

STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

**MEDICAL CARE COMMISSION QUARTERLY MEETING**

**TWIN LAKES COMMUNITY  
100 WADE COBLE DRIVE  
BURLINGTON, NC 27215  
NOVEMBER 7, 2008**

9:00 A.M.

MINUTES

**I. MEDICAL CARE COMMISSION PLANNING MEETING, NOVEMBER 6, 2008 – 4:00 p.m.**

MEMBERS PRESENT	MEMBERS ABSENT
Lucy H. Bode, Chairperson Joseph D. Crocker, Vice-Chairperson George A. Binder, M.D. Charles Frock John A. Fagg, M.D. Clifford B. Jones, Jr., D.D.S. Gerald P. Cox Mary L. Piepenbring Robert E. Schaaf, M.D. Elizabeth Kanof, M.D. Henry A. Unger, M.D. James H. Leonard	George H. V. Cecil Margaret Weller-Stargell Martha Barham Albert F. Lockamy, Jr., R.Ph. Carl K. Rust, II, M.D.
<p><b><u>DIVISION OF HEALTH SERVICE REGULATION STAFF</u></b></p> Jeff Horton, Acting, Secretary, MCC; Acting Director, DHSR Christopher B. Taylor, CPA, Assistant Secretary, MCC William L. Warren, Chief, Construction Section Drexdal Pratt, Chief, Office of EMS / DHSR Donnie Sides, Operations Manager, Office of EMS / DHSR Regina Godette, Assistant Chief, Office of EMS / DHSR Diana Barbry, Administrative Assistant, MCC/DHSR Nadine Pfeiffer, Rules Coordinator, DHSR Elizabeth Brown, Chief, Budget & Planning / DHSR	

**COMMISSION ACTION**

The Medical Care Commission held its planning meeting on Thursday, November 6, 2008 to review the agenda for Friday, November 7, 2008. Chad Chandler, CFO and Charles Harris, CEO of Twin Lakes welcomed the Commission to Twin Lakes. David Lacey from Southminster gave an overview of the Community Benefits plan in accordance with the sale of the 2007 Bonds, Roger Berliner gave a Healthcare Card program presentation and Nadine Pfeiffer and Drexdal Pratt gave an overview of the EMS rules requesting approval on Friday.

The agenda was referred without action to the Medical Care Commission meeting on November 7, 2008.

## II. MEDICAL CARE COMMISSION QUARTERLY MEETING, NOVEMBER 7, 2008 – 9:00 a.m.

<b>MEMBERS PRESENT</b>	<b>MEMBERS ABSENT</b>
Lucy H. Bode, Chairperson Joseph D. Crocker, Vice-Chairperson Martha Barham George A. Binder, M.D. Charles Frock John A. Fagg, M.D. Clifford B. Jones, Jr., D.D.S. Gerald P. Cox Albert F. Lockamy, Jr., R.Ph. Carl K. Rust, II, M.D. Mary L. Piepenbring Robert E. Schaaf, M.D. Elizabeth Kanof, M.D. Henry A. Unger, M.D.  <b><u>DIVISION OF HEALTH SERVICE REGULATION STAFF</u></b> Jeff Horton, Acting, Secretary, MCC; Acting Director, DHSR Christopher B. Taylor, CPA, Assistant Secretary, MCC William L. Warren, Chief, Construction Section Drexdal Pratt, Chief, Office of EMS / DHSR Regina Godette, Assistant Chief, Office of EMS / DHSR Diana Barbry, Administrative Assistant, MCC/DHSR Nadine Pfeiffer, Rules Coordinator, DHSR Elizabeth Brown, Chief, Budget & Planning, DHSR	George H.V. Cecil Margaret Weller-Stargell Albert F. Lockamy, Jr., R.Ph. Carl K. Rust, II, M.D.

### III. CHAIRPERSON'S COMMENTS

Ms. Bode welcomed everybody to the meeting and she then questioned the members to see if anyone had a conflict of interest with anything coming before the Commission at the meeting, Mr. Frock asked to be recused from the vote on First Health and Mr. Leonard asked to be recused from all the votes attached to the agenda addendum. Ms. Bode announced that the Executive Committee term for Dr. Unger and Dr. Binder would expire on at the end of 2008 and she appointed Gerald Cox and Chuck Frock to the Executive Committee effective January 1, 2009.

