

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
January 7, 2014
11:00 A.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Joseph D. Crocker, Vice-Chairman
Dr. George A. Binder
Albert F. Lockamy, RPh
Mary L. Piepenbring
Dr. Carl K. Rust

Members of the Executive Committee Absent:

George H.V. Cecil

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary

Others Present:

Kevin Dougherty, McGuire Woods, LLP

1. **Purpose of Meeting**

To consider a Supplemental Resolution for Cone Health Series 2011C and Series 2011D.

2. **RESOLUTION SUPPLEMENTING THE RESOLUTION AUTHORIZING CERTAIN AMENDMENTS TO THE TRUST AGREEMENTS IN CONNECTION WITH THE EXTENSION OF THE INITIAL PERIODS FOR THE OUTSTANDING NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (CONE HEALTH), SERIES 2011C AND SERIES 2011D – Remarks were made by Kevin Dougherty.**

Executive Committee Action: A motion was made by Mr. Joe Crocker, seconded by Mr. Al Lockamy and unanimously approved with Ms. Lucy Bode and Dr. Carl Rust abstaining from the vote.

WHEREAS, the North Carolina Medical Care Commission (the “Commission”) is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended, 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 The Moses H. Cone Memorial Hospital (the “Parent Corporation”) and The Moses H. Cone Memorial Hospital Operating Corporation (the “Operating Corporation”) 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 Commission, the Parent Corporation and the Operating Corporation have heretofore entered into a Loan Agreement, dated as of September 1, 2011, relating to the lending by the Commission to the Parent Corporation and the Operating Corporation of the proceeds of the Commission’s \$50,000,000 Hospital Revenue Bonds (Cone Health), Series 2011C (the “Series 2011C Bonds”);

WHEREAS, the Series 2011C Bonds are secured by a Trust Agreement, dated as of September 1, 2011 (the “2011C Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the “2011C Bond Trustee”);

WHEREAS, the Series 2011C Bonds are currently held by Specialized Lending, LLC, an affiliate of Bank of America, N.A., and bear interest in an Index Rate Period (as defined in the 2011C Trust Agreement) with an Initial Period (as defined in the 2011C Trust Agreement) ending on September 21, 2015;

WHEREAS, Specialized Lending, LLC, the Parent Corporation and the Operating Corporation wish to extend the Initial Period to October 1, 2020 and to adjust the interest rate on the Series 2011C Bonds, and the Parent Corporation and the Operating Corporation have heretofore requested that the Commission and the 2011C Bond Trustee amend the 2011C Trust Agreement in certain respects to facilitate such extension and adjustment;

WHEREAS, pursuant to a Resolution adopted by the Executive Committee of the Commission on December 19, 2013 (the “Original Resolution”), the Commission approved such request and authorized amendments to the 2011C Trust Agreement and the Series 2011C Bonds for the purpose of extending the Initial Period to October 1, 2020 and adjusting the interest rate on the Series 2011C Bonds;

WHEREAS, Specialized Lending, LLC, the Parent Corporation and the Operating Corporation also wish to adjust the amortization of the Series 2011C Bonds by providing for the optional redemption of a portion of the Series 2011C Bonds during the years 2017 to 2020, inclusive;

WHEREAS, the Commission, the Parent Corporation and the Operating Corporation have heretofore entered into a Loan Agreement, dated as of September 1, 2011, relating to the lending by the Commission to the Parent Corporation and the Operating Corporation of the proceeds of the Commission’s \$50,000,000 Hospital Revenue Bonds (Cone Health), Series 2011D (the “Series 2011D Bonds”);

WHEREAS, the Series 2011D Bonds are secured by a Trust Agreement, dated as of September 1, 2011 (the “2011D Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the “2011D Bond Trustee”);

WHEREAS, the Series 2011D Bonds are currently held by Specialized Lending, LLC and bear interest in an Index Rate Period (as defined in the 2011D Trust Agreement) with an Initial Period (as defined in the 2011D Trust Agreement) ending on September 21, 2016;

