

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 26, 2009 at the offices of Ballard Spahr LLP, 919 North Market Street, 12th 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 approximately 2:15 p.m. on Monday, October 26, 2009. The *Bayhealth* Bond Committee was established by Resolution of the Authority, adopted September 10, 2009, as supplemented by 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, Jeremy Bass, and David Orise 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, Esq., and Maryann Piper, Esq., Ballard Spahr LLP, Bond Counsel; Terrence M. Murphy and Earl P. Tanis, representing *Bayhealth* (in person), and Dennis E. Klima, Gerald L. White, Susan Doughty, and James Flood Jr., representing *Bayhealth* (by telephone); Walter P. McEvelly, Jr., Esq., Stevens & Lee, counsel to *Bayhealth*; John E. Cheney, Ponder & Co., *Bayhealth*’s Financial Advisor; Donald Persinski, PNC Capital Markets LLC (in person), and Chad Lindgren and Michael Gilmore, PNC Capital Markets LLC (by telephone) (the “Underwriter”); Bruce H. Colbourn, PNC Bank, National Association; Carl H. Fridy, Esq., Ballard Spahr LLP, Counsel to PNC Bank, National Association; and Sandra Battaglia, Esq., of Wells Fargo National Association (the “Trustee”).

Also present at the meeting was Ms. Kathy _____, *Bayhealth*.

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 Wm. Jack Riddle, Member of the Authority, 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 26, 2009 meeting.

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

Mr. Persinski described the proposal of the Underwriter to purchase the Series 2009B Bonds (hereinafter defined) pursuant to a Bond Purchase Contract to be dated October 26, 2009 (the “Bond Purchase Contract”).

Mr. Gilmore discussed the remarketing of the bonds and stated that the bonds would have an initial interest rate of 0.22%.

Mr. Persinski and Mr. Gilmore addressed Ms. Abrantes' questions regarding remarketing efforts and also addressed the *Bayhealth* Bond Committee's questions regarding investors' subscription to the bonds, to the members' satisfaction.

Mr. Persinski noted that the Bond Purchase Contract provides for an underwriting discount of \$3.15 per bond (0.315%). Mr. Persinski requested the *Bayhealth* Bond Committee to approve the Bond Purchase Contract.

Ms. Abrantes noted that the pricing of the bonds was similar to recent similar transactions and stated that the terms of the Underwriter's proposal with respect to the Series 2009B 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 Underwriter's proposal.

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

In response to Mr. Eriksen's question, Mr. Tanis stated that *Bayhealth* was satisfied with the interest rate and remarketing of the Series 2009B Bonds.

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

RESOLVED THAT:

1. Pursuant to the Trust Indenture with Wells Fargo Bank, National Association, as Trustee, dated as of October 1, 2009, as supplemented by Supplemental Indenture No. 1 dated as of October 1, 2009 (collectively, the "Indenture"), the Authority shall issue its Variable Rate Refunding Revenue Bonds (*Bayhealth* Medical Center Project) Series 2009B, in the aggregate principal amount of \$37,865,000 (the "Series 2009B 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 2009B Bonds have a final maturity date of July 1, 2039, which is within 35 years of the date of issuance. The Series 2009B Bonds will bear interest at a variable rate (initially a Weekly Rate Period) as set forth in the Bond Purchase Contract.

3. The Underwriter's Discount and the purchase price for the Series 2009B 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 2009B Bonds, the Loan Agreement and the Official Statement dated October 21, 2009 relating to the Series 2009B 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 2009B Bonds: Continuing Disclosure Agreement, Reimbursement Agreement, and Remarketing Agreement.

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 2:35 p.m.

[Signatures on Next Page]

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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 26, 2009.



Rolf F. Eriksen
Chairman

Bond Committee Res. (10/26/09) 11852890
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