### IV. APPROVAL OF MINUTES from the August 7, 2008 meeting was requested (**Exhibit A**).

**Commission Action:** Motion made by Mr. Crocker, seconded by Dr. Jones and approved with the recusal of Mr. Leonard.

### V. DIVISION DIRECTOR'S REPORT

Mr. Horton reported on matters of interest to the Commission, he gave a brief overview of the current budget issues affecting DHSR, the Expansion Budget and the loss of funding at Cherry Hospital. He also informed the Commission that, the DHSR EMS had received a substantial donation of equipment from FEMA.

Other items to report on are listed below (see Exhibits B – B/3):

1. Quarterly Report on Bond Program (attached as Exhibit B).
2. The Executive Committee held telephone conference meetings on the following dates:

**August 28, 2008** – To authorize preliminary approvals in connection with refunding bond issues to solve Auction Rate Securities problems for Pitt County Memorial Hospital and Cape Fear Valley hospital and to consider an amendment to Cleveland County HealthCare System Project Bonds to be converted from the Auction Rate Period to the Daily Rate Period on September 15, 2008 to solve another Auction Rate Securities problem. (attached as Exhibit B/1).

**September 18, 2008** – To consider resolutions authorizing the sale of bonds for Cape Fear Valley Hospital, University Health Systems of Eastern Carolina (Pitt County Memorial Hospital) and Hugh Chatham Memorial Hospital and to authorize certain amendments to the Trust Agreement and Loan Agreement relating to the outstanding North Carolina Medical Care Commission Hospital Revenue Bonds (The Moses H. Cone Memorial Hospital Project), Series 1993. (attached as Exhibit B/2).

**October 9, 2008** – To consider a resolution facilitating the possible conversion of \$152,000,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Cape Fear Valley Health System), Series 2008A, (2) resolution to provide a refunding of the \$162,400,000 North Carolina Medical Care Commission Hospital Revenue Bonds (North Carolina Baptist Hospital Project), Series 2002 outstanding in the amount of \$157,000,000, (3) resolution for a current refunding of the \$114,050,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (University Health Systems of Eastern Carolina), Series 2006A and 2006B, and (4) resolution to approve the sale of bonds for Wake Forest University Health Sciences. (attached as Exhibit B/3)

## VI. NEW BUSINESS

- A. EMS Rules.....Nadine Pfeiffer / Donnie Sides  
**Commission Action:** Motion made by Mr. Crocker, seconded by Mr. Binder and unanimously approved.
- B. Investment of Bond Proceeds Presentation.....Jeff Klein / James Engle  
Kensington Capital Advisors, LLC
- C. RESOLUTION OF APPRECIATION FOR ROBERT BURGIN.....Chris Taylor  
(attached as Exhibit G)  
**Commission Action:** Motion made by Mr. Crocker, seconded by Dr. Schaaf and unanimously approved.
- D. RESOLUTION - BANC OF AMERICA SECURITIES, LLC / RANDOLPH HOSPITAL.....Chris Taylor  
(attached as Exhibit H)  
**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.
- E. RESOLUTION JP MORGAN SECURITIES, INC / NOVANT HEALTH.....Chris Taylor  
(attached as Exhibit H)  
**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

F. RESOLUTION - WACHOVIA BANK / FIRST HEALTH.....Chris Taylor  
 (attached as Exhibit H)

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard and Mr. Frock.

G. RESOLUTION - WACHOVIA BANK / NC BAPTIST HOSPITAL.....Chris Taylor  
 (attached as Exhibit H)

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

H. RESOLUTION - NC BAPTIST HOSPITAL / LEXINGTON MEMORIAL HOSPITAL.....Chris Taylor  
 (attached as Exhibit H)

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

**BOND PROJECTS**

A. Hospice & Palliative Care Center of Alamance-Caswell, Christopher Taylor & William Warren  
 (attached as Exhibit C & E)

Statements were given by Peter Barcus, CEO, Chris Taylor & William Warren.

