

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
NOVEMBER 14, 2012
11:00 A.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Dr. George Binder
George H.V. Cecil
Albert F. Lockamy
Dr. Carl Rust

Members of the Executive Committee Absent:

Joseph D. Crocker, Vice-Chairman
Mary L. Piepenbring

Members of Staff Present:

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

Others Present:

Susan Benz, Goldman Sachs
Kevin Dougherty, McGuire Woods, LLP
Will McPherson, Goldman Sachs

1. Purpose of Meeting

To consider for approval the sale of floating rate notes for Wake Forest Baptist Medical Center, Series 2012C.

- 2. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$59,045,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE REFUNDING BONDS (WAKE FOREST BAPTIST OBLIGATED GROUP), SERIES 2012C** – Remarks were made by Susan Benz and Kevin Dougherty.

Executive Committee Action: A motion was made by Mr. George Cecil, seconded by Dr. George Binder and unanimously approved with Mrs. Lucy Bode and Dr. Carl Rust abstaining from the vote.

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

WHEREAS, Wake Forest University Health Sciences (the “Corporation”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and intent of the Act, which owns and operates (in certain cases through controlled affiliates) health care facilities located in the City of Winston-Salem, North Carolina and other locations in the State of North Carolina; and

WHEREAS, the Commission has heretofore issued its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008B, in the original aggregate principal amount of \$31,330,000, pursuant to that certain Trust Agreement, dated as of October 1, 2008, between the Commission and The Bank of New York Mellon Trust Company, N.A., as successor bond trustee, of which \$28,905,000 in aggregate principal amount is outstanding as of the date hereof (the “Prior Bonds”); and

WHEREAS, the Commission has heretofore issued its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008C, in the original aggregate principal amount of \$31,320,000 (the “Series 2008C Bonds”); and

WHEREAS, the Commission has heretofore issued its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008D, in the original aggregate principal amount of 63,035,000 (the “Series 2008D Bonds”); and

WHEREAS, the Corporation has heretofore entered into a taxable loan transaction as evidenced by that certain Loan Agreement, dated as of June 25, 2012, between the Corporation

and JPMorgan Chase Bank, N.A., and that certain Promissory Note, dated June 25, 2012, from the Corporation to JPMorgan Chase Bank, N.A., in the original principal amount of up to \$89,115,000 (the "Taxable Loan"), the proceeds of which were used by the Corporation to redeem the Series 2008C Bonds and the Series 2008D Bonds on June 25, 2012; and

WHEREAS, the Corporation has made an application to the Commission for a loan for the purposes of providing funds, together with other available funds, to (i) refund the Prior Bonds, (ii) refinance the Taxable Loan and (iii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined); and

WHEREAS, the Commission has determined that the public will best be served by the proposed refinancing and, by a resolution adopted by the Commission on August 10, 2012, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented at this meeting the Preliminary Official Statement, dated November 6, 2012 (the "Preliminary Official Statement"), and draft copies of the following documents relating to the issuance of the Bonds:

(a) the Bond Purchase Agreement, to be dated the date of sale of the Bonds (the "Bond Purchase Agreement"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Morgan Stanley & Co. LLC and Goldman, Sachs & Co., (collectively, the "Underwriters"), and approved by the Commission, the Corporation, North Carolina Baptist Hospital (the "Hospital") and Wake Forest University Baptist Medical Center (the "Medical Center");

(b) the Supplemental Master Indenture for Obligation No. 14, to be dated as of November 1, 2012 ("Supplemental Indenture No. 14"), by and among the Corporation, the Hospital, the Medical Center and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), supplementing the Master Trust Indenture, dated as of March 1, 2010 (the "Master Indenture"), by and between the Hospital and the Master Trustee;

(c) the Trust Agreement, to be dated as of November 1, 2012 (the "Trust Agreement"), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Bonds;

(d) the Loan Agreement, to be dated as of November 1, 2012 (the "Loan Agreement"), by and between the Corporation and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(e) Obligation No. 14 of the Corporation, to be dated the date of its delivery ("Obligation No. 14"), to be issued by the Corporation to the Commission and assigned by the Commission to the Bond Trustee;

(f) the Continuing Disclosure Agreement, to be dated as of November 1, 2012 (the "Continuing Disclosure Agreement"), executed and delivered by the Corporation and an Obligated Group Representative (as defined in the Master Indenture);

