

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 9, 2016
11:00 A.M.**

Members of the Executive Committee Present:

Dr. John A. Fagg, Chairman
Charles T. Frock
Dr. Carl K. Rust, II
Dr. Robert E. Schaaf

Members of the Executive Committee Absent:

Joseph D. Crocker, Vice-Chairman
Charles H. Hauser
Eileen C. Kugler

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary
Kathy C. Larrison, Auditor
Alice S. Creech, Executive Assistant

Others Present:

Kevin Dougherty, McGuire Woods, LLP
Lee Syria, United Church Homes & Services
Gary Shull, United Church Homes and Services
Tommy Brewer, Ziegler
Jeff Poley, Parker Poe Adams & Bernstein, LLP
Tim Webster, Presbyterian Homes
Tad Melton, Ziegler
Allen Robertson, Robinson Bradshaw & Hinson, P.A.
Kevin Griffin, Novant Health
Adam Garcia, Ziegler

1. **Purpose of Meeting**

To consider (1) Resolution authorizing certain amendments to the Trust Agreement in connection with adjustments to the amortization requirements of the outstanding North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (United Church Homes and Services) Series 2015B, (2) Resolution authorizing the sale of bonds, the proceeds of which are to be loaned to The Presbyterian Homes, Inc. and Glenaire, Inc., and (3) Resolution authorizing certain modifications of the existing Index Interest Rate Period for the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Novant Health Obligated Group) Series 2008A.

2. **RESOLUTION AUTHORIZING CERTAIN AMENDMENTS TO THE TRUST AGREEMENT IN CONNECTION WITH ADJUSTMENTS TO THE AMORTIZATION REQUIREMENTS OF THE OUTSTANDING NORTH CAROLINA MEDICAL CARE COMMISSION RETIREMENT FACILITIES FIRST MORTGAGE REVENUE BONDS (UNITED CHURCH HOMES AND SERVICES) SERIES 2015B.**

Remarks were made by Kevin Dougherty and Tommy Brewer.

Executive Committee Action: Motion was made to by Mr. Frock, seconded by Dr. Schaaf, and unanimously approved with the recusal of 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, 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, United Church Homes and Services (the “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 and the Corporation have heretofore entered into a Loan Agreement, dated as of December 1, 2015, relating to the lending by the Commission to the Corporation of the proceeds of the Commission’s \$31,570,000 Retirement Facilities First Mortgage Revenue Bonds (United Church Homes and Services), Series 2015B (the “Series 2015B Bonds”);

WHEREAS, the Series 2015B Bonds are secured by a Trust Agreement, dated as of December 1, 2015 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the “Bond Trustee”);

WHEREAS, the Series 2015B Bonds are currently held by STI Institutional & Government, Inc. and bear interest at a Bank-Bought Rate (as defined in the Trust Agreement);

WHEREAS, the Corporation wishes to adjust the amortization of the Series 2015B Bonds, without extending the final stated maturity date of the Series 2015B Bonds, by adjusting the mandatory sinking fund redemption requirements on the Series 2015B Bonds during the years 2017 to 2022, inclusive, for the purpose of achieving more level debt service on the Series 2015B Bonds;

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

(a) the First Supplemental Trust Agreement, dated as of September 1, 2016 (the "Supplemental Trust Agreement"), by and between the Commission and the Bond Trustee, amending in certain respects the Trust Agreement, including the table set forth in the definition of "Sinking Fund Requirement" in Section 1.01 thereof and Schedule 1 to Exhibit D thereto; and

(b) the form of the Series 2015B Bonds, including Schedule 1 thereto, to be executed and delivered to STI Institutional & Government, Inc. in exchange for the Series 2015B Bonds issued on December 10, 2015, including Schedule 1 thereto; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed adjustment of the amortization of the Series 2015B Bonds and the proposed amendments set forth in the Supplemental Trust Agreement;

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

Section 1. The form, terms and provisions of the 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 Supplemental Trust Agreement 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 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 2015B 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 2015B Bonds, and to deliver to the 2015B Bond Trustee for authentication on behalf of the Commission, the Series 2015B 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 3. Upon their execution, the Series 2015B Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Series 2015B Bonds and, upon the due and valid execution and delivery of the Supplemental

Trust Agreement, the Bond Trustee shall deliver the Series 2015B Bonds to STI Institutional & Government, Inc. in exchange for the Series 2015B Bonds issued on December 10, 2015.