**Commission Action:** Motion made by Mr. Cox, seconded by Dr. Unger and approved with the recusal of Mr. Leonard.

**Resolved:** The Commission approves a project for Hospice & Palliative Care Center of Alamance-Caswell to provide funds to be used together with other available funds to construct a 6,000 square foot addition of 4 licensed beds and support space to the existing 12 bed Hospice and 23,150 square foot office/counseling building on land owned by the Hospice. The Hospice addition will include a new commercial kitchen, laundry, family living space storage and ancillary space. The office building will be connected to the existing office and contain clinical, administrative, community meeting space and grief counseling areas. This project is in accordance with a preliminary application, plans and specifications and participation as follows:

**ESTIMATED SOURCES OF FUNDS**

Principal amount of bonds to be issued	\$5,000,000
Cash and negotiable securities from reserves	<u>193,119</u>
<b>Total</b>	<b>\$5,193,119</b>

**ESTIMATED USES OF FUNDS**

Site costs	
Site utility development and accessibility costs	425,850
Construction contracts	3,436,260
Construction contingency (8% of construction contract)	279,000
Architect/engineer fees and reimbursables	306,300
Moveable equipment	330,000
Surveys, tests, insurance	65,000

Bond interest during construction	171,869
Letter of credit fee	35,000
Bank Counsel	15,000
Underwriters' discount	46,750
Underwriter's Counsel	15,000
Other costs of issuance:	
Legal fees for Corporation counsel	15,000
Bond counsel	35,000
Rating agencies	8,340
Trustee fees	4,500
Printing costs	750
Local Government Commission reimbursables	<u>3,500</u>
<b>Total</b>	<b>\$5,193,119</b>

Tentative approval is given with the understanding that the governing board of Hospice & Palliative Care Center of Alamance Caswell accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance of bonds.
4. The project must, in all respects, meet requirements of §G.S. 131A (Health Care Facilities Finance Act).
5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds. or this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).
6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.
7. The borrower will provide the Commission annually a copy of the (NCHA) Advocacy Needs Data Initiative (ANDI) or such other reporting forms as acceptable to the Commission for the reporting of levels of charity care and / or community benefits.
8. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.
9. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

Based on information furnished by applicant, the project is:

- |  |               |     |               |               |               |               |     |
|--|---------------|-----|---------------|---------------|---------------|---------------|-----|
| 1. Financially feasible                          | <u>  X  </u>  | Yes | <u>      </u> | No            | <u>      </u> | N/A           |     |
| 2. Construction and related costs are reasonable | <u>      </u> | X   | Yes           | <u>      </u> | No            | <u>      </u> | N/A |

**B. Transylvania Regional Hospital Project, Brevard - Christopher Taylor & William Warren (attached as Exhibit D & E)**

Statements were given Robert Bednaret, CEO, Chris Taylor & William Warren

**Commission Action:** Motion made by Mr. Crocker, seconded by Mr. Frock and approved with the recusal of Mr. Leonard.

**Resolved:** The Commission approves a project for Transylvania Regional Hospital to provide funds, to be used, together with other available funds, to refund a taxable construction loan with First Citizens Bank, the proceeds of which were used to construct a 25,000 square foot inpatient wing (replacing 30 acute care beds including 24 general medical-surgical beds, two step down beds and four intensive care beds) and to construct a new lobby, to expand the Dietary Department and relocate administrative offices. The proposed bond issue will be secured by letters of credit from First Citizens Bank and Wells Fargo Bank. The project is in accordance with an application received as follows:

**ESTIMATED SOURCES OF FUNDS**

Principal Amount of Bonds	<u>\$13,400,000</u>
<b>Total Sources</b>	<b>\$13,400,000</b>

**ESTIMATED USES OF FUNDS**

Amount to Refund Construction Loan	\$13,000,000
Letter of Credit Fee	130,000
Letter of Credit Counsel Fee	20,000
Underwriters' Discount	52,000
Underwriters' Counsel Fee	30,000
Corporation Counsel	30,000
Bond Counsel	40,000
Rating Agencies	8,500
Trustee Fees	5,700
Printing	1,500
Local Government Commission Fee	3,500
Accountants' Fee	20,000
Miscellaneous	<u>58,800</u>
<b>Total</b>	<b>\$13,400,000</b>

