

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 19, 2013
11:00 A.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Joseph D. Crocker, Vice-Chairman
Dr. George A. Binder
George H.V. Cecil
Albert F. Lockamy

Members of the Executive Committee Absent:

Mary L. Piepenbring
Dr. Carl K. Rust

Members of Staff Present:

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

Others Present:

Jim Andrews, Melio & Company
Robert Carter, Cone Health System
Kevin Dougherty, McGuire Woods, LLP
Jeffrey Jones, Cone Health System
John Miller, Cone Health System

1. Purpose of Meeting

To consider (1) a series resolution authorizing the issuance of \$88,775,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Cone Health), Series 2013A, (2) a series resolution authorizing the issuance of \$25,000,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Cone Health), Series 2013B and (3) a series resolution authorizing the issuance of \$16,410,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Cone Health), Series 2013C.

2. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$88,775,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (CONE HEALTH), SERIES 2013A – Remarks were made by Jim Andrews, Kevin Dougherty and Jeffrey Jones

Executive Committee Action: A motion was made by Dr. George Binder, seconded by Mr. Al Lockamy and unanimously approved.

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

WHEREAS, each of The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and intent of the Act, which owns or operates acute care hospital facilities located in Greensboro and Reidsville, North Carolina; and

WHEREAS, each of ARMC Health Care (“ARMC Health”) and Alamance Regional Medical Center, Inc. (the “Medical Center”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and the intent of the Act, which owns or operates acute care hospital facilities located in the County of Alamance, North Carolina; and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (Alamance Health Services, Inc. Project), Series 1993, in the original aggregate principal amount of \$53,000,000 (the “ARMC Series 1993 Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (Alamance Regional Medical Center, Inc. Project), Series 1998, in the original aggregate principal amount of \$16,575,000 (the “ARMC Series 1998 Bonds”); and

WHEREAS, the Commission has heretofore issued its Retirement Facilities First Mortgage Revenue Bonds (The Village at Brookwood Project), Series 2001A, in the original aggregate principal amount of \$32,560,000 (the “AEC Series 2001A Bonds”); and

WHEREAS, the Commission has heretofore issued its Retirement Facilities First Mortgage Refunding Revenue Bonds (The Village at Brookwood), Series 2007, in the original aggregate principal amount of \$29,280,000, pursuant to that certain Trust Agreement, dated as of May 1, 2007, between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee, of which \$28,320,000 in aggregate principal amount is outstanding as of the date hereof (the “AEC Series 2007 Bonds”); and

WHEREAS, the Parent Corporation, ARMC Health and the Medical Center have heretofore entered into an Integration Agreement, dated as of October 5, 2012 (the “Integration Agreement”), pursuant to which the Medical Center, Alamance Extended Care, Inc. and ARMC Physicians Care, Inc., each of which is an affiliate of the Medical Center, have become part of the Cone Health System (as defined in the Integration Agreement); and

WHEREAS, the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc. and Bank of America, N.A. have heretofore entered into a Revolving Credit Agreement, dated as of May 1, 2013, pursuant to which Bank of America, N.A. has made available a revolving line of credit of up to \$135,000,000 (the “Taxable Loan”) to finance commitments of the Parent Corporation under the Integration Agreement; and

WHEREAS, an advance of funds under the Taxable Loan in the amount of \$33,693,598.97 was used, together with other available funds, to redeem the ARMC Series 1993 Bonds and the ARMC Series 1998 Bonds on June 3, 2013; and

WHEREAS, an advance of funds under the Taxable Loan in the amount of \$9,266,274.06 was used, together with other available funds, to redeem the AEC Series 2001A Bonds on July 24, 2013; and

WHEREAS, the Parent Corporation, on behalf of itself and the Operating Corporation, ARMC Health and the Medical Center (collectively, the “Borrowers”), has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refinance the outstanding Taxable Loan, (ii) refund the AEC Series 2007 Bonds and (iii) pay the cost of the Project (as defined in Exhibit A to the hereinafter-mentioned Loan Agreement”) from the proceeds of revenue bonds to be issued by the Commission pursuant to the Act; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 9, 2013, has approved the issuance of the Bonds (as hereinafter defined), subject to compliance by the Borrowers with the conditions set forth in such resolution, and the Borrowers have 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) the Contract of Purchase, to be dated on or about November 20, 2013 (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and BMO Harris Investment Corp. (the “Purchaser”), and approved by the Commission and the Borrowers;