Section 4. 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 Supplemental Trust Agreement.

Section 5. This Resolution shall take effect immediately upon its passage.

3. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$48,690,837 North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (The Presbyterian Homes Obligated Group), Series 2016B.**

Remarks were made by Jeff Poley and Tad Melton.

Executive Committee Action: Motion was made by Dr. Schaaf, seconded by Mr. Frock and unanimously approved 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 (including retirement facilities) and to refund bond previously issued by the Commission; and

WHEREAS, The Presbyterian Homes, Inc. (the “Parent”), is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a continuing care facilities for the elderly in High Point, North Carolina and Laurinburg, North Carolina; and

WHEREAS, Glenaire, Inc. (“Glenaire” and, together with the Parent, the “Corporations”), is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in Cary, North Carolina; and

WHEREAS, the Corporations have made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) refund the Refunded Bonds (as defined in the hereinafter defined Trust Agreement) and (b) pay certain fees and expenses incurred in connection with the issuance and sale of the Bonds (hereinafter defined) by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on June 30, 2016, has approved the issuance of the Bonds, subject to compliance by the Corporations with the conditions set forth in such resolution, and the Corporations have complied with such conditions to the satisfaction of the Commission; and

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 Contract of Purchase, to be dated the date thereof (the "Purchase Agreement"), between the Local Government Commission of North Carolina (the "LGC") and BB&T Community Holdings Co. (the "Purchaser") and approved by the Corporations and the Commission, pursuant to which the Purchaser will offer to purchase the Bonds on the terms and conditions set forth therein;

a Trust Agreement, dated as of September 1, 2016 (the "Trust Agreement"), between the Commission and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

a Loan Agreement, dated as of September 1, 2016 (the "Loan Agreement"), between the Commission and the Corporations, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporations;

a Supplemental Indenture for Obligation No. 13, dated as of September 1, 2016 ("Supplement No. 13"), between the Corporations and U.S. Bank National Association, as successor master trustee (the "Master Trustee") under the Master Trust Indenture, dated as of February 15, 1996 (the "Original Master Indenture"), between the Corporations and the Master Trustee. The Parent became obligated under the Original Master Indenture by virtue of a Joinder Agreement, dated February 1, 2001, between Glenaire and the Parent;

Obligation No. 13, dated the date of delivery of the Bonds ("Obligation No. 13"), to be issued by the Corporations to the Commission;

a Supplemental Indenture for Obligation No. 14, dated as of September 1, 2016 ("Supplement No. 14"), between the Corporations and the Master Trustee under the Master Trust Indenture;

Obligation No. 14, dated the date of delivery of the Bonds ("Obligation No. 14"), to be issued by the Corporations to the Purchaser;

two Amended and Restated Deeds of Trust, dated each as of September 1, 2016, from the Parent to the trustee named therein for the benefit of the Master Trustee;

an Amended and Restated Deed of Trust, dated as of September 1, 2016 (together with (h) above the "Obligated Group Deeds of Trust"), from Glenaire to the trustee named therein for the benefit of the Master Trustee;

an Amended and Restated Master Trust Indenture, dated as of September 1, 2016 (the "Master Indenture"), among the Parent, Glenaire, the Presbyterian Homes Foundation, Inc. and the Master Trustee. It is expected that, upon issuance of the Bonds, the Master Indenture will amend and restate the Original Master Indenture in its entirety; and

a Continuing Covenants Agreement, dated as of September 1, 2016, among the Corporations and the Purchaser; and

WHEREAS, the Commission has determined that the Corporations are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the Master Indenture, the Supplements, the Obligations, and the Obligated Group Deeds of Trust; and

WHEREAS, the Purchaser has offered to purchase the Bonds at a variable interest rate equal to 68% of One-Month LIBOR plus 0.715% (which is 1.0663% as of September 8, 2016) and hold the Bonds until maturity; 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:

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 Master Indenture, the Trust Agreement and the Loan Agreement.

Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (The Presbyterian Homes Obligation Group), Series 2016B (the "Bonds"), in an aggregate principal amount not to exceed \$48,690,837. The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in the Trust Agreement.