Tentative approval is given with the understanding that the governing board of Transylvania Regional Hospital accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance of bonds.
4. The project must, in all respects, meet requirements of §G.S. 131A (Health Care Facilities Finance Act).
5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds. or this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).
6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.
7. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North Carolina Hospital Association (NCHA) in accordance with a resolution passed by the Commission on February 9, 2007 adopting the NCHA Community Benefits reporting format and methodology for hospitals reporting to the Commission.
8. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.
9. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

Based on information furnished by applicant, the project is:

- |  |              |     |       |    |       |     |
|--|--------------|-----|-------|----|-------|-----|
| 1. Financially feasible                          | <u>  X  </u> | Yes | _____ | No | _____ | N/A |
| 2. Construction and related costs are reasonable | <u>  X  </u> | Yes | _____ | No | _____ | N/A |

**Refunding of Commission Bond Issues**

**Commission Action:** Motion made by Mr. Cox, seconded by Dr. Unger and approved with the recusal of Mr. Leonard.

**Recommended:**

**WHEREAS**, the bond market is in a period of generally fluctuating interest rates, and

**WHEREAS**, in the event of decline of rates during the next quarter, refunding of certain projects could result in significant savings in interest expense thereby reducing the cost of health care to patients, and

**WHEREAS**, the Commission will not meet again until February 13, 2009;

**THEREFORE, BE IT RESOLVED**; that the Commission authorizes its Executive Committee to approve projects involving only the refunding of existing Commission debt between this date and February 13, 2009.

**VII. MEMBER REPORT**

**VIII. QUESTIONS FROM THE PUBLIC** - The Chairperson will receive questions from the public.

**IX. ADJOURNMENT**

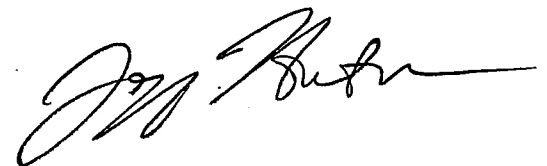
**X. 2009 QUARTERLY MEETINGS**

<b>DATES</b>	<b>LOCATIONS</b>
February 12 & 13, 2009	Division of Health Service Regulation 701 Barbour Drive, Raleigh, N.C. Conference Room 201
May 7 & 8, 2009	Division of Health Service Regulation 701 Barbour Drive, Raleigh, N.C. Conference Room 201
August 13 & 14, 2009	Division of Health Service Regulation 701 Barbour Drive, Raleigh, N.C. Conference Room 201
November 12 & 13, 2009	Division of Health Service Regulation 701 Barbour Drive, Raleigh, N.C. Conference Room 201

Thursday planning meetings will start at 4:00 p.m., and Friday meetings will start at 9:00 a.m.

**THE MEETING ADJOURNED AROUND 11:30 A.M.**

**Jeff Horton  
Acting Secretary**



11/19/08  
Date



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

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MEDICAL CARE COMMISSION QUARTERLY MEETING  
DIVISION OF HEALTH SERVICE REGULATION  
NOVEMBER 7, 2008

**ADDENDUM TO AGENDA**  
**(New Business)**

We have been requested to present to you the following resolutions for your review and approval. The documents are listed as follows:

- 1) Resolution of the North Carolina Medical Care Commission to approve the appointment of Banc of America Securities, LLC as Remarketing Agent for the North Carolina Medical Care Commission Variable Rate Demand Hospital Revenue Bonds (Randolph Hospital) Series 2007.

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

- 2) Resolution of the North Carolina Medical Care Commission to approve the Appointment of J.P. Morgan Securities, Inc. as Remarketing Agent for the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (Novant Health Obligated Group) Series 2004A.

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

- 3) Resolution of the North Carolina Medical Care Commission to approve the Appointment of Wachovia Bank, National Association as Remarketing Agent for the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (First Health of the Carolinas Project) Series 2002 and the Appointment of The Bank of New York Mellon Trust Company, N.A. as successor Master Trustee.

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

- 4) Resolution approving the Appointment of Wachovia Bank, National Association as Successor Remarketing Agent for North Carolina Medical Care Commission Hospital Revenue Bonds (North Carolina Baptist Hospitals Project), Series 1992B, Series 1996 and Series 2000.

