

STATE OF NORTH CAROLINA  
NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

North Carolina Medical Care Commission  
809 Ruggles Drive  
Raleigh, North Carolina

MINUTES

CALLED MEETING OF THE EXECUTIVE COMMITTEE OF THE COMMISSION  
CONFERENCE TELEPHONE MEETING ORIGINATING  
FROM THE OFFICES OF THE COMMISSION  
JULY 20, 2015  
2:00 P.M.

**Members of the Commission Present:**

John A. Fagg, MD, Chairman  
Joseph D. Crocker, Vice-Chairman  
Charles T. Frock  
Charles H. Hauser  
Albert F. Lockamy, RPh

**Members of the Commission Absent:**

Mary L. Piepenbring

**Members of Staff Present:**

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

**Others Present:**

Rebecca Craig, Wayne Memorial Hospital  
Kevin Dougherty, McGuire Woods, LLP

1. **PURPOSE OF THE MEETING**

To consider a resolution authorizing the sale of bonds for Wayne Memorial Hospital.

2. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$17,445,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE REFUNDING BONDS (WAYNE MEMORIAL HOSPITAL), SERIES 2015 -**  
Statements were given by: Rebecca Craig and Kevin Dougherty.

**Executive Committee Action:** Motion was made by Mr. Hauser, seconded by Mr. Lockamy and unanimously approved with Dr. Fagg 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;

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

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

**WHEREAS**, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (Wayne Memorial Hospital), Series 2012 (the “Series 2012 Bonds”), the proceeds of which have heretofore been loaned to the Hospital and the Corporation pursuant to a Loan Agreement, dated as of July 1, 2012, by and among the Commission, the Hospital and the Corporation;

**WHEREAS**, the Corporation and the Hospital have made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to refund the Series 2012 Bonds;

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Executive Committee of the Commission on June 17, 2015, has approved the issuance of the Bonds (as hereinafter defined), subject to compliance by the Corporation and the Hospital with the conditions set forth in such resolution, and the Corporation and the Hospital have complied with such conditions to the satisfaction of the Commission;

**WHEREAS**, there have been presented at this meeting, draft copies of the following documents relating to the issuance of the Bonds:

(a) the Contract of Purchase, to be dated the date of sale of the Bonds (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and BB&T Community Holdings Co. (the “Purchaser”), and approved by the Commission, the Corporation and the Hospital;

(b) the Supplemental Indenture for Obligation No. 8, to be dated as of July 1, 2015 or such other date as shall be agreed upon by the parties thereto (“Supplemental Indenture No. 8”), by and among the Corporation, the Hospital and Branch Banking and Trust Company, as master trustee (the “Master Trustee”), supplementing the Master Trust Indenture, dated as of September 15, 1998 (the “Master Indenture”), by and among the Corporation, the Hospital and the Master Trustee;

(c) the Trust Agreement, to be dated as of July 1, 2015 or such other date as shall be agreed upon by the parties thereto (the “Trust Agreement”), by and between the Commission and Branch Banking and Trust Company, as bond trustee (the “Bond Trustee”), the provisions of which relate to the issuance of and security for the Bonds;

(d) the Loan Agreement, to be dated as of July 1, 2015 or such other date as shall be agreed upon by the parties thereto (the “Loan Agreement”), by and among the Corporation, the Hospital and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation and the Hospital;

(e) Obligation No. 8 of the Corporation and the Hospital, to be dated the date of its delivery (“Obligation No. 8”), to be issued by the Corporation and the Hospital to the Commission;

(f) the Continuing Covenants Agreement, to be dated as of July 1, 2015 or such other date as shall be agreed upon by the parties thereto (the “Continuing Covenants Agreement”), by and among the Corporation, the Hospital and the Purchaser;

(g) the Supplemental Indenture for Obligation No. 9, to be dated as of July 1, 2015 or such other date as shall be agreed upon by the parties thereto (“Supplemental Indenture No. 9”), by and among the Corporation, the Hospital and the Master Trustee, supplementing the Master Indenture; and

(h) Obligation No. 9 of the Corporation and the Hospital, to be dated the date of its delivery (“Obligation No. 9”), to be issued by the Corporation and the Hospital to the Purchaser;

**WHEREAS**, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation and the Hospital, the Corporation and the Hospital are financially responsible and capable of fulfilling their obligations under the Loan Agreement, Obligation No. 8, Supplemental Indenture No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9; and

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

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

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

**Section 2.** Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Hospital Revenue Refunding Bonds (Wayne Memorial Hospital), Series 2015 in the aggregate principal amount of \$17,445,000 (the "Bonds") dated as of their original date of issuance and having a final stated maturity date of October 1, 2021.

The Bonds shall be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The Bonds shall bear interest until their payment, such interest to the maturity thereof being payable at the rate of 1.98% per annum. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement.

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

**Section 4.** The proceeds of the Bonds shall be applied as provided in Section 208 of the Trust Agreement.

The Commission hereby finds that the use of the proceeds of the Bonds for the purpose described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act.

**Section 5.** The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 6.** The form, terms and provisions of the Contract of Purchase are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Contract of Purchase in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 7.** The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the 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. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9 are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of Supplemental Indenture No. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9.

**Section 9.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a purchase price of \$17,445,000 (representing the aggregate principal amount of the Bonds).

**Section 10.** Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the due and valid execution of the Contract of Purchase, the Trust Agreement, Supplemental Indenture No. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9, Obligation No. 9 and the Loan Agreement by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

**Section 11.** Drexal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Kathy C. Larrison, Auditor to the Commission, and Crystal M. Watson-Abbott, Auditor to the Commission, are each hereby appointed a

Commission Representative as that term is defined in the Trust Agreement and the Loan Agreement, with full power to carry out the duties set forth therein.

**Section 12.** The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary of the Commission and the 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 Contract of Purchase, the Master Indenture, Supplemental Indenture No. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9.

**Section 13.** A comparison of the professional fees as set forth in the resolution adopted by the Executive Committee of the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is attached to this Series Resolution as Schedule 2.

**Section 14.** This Series Resolution shall take effect immediately upon its passage.

**Schedule 1**

**Sinking Fund Requirements**

<u>Year</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>
2015	\$2,145,000
2016	2,255,000
2017	2,365,000
2018	2,480,000
2019	2,605,000
2020	2,735,000
2021*	2,870,000

\* Maturity

**Schedule 2**

**Professional Fees**

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Corporation Counsel	\$50,000	\$44,182
Bond Counsel	\$50,000	\$50,000
Purchaser Counsel	\$30,000	\$30,000
Purchaser Commitment Fee	\$17,455	\$17,455

3. **Adjournment**

There being no further business, the meeting was adjourned at 2:12 p.m.

Respectfully submitted,

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Christopher B. Taylor, CPA  
Assistant Secretary

**Date: July 27, 2015**