

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

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

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING  
FROM THE COMMISSION'S OFFICE**

**MAY 12, 2016**

**11:00 A.M.**

**Members of the Executive Committee Present:**

John A. Fagg, MD, Chairman  
Joseph D. Crocker, Vice-Chairman  
Charles T. Frock  
Paul A. McGill, DDS  
Carl K. Rust, II, MD  
Robert E. Schaaf, MD

**Members of the Executive Committee Absent:**

Charles H. Hauser

**Members of Staff Present:**

S. Mark Payne, Assistant Secretary for Audit & Health Service Regulation/MCC Secretary  
Christopher B. Taylor, CPA, Assistant Secretary, MCC  
Crystal Watson-Abbott, Auditor, MCC  
Alice S. Creech, Executive Assistant, MCC

**Others Present:**

Alice Adams, Robinson Bradshaw & Hinson, PA  
Christy Gudaitis, Duke University Health System  
Christopher McCann, JP Morgan Chase  
Allen Robertson, Robinson Bradshaw & Hinson, PA  
Robert Willis, Duke University Health System

WHEREAS, there have been presented to officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(a) a Contract of Purchase relating to the Commission's Health Care Facilities Revenue Refunding Bonds (Duke University Health System) Series 2016A (the "2016A Bonds") to be dated May 12, 2016 (the "2016A Purchase Contract") between the Local Government Commission of North Carolina (the "Local Government Commission") and J.P. Morgan Securities LLC on its own behalf and on behalf of Jefferies LLC, Merrill Lynch, Pierce, Fenner & Smith, Inc. and PNC Capital Markets LLC (collectively, the "Underwriters"), approved by the Corporation and the Commission, pursuant to which the Underwriters will offer to purchase the 2016A Bonds on the terms and conditions set forth therein;

(b) a Trust Agreement dated as of May 1, 2016 (the "2016A Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "2016A Bond Trustee"), securing the 2016A Bonds;

(c) a Loan Agreement dated as of May 1, 2016 (the "2016A Loan Agreement"), between the Commission and the Corporation, related to the 2016A Bonds;

(d) a Supplemental Indenture for Obligation No. 40 dated as of May 1, 2016 ("Supplement No. 40"), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Master Trustee (the "Master Trustee"), successor to The Bank of New York (the "Original Master Trustee") under the Master Trust Indenture, dated as of April 13, 1999, by and among the Corporation, Durham Therapies, Incorporated and the Original Master Trustee, which includes the form of Obligation No. 40, to be dated as of the date of delivery of the 2016A Bonds, to be issued by the Corporation to the Commission ("Obligation No. 40");

(e) an Escrow Deposit Agreement dated as of May 1, 2016 (the "Escrow Agreement") among the Commission, the Corporation and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent");

(f) a Preliminary Official Statement of the Commission dated May 3, 2016 relating to the 2016A Bonds (the "Preliminary Official Statement");

(g) a Contract of Purchase relating to the Commission's Health Care Facilities Revenue Refunding Bonds (Duke University Health System) Series 2016B (the "2016B Bonds"), dated the date of delivery of the 2016B Bonds (the "2016B Purchase Contract"), between DNT Asset Trust, a subsidiary of JPMorgan Chase Bank, N.A. (the "2016B Purchaser"), and the Local Government Commission and approved by the Commission and the Corporation, pursuant to which the 2016B Purchaser will purchase the 2016B Bonds on the terms and conditions set forth therein;

(q) a Supplemental Indenture for Obligation No. 42 dated as of May 1, 2016 (“Supplement No. 42” and, collectively with Supplement No. 40 and Supplement No. 41, the “Bond Supplements”), between the Corporation and the Master Trustee, under the Master Indenture, which includes the form of Obligation No. 42, to be dated as of the date of delivery of the 2016C Bonds (“Obligation No. 42” and, collectively with Obligation No. 40 and Obligation No. 41, the “Bond Obligations”), to be issued by the Corporation to the Commission;