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

- 5) Resolution approving a guaranty from North Carolina Baptist Hospital of the obligations of Lexington Memorial Hospital, Inc. under a loan agreement relating to the North Carolina Medical Care Commission Hospital Revenue Bonds (Pooled Equipment Financing Project), Series 1985.

**Commission Action:** Motion made by Mr. Cox, seconded by Mr. Crocker and approved with the recusal of Mr. Leonard.

**Resolution of the North Carolina Medical Care Commission Approving the Appointment of Banc of America Securities LLC as Remarketing Agent for the North Carolina Medical Care Commission Variable Rate Demand Hospital Revenue Bonds (Randolph Hospital) Series 2007**

Commission Action:

WHEREAS, the North Carolina Medical Care Commission (the "Commission"), a commission of the Department of Health and Human Services of the State of North Carolina, has issued \$49,230,000 aggregate principal amount of its Variable Rate Demand Hospital Revenue Bonds (Randolph Hospital) Series 2007 (the "Bonds"), \$48,180,000 principal amount of which are outstanding, pursuant to the terms of a Trust Agreement, dated as of June 1, 2007 (the "Trust Agreement"), between the Commission and First-Citizens Bank & Trust Company, as bond trustee (the "Bond Trustee"); and

WHEREAS, the Commission loaned the proceeds from the sale of the Bonds to Randolph Hospital, Inc. (the "Corporation") pursuant to a Loan Agreement, dated as of June 1, 2007 (the "Loan Agreement"), between the Commission and the Corporation; and

WHEREAS, since their initial issuance, the Bonds have been bearing interest at Weekly Interest Rates and are subject to optional and mandatory tender; and

WHEREAS, Wachovia Bank, National Association is currently serving as Remarketing Agent for the Bonds; and

WHEREAS, if remarketing proceeds are insufficient to pay the purchase price of tendered Bonds when due, the Bond Trustee is required to draw upon a direct-pay letter of credit issued by Bank of America, N.A. to pay the purchase price of such tendered Bonds; and

WHEREAS, the Corporation has requested that Wachovia Bank, National Association resign as Remarketing Agent and that the Commission approve the Corporation's appointment of Banc of America Securities LLC as successor Remarketing Agent for the Bonds pursuant to Section 317(a) of the Trust Agreement;

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

Section 1. The appointment by the Corporation of Banc of America Securities LLC as successor Remarketing Agent for the Bonds is hereby approved. The Chairman, Vice Chairman, the Secretary and the Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to take such action and to execute and deliver any and all documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to

effect the appointment of Banc of America Securities LLC as successor Remarketing Agent for the Bonds.

**Section 2.** This Resolution shall take effect immediately upon its passage.

**Resolution of the North Carolina Medical Care Commission Approving the Appointment of J.P. Morgan Securities Inc. as Remarketing Agent for the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (Novant Health Obligated Group) Series 2004A**

Commission Action:

WHEREAS, the North Carolina Medical Care Commission (the "Commission"), a commission of the Department of Health and Human Services of the State of North Carolina, has issued \$110,000,000 aggregate principal amount of its Variable Rate Demand Health Care Facilities Revenue Bonds (Novant Health Obligated Group) Series 2004A (the "2004A Bonds"), all of which are outstanding, pursuant to the terms of a Trust Agreement, dated as of December 1, 2004 (the "Trust Agreement"), between the Commission and The Bank of New York Trust Company, N.A., now known as The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"); and

WHEREAS, the Commission loaned the proceeds from the sale of the 2004A Bonds to Novant Health, Inc. (the "Corporation") pursuant to a Loan Agreement, dated as of December 1, 2004 (the "Loan Agreement"), between the Commission and the Corporation; and

WHEREAS, since their initial issuance, the 2004A Bonds have been bearing interest at Weekly Interest Rates and are subject to optional and mandatory tender; and

WHEREAS, Citigroup Global Markets Inc. is currently serving as Remarketing Agent for the 2004A Bonds; and

