

**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  
SEPTEMBER 21, 2016  
11:00 A.M.**

**Members of the Executive Committee Present:**

John A. Fagg, M.D., Chairman  
Joseph D. Crocker, Vice-Chairman  
Charles T. Frock  
Charles H. Hauser  
Eileen C. Kugler  
Dr. Carl K. Rust, II  
Dr. Robert E. Schaaf

**Members of the Executive Committee Absent:**

None

**Members of Staff Present:**

S. Mark Payne, DHSR Director/MCC Secretary  
Christopher B. Taylor, CPA, Assistant Secretary  
Kathy C. Larrison, Auditor  
Alice S. Creech, Executive Assistant

**Others Present:**

Kevin Dougherty, McGuire Woods, LLP  
Sherry Jensen, Halifax Regional Medical Center  
Mike Parham, BB& T Capital Markets

1. **Purpose of Meeting**

To consider a resolution authorizing the sale of bonds for Halifax Regional Medical Center.

2. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$8,845,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE REFUNDING BONDS (HALIFAX REGIONAL MEDICAL CENTER), SERIES 2016**

**Statements were given by:** Kevin Dougherty, Dr. Fagg, Joe Crocker, Sherry Jensen, Mike Parham, and Kathy Larrison.

**Executive Committee Action:** Motion was made by Dr. Schaaf, seconded by Mr. Frock unanimously approving the series resolution with the recusals of Dr. Fagg and Dr. Rust.

**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**, Halifax Regional Medical Center, Inc. (the "Corporation") is a North Carolina nonprofit corporation and a "non-profit agency" within the meaning and intent of the Act, which owns and operates a health care facility in Roanoke Rapids, North Carolina; and

**WHEREAS**, the Commission has heretofore issued its Hospital Revenue Bonds (Halifax Regional Medical Center), Series 1998, in the original principal amount of \$33,670,000, of which \$10,405,000 in aggregate principal amount is currently outstanding (the "Series 1998 Bonds"), pursuant to that certain Trust Agreement, dated as of September 1, 1998, between the Commission and U.S. Bank National Association, as bond trustee; and

**WHEREAS**, the Corporation has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refund the Series 1998 Bonds and (ii) 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 financing and, by a resolution adopted by the Executive Committee of the Commission on August 5, 2016, 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 draft copies of the following documents relating to the issuance of the Bonds:

(a) the Contract of Purchase, to be dated September 27, 2016 or such other date as shall be agreed upon by the parties thereto (the "Contract of Purchase"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Branch Banking and Trust Company (the "Bank"), and approved by the Commission and the Corporation;

(b) the Loan Agreement, to be dated as of September 1, 2016 or such other date as shall be agreed upon by the parties thereto (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;

(c) the Trust Agreement, to be dated as of September 1, 2016 or such other date as shall be agreed upon by the parties thereto (the "Trust Agreement"), by and between the Commission and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), securing the Bonds;

(d) Supplemental Indenture for Obligation No. 4, to be dated as of September 1, 2016 or such other date as shall be agreed upon by the parties thereto ("Supplement No. 4"), by and between the Corporation and U.S. Bank National Association (successor in interest to Wachovia Bank, N.A. (successor to First Union National Bank)), as master trustee (the "Master Trustee"), supplementing the Master Trust Indenture, dated as of September 1, 1998 (the "Master Indenture"), by and between the Corporation and the Master Trustee;

(e) Obligation No. 4, to be dated the date of its issuance ("Obligation No. 4"), to be issued by the Corporation to the Commission and assigned by the Commission to the Bond Trustee;

(f) Supplemental Indenture for Obligation No. 5, to be dated as of September 1, 2016 or such other date as shall be agreed upon by the parties thereto ("Supplement No. 5"), by and between the Corporation and the Master Trustee;

(g) Obligation No. 5, to be dated the date of its issuance ("Obligation No. 5"), to be issued by the Corporation to the Bank;

(h) Supplemental Indenture for Obligation No. 6, to be dated as of September 1, 2016 or such other date as shall be agreed upon by the parties thereto ("Supplement No. 6"), by and between the Corporation and the Master Trustee;

(i) Obligation No. 6, to be dated the date of its issuance ("Obligation No. 6"), to be issued by the Corporation to the Bank;

