

**NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**The North Carolina Medical Care Commission  
701 Barbour Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING  
FROM THE COMMISSION'S OFFICE  
DECEMBER 18, 2008  
2:00 P.M.**

**Members of the Executive Committee Present:**

Lucy Hancock Bode, Chairman  
Joseph D. Crocker, Vice-Chairman  
Dr. George Binder  
Dr. Henry Unger

**Members of the Executive Committee Absent:**

George H.V. Cecil  
Mary L. Piepenbring  
Dr. Robert E. Schaaf

**Members of Staff Present:**

Christopher B. Taylor, CPA, Assistant Secretary  
Alice S. Creech, Bond Program Assistant

**Others Present:**

Gina Cockelreece, BB&T Capital Markets  
Angie Cottrell, Hunton & Williams  
Kevin Downes, McGuire Woods, LLP

1. **Purpose of Meeting:**

To consider resolutions authorizing the sale of bonds for Hospice of Alamance-Caswell Foundation, Inc. and Hospice & Palliative Care Center of Alamance-Caswell, LLC and to authorize certain amendments to the Master Trust Indenture for Wake Forest Health Sciences Project, Series 2008.

2. **RESOLUTION AUTHORIZING THE ISSUANCE OF \$5,000,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (HOSPICE OF ALAMANCE-CASWELL PROJECT), SERIES 2008** – Remarks were made by Gina Cockelreece and Angie Cottrell

**Executive Committee Action:** Motion was made by Mr. Joseph Crocker, seconded by Dr. Henry Unger and unanimously approved.

**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 bonds and notes to pay the costs of financing or refinancing qualified health care facilities; and

**WHEREAS**, Hospice of Alamance-Caswell Foundation, Inc. (the “Corporation”) is a nonprofit corporation duly incorporated and validly existing under the laws of the State of North Carolina and is a “nonprofit agency” under the Act, and owns and operates healthcare facilities located in Burlington, North Carolina; and

**WHEREAS**, Hospice & Palliative Care Center of Alamance-Caswell, LLC (the “Company” and, together with the Corporation, the “Borrowers”) is a North Carolina limited liability company whose sole member is the Corporation and is a “non profit agency” within the meaning and intent of the Act, and operates healthcare facilities located in Burlington, North Carolina; and

**WHEREAS**, the Corporation and the Company have requested that the Commission issue its Health Care Facilities Revenue Bonds (Hospice of Alamance-Caswell Project), Series 2008 in an aggregate principal amount of Five Million Dollars (\$5,000,000) (the “Bonds”) and lend the proceeds from the sale of the Bonds to the Borrowers pursuant to a Loan Agreement to finance the acquisition, construction, furnishing and equipping of certain facilities relating to the Borrowers’ primary activities as providers of inpatient hospice care, grief counseling, hospice homecare and home health services, including but not limited to (a) an approximately 6,000 square foot expansion and renovation of existing space, to include 4 new patient rooms, family living space, kitchen, laundry, storage and other ancillary space to be located at 918 Chapel Hill Road, Burlington, Alamance County, North Carolina, and (b) an approximately 23,150 square foot new office and grief counseling building connected to an existing building located at 914 Chapel Hill Road, Burlington, Alamance County, North Carolina (collectively, the

“Project”) and (ii) pay certain expenses incurred in connection with the issuance of the Bonds; and

**WHEREAS**, the Commission has determined that the public interest will best be served by the proposed financing and, by resolutions adopted on November 7, 2008, has approved the financing, subject to compliance by the Corporation with the conditions set forth in such resolutions, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

**WHEREAS**, the Corporation and the Company have previously approved the issuance of the Bonds and related matters in resolutions adopted on November 7, 2008 and November 20, 2008, respectively, and the North Carolina Local Government Commission (the “LGC”) approved the issuance of the Bonds at its meeting on December 17, 2008; and

