DELAWARE HEALTH FACILITIES AUTHORITY

Minutes of Meeting

of

October 23, 2017

A Meeting of the Delaware Health Facilities Authority (the "Authority") was held after proper notice at 11:00 a.m., October 23, 2017, in the offices of Potter Anderson & Corroon LLP at 1313 N. Market Street, 6th Floor, Wilmington, Delaware.

Attending in person were Authority members (such individuals, the "Members"):

Rolf F. Eriksen (Chairman)
Desmond A. Baker
Howard A. Palley, Ph.D.
W. Jack Riddle
George W. Forbes, III

Also attending in person were:

Matthew J. O'Toole of Potter Anderson & Corroon LLP, counsel to the Authority
Eric R. Glickman of Potter Anderson & Corroon LLP, counsel to the Authority
Alyssa L. Gerace of Potter Anderson & Corroon LLP, counsel to the Authority
Chris Doyle of Public Financial Management, Inc. ("PFM")
Emilie Ninan of Ballard Spahr LLP
Michael Tretina of Bayhealth Medical Center, Inc.
Susan Doughty of Bayhealth Medical Center, Inc.
Terry Murphy of Bayhealth Medical Center, Inc.
Chuck Stafford of Ponder & Co.
Chris Tucker of PNC Capital Markets LLC
Lynne McElwee of Potter Anderson & Corroon LLP

The following individuals participated in the meeting via conference telephone call by means of which all participants in the meeting could hear each other:

Robert Guadagno of PFM
John Cheney of Ponder & Co.
Peter Edelman of Stevens & Lee
Amy Johnson of Cover & Rossiter

There were no members of the public in attendance.

All documents referred to in these Minutes and not attached hereto are filed in the official records of the Authority. Copies are available upon request.

Chairman Rolf F. Eriksen called the meeting to order at 11:05 a.m.

Consideration of Application for Revenue Bond Financing Submitted by Bayhealth Medical Center, Inc.

The meeting was opened with a discussion of the Application for Revenue Bond Financing (the "Application"), submitted by Bayhealth Medical Center, Inc. ("Bayhealth"), requesting the Authority's issuance of bonds in an amount not to exceed $195,000,000.

Bayhealth, its advisors, and the Members participated in presentations and discussions regarding the Application. In particular, Mr. Tretina, Ms. Doughty, Mr. Murphy, Ms. Ninan, Mr. Cheney, and Mr. Stafford presented information to, and answered questions from, the Members, including in regard to the following matters.

In response to questions about Bayhealth's compliance with statutory requirements on obtaining a Certificate of Public Review, Mr. Tretina stated that the Certificate of Public Review obtained by Bayhealth approves the entire project that is referenced in the Application, and that Bayhealth has complied with statutory requirements and demonstrated "substantial progress" with respect to the project. Mr. O'Toole reported to the Members that Bayhealth updated the Certificate of Public Review section of the Application, a copy of which was distributed to the Members together with a copy of the Certificate of Public Review.

In response to a question by Mr. Palley, Mr. Murphy reported that Bayhealth Medical Group is a non-profit healthcare system and its mission is to address community needs. In response to other questions from the Members, individuals representing Bayhealth discussed Bayhealth initiatives and policies that address opioid abuse, recordkeeping, cost reduction, and aiding the underserved and the OBGYN community. In addition, such individuals reported that a new replacement hospital for Milford Memorial Hospital is currently under construction and will provide outpatient services.

Mr. Stafford and Mr. Cheney presented detailed information to the Members regarding the proposed plan of finance.

Ms. Doyle asked how Bayhealth will proceed if it is unable to reach its goal for the proposed bond issuance of "five percent savings." In response, Mr. Stafford reported that Bayhealth would defer the proposed bond issuance until the market improves.

Following the presentations and discussions, Ms. Doyle distributed copies of a PFM memorandum and stated PFM's favorable recommendation regarding the proposed bond issuance. Ms. Doyle noted that the proposed bond issuance is a "very good deal for Bayhealth" and a "good financing package."

Ms. Ninan presented written resolutions to the Members concerning the proposed bond issuance (the "Bond Resolutions"), a copy of which is attached hereto as part of Exhibit A. In addition, Mr. O'Toole presented a written resolution to the Members attached hereto as part of Exhibit A regarding the redemption of the Revenue Bonds, Bayhealth Medical Center Project,

Series 2009A and the Variable Rate Refunding Revenue Bonds, Bayhealth Medical Center Project, Series 2012 (the "Redemption Resolution").

Mr. O'Toole distributed copies of the Delaware Health Facilities Act to the Members and highlighted certain provisions. Mr. Palley stated that, because a policy of the Delaware Health Facilities Act is serving the public benefit and good, Bayhealth should provide greater detail in the future on whether a proposed bond issuance will meet community needs.

Mr. O'Toole reported that there was no public comment on the Application because no members of the public were in attendance.

Upon motion duly made and seconded, the Members unanimously adopted the Bond Resolutions (with such revisions as were discussed earlier in the meeting), the Redemption Resolution, and a written resolution attached hereto as part of Exhibit A regarding a letter from PNC Capital Markets LLC. Those in attendance representing Bayhealth thanked the Members for their consideration and exited, and the conference call ended.

The Members recessed from 12:45 p.m. to 1:00 p.m. Thereafter, the Members turned to other Authority matters.

Minutes from Authority Annual Meeting on September 28, 2017

The Members reviewed the Minutes of the annual meeting of the Authority held on September 28, 2017 (the "Annual Meeting Minutes") and the written resolutions attached hereto as Exhibit B regarding the Annual Meeting Minutes. Upon motion duly made and seconded, the Members unanimously adopted such written resolutions.

Revisions to Authority Expenses

Mr. O'Toole presented to the Members a revised summary of the Authority's recent history (2014-2016) of professional fee payments and 2017 anticipated fees for professional services, and the Authority's revised operating budget for 2017 (collectively, and as attached hereto as part of Exhibit C, the "Revised Expense Documents"). After discussion, upon motion duly made and seconded, the Members unanimously adopted the written resolutions attached hereto as part of Exhibit C regarding the Revised Expense Documents.

Audits

The Members reviewed drafts of audited financial statements of the Authority prepared by Cover & Rossiter for the calendar years 2015 and 2016, and a management letter, a representation letter, and an engagement letter prepared by Cover & Rossiter in connection with the audited financial statements. The Members also reviewed a draft of the Authority's Annual Report to the Governor for the calendar years 2015 and 2016.

After discussion with Amy Johnson of Cover & Rossiter, upon motion duly made and seconded, the Members unanimously adopted the written resolutions attached hereto as

Exhibit D regarding the audited financial statements, representation letter, engagement letter, and Annual Report to the Governor.

Adjournment

There being no further business, Mr. Eriksen adjourned the meeting at 1:45 p.m.

CERTIFICATION

I, Desmond A. Baker, hereby certify that the foregoing is a true and correct copy of the Minutes of Meeting of the Delaware Health Facilities Authority held on October 23, 2017.

Date: March 7, 2019

Desmond A. Baker
Secretary