(j) the Amended and Restated Covenant and Loan Agreement, to be dated as of September 1, 2016 or such other date as shall be agreed upon by the parties thereto (the "Covenant Agreement"), by and between the Corporation and the Bank; and

(k) the Negative Pledge Agreement, to be dated as of September 1, 2016 or such other date as shall be agreed upon by the parties thereto (the "Negative Pledge Agreement"), from the Corporation to the Master Trustee and the Bank; 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 Trust Agreement, the Loan Agreement, the Covenant Agreement, the Negative Pledge Agreement, the Master Indenture, Supplement No. 4, Obligation No. 4, Supplement No. 5, Obligation No. 5, Supplement No. 6 and Obligation No. 6; 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, 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. Defined Terms.** 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 Loan Agreement or the Trust Agreement.

**Section 2. Authorization of Bonds.** Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of its Hospital Revenue Refunding Bonds (Halifax Regional Medical Center), Series 2016 in the aggregate principal amount of \$8,845,000 (the "Bonds"), dated the date of Closing, and having a final stated maturity date of August 1, 2024.

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 2.31% per annum. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement.

**Section 3. Redemption.** The Bonds shall be subject to extraordinary, optional and mandatory redemption at the times, upon the terms and conditions, and at the price 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. Use of Bond Proceeds.** 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. The proceeds of the Bonds shall be applied as set forth in Section 208 of the Trust Agreement.

**Section 5. Authorization of Loan Agreement and Trust Agreement.** The forms, terms and provisions of the Loan Agreement and 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 the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement and the Trust 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. Authorization of Contract of Purchase.** 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. Forms of Bonds.** The form 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 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. Approval of Other Financing Documents.** The forms, terms and provisions of the Master Indenture, Supplement No. 4, Obligation No. 4, Supplement No. 5, Obligation No. 5, Supplement No. 6, Obligation No. 6, the Covenant Agreement and the Negative Pledge 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. Purchase of Bonds.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Bank at a purchase price equal to \$8,845,000 (representing the principal amount of the Bonds).

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 Trust Agreement, the Loan Agreement, Supplement No. 4, Obligation No. 4, Supplement No. 5, Obligation No. 5, Supplement No. 6, Obligation No. 6, the Contract of Purchase, the Covenant Agreement and the Negative Pledge Agreement by the parties thereto, the Bond Trustee shall deliver the Bonds to the Bank against payment therefor.

**Section 10. Commission Representatives.** S. Mark Payne, Secretary to the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary to 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 Loan Agreement, with full power to carry out the duties set forth therein.

**Section 11. Designation of Bond Trustee.** U.S. Bank National Association is hereby appointed as Bond Trustee for the Bonds.

**Section 12. Ancillary Actions.** 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 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, including the refunding of the Series 1998 Bonds, contemplated by the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 4, Obligation No. 4, Supplement No. 5, Obligation No. 5, Supplement No. 6, Obligation No. 6, the Contract of Purchase, the Covenant Agreement and the Negative Pledge Agreement.

**Section 13. Professional Fees.** 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. Effective Date.** This Series Resolution shall take effect immediately upon its passage.

**Schedule 1**

**Sinking Fund Requirements**

<u>Year</u>	<u>Principal Amount</u>
2017	\$ 1,045,000
2018	1,035,000
2019	1,060,000
2020	1,090,000
2021	1,115,000
2022	1,140,000
2023	1,165,000
2024*	1,195,000

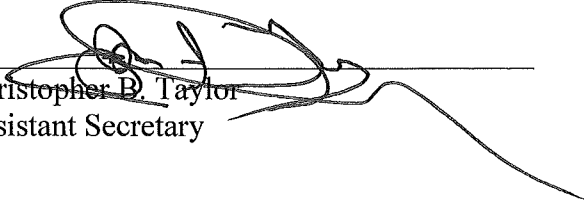
\* Maturity

**Schedule 2**  
**Professional Fees**

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Hospital Counsel	\$25,000	\$ 29,064
Bond Counsel	48,000	48,000
Bank Commitment Fee	11,500	10,400
Bank Counsel	40,000	35,000
Trustee	6,000	3,850

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

Respectfully submitted,

  
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Christopher D. Taylor  
Assistant Secretary