(b) the Supplemental Master Indenture for Obligation No. 31, dated as of November 1, 2013 (“Supplemental Indenture No. 31”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), supplementing the Second Amended and Restated Master Trust Indenture, dated as of August 1, 2011 (the “Master Trust Indenture”), among the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc. (the “Cone Foundation”) and the Master Trustee, as supplemented by the Joinder Agreement, dated as of May 1, 2013 (the Master Trust Indenture as so supplemented, the “Master Indenture”), by and among the Parent Corporation, the Operating Corporation, the Cone Foundation, ARMC Health, the Medical Center and Alamance Community & Health Foundation, Inc.;

(c) the Supplemental Master Indenture for Obligation No. 32, dated as of November 1, 2013 (“Supplemental Indenture No. 32” and, together with Supplemental Indenture No. 31, the “Supplemental Indentures”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and the Master Trustee;

(d) the Trust Agreement, dated as of November 1, 2013 (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;

(e) the Loan Agreement, dated as of November 1, 2013 (the “Loan Agreement”), by and between the Borrowers and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Borrowers;

(f) Obligation No. 31 of the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center, dated the date of its issuance (“Obligation No. 31”), to be issued by the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center to the Commission;

(g) Obligation No. 32 of the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center, dated the date of its issuance (“Obligation No. 32” and, together with Obligation No. 31, the “Obligations”), to be issued by the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center to the Purchaser;

(h) the Continuing Covenant Agreement, dated as of November 1, 2013 (the “Continuing Covenant Agreement”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and the Purchaser; and

(i) the Escrow Deposit Agreement, dated as of November 1, 2013 (the “Escrow Deposit Agreement”), by and among the Commission, the Borrowers and The Bank of New York Mellon Trust Company, N.A., as escrow agent; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Borrowers, the Borrowers are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the

Continuing Covenant Agreement, the Obligations, the Supplemental Indentures and the Escrow Deposit Agreement; 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 Borrowers, 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 Bonds (Cone Health), Series 2013A, in the aggregate principal amount of \$88,775,000 (the "Bonds"), dated as of their original date of issuance and maturing on February 15, 2045.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$250,000 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 Medium Term Rate in the Direct Purchase Rate Period calculated as provided in the Trust Agreement. The Initial Period shall commence on the date of original delivery of the Bonds and shall end on February 15, 2023. The Medium Term Rate to be in effect for the Initial Period shall equal the product of (x) 3.08% per annum and (y) the Margin Rate Factor, provided that if (A) Fitch or S&P assigns a rating of A+ to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 3.33% per annum and (y) the Margin Rate Factor, (B) Fitch or S&P assigns a rating of A to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 3.60% per annum and (y) the Margin Rate Factor, (C) Fitch or S&P assigns a rating of A- to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 3.88% per annum and (y) the Margin Rate Factor, (D) Fitch or S&P assigns a rating of BBB+ to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 4.17% per annum and (y) the Margin Rate Factor and (E) Fitch or S&P assigns a rating of BBB to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 4.47% per annum and (y) the Margin Rate Factor, in each case beginning on the effective date of any such rating. 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 redemption at the times, upon the terms and conditions, and at the price set forth in the Trust

Agreement. The Sinking Fund Requirements for the Bonds are set forth in Schedule 1 attached hereto. In addition, the Bonds are 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 219 of the Trust Agreement.

The Commission hereby finds that the use of the proceeds of the Bonds for a loan to finance the Project, to refinance the outstanding Taxable Loan and to refund the AEC Series 2007 Bonds 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 Escrow Deposit 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 any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Escrow Deposit 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 forms of the Bonds set forth in the Trust 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 any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the 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 forms 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 the Continuing Covenant Agreement, the Supplemental Indentures and the Obligations 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 Continuing Covenant Agreement, the Supplemental Indentures and the Obligations.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at the price of \$88,775,000 (which price represents the 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, the Continuing Covenant Agreement, the Supplemental Indentures, the Obligations, the Loan Agreement and the Escrow Deposit Agreement by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

Section 11. Drexdal 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, Kathy C. Larrison, Auditor to the Commission, and Crystal 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. 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. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Bond Trustee for the Bonds.