(r) a Tender Agent Agreement dated as of May 1, 2016 (the “2016C Tender Agreement” and, collectively with the 2016B Tender Agreement, the “Tender Agreements”), among the 2016C Bond Trustee, the Corporation and The Bank of New York Mellon Trust Company, N.A., as tender agent (the “2016C Tender Agent” and, collectively with the 2016B Tender Agent, the “Tender Agents”), related to the Series 2016C Bonds;

(s) a Guaranty and Credit Agreement dated as of May 1, 2016 (the “2016C Bank Agreement” and, collectively with the 2016B Bank Agreement, the “Bank Agreements”), between the Corporation and the 2016C Purchaser, related to the Series 2016C Bonds; and

(t) a Supplemental Indenture for Obligation No. 44 dated as of May 1, 2016 (“Supplement No. 44” and, collectively with Supplement No. 43, the “Purchaser Supplements,” and together with the Bond Supplements, the “Supplements”), between the Corporation and the Master Trustee, under the Master Indenture, which includes the form of Obligation No. 44, to be dated as of the date of delivery of the 2016C Bonds (“Obligation No. 44” and, collectively with Obligation No. 43, the “Purchaser Obligations,” and together with the Bond Obligations, the “Obligations”), to be issued by the Corporation to the 2016C Purchaser; and

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

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

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the 2016A Bonds in the aggregate principal amount of \$167,075,000. The Bonds shall mature in such amounts and at such times and bear interest at such rates as are set forth in Schedule 1 attached hereto.

Section 6. The forms, terms and provisions of the Trust Agreements, the Loan Agreements and the Escrow Agreement, are hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreements, the Loan Agreements and the Escrow Agreement in substantially the forms presented, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The form, terms and provisions of the Purchase Contracts are hereby approved in all respects, and the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Purchase Contracts in substantially the forms presented, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The form of the Bonds of each Series set forth in the applicable Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds of such Series, and to deliver to the applicable Bond Trustee for authentication on behalf of the Commission, the Bonds of such Series in definitive form, which shall be in substantially the form presented, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the applicable Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 9. The forms of the Supplements, the Obligations, the Tender Agreements and the Bank Agreements are hereby approved in substantially the forms presented, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission, with the advice of counsel, may deem necessary and appropriate, and the execution and delivery of the Trust Agreements by the Commission shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 10. The Commission hereby approves the action of the Local Government Commission in awarding the 2016A Bonds to the Underwriters at the purchase price of \$203,046,522.15 (representing the principal amount of the 2016A Bonds plus original issue premium of \$36,915,153.60 and less underwriters' discount of \$943,631.45). The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the 2016B Bonds to the 2016B Purchaser in accordance with the 2016B Contract of Purchase at the purchase price of 100% of the principal amount thereof. The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the 2016C Bonds to the 2016C Purchaser in accordance with the 2016C Contract of Purchase at the purchase price of 100% of the principal amount thereof.

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

Schedule 1

Maturity Schedule for the 2016A Bonds

\$167,075,000 Serial Bonds

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$11,355,000	5%
2018	1,315,000	3
2018	10,885,000	5
2019	200,000	3
2019	9,175,000	5
2020	10,000,000	5
2021	10,380,000	5
2022	10,915,000	5
2023	11,400,000	5
2024	4,525,000	4
2024	12,000,000	5
2025	1,015,000	4
2025	16,315,000	5
2026	18,235,000	5
2027	19,180,000	5
2028	20,180,000	5

Required Redemption of the 2016B Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2029	\$3,315,000	2036	\$4,980,000
2030	3,520,000	2037	5,270,000
2031	3,725,000	2038	5,580,000
2032	3,960,000	2039	5,910,000
2033	4,190,000	2040	12,820,000
2034	4,440,000	2041	13,460,000
2035	4,700,000	2042*	14,130,000

\* Maturity