**WHEREAS**, there have been presented at this meeting draft copies of the following documents (collectively, the “Documents”) relating to the issuance of the Bonds:

- (a) the Contract of Purchase, to be dated on or about December 22, 2008 (the “Contract of Purchase”), between Scott & Stringfellow, Inc., t/a BB&T Capital Markets (the “Underwriter”) and the LGC and approved by the Commission, the Corporation and the Company;
- (b) the Trust Agreement, to be dated as of December 1, 2008 (the “Trust Agreement”), between the Commission and Branch Banking and Trust Company, as Trustee;
- (c) the Loan Agreement, to be dated as of December 1, 2008 (the “Loan Agreement”), between the Commission, the Corporation and the Company;
- (d) the form of the Note, to be dated December 23, 2008, to be issued by the Corporation and the Company to the Commission;
- (e) the Letter of Credit and Reimbursement Agreement, to be dated as of December 1, 2008 (the “Reimbursement Agreement”) between the Corporation, the Company and Branch Banking and Trust Company;
- (f) the Remarketing Agreement dated as of December 1, 2008 (the “Remarketing Agreement”) among the Corporation, the Company, Scott & Stringfellow, Inc., t/a BB&T Capital Markets, as remarketing agent (the “Remarketing Agent”) and the Commission;
- (g) the Deed of Trust, Security Agreement and Assignment of Rents and Leases dated as of December 1, 2008 (the “Deed of Trust”) from the Corporation to BB&T Collateral Service Corporation, as Deed of Trust Trustee;
- (h) the Security Agreement dated as of December 1, 2008 (the “Security Agreement”) between the Company and the Bank;

- (i) the Assignment of Construction Documents dated as of December 1, 2008 (the “Assignment”) between the Corporation and the Bank;
- (j) the Official Statement dated December 18, 2008 (the “Official Statement”); and

**WHEREAS**, the Commission has determined that the Borrowers are financially responsible and capable of fulfilling its obligations under the Loan Agreement and the Note; 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:**

**Section 1.** Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Hospice of Alamance-Caswell Project), Series 2008 in an aggregate principal amount of Five Million Dollars (\$5,000,000) (the “Bonds”). The Bonds shall mature on December 1, 2033 and shall bear interest at rates determined in accordance with the Trust Agreement. The mandatory sinking fund requirements for the Bonds are set forth in Exhibit A attached hereto.

The Bonds shall initially be issued as fully registered bonds in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof while bearing interest at the Weekly Rate. The Bonds shall be issued in book-entry form as provided in the Trust Agreement. While the Bonds bear interest at the Weekly Rate, interest on the Bonds shall be payable monthly in arrears on the first Business Day of each month commencing January 2, 2009. Payments of principal of and interest on the Bonds shall be forwarded to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

**Section 2.** The Bonds shall be subject to optional, mandatory and extraordinary redemption at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

**Section 3.** The Commission finds that the use of the proceeds of the Bonds for a loan to the Borrowers to (i) finance the acquisition, construction, furnishing and equipping of certain facilities relating to the Borrowers’ primary activities as providers of inpatient hospice care, grief counseling, hospice homecare and home health services, including but not limited to (a) an approximately 6,000 square foot expansion and renovation of existing space, to include 4 new patient rooms, family living space, kitchen, laundry, storage and other ancillary space to be located at 918 Chapel Hill Road, Burlington, Alamance County, North Carolina, and (b) an approximately 23,150 square foot new office and grief counseling building connected to an existing building located at 914 Chapel Hill Road, Burlington, Alamance County, North Carolina (collectively, the “Project”), and (ii) pay certain expenses incurred in connection with the issuance of the Bonds by the Commission will accomplish the public purposes set forth in the Act. The proceeds of the Bonds shall be applied as provided in the Trust Agreement.