The Bonds shall be issued as fully registered bonds in denominations of \$1. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

The Bonds shall be subject to optional and extraordinary and all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The Purchaser will require certain optional redemptions.

The proceeds of the Bonds shall be applied as provided in Section 2.10 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund the Refunded Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any 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 Agreement and the Loan Agreement in substantially the forms presented at 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.

The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, 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.

The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any 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 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 at 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.

The forms, terms and provisions of Supplement No. 13, Supplement 14, Obligation 13, Obligation No. 14, the Master Indenture and the Obligated Group Deeds of Trust are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the 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 Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

The Commission hereby approves the action of the LGC authorizing the private sale of the Bonds to the Purchaser in accordance with the Purchase Agreement at the purchase price of 100% of the principal amount thereof.

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 satisfaction of the conditions set forth in Section 2.10 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the Bonds.

S. Mark Payne, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for 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.

The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby 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 (including tax certificates and IRS Form 8038) 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 Purchase Agreement and the Official Statement.

This Series Resolution shall take effect immediately upon its passage.

4. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$29,220,000 North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (The Presbyterian Homes Obligated Group), Series 2016C.**

Remarks were made by Jeff Poley, Tad Melton and Tim Webster.

Executive Committee Action: Motion was made by Dr. Schaaf, seconded by Mr. Frock and unanimously approved 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 (including retirement facilities) and to refund bond previously issued by the Commission; and

WHEREAS, The Presbyterian Homes, Inc. (the “Parent”), is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a continuing care facilities for the elderly in High Point, North Carolina and Laurinburg, North Carolina; and

WHEREAS, Glenaire, Inc. (“Glenaire” and, together with the Parent, the “Corporations”), is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in Cary, North Carolina; and

WHEREAS, the Corporations have made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) refund the Refunded Bonds (as defined in the hereinafter defined Trust Agreement) and (b) pay certain fees and expenses incurred in connection with the issuance and sale of the Bonds (hereinafter defined) by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on June 30, 2016, has approved the issuance of the Bonds, subject to compliance by the Corporations with the conditions set forth in such resolution, and the Corporations have complied with such conditions to the satisfaction of the Commission; and

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 Contract of Purchase, dated September 9, 2016 (the “Purchase Agreement”), between B.C. Ziegler & Company, as representative of the other underwriters named therein (collectively, the “Underwriters”), and the Local Government Commission of North Carolina (the “LGC”), and approved by the Commission and the Corporations, pursuant to which the Underwriters have agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement (as defined below);

a Trust Agreement, dated as of September 1, 2016 (the “Trust Agreement”), between the Commission and U.S. Bank National Association, as bond trustee (the “Bond Trustee”), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

a Loan Agreement, dated as of September 1, 2016 (the "Loan Agreement"), between the Commission and the Corporations, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporations;

a Supplemental Indenture for Obligation No. 15, dated as of September 1, 2016 ("Supplement No. 15"), between the Corporations and U.S. Bank National Association, as master trustee (the "Master Trustee") under the Master Trust Indenture, dated as of February 15, 1996 (the "Original Master Indenture"), between the Corporations and the Master Trustee. The Parent became obligated under the Original Master Indenture by virtue of a Joinder Agreement, dated February 1, 2001, between Glenaire and the Parent;

Obligation No. 15, dated the date of delivery of the Bonds ("Obligation No. 15"), to be issued by the Corporations to the Commission;

two Amended and Restated Deeds of Trust, dated each as of September 1, 2016, from the Parent to the trustee named therein for the benefit of the Master Trustee;

an Amended and Restated Deed of Trust, dated as of September 1, 2016 (together with (f) above the "Obligated Group Deeds of Trust"), from Glenaire to the trustee named therein for the benefit of the Master Trustee;

an Amended and Restated Master Trust Indenture, dated as of September 1, 2016 (the "Master Indenture"), among the Parent, Glenaire, the Presbyterian Homes Foundation, Inc. and the Master Trustee. It is expected that, upon issuance of the Bonds, the Master Indenture will amend and restate the Original Master Indenture in its entirety; and

a Preliminary Official Statement dated August 24, 2016 relating to the Bonds (the "Preliminary Official Statement"); and

WHEREAS, the Commission has determined that the Corporations are financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Supplement No. 15 and Obligation No. 15; 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:

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 Master Indenture, the Trust Agreement and the Loan Agreement.

Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (The Presbyterian Homes Obligated Group), Series 2016C (the "Bonds"), in the aggregate principal amount of \$29,220,000. The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in Schedule 1 attached hereto. The Bonds designated as Term Bonds shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

The Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or any whole multiple thereof. The Bonds shall be issued in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each April 1 and October 1, beginning April 1, 2017. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund the Refunded Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any 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 Agreement and the Loan Agreement in substantially the forms presented at 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.

The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, 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.

The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any 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 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 at 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.

The forms, terms and provisions of Supplement No. 15, Obligation No. 15, the Master Indenture and the Obligated Group Deeds of Trust are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the 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 Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the purchase price of \$33,543,907.10 (representing the principal amount of the Bonds plus net original issue premium of \$4,601,497.10 and less underwriters' discount of \$277,590.00).

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 satisfaction of the conditions set forth in Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "Official Statement"), both in connection with the sale of the Bonds. The Chairman, Vice Chairman, Secretary or any Assistant Secretary (or any member of the Commission designated by the Chairman) is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 15, Obligation No. 15 and the Obligated Group Deeds of Trust by the Underwriters in connection with such sale.

The U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the Bonds.

The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

S. Mark Payne, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for 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.

The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby 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 (including tax certificates and IRS Form 8038) 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 Purchase Agreement and the Official Statement.

This Series Resolution shall take effect immediately upon its passage.

SCHEDULE 1

Series 2016C Bonds

\$10,000,000 4.00% Term Bonds due October 1, 2031

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2028	\$2,380,000
2029	2,465,000
2030	2,565,000
2031*	2,590,000

* Maturity

\$15,770,000 5.00% Term Bonds due October 1, 2031

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2028	\$3,695,000
2029	3,875,000
2030	4,060,000
2031*	4,140,000

* Maturity

\$1,000,000 3.00% Term Bonds due October 1, 2036

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2032	\$190,000
2033	195,000
2034	200,000
2035	205,000
2036*	210,000

* Maturity

\$2,450,000 5.00% Term Bonds due October 1, 2036

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2032	\$445,000
2033	465,000
2034	490,000
2035	510,000
2036*	540,000

* Maturity

**PROFESSIONAL FEES COMPARISON FOR
PRESBYTERIAN HOMES**

Professional	Fees Estimated In Preliminary Approval Resolution	Actual Fees
Debt service reserve fund	\$7,554,590	--
Underwriters' discount	556,133	\$277,590
Placement Agent fee	35,000	35,000
Accountant's fees	15,000	15,000
Corporation counsel	65,000	65,000
Bond counsel	100,000	95,000
Underwriter's counsel	50,000	50,000
Trustee fees and counsel	16,075	16,075
Local Government Commission fee	8,750	8,750
Bank Counsel	35,000	35,000
Real Estate Fees	25,000	5,500
Blue Sky Fees	5,000	4,250
Rating Agency	60,000	40,000
Miscellaneous	10,365	10,000
Bank Fee	--	25,000
Swap Advisor	--	40,000

5. **Resolution of the North Carolina Medical Care Commission Approving Certain Modifications of the Existing Index Interest Rate Period for the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Novant Health Obligated Group) Series 2008A.**

Remarks were by Allen Robertson.

Executive Committee Action: Motion was made by Dr. Rust, seconded by Mr. Frock and unanimously approved with the recusal of Dr. Schaaf.

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 to refund bonds previously issued by the Commission; and

WHEREAS, Novant Health, Inc. (the "Parent Corporation") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "non-profit agency" within the meaning of the Act; and

WHEREAS, on August 18, 2008, the Commission issued \$70,000,000 of its Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Novant Health Obligated Group), Series 2008A, of which \$47,455,000 aggregate principal amount is outstanding (the "Bonds"), pursuant to the terms of a Trust Agreement dated as of August 1, 2008 (the "Original Trust Agreement") between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Original Bond Trustee"); and

WHEREAS, on March 23, 2011 (the "2011 Conversion Date") the Commission and the Original Bond Trustee entered into an Amended and Restated Trust Agreement dated as of March 23, 2011 (as supplemented by the First Supplement described below, the "Trust Agreement") for the purpose of amending and restating the Original Trust Agreement to add an "Index Interest Rate" mode and convert to that mode; and