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

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

Schedule 1
Sinking Fund Requirements

<u>Year</u> <u>(February 15)</u>	<u>Amount</u>
2024	\$ 4,675,000
2025	2,710,000
2026	2,795,000
2027	2,885,000
2028	2,980,000
2029	3,075,000
2030	3,175,000
2031	3,280,000
2032	3,380,000
2037	5,830,000
2038	6,015,000
2039	6,215,000
2040	6,415,000
2041	6,625,000
2042	6,840,000
2043	7,060,000
2044	7,290,000
2045*	7,530,000

* Maturity.

Schedule 2
Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u> ⁽¹⁾	Series 2013A/B/C <u>Bonds</u> ⁽²⁾
Underwriter's Discount/Bank Fee ⁽³⁾	\$1,077,201	\$98,877
Accountants	100,000	42,500
Corporation Counsel ⁽⁴⁾	140,000	84,500
Bond Counsel	125,000	137,000
Financial Advisor	75,000	60,000
Trustee	5,000	10,000
Verification Agent	2,500	1,500

- (1) At the time of preliminary approval on August 9, 2013, it was contemplated that one series of fixed rate publicly offered bonds or non-bank qualified bonds would be issued.
- (2) Fees are aggregated for all three series of non-bank qualified bonds. The Series 2013A Bonds are being purchased by BMO Harris Investment Corp.; the Series 2013B Bonds are being purchased by Bank of America, N.A.; and the Series 2013C Bonds are being purchased by BMO Harris Investment Corp.
- (3) Includes fees for counsel to BMO Harris Investment Corp. (\$45,000) and counsel to Bank of America, N.A. (\$35,000).
- (4) Includes fees for co-counsel to Borrowers and Obligated Group.

3. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$25,000,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (CONE HEALTH), SERIES 2013B –
Remarks were made by Jim Andrews, Kevin Dougherty and Jeffrey Jones

Executive Committee Action: A motion was made by Mr. George Cecil, seconded by Mr. Al Lockamy and unanimously approved with Mrs. Lucy Bode 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, each of The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and intent of the Act, which owns or operates acute care hospital facilities located in Greensboro and Reidsville, North Carolina; and

WHEREAS, each of ARMC Health Care (“ARMC Health”) and Alamance Regional Medical Center, Inc. (the “Medical Center”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and the intent of the Act, which owns or operates acute care hospital facilities located in the County of Alamance, North Carolina; and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (Alamance Health Services, Inc. Project), Series 1993, in the original aggregate principal amount of \$53,000,000 (the “ARMC Series 1993 Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (Alamance Regional Medical Center, Inc. Project), Series 1998, in the original aggregate principal amount of \$16,575,000 (the “ARMC Series 1998 Bonds”); and

WHEREAS, the Commission has heretofore issued its Retirement Facilities First Mortgage Revenue Bonds (The Village at Brookwood Project), Series 2001A, in the original aggregate principal amount of \$32,560,000 (the “AEC Series 2001A Bonds”); and

WHEREAS, the Commission has heretofore issued its Retirement Facilities First Mortgage Refunding Revenue Bonds (The Village at Brookwood), Series 2007, in the original aggregate principal amount of \$29,280,000, pursuant to that certain Trust Agreement, dated as of May 1, 2007, between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee, of which \$28,320,000 in aggregate principal amount is outstanding as of the date hereof (the “AEC Series 2007 Bonds”); and

WHEREAS, the Parent Corporation, ARMC Health and the Medical Center have heretofore entered into an Integration Agreement, dated as of October 5, 2012 (the “Integration Agreement”), pursuant to which the Medical Center, Alamance Extended Care, Inc. and ARMC Physicians Care, Inc., each of which is an affiliate of the Medical Center, have become part of the Cone Health System (as defined in the Integration Agreement); and