(g) the Remarketing Agreement, to be dated as of November 1, 2012 (the “Remarketing Agreement”), by and among the Commission, the Corporation and Goldman, Sachs & Co., as remarketing agent; and

(h) the Tender Agent Agreement, to be dated as of November 1, 2012 (the “Tender Agent Agreement”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as tender agent; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Obligation No. 14 and Supplemental Indenture No. 14; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed refinancing and that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (Wake Forest Baptist Obligated Group) Series 2012C in the aggregate principal amount of \$59,045,000 (the “Bonds”), dated as of their original date of issuance and maturing on December 1, 2033. The Sinking Fund Requirements are set forth in Schedule 1 attached hereto and made a part hereof.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof and thereafter in denominations permitted by the provisions of the Trust Agreement. Commencing on the date of original delivery of the Bonds, the Bonds shall bear interest at the Index Floating Rate calculated as provided in the Trust Agreement. During the initial Index Floating Rate Period, the Bonds shall bear interest at a rate per annum equal to 100% of the SIFMA Index, plus 0.74%. The initial Index Floating Rate Period shall end on December 1, 2017. Thereafter the Bonds shall bear interest as provided in the Trust Agreement. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement. Payments of principal and interest on the Bonds shall be forwarded by the Bond Trustee to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption and purchase in lieu of redemption prior to their maturity at such times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. In addition, the Bonds shall be subject to optional and mandatory tender for purchase at such times, under such circumstances and upon such terms and conditions as are set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 220 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, the Loan Agreement and the Remarketing Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Remarketing Agreement in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds as shall be set forth in the Bond Purchase Agreement; 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 Bond Purchase 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 is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement 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 or 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 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. 14, Obligation No. 14, the Continuing Disclosure Agreement and the Tender Agent Agreement are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the price of \$59,045,000 (which price represents the principal amount of the Bonds). The compensation to the Underwriters for underwriting the Bonds is \$289,805.07.

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 Bond Purchase Agreement, the Trust Agreement, the Loan Agreement, Supplemental Indenture No. 14, Obligation No. 14, the Continuing Disclosure Agreement, the Remarketing Agreement and the Tender Agent Agreement by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Underwriters, against payment therefor, subject to the provisions of Section 220 of the Trust Agreement.

Section 11. The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the sale of the Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the maturities, redemption provisions and interest rates of the Bonds, is hereby approved, 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 to execute, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such designated member of the Commission, with the advice of counsel, may deem appropriate; and 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 Master Indenture, Supplemental Indenture No. 14, Obligation No. 14, the Loan Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and the Tender Agent Agreement by the Underwriters in connection with such sale.

Section 12. The Depository Trust Company ("DTC"), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 13. Drexal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison, Auditor to the Commission, are each hereby appointed a Commission Representative as that term is defined in the Trust Agreement and the Loan Agreement, with full power to carry out the duties set forth therein.

Section 14. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Bond Purchase Agreement, the Official Statement, the

Master Indenture, Supplemental Indenture No. 14, Obligation No. 14, the Continuing Disclosure Agreement, the Remarketing Agreement and the Tender Agent Agreement.

Section 15. A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is set forth in Schedule 2 attached hereto and made a part hereof. The professional fees set forth in Schedule 2 attached hereto are hereby approved.

Section 16. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Sinking Fund Requirements

<u>Due on December 1</u>	<u>Sinking Fund Requirement</u>
2013	\$2,090,000
2014	2,145,000
2015	2,195,000
2016	2,260,000
2017	2,320,000
2018	2,380,000
2019	2,445,000
2020	2,505,000
2021	2,575,000
2022	2,645,000
2023	2,710,000
2024	2,790,000
2025	2,865,000
2026	2,955,000
2027	3,015,000
2028	3,095,000
2029	3,175,000
2030	3,265,000
2031	3,350,000
2032	3,440,000
2033	4,825,000

Schedule 2 Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u> ⁽¹⁾	<u>Actual</u>
Underwriters' Counsel	\$ 100,000	\$ 8,077.11
Accountants	80,000	10,096.39
Corporation Counsel	75,000	25,312.62
Bond Counsel	300,000	60,000.00

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

3. Adjournment

There being no further business, the meeting was adjourned at 11:15 a.m.

Respectfully submitted,

Christopher B. Taylor, CPA
Assistant Secretary