WHEREAS, if remarketing proceeds are insufficient to pay the purchase price of tendered 2004A Bonds when due, JPMorgan Chase Bank, National Association (the "Bank"), has agreed to purchase such tendered 2004A Bonds on the terms and conditions set forth in a Standby Bond Purchase Agreement, dated as of December 1, 2004 (the "Liquidity Facility"), among the Corporation, the Bank and The Bank of New York Trust Company, N.A., now known as The Bank of New York Mellon Trust Company, N.A., as tender agent; and

WHEREAS, the Corporation has requested that Citigroup Global Markets Inc. resign as Remarketing Agent and that the Commission approve the Corporation's appointment of J.P. Morgan Securities Inc. as successor Remarketing Agent for the 2004A Bonds pursuant to Section 1301(a) of the Trust Agreement; and

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

Section 1. The appointment by the Corporation of J.P. Morgan Securities Inc. as successor Remarketing Agent for the 2004A Bonds is hereby approved. The Chairman, Vice Chairman, the Secretary or any Acting Secretary and the Assistant Secretary of the Commission

(or any member of the Commission designated by the Chairman) are hereby authorized and directed to take such action and to execute and deliver any and all documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to effect the appointment of J.P. Morgan Securities Inc. as successor Remarketing Agent for the 2004A Bonds.

Section 2. This Resolution shall take effect immediately upon its passage.

**Resolution of the North Carolina Medical Care Commission Approving the Appointment of Wachovia Bank, National Association as Remarketing Agent for the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (FirstHealth of the Carolinas Project) Series 2002 and the Appointment of The Bank of New York Mellon Trust Company, N.A., as successor Master Trustee**

Commission Action:

WHEREAS, the North Carolina Medical Care Commission (the "Commission"), a commission of the Department of Health and Human Services of the State of North Carolina, has issued \$50,000,000 aggregate principal amount of its Variable Rate Demand Health Care Facilities Revenue Bonds (FirstHealth of the Carolinas Project) Series 2002 (the "2002 Bonds"), \$49,600,000 principal amount of which are outstanding, pursuant to the terms of a Trust Agreement, dated as of February 1, 2002, between the Commission and The Bank of New York, succeeded by The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "2002 Bond Trustee"), as amended by a First Supplemental Trust Agreement dated as of May 1, 2002 between the Commission and the 2002 Bond Trustee (as amended, the "Trust Agreement"); and

WHEREAS, the Commission loaned the proceeds from the sale of the 2002 Bonds to FirstHealth of the Carolinas, Inc. (the "Corporation") pursuant to a Loan Agreement, dated as of February 1, 2002 (the "2002 Loan Agreement"), between the Commission and the Corporation; and

WHEREAS, as evidence of its obligation to repay the loan, the Corporation issued its Master Obligation, Series 2002A, dated February 27, 2002 (the "2002 Master Obligation"), in the principal amount of \$50,000,000 to the Commission pursuant to the Second Amended and Restated Master Trust Indenture, dated as of February 1, 1998 (as supplemented, the "Master Indenture"), between the Corporation and First Union National Bank, succeeded by U.S. Bank National Association, as Master Trustee (the "Master Trustee") and Supplemental Master Trust Indenture No. 9, dated as of February 1, 2002 ("Supplement No. 9"), between the Corporation and the Master Trustee, which the Commission assigned to the 2002 Bond Trustee as security for the 2002 Bonds; and

WHEREAS, since their initial issuance, the 2002 Bonds have been bearing interest at Weekly Interest Rates and are subject to optional and mandatory tender; and

WHEREAS, Citigroup Global Markets Inc. is currently serving as Remarketing Agent for the 2002 Bonds; and

WHEREAS, if remarketing proceeds are insufficient to pay the purchase price of tendered 2002 Bonds when due, First Union National Bank, now known as Wachovia Bank, National Association (the "Bank"), has agreed to purchase such tendered 2002 Bonds on the

terms and conditions set forth in a Standby Bond Purchase Agreement, dated as of February 1, 2002 (the "2002 Liquidity Facility") between the Corporation and the Bank; and

WHEREAS, the Corporation has requested that Citigroup Global Markets Inc. resign as Remarketing Agent and that the Commission approve the Corporation's appointment of Wachovia Bank, National Association as successor Remarketing Agent for the 2002 Bonds pursuant to Section 308(a) of the 2002 Trust Agreement; and

WHEREAS, the Corporation has requested that U.S. Bank National Association resign as Master Trustee and that the Commission approve the Corporation's appointment of The Bank of New York Mellon Trust Company, N.A. as successor Master Trustee pursuant to Section 807 of the Master Indenture;

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

Section 1. The appointment by the Corporation of Wachovia Bank, National Bank as successor Remarketing Agent for the 2002 Bonds is hereby approved. The Chairman, Vice Chairman, the Secretary and the Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to take such action and to execute and deliver any and all documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to effect the appointment of Wachovia Bank, National Association as successor Remarketing Agent for the 2002 Bonds.