WHEREAS, the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc. and Bank of America, N.A. have heretofore entered into a Revolving Credit Agreement, dated as of May 1, 2013, pursuant to which Bank of America, N.A. has made available a revolving line of credit of up to \$135,000,000 (the “Taxable Loan”) to finance commitments of the Parent Corporation under the Integration Agreement; and

WHEREAS, an advance of funds under the Taxable Loan in the amount of \$33,693,598.97 was used, together with other available funds, to redeem the ARMC Series 1993 Bonds and the ARMC Series 1998 Bonds on June 3, 2013; and

WHEREAS, an advance of funds under the Taxable Loan in the amount of \$9,266,274.06 was used, together with other available funds, to redeem the AEC Series 2001A Bonds on July 24, 2013; and

WHEREAS, the Parent Corporation, on behalf of itself and the Operating Corporation, ARMC Health and the Medical Center (collectively, the “Borrowers”), has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refinance the outstanding Taxable Loan, (ii) refund the AEC Series 2007 Bonds and (iii) pay the cost of the Project (as defined in Exhibit A to the hereinafter-mentioned Loan Agreement”) from the proceeds of revenue bonds to be issued by the Commission pursuant to the Act; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 9, 2013, has approved the issuance of the Bonds (as hereinafter defined), subject to compliance by the Borrowers with the conditions set forth in such resolution, and the Borrowers have 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) the Contract of Purchase, to be dated on or about November 20, 2013 (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and Bank of America, N.A. (the “Purchaser”), and approved by the Commission and the Borrowers;

(b) the Supplemental Master Indenture for Obligation No. 33, dated as of November 1, 2013 (“Supplemental Indenture No. 33”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), supplementing the Second Amended and Restated Master Trust Indenture, dated as of August 1, 2011 (the “Master Trust Indenture”), among the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc. (the “Cone Foundation”) and the Master Trustee, as supplemented by the Joinder Agreement, dated as of May 1, 2013 (the Master Trust Indenture as so supplemented, the “Master Indenture”), by and among the Parent Corporation, the Operating Corporation, the Cone Foundation, ARMC Health, the Medical Center and Alamance Community & Health Foundation, Inc.;

(c) the Supplemental Master Indenture for Obligation No. 34, dated as of November 1, 2013 (“Supplemental Indenture No. 34” and, together with Supplemental Indenture No. 33, the “Supplemental Indentures”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and the Master Trustee;

(d) the Trust Agreement, dated as of November 1, 2013 (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;

(e) the Loan Agreement, dated as of November 1, 2013 (the “Loan Agreement”), by and between the Borrowers and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Borrowers;

(f) Obligation No. 33 of the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center, dated the date of its issuance (“Obligation No. 33”), to be issued by the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center to the Commission;

(g) Obligation No. 34 of the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center, dated the date of its issuance (“Obligation No. 34” and, together with Obligation No. 33, the “Obligations”), to be issued by the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center to the Purchaser;

(h) the Continuing Covenant Agreement, dated as of November 1, 2013 (the “Continuing Covenant Agreement”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and the Purchaser; and

(i) the Escrow Deposit Agreement, dated as of November 1, 2013 (the “Escrow Deposit Agreement”), by and among the Commission, the Borrowers and The Bank of New York Mellon Trust Company, N.A., as escrow agent; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Borrowers, the Borrowers are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the Continuing Covenant Agreement, the Obligations, the Supplemental Indentures and the Escrow Deposit Agreement; 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 Borrowers, 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 Bonds (Cone Health), Series 2013B, in the aggregate principal amount of \$25,000,000 (the “Bonds”), dated as of their original date of issuance and maturing on February 15, 2023.

The Bonds shall be issued as fully registered bonds in the denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Bonds shall bear interest until their payment, such interest to the maturity thereof being payable at the rate of 2.24% per annum, provided that

if S&P and Fitch assign a rating of A+ or lower to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate of 2.34% per annum, beginning on the effective date of such rating. 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 redemption at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement. The Sinking Fund Requirements for the Bonds are set forth in Schedule 1 attached hereto.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 210 of the Trust Agreement.