WHEREAS, the Commission has loaned the proceeds of the Bonds to the Parent Corporation pursuant to an Amended and Restated Loan Agreement dated as of March 23, 2011 (the "Agreement") between the Commission and the Parent Corporation; and

WHEREAS, the Bonds were purchased on the 2011 Conversion Date by Wells Fargo Bank, National Association and bore interest at an Index Interest Rate (as defined in the Trust Agreement) equal to 68% of one-month LIBOR plus 0.75% per annum; and

WHEREAS, on March 3, 2014 (the "2014 Conversion Date"), the Bonds were converted to a new Index Interest Rate Period (as defined in the Trust Agreement) and were purchased by Wells Fargo Municipal Capital Strategies, LLC (the "Bank Holder"); and

WHEREAS, the Bank Holder agreed to hold the Bonds for three years (i.e., to 2017) at an Index Interest Rate equal to 68% of one-month LIBOR plus 0.50%, subject to certain adjustments specified in the Trust Agreement, and

WHEREAS, on the 2014 Conversion Date certain changes were made to the Trust Agreement pursuant to a First Supplemental Trust Agreement dated as of March 3, 2014 (the "First Supplement"), between the Commission and the Original Bond Trustee, and consented to by the Bank Holder and the Parent Corporation; and

WHEREAS, effective September 5, 2014, the Original Bond Trustee resigned and Regions Bank (the "Bond Trustee") was appointed pursuant to the provisions of the Trust Agreement; and

WHEREAS, the Corporation and the Bank Holder have agreed to modify the existing Index Interest Rate Period to provide that the Bank Holder will hold the Bonds for five years (i.e., to 2021) at an Index Interest Rate equal to 68% of one-month LIBOR plus 0.60% (collectively, the "Modifications"); and

WHEREAS, the Modifications will be made pursuant to a Second Supplemental Trust Agreement to be dated the date of delivery thereof (the "Second Supplement"), between the Commission and the Bond Trustee, and consented to by the Bank Holder and the Parent Corporation; and

WHEREAS, the Modifications will be treated as a "reissuance" (i.e., a deemed current refunding) of the Bonds for federal income tax purposes; and

WHEREAS, by a resolution adopted on June 30, 2016, the Commission preliminarily approved the Modifications, subject to compliance by the Parent Corporation with the conditions set forth in such resolution, and the Parent Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there has been presented at this meeting a draft copy of the Second Supplement; and

WHEREAS, the Parent Corporation has requested that the Commission approve the Second Supplement and authorize its execution and delivery; and

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

Section 1. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes and approves the Modifications.

As set forth in the Original Trust Agreement and the Trust Agreement, the Bonds mature on November 1, 2028 and are subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

Section 2. The form, terms and provisions of the Second Supplement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to execute and deliver the Second Supplement in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of bond 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 3. The Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) or any duly authorized Commission Representative under the Trust Agreement are authorized and directed to execute and deliver a replacement Bond reflecting the terms of the Second Supplement to the Bank Holder and to take such other action and to execute and deliver any such other documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to effect the Modifications and the reissuance of the Bonds..

Section 4. This Final Resolution shall take effect immediately upon its passage.

Required Redemption of the Series 2008A Bonds

<u>November</u>	<u>Amount</u>	<u>November</u>	<u>Amount</u>
2009	\$3,250,000	2019	\$4,550,000
2010	1,145,000	2020	4,700,000
2011	3,400,000	2021	4,900,000
2012	3,500,000	2022	5,100,000
2013	3,600,000	2023	5,250,000
2014	3,750,000	2024	5,450,000
2015	3,900,000	2025	1,005,000
2016	4,050,000	2027	1,850,000
2017	4,250,000	2028*	1,950,000
2018	4,400,000		

* Maturity

Professional Fees Comparison for
Novant Health, Inc.
Series 2008A Modifications

<u>Professional</u>	<u>Fees Estimated In</u>	<u>Actual Fees</u>
Corporation counsel	<u>Preliminary Approval</u>	
Bond counsel	<u>Resolution</u>	
Trustee fee	\$15,000	\$15,000
Bank counsel	20,000	20,000
	2,500	2,500
	7,500	7,500

6. **Adjournment**

There being no further business, the meeting was adjourned at 11:30 a.m.

Respectfully submitted,



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