Section 2. The appointment by the Corporation of The Bank of New York Mellon Trust Company, N.A. as successor Master Trustee is hereby approved. The Chairman, Vice Chairman, the Secretary and the Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to take such action and to execute and deliver any and all documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to effect the appointment of The Bank of New York Mellon Trust Company, N.A. as successor Master Trustee.

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

**RESOLUTION APPROVING THE APPOINTMENT OF WACHOVIA  
BANK, NATIONAL ASSOCIATION AS  
SUCCESSOR REMARKETING AGENT FOR**

**NORTH CAROLINA MEDICAL CARE COMMISSION  
HOSPITAL REVENUE BONDS  
(NORTH CAROLINA BAPTIST HOSPITALS PROJECT),**

**SERIES 1992B**

**SERIES 1996**

**SERIES 2000**

**WHEREAS**, the North Carolina Medical Care Commission (the "Commission") has previously issued the three series of bonds referenced above (each, a "Series of Bonds" and collectively, the "Bonds") pursuant to three Trust Agreements, between the Commission and First-Citizens Bank & Trust Company (the "Trust Agreements"), the proceeds of each of which were loaned to North Carolina Baptist Hospital (the "Borrower");

**WHEREAS**, Merrill Lynch, Pierce, Fenner & Smith Incorporated is currently serving as Remarketing Agent for each Series of the Bonds;

**WHEREAS**, the Borrower desires that the Commission approve the appointment of Wachovia Bank, National Association as successor Remarketing Agent for the Bonds;

**WHEREAS**, each of the Trust Agreements provides that, at the direction of the Borrower, the Commission shall appoint any successor Remarketing Agent for the Bonds, subject to the conditions set forth in the Trust Agreements and the approval of the Local Government Commission and Wachovia Bank, National Association, as the liquidity provider under the Trust Agreements;

**WHEREAS**, the Borrower has requested that the Commission approve the appointment of Wachovia Bank, National Association as successor Remarketing Agent for the Bonds in accordance with the terms and provisions of the Trust Agreements; and

**WHEREAS**, the Commission has determined to approve such request of the Borrower;

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

Section 1. The Commission hereby approves the appointment of Wachovia Bank, National Association as successor Remarketing Agent for each Series of Bonds.

Section 2. The Chairman, Vice Chairman, the Secretary and the 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 as they, with the advice of counsel, may deem necessary or appropriate to effect the appointment of Wachovia Bank, National Association as successor Remarketing Agent for the Bonds.

Section 3. The Resolution shall take effect immediately upon its passage.



**RESOLUTION APPROVING A GUARANTY FROM NORTH CAROLINA BAPTIST HOSPITAL OF THE OBLIGATIONS OF LEXINGTON MEMORIAL HOSPITAL, INC. UNDER A LOAN AGREEMENT RELATING TO THE NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (POOLED EQUIPMENT FINANCING PROJECT) SERIES 1985**

**WHEREAS** the North Carolina Medical Care Commission (the "Commission") has issued its Hospital Revenue Bonds (Pooled Equipment Financing Project) Series 1985 (the "Bonds") pursuant to a Trust Agreement, dated as of December 1, 1985, as amended and supplemented, between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

**WHEREAS**, pursuant to a Loan Agreement, dated as of May 1, 2000, as amended (the "Loan Agreement"), among the Commission, the Municipal Bond Insurance Association ("MBIA") and Lexington Memorial Hospital, Inc. (the "Borrower"), the Commission used a portion of the proceeds of the Bonds to make a loan in the aggregate principal amount of \$9,000,000 to the Borrower to finance, refinance or provide reimbursement to the Borrower for the cost of capital improvements to certain hospital space, as more specifically described in the Loan Agreement; and