The Commission hereby finds that the use of the proceeds of the Bonds for a loan to finance the Project, to refinance the outstanding Taxable Loan and to refund the AEC Series 2007 Bonds 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 Escrow Deposit 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 any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Escrow Deposit 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 forms of the Bonds set forth in the Trust 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 any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the 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 forms 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 the Continuing Covenant Agreement, the Supplemental Indentures and the Obligations 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 Continuing Covenant Agreement, the Supplemental Indentures and the Obligations.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at the price of \$25,000,000 (which price represents the 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, the Continuing Covenant Agreement, the Supplemental Indentures, the Obligations, the Loan Agreement and the Escrow Deposit Agreement by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

Section 11. Drexdal 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, Kathy C. Larrison, Auditor to the Commission, and Crystal 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. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Bond Trustee for the Bonds.

Section 13. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and any Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Continuing Covenant Agreement, the Master Indenture, the Supplemental Indentures, the Obligations and the Escrow Deposit Agreement.

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 set forth in Schedule 2 attached hereto and made a part hereof.

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

Schedule 1

Sinking Fund Requirements

<u>Year</u> <u>(February 15)</u>	<u>Amount</u>
2014	\$1,605,000
2015	2,535,000
2016	2,460,000
2017	2,730,000
2018	2,800,000
2019	2,865,000
2020	2,925,000
2021	2,135,000
2022	2,180,000
2023*	2,765,000

* Maturity.

Schedule 2

Professional Fees

<u>Professional</u>	<u>Preliminary</u> <u>Approval</u> ⁽¹⁾	Series 2013A/B/C <u>Bonds</u> ⁽²⁾
Underwriter's Discount/Bank Fee ⁽³⁾	\$1,077,201	\$98,877
Accountants	100,000	42,500
Corporation Counsel ⁽⁴⁾	140,000	84,500
Bond Counsel	125,000	137,000
Financial Advisor	75,000	60,000
Trustee	5,000	10,000
Verification Agent	2,500	1,500

(1) At the time of preliminary approval on August 9, 2013, it was contemplated that one series of fixed rate publicly offered bonds or non-bank qualified bonds would be issued.

(2) Fees are aggregated for all three series of non-bank qualified bonds. The Series 2013A Bonds are being purchased by BMO Harris Investment Corp.; the Series 2013B Bonds are being purchased by Bank of America, N.A.; and the Series 2013C Bonds are being purchased by BMO Harris Investment Corp.

(3) Includes fees for counsel to BMO Harris Investment Corp. (\$45,000) and counsel to Bank of America, N.A. (\$35,000).

(4) Includes fees for co-counsel to Borrowers and Obligated Group.

- 4. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$16,410,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (CONE HEALTH), SERIES 2013C** – Remarks were made by Jim Andrews, Kevin Dougherty and Jeffrey Jones.

Executive Committee Action: A motion was made by Dr. George Binder, seconded by Mr. Al Lockamy and unanimously approved.

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

WHEREAS, each of The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and intent of the Act, which owns or operates acute care hospital facilities located in Greensboro and Reidsville, North Carolina; and

WHEREAS, each of ARMC Health Care (“ARMC Health”) and Alamance Regional Medical Center, Inc. (the “Medical Center”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and the intent of the Act, which owns or operates acute care hospital facilities located in the County of Alamance, North Carolina; and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (Alamance Health Services, Inc. Project), Series 1993, in the original aggregate principal amount of \$53,000,000 (the “ARMC Series 1993 Bonds”); and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (Alamance Regional Medical Center, Inc. Project), Series 1998, in the original aggregate principal amount of \$16,575,000 (the “ARMC Series 1998 Bonds”); and

WHEREAS, the Commission has heretofore issued its Retirement Facilities First Mortgage Revenue Bonds (The Village at Brookwood Project), Series 2001A, in the original aggregate principal amount of \$32,560,000 (the “AEC Series 2001A Bonds”); and

