	2039*	7,065,000

*Maturity

Professional Fees Comparison for
FirstHealth of the Carolinas, Inc. Series 2017A-D

<u>Professional</u>	<u>Fees Estimated In Preliminary</u> <u>Approval Resolution</u>	<u>Actual Fees</u>
Purchaser Counsel (2017A-C)	\$ 80,000	\$ 80,000
Purchaser Counsel (2017D)	35,000	25,000
Bond Counsel	120,000	120,000
Corporation Counsel	85,000	85,000
Financial advisor	128,000	128,000
Accountants	30,000	30,000
Trustee Counsel	10,000	10,000

3. Bond Sale Approval Policy

North Carolina Medical Care Commission ("NCCMC")
 First Health of the Carolinas, Inc. ("FH")
 Series 2017A/BCD Bond Issues
 NCCMC Bond Sale Approval Policy

	Time of Preliminary Approval Series 2017A	Time of Final Approval Series 2017A	Explanation for Variance	Time of Preliminary Approval Series 2017B	Time of Final Approval Series 2017B	Explanation for Variance
- Outstanding Principal Balance	\$40,830,000.00	\$38,050,000.00	Note 8	\$28,535,000.00	\$28,530,000.00	Issuance Costs
- Estimated Interest Rate	2.28% ¹	2.28%	No Change	3.44% ²	3.44%	No Change
- All-in True Interest Cost	2.39% ¹	2.29%	No Change	3.47% ²	3.47%	No Change
- Maturity Schedule Interest	10/1/2017 - 10/1/2039	10/1/2017 - 10/1/2039		10/1/2017 - 10/1/2028	10/1/2017 - 10/1/2028	
- Maturity Schedule Principal	10/1/2025 - 10/1/2039	10/1/2025 - 10/1/2039		10/1/2024 - 10/1/2028	10/1/2024 - 10/1/2028	
- Bank Holding Period	10 years (2027)	10 years (2027)		11.5 yrs to maturity (2028)	11.5 yrs to maturity (2028)	
- Estimated NPV Savings (\$)	None - Extends Hold Period ⁵	None - Extends Hold Period ³		None - Extends Hold Period ⁴	None - Extends Hold Period ⁶	
- Estimated NPV Savings (%)	None - Extends Hold Period ⁵	None - Extends Hold Period ⁵		None - Extends Hold Period ⁴	None - Extends Hold Period ⁴	
- Outstanding Principal Balance	\$45,080,000.00	\$45,225,000.00	Issuance Costs	\$28,435,000.00	\$28,530,000.00	Issuance Costs
- Estimated Interest Rate	2.01% ³	2.01%	No Change	2.03% ⁴	2.03%	No Change
- All-in True Interest Cost	2.04% ³	2.04%	No Change	2.14% ⁴	2.14%	No Change
- Maturity Schedule Interest	10/1/2018 - 10/1/2039	10/1/2018 - 10/1/2039		10/1/2017 - 10/1/2032	10/1/2017 - 10/1/2032	
- Maturity Schedule Principal	10/1/2019 - 10/1/2039	10/1/2019 - 10/1/2039		10/1/2030 - 10/1/2032	10/1/2030 - 10/1/2032	
- Bank Holding Period	12 years (2028)	12 years (2028)		5 years (2022)	5 years (2022)	
- Estimated NPV Savings (\$)	\$11,477,655	\$11,477,655 ¹	No Change	None - Extends Hold Period ⁷	None - Extends Hold Period ⁷	
- Estimated NPV Savings (%)	25.50%	25.5% ¹	No Change	None - Extends Hold Period ⁷	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 bank-bought variable rate 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 = (88% of 1M) + 0.60%. Assumes one-month LIBOR equals 20-year average of 2.42%.
- 2 - Series 2017B Bond variable rate interest = (88% of 1M) + 0.64% plus fixed payer swap. Under swap agreement, FH pays a fixed rate of 3.845% and receives 61.851M + 1.20375%. Assumes one month Libor equals 20-year average of 2.44%.
- 3 - Series 2017C Bond variable rate interest = (88% of 1M) + 0.68% plus fixed payer swap. Under swap, FH pays fixed rate of 1.308% and receives 67.61M. Assumes one month Libor equals 20-year average of 2.44%.
 Fixed payer swap in June 2014 that fixes the rate on this debt issue and locks-in the interest rate savings.
- 4 - Series 2017D Bond variable rate interest = (67% of 1M) + 0.40% and 20-year average one-month LIBOR approximately 2.44%.
- 5 - Outstanding Series 2009D Bonds holding period expires on 03/04/2027. BHK continues to hold the bonds.
- 6 - Outstanding Series 2010 Bonds holding period expires on 10/01/2027.
- 7 - Outstanding Series 2012B Bonds holding period expires on 10/01/2028.
- 8 - Funds remaining in the 2009D Construction Fund were used to reduce the outstanding principal balance of the 2009D Bonds.

4. **Adjournment**

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

Respectfully submitted,

Crystal Watson-Abbott
Crystal Watson-Abbott, Auditor