**WHEREAS**, to provide security for the payment of the Borrower's obligations under the Loan Agreement, MBIA required the Borrower to obtain an irrevocable, standby letter of credit in the original face amount of \$10,312,500 (the "Letter of Credit") issued by Wachovia Bank, N.A. ("Wachovia") in favor of the Trustee; and

**WHEREAS**, pursuant to an Assignment and Amendment of Loan Agreement, dated as of October 1, 2008, among the Commission, MBIA, the Borrower and KBC Bank N.V. ("KBC Bank"), MBIA has assigned all of its right, title and interests under the Loan Agreement to KBC Bank; and

**WHEREAS**, North Carolina Baptist Hospital (the "Guarantor") has entered into an Affiliation Agreement, dated as of October 1, 2008 (the "Affiliation Agreement"), with Davidson Health Care, Inc. ("Davidson") and Wake Forest University Health Sciences, relating to the Borrower, of which Davidson is the sole corporate member; and

**WHEREAS**, in furtherance of the Affiliation Agreement, the Guarantor desires to execute and deliver a Guaranty Agreement with the Trustee (the "2008 Guaranty Agreement") as security for the payment and performance of the obligations of the Borrower under the Loan Agreement; and

**WHEREAS**, the 2008 Guaranty Agreement constitutes a Collateral Document within the meaning of such term under the Loan Agreement; and

**WHEREAS**, the Guarantor desires to deliver the 2008 Guaranty Agreement in substitution for the Letter of Credit as a Collateral Document; and

**WHEREAS**, the Guarantor also desires to deliver the 2008 Guaranty Agreement in substitution for the Guaranty Agreement, dated as of May 1, 2000 (the "2000 Guaranty"); and

Agreement”), from Davidson, Lex Medical, Inc., LexHealth, Inc., LexProperties, Inc. and Lexington Memorial Hospital Foundation, Inc. to the Trustee; and

**WHEREAS**, the Loan Agreement provides that any Collateral Document must be in form and substance acceptable to KBC Bank and the Commission; and

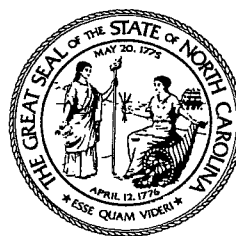
**WHEREAS**, there has been presented at this meeting a draft of the 2008 Guaranty Agreement, and the Commission has determined that the 2008 Guaranty Agreement is in form and substance acceptable to the Commission;

**NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The form, terms and provisions of the 2008 Guaranty Agreement are hereby deemed acceptable to the Commission.

**Section 2.** The Chairman, the Vice Chairman, the Secretary of the Commission 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 delivery of the 2008 Guaranty Agreement in substitution for the Letter of Credit and the 2000 Guaranty Agreement.

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



## The Medical Care Commission Resolution of Appreciation

### Robert F. Burgin

**WHEREAS**, Mr. Robert F. Burgin was a member of the North Carolina Medical Care Commission from July, 2000 until June, 2008; and

**WHEREAS**, Mr. Burgin has served with a devotion of interest far beyond the call of duty with the highest integrity, graciousness, and efficiency; and

**WHEREAS** during Mr. Burgin's tenure, and largely as a result of his service as Chairman of the Community Benefits Committee of the Commission, significant progress in the areas of the delivery and accounting for community benefits and charity care provided by the hospitals and continuing care retirement centers in the State was accomplished enhancing the quality of life and care for the people of North Carolina

**WHEREAS**, during Mr. Burgin's tenure, the Medical Care Commission assisted many hospitals and other health care facilities with tax exempt bond financing, and

**NOW, THEREFORE, BE IT RESOLVED** that the North Carolina Medical Care Commission does hereby record its great appreciation for the services of Mr. Robert Burgin; and

**BE IT RESOLVED, FURTHER**, that this resolution be recorded in the permanent minutes of the Commission.

Resolved this the 7<sup>th</sup> day of November, 2008.

\_\_\_\_\_  
Lucy Hancock Bode, Chairperson

ATTEST:

\_\_\_\_\_  
William J. Horton, Acting Secretary