WHEREAS, the Commission has heretofore issued its Retirement Facilities First Mortgage Refunding Revenue Bonds (The Village at Brookwood), Series 2007, in the original aggregate principal amount of \$29,280,000, pursuant to that certain Trust Agreement, dated as of May 1, 2007, between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee, of which \$28,320,000 in aggregate principal amount is outstanding as of the date hereof (the “AEC Series 2007 Bonds”); and

WHEREAS, the Parent Corporation, ARMC Health and the Medical Center have heretofore entered into an Integration Agreement, dated as of October 5, 2012 (the “Integration Agreement”), pursuant to which the Medical Center, Alamance Extended Care, Inc. and ARMC Physicians Care, Inc., each of which is an affiliate of the Medical Center, have become part of the Cone Health System (as defined in the Integration Agreement); and

WHEREAS, the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc. and Bank of America, N.A. have heretofore entered into a Revolving Credit Agreement, dated as of May 1, 2013, pursuant to which Bank of America, N.A. has made available a revolving line of credit of up to \$135,000,000 (the “Taxable Loan”) to finance commitments of the Parent Corporation under the Integration Agreement; and

WHEREAS, an advance of funds under the Taxable Loan in the amount of \$33,693,598.97 was used, together with other available funds, to redeem the ARMC Series 1993 Bonds and the ARMC Series 1998 Bonds on June 3, 2013; and

WHEREAS, an advance of funds under the Taxable Loan in the amount of \$9,266,274.06 was used, together with other available funds, to redeem the AEC Series 2001A Bonds on July 24, 2013; and

WHEREAS, the Parent Corporation, on behalf of itself and the Operating Corporation, ARMC Health and the Medical Center (collectively, the “Borrowers”), has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refinance the outstanding Taxable Loan, (ii) refund the AEC Series 2007 Bonds and (iii) pay the cost of the Project (as defined in Exhibit A to the hereinafter-mentioned Loan Agreement”) from the proceeds of revenue bonds to be issued by the Commission pursuant to the Act; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 9, 2013, has approved the issuance of the Bonds (as hereinafter defined), subject to compliance by the Borrowers with the conditions set forth in such resolution, and the Borrowers have 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) the Contract of Purchase, to be dated on or about November 20, 2013 (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and BMO Harris Investment Corp. (the “Purchaser”), and approved by the Commission and the Borrowers;

(b) the Supplemental Master Indenture for Obligation No. 35, dated as of November 1, 2013 (“Supplemental Indenture No. 35”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), supplementing the Second Amended and Restated Master Trust Indenture, dated as of August 1, 2011 (the “Master Trust Indenture”), among the Parent Corporation, the Operating Corporation, the Moses Cone-Wesley Long Community Health Foundation, Inc. (the “Cone Foundation”) and the Master Trustee, as

supplemented by the Joinder Agreement, dated as of May 1, 2013 (the Master Trust Indenture as so supplemented, the “Master Indenture”), by and among the Parent Corporation, the Operating Corporation, the Cone Foundation, ARMC Health, the Medical Center and Alamance Community & Health Foundation, Inc.;

(c) the Supplemental Master Indenture for Obligation No. 36, dated as of November 1, 2013 (“Supplemental Indenture No. 36” and, together with Supplemental Indenture No. 35, the “Supplemental Indentures”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and the Master Trustee;

(d) the Trust Agreement, dated as of November 1, 2013 (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;

(e) the Loan Agreement, dated as of November 1, 2013 (the “Loan Agreement”), by and between the Borrowers and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Borrowers;

(f) Obligation No. 35 of the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center, dated the date of its issuance (“Obligation No. 35”), to be issued by the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center to the Commission;

(g) Obligation No. 36 of the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center, dated the date of its issuance (“Obligation No. 36” and, together with Obligation No. 35, the “Obligations”), to be issued by the Parent Corporation, the Operating Corporation, ARMC Health and the Medical Center to the Purchaser;

(h) the Continuing Covenant Agreement, dated as of November 1, 2013 (the “Continuing Covenant Agreement”), by and among the Parent Corporation, the Operating Corporation, ARMC Health, the Medical Center and the Purchaser; and

(i) the Escrow Deposit Agreement, dated as of November 1, 2013 (the “Escrow Deposit Agreement”), by and among the Commission, the Borrowers and The Bank of New York Mellon Trust Company, N.A., as escrow agent; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Borrowers, the Borrowers are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the Continuing Covenant Agreement, the Obligations, the Supplemental Indentures and the Escrow Deposit Agreement; 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 Borrowers, 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 Bonds (Cone Health), Series 2013C, in the aggregate principal amount of \$16,410,000 (the "Bonds"), dated as of their original date of issuance and maturing on February 15, 2023.