**Section 4.** The forms, terms and provisions of the Documents are approved, and the Officers of the Commission are authorized and directed to execute and deliver or approve the Documents 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 or appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds as shall be set forth in the Contract of Purchase. Such execution and delivery or approval shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 5.** The forms of the Bonds set forth in the Trust Agreement are hereby approved. The Bonds shall be executed by the manual or facsimile signature of the Chairperson or the Vice Chairperson of the Commission, or any member of the Commission designated by the Chairperson, and the seal of the Commission may be attached thereto or reproduced thereon and the Secretary and any Assistant Secretary of the Commission may execute the Bonds and attest to the Commission's seal thereon. The officers of the Commission are authorized to deliver to the Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented at this meeting together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary or appropriate and consistent with the Trust Agreement. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 6.** The Commission approves the action of the Local Government Commission in awarding the Bonds to the Underwriters with an expected underwriting fee not to exceed 0.9% of the principal amount of the Bonds.

**Section 7.** Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Trustee for authentication, and the Trustee is authorized and directed to authenticate the Bonds and, upon the due and valid execution of the Documents, the Trustee shall deliver the Bonds to the Depository Trust Company or retain the Bonds on behalf of the Depository Trust Company for the account of the Underwriter against payment therefor, subject to the provisions of the Trust Agreement.

**Section 8.** The Official Statement in the form presented at this meeting is approved with respect to the Commission and the Bonds, and the Commission hereby approves the sale of the Bonds pursuant to the terms of the Contract of Purchase. The Chairperson and Vice Chairperson, or any member of the Commission designated by the Chairperson, are authorized to execute and deliver to the Underwriter, on behalf of the Commission, for distribution an Official Statement in substantially the form of the Official Statement presented at this meeting, with such completions, omissions, insertions and changes as the executing Officers of the Commission, with the advice of counsel, may approve, and such Officer's execution shall constitute conclusive evidence of the approval of any such completions, omissions, insertions and changes. Execution of the Official Statement shall constitute evidence that the Official Statement has been deemed final within the meaning of Rule 15c2-12. The Commission's approval of the Official Statement does not constitute any representation or warranty as to the accuracy, completeness or adequacy of the information in the Official Statement (other than information regarding the Commission).

**Section 9.** Lucy H. Bode, Chairman, Christopher B. Taylor, Assistant Secretary, and William L. Warren, Chief of Construction Section, Division of Health Service Regulation, are each appointed a Commission Representative, as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

**Section 10.** Any authorization to the Officers of the Commission to execute a document shall be an authorization to the Chairperson, the Vice Chairperson, any member of the Commission designated by the Chairperson and any Assistant Secretary to execute such document and to the Secretary and any Assistant Secretary to attest to the Commission's seal and to the signatures of other Officers. The Chairperson, Vice Chairperson, Secretary and any Assistant Secretary of the Commission are authorized and directed to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments, including any tax certificate and Form 8038, as they, with the advice of counsel, may deem necessary or appropriate to effect the issuance of the Bonds or the transactions contemplated by the Documents.

**Section 11.** The Commission hereby approves (a) Hunton & Williams LLP, as bond counsel for the issuance of the Bonds; (b) Scott & Stringfellow, Inc., t/a BB&T Capital Markets, as underwriter for the Bonds; (c) Parker Poe Adams & Bernstein LLP, as Underwriter's counsel; (d) Wishart, Norris, Henninger & Pittman, P.A., as counsel to the Borrowers and (e) Branch Banking and Trust company, as trustee for the Bonds pursuant to the Trust Agreement.

**Section 12.** All other acts and deeds of the officers and agents of the Commission previously taken and to be taken that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds, including, but not limited to, the execution and delivery of any certificates, instruments and documents necessary in connection therewith, are hereby approved, ratified and confirmed.

**Section 13.** If any court of competent jurisdiction determines that any section, paragraph, clause or provision of this Resolution is invalid and unenforceable, such determination will not invalidate any other provision of this Resolution.

