

DELAWARE HEALTH FACILITIES AUTHORITY
MINUTES OF BOND COMMITTEE MEETING

Minutes of Meeting of Bond Committee with regard to the *Bayhealth* Medical Center, Inc. financing (the “*Bayhealth* Bond Committee”) held on October 7, 2009 at the offices of Potter Anderson & Corroon LLP, 1313 North Market Street, 6th Floor, Wilmington, Delaware:

The *Bayhealth* Bond Committee of the Delaware Health Facilities Authority (the “Authority”), consisting of Rolf F. Eriksen, the Chairman of the Authority; Desmond A. Baker, Secretary-Treasurer of the Authority, and Lisa More, each being a Member of the Authority, convened at 2:05 p.m. on Wednesday, October 7, 2009. Also participating by telephone was William J. Riddle, a Member of the Authority. The *Bayhealth* Bond Committee was established by Resolution of the Authority, adopted September 10, 2009, as supplemented by Supplemental Resolution dated October 1, 2009 (collectively, the “Authority Resolution”), to approve the details of a revenue bond financing for the benefit of *Bayhealth* Medical Center, Inc. (“*Bayhealth*”) as more fully described in the Authority Resolution. Also participating in the meeting were Emily Abrantes of Public Financial Management, Inc., the Authority's Financial Advisor (by telephone); John J. Quinn, III, Potter Anderson & Corroon LLP, the Authority's Counsel; Emilie R. Ninan, Ballard Spahr LLP, Bond Counsel (by telephone); Earl P. Tanis, Bobby Fischer, Terry Murphy, Gerald White, and Susan Doughty, representing *Bayhealth* (by telephone); Don Persinski, representing PNC Capital Markets LLC (the “Underwriter”) (by telephone); and John E. Cheney and David Hiteshew, Ponder & Co., *Bayhealth*'s Financial Advisor (by telephone).

The meeting and the public hearings to be conducted at the meeting were duly noticed. No members of the public were in attendance.

In accordance with the Authority's Supplemental Resolution dated October 1, 2009, Mr. Eriksen, noting that Mr. Riddle was not able to attend the meeting in person, set the number of members of the *Bayhealth* Bond Committee at three (3) and excused Mr. Riddle from his obligations as a member of the *Bayhealth* Bond Committee for purposes of this October 7, 2009 meeting. At the invitation of Mr. Quinn, Mr. Riddle continued in attendance by telephone but did not act as a member of the *Bayhealth* Bond Committee.

Mr. Eriksen invited Mr. Persinski to present the bond sale proposal.

Mr. Persinski described the proposal of the Underwriter to purchase the Series 2009A Bonds (hereinafter defined) pursuant to a Bond Purchase Contract to be dated October 7, 2009 (the “Bond Purchase Contract”). During his presentation, Mr. Persinski provided background regarding activities during the retail order period and noted that there were both undersubscriptions and oversubscriptions depending on the maturity. After addressing the questions of the *Bayhealth* Bond Committee, Mr. Persinski stated that the Underwriter would accommodate any unsold bonds.

Mr. Tanis expressed *Bayhealth*'s agreement with and support of the facts disclosed in Mr. Persinski's presentation.

Mr. Persinski then requested the *Bayhealth* Bond Committee to approve the Bond Purchase Contract.

Reporting to the *Bayhealth* Bond Committee, Ms. Abrantes stated that the yields available were excellent for *Bayhealth* and in line with other similar transaction. Ms. Abrantes noted that the Bond Purchase Contract provides for an underwriting discount of 0.95%. Ms. Abrantes stated that the terms of the Underwriter's proposal with respect to the Series 2009A Bonds complied with the limitations set forth in clauses (i) – (iii) of Section 5(b) of the Authority Resolution. Ms. Abrantes recommended that the *Bayhealth* Bond Committee approve the Underwriters' proposal.

Mr. Persinski then addressed the *Bayhealth* Bond Committee's questions regarding the long maturity, to their satisfaction.

Mr. Quinn advised the *Bayhealth* Bond Committee that the proposal was within the parameters established by the Authority Resolution.

After further discussion, the following Resolution was moved by Mr. Eriksen, seconded by Ms. More, and unanimously approved by the *Bayhealth* Bond Committee:

RESOLVED THAT:

1. Pursuant to the Trust Indenture with Wells Fargo Bank, National Association, as Trustee (the "Trustee") dated as of October 1, 2009 (the "Indenture"), the Authority shall issue its Revenue Bonds (*Bayhealth* Medical Center Project) Series 2009A, in the aggregate principal amount of \$138,490,000 (the "Series 2009A Bonds") for the purposes described in the Authority Resolution and shall lend the proceeds thereof to *Bayhealth* pursuant to a Loan, Mortgage and Security Agreement dated as of October 1, 2009 (the "Loan Agreement").

2. The Series 2009A Bonds have a final maturity date of July 1, 2044, which is within 35 years of the date of issuance. The Series 2009A Bonds will bear interest at fixed rates as set forth in the Bond Purchase Contract.

3. The Underwriters' Discount and the purchase price for the Series 2009A Bonds shall be as set forth in Exhibit A.

4. The *Bayhealth* Bond Committee hereby approves the following documents which are authorized to be executed and delivered in such form as the signers thereof shall approve to carry out the intent of this Resolution: the Bond Purchase Contract, the Indenture, the Series 2009A Bonds, the Loan Agreement, and the Official Statement dated October 7, 2009 relating to the Series 2009A Bonds.

5. The *Bayhealth* Bond Committee hereby approves and acknowledges the following documents to be executed by parties other than the Issuer in connection with the issuance of the

Series 2009A Bonds: Continuing Disclosure Agreement (substantially in the form attached as Appendix E to the Preliminary Official Statement relating to the Series 2009A. Bonds).

6. The Chairman, the Vice Chairman and all other officers of the Authority, or any of them, are authorized to execute and deliver any of the foregoing instruments as well as any other instruments or certificates required to accomplish the intent of this Resolution.

There being no further business to come before the meeting, the meeting was adjourned at 2:40 p.m.

I, Rolf F. Eriksen, hereby certify that the foregoing is a true and correct copy of the Minutes of a meeting of the *Bayhealth* Bond Committee of the Delaware Health Facilities Authority held on October 7, 2009.



Rolf F. Eriksen
Chairman

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