WHEREAS, Specialized Lending, LLC, the Parent Corporation and the Operating Corporation wish to extend the Initial Period to October 1, 2020 and to adjust the interest rate on the Series 2011D Bonds, and the Parent Corporation and the Operating Corporation have heretofore requested that the Commission and the 2011D Bond Trustee amend the 2011D Trust Agreement in certain respects to facilitate such extension and adjustment;

WHEREAS, pursuant to the Original Resolution, the Commission approved such request and authorized amendments to the 2011D Trust Agreement and the Series 2011D Bonds for the purpose of extending the Initial Period to October 1, 2020 and adjusting the interest rate on the Series 2011D Bonds;

WHEREAS, Specialized Lending, LLC, the Parent Corporation and the Operating Corporation also wish to adjust the amortization of the Series 2011D Bonds by providing for the optional redemption of a portion of the Series 2011D Bonds during the years 2017 to 2020, inclusive;

WHEREAS, there have been presented at this meeting draft copies of the following documents:

(a) the First Supplemental Trust Agreement, dated as of January 1, 2014 (the “2011C Supplemental Trust Agreement”), by and between the Commission and the 2011C Bond Trustee, amending in certain respects the 2011C Trust Agreement, including Schedule 1 to Exhibit C thereto;

(b) the First Supplemental Trust Agreement, dated as of January 1, 2014 (the “2011D Supplemental Trust Agreement”), by and between the Commission and the 2011D Bond Trustee, amending in certain respects the 2011D Trust Agreement, including Schedule 1 to Exhibit C thereto;

(c) the form of the Series 2011C Bonds, including Schedule 1 thereto, to be executed and delivered to Specialized Lending, LLC in exchange for the Series 2011C Bonds issued on September 21, 2011, including Schedule 1 to Exhibit C thereto; and

(d) the form of the Series 2011D Bonds, including Schedule 1 thereto, to be executed and delivered to Specialized Lending, LLC in exchange for the Series 2011D Bonds issued on September 21, 2011; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed adjustment of the amortization of the Series 2011C Bonds and the Series 2011D Bonds and the proposed amendments set forth in the 2011C Supplemental Trust Agreement and the 2011D Supplemental Trust Agreement;

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

Section 1. The forms, terms and provisions of the 2011C Supplemental Trust Agreement and the 2011D Supplemental 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 2011C Supplemental Trust Agreement and the 2011D Supplemental 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; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 2. The form of the Series 2011C Bonds is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or 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 Series 2011C Bonds, and to deliver to the 2011C Bond Trustee for authentication on behalf of the Commission, the Series 2011C 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 2011C Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 3. Upon their execution, the Series 2011C Bonds shall be deposited with the 2011C Bond Trustee for authentication, and the 2011C Bond Trustee is hereby authorized and directed to authenticate the Series 2011C Bonds and, upon the due and valid execution of the 2011C Supplemental Trust Agreement, the 2011C Bond Trustee shall deliver the Series 2011C Bonds to Specialized Lending, LLC in exchange for the Series 2011C Bonds issued on September 21, 2011.

Section 4. The form of the Series 2011D Bonds is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or 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 Series 2011D Bonds, and to deliver to the 2011D Bond Trustee for authentication on behalf of the Commission, the Series 2011D 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 2011D Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 5. Upon their execution, the Series 2011D Bonds shall be deposited with the 2011D Bond Trustee for authentication, and the 2011D Bond Trustee is hereby authorized and directed to authenticate the Series 2011D Bonds and, upon the due and valid execution of the 2011D Supplemental Trust Agreement, the 2011D Bond Trustee shall deliver the Series 2011D Bonds to Specialized Lending, LLC in exchange for the Series 2011D Bonds issued on September 21, 2011.

Section 6. 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, notices, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the amendments contemplated by the 2011C Supplemental Trust Agreement and the 2011D Supplemental Trust Agreement.

Section 7. The Original Resolution, as supplemented by this Resolution, is hereby ratified and confirmed.

Section 8. This Resolution shall take effect immediately upon its passage.

3. Adjournment

There being no further business, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Christopher B. Taylor, C.P.A.
Assistant Secretary