**Section 14.** All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Resolution are repealed to the extent they are inconsistent with this Resolution.

**Section 15.** This Resolution shall take effect immediately upon its passage.

**Exhibit A**

North Carolina Medical Care Commission  
Health Care Facilities Revenue Bonds  
(Hospice of Alamance-Caswell Project), Series 2008

The Bonds are subject to mandatory redemption in part by lot on December 1, 2010 and on each December 1 thereafter, to and including December 1, 2032 in the principal amounts set forth below, at 100% of the principal amount of such Bonds being redeemed, plus accrued interest to the date of redemption, and the balance of the Bonds being payable at their maturity on December 1, 2033:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2010	\$100,000	2022	\$200,000
2011	100,000	2023	200,000
2012	100,000	2024	200,000
2013	100,000	2025	200,000
2014	200,000	2026	200,000
2015	200,000	2027	200,000
2016	200,000	2028	300,000
2017	200,000	2029	300,000
2018	200,000	2030	300,000
2019	200,000	2031	300,000
2020	200,000	2031	300,000
2021	200,000	2033*	300,000

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- Maturity

3. **RESOLUTION AUTHORIZING CERTAIN AMENDMENTS TO THE MASTER TRUST INDENTURE RELATING TO THE OUTSTANDING NORTH CAROLINA MEDICAL CARE COMMISSION VARIABLE RATE DEMAND HEALTH CARE FACILITIES REVENUE REFUNDING BONDS (WAKE FOREST UNIVERSITY HEALTH SCIENCES PROJECT), SERIES 2008** –

Remarks were made by Kevin Downes

**Executive Committee Action:** Motion was made by Mr. Joseph Crocker, seconded by Dr. George Binder and unanimously approved.

**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**, Wake Forest University Health Sciences (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 entered into four Loan Agreements, each dated of October 1, 2008 (the “Loan Agreements”), relating to the lending by the Commission to the Corporation of the proceeds of (i) \$62,955,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008A (the “2008A Bonds”); (ii) \$31,330,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008B (the “2008B Bonds”); (iii) \$31,320,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008C (the “2008C Bonds”) and; (iv) \$63,035,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), Series 2008D (the “2008D Bonds” and, collectively with the 2008A Bonds, the 2008B Bonds and the 2008C Bonds, the “Bonds”);

**WHEREAS**, the Corporation’s obligations under the Loan Agreements to repay the loan of the proceeds of the Bonds are evidenced and secured by four Obligations issued by the Corporation under the Master Trust Indenture, dated as of August 1, 2002 (the “Master Trust Indenture”), between the Corporation and First-Citizens’ Bank & Trust Company, as master trustee (the “Master Trustee”);

**WHEREAS**, the Corporation has requested that the Commission approve an amendment to the Master Trust Indenture to increase the permitted lien basket from 20% of the Base Value of Property Plant & Equipment (as such terms are defined in the Master Trust Indenture) to 25%, and broadening it to allow the liens to secure any obligation rather than just an obligation to repay borrowed money, thereby allowing the Corporation to post collateral for their MBIA-insured interest rate swaps in order to prevent a termination given MBIA’s declining financial condition;



**WHEREAS**, there have been presented at this meeting a draft copy of the First Supplemental Master Trust Indenture, dated as of December 1, 2008 (the “First Supplemental Indenture”), by and between the Corporation and the Master Trustee;

**WHEREAS**, the Commission has determined that the public interest will be served by the proposed amendments set forth in the First Supplemental Indenture;

**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 First Supplemental Indenture 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 Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver a consent or other instrument evidencing the Commission’s approval of the First Supplemental Indenture 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 Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose 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 First Supplemental Indenture.

**Section 3.** This Resolution shall take effect immediately upon its passage.

**4. Adjournment**

There being no further business, the meeting was adjourned at 2:20 p.m.

Respectfully submitted,

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Christopher B. Taylor, CPA  
Assistant Secretary