The Bonds shall be issued as fully registered bonds in the denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof. The Bonds shall bear interest until their payment, such interest to the maturity thereof being payable at the rate equal to the product of (x) 2.26% per annum and (y) the Margin Rate Factor, provided that if (A) Fitch or S&P assigns a rating of A+ to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 2.51% per annum and (y) the Margin Rate Factor, (B) Fitch or S&P assigns a rating of A to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 2.78% per annum and (y) the Margin Rate Factor, (C) Fitch or S&P assigns a rating of A- to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 3.06% per annum and (y) the Margin Rate Factor, (D) Fitch or S&P assigns a rating of BBB+ to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 3.35% per annum and (y) the Margin Rate Factor and (E) Fitch or S&P assigns a rating of BBB to the Obligated Group's unenhanced long-term indebtedness, the Bonds shall bear interest at the rate equal to the product of (x) 3.65% per annum and (y) the Margin Rate Factor, in each case beginning on the effective date of any such rating. 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 redemption at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement. The Sinking Fund Requirements for the Bonds are set forth in Schedule 1 attached hereto.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 210 of the Trust Agreement.

The Commission hereby finds that the use of the proceeds of the Bonds for a loan to finance the Project, to refinance the outstanding Taxable Loan and to refund the AEC Series 2007 Bonds 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 Escrow Deposit 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 any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Escrow Deposit 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 forms of the Bonds set forth in the Trust 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 any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the 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 forms 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 the Continuing Covenant Agreement, the Supplemental Indentures and the Obligations 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 Continuing Covenant Agreement, the Supplemental Indentures and the Obligations.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at the price of \$16,410,000 (which price represents the 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, the Continuing Covenant Agreement, the Supplemental Indentures, the Obligations, the Loan Agreement and the Escrow Deposit

Agreement by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

Section 11. Drexdal 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, Kathy C. Larrison, Auditor to the Commission, and Crystal 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. 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. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Bond Trustee for the Bonds.

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

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

Schedule 1
Sinking Fund Requirements

<u>Year</u> <u>(February 15)</u>	<u>Amount</u>
2014	\$1,055,000
2015	1,665,000
2016	1,615,000
2017	1,795,000
2018	1,835,000
2019	1,880,000
2020	1,920,000
2021	1,400,000
2022	1,435,000
2023*	1,810,000

* Maturity.

Schedule 2
Professional Fees

<u>Professional</u>	<u>Preliminary Approval</u> ⁽¹⁾	Series 2013A/B/C <u>Bonds</u> ⁽²⁾
Underwriter's Discount/Bank Fee ⁽³⁾	\$1,077,201	\$98,877
Accountants	100,000	42,500
Corporation Counsel ⁽⁴⁾	140,000	84,500
Bond Counsel	125,000	137,000
Financial Advisor	75,000	60,000
Trustee	5,000	10,000
Verification Agent	2,500	1,500

- (1) At the time of preliminary approval on August 9, 2013, it was contemplated that one series of fixed rate publicly offered bonds or non-bank qualified bonds would be issued.
- (2) Fees are aggregated for all three series of non-bank qualified bonds. The Series 2013A Bonds are being purchased by BMO Harris Investment Corp.; the Series 2013B Bonds are being purchased by Bank of America, N.A.; and the Series 2013C Bonds are being purchased by BMO Harris Investment Corp.
- (3) Includes fees for counsel to BMO Harris Investment Corp. (\$45,000) and counsel to Bank of America, N.A. (\$35,000).
- (4) Includes fees for co-counsel to Borrowers and Obligated Group.