

**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**

**JULY 9, 2009**

**11:00 A.M.**

**Members of the Executive Committee Present:**

Lucy Hancock Bode, Chairman  
Joe Crocker, Vice-Chairman  
George H.V. Cecil  
Gerald Cox  
Charles Frock  
Dr. Robert Schaaf

**Members of the Executive Committee Absent:**

Mary L. Piepenbring

**Members of Staff Present:**

Christopher B. Taylor, CPA, Assistant Secretary

**Others Present:**

Tom Bradshaw, Citigroup Global Markets  
Kevin Dougherty, McGuire Woods, LLP  
John Franklin, BB&T Capital Markets  
Kent Lawrence, Citigroup Global Markets  
Jon Mize, Womble Carlyle Sandridge & Rice, PLLC  
Allen Robertson, Robinson Bradshaw & Hinson, PA

1. **Purpose of Meeting**

To authorize amendments to the Duke University Health System 2005 Bonds, including a confirming liquidity facility for the 2005C Bonds and the addition of an interest rate mode to all or some of the series of 2005 Bonds. To consider a resolution authorizing the issuance and sale of bonds, the proceeds of which will be loaned to WakeMed and information for the discussion of Bank Qualified Bonds Tax-Exempt Debt.

2. **Resolution of the North Carolina Medical Care Commission Approving Amendments to the North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (Duke University Health System) Series 2005, consisting of Series 2005A, Series 2005B and Series 2005C, including addition of a 2005C Confirming Liquidity Facility Provided by the Federal Home Loan Bank of Atlanta and the Windows Interest Rate Mode** – Remarks were made by Allen Robertson.

**Executive Committee Action:** Motion was made by Mr. Gerald Cox, seconded by Dr. Robert Schaaf and unanimously approved.

WHEREAS, on May 19, 2005, the North Carolina Medical Care Commission (the "Commission"), a commission of the Department of Health and Human Services of the State of North Carolina, issued \$322,140,000 aggregate principal amount of its Revenue Refunding Bonds (Duke University Health System) Series 2005, consisting of \$107,380,000 aggregate principal amount of Series 2005A (the "2005A Bonds"), \$107,380,000 aggregate principal amount of Series 2005B (the "2005B Bonds") and \$107,380,000 aggregate principal amount of Series 2005C (the "2005C Bonds," and, collectively with the 2005A Bonds and the 2005B Bonds, the "Bonds"), all of which are outstanding, pursuant to the terms of a Trust Agreement for each series of the Bonds, each dated as of May 1, 2005 (each a "Trust Agreement" and collectively the "Trust Agreements"), 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.;

WHEREAS, the Commission loaned the proceeds from the sale of the Bonds to Duke University Health System, Inc. (the "Corporation") pursuant to the Loan Agreement for each series of the Bonds, each dated as of May 1, 2005 (each a "Loan Agreement" and collectively the "Loan Agreements"), between the Commission and the Corporation;

WHEREAS, the Bonds are bearing interest at the Weekly Interest Rate (as defined in the Trust Agreements); and

WHEREAS, the Bonds are subject to optional and mandatory tender for purchase while they are bear interest at the Weekly Interest Rate; and

WHEREAS, if tendered 2005C Bonds cannot be remarketed, payment of the purchase price of tendered 2005C Bonds will be made by SunTrust Bank (the "2005C Liquidity Facility Provider") pursuant to, and subject to, the terms of a Standby Bond Purchase Agreement, dated

as of May 1, 2005, among the Corporation, 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 for the 2005C Bonds, and the 2005 Liquidity Facility Provider, as amended by a First Amendment dated as of April 30, 2008 (as amended, the "2005C Liquidity Facility"); and

WHEREAS, as a result of recent downgrades in the long-term and short-term credit ratings of the 2005C Liquidity Facility Provider by Moody's, S&P and Fitch to A2/P-1, A-/A-2 and A-/F1, respectively, the 2005C Bonds are bearing interest at higher than expected rates; and

WHEREAS, to attempt to reduce the interest rate on the 2005C Bonds, the Corporation has requested that the Commission approve the addition of an irrevocable standby letter of credit (the "2005C Confirming Liquidity Facility") to be issued by the Federal Home Loan Bank of Atlanta (the "2005C Confirming Liquidity Facility Provider") as another source of payment of the purchase price of tendered 2005C Bonds; and

WHEREAS, Robinson, Bradshaw & Hinson, P.A. ("Bond Counsel") has advised the Commission that, to maintain the tax-exempt status of the Bonds upon delivery of the 2005C Confirming Liquidity Facility, the Bonds must be refunded or deemed to be refunded; and

WHEREAS, Bond Counsel has advised the Commission that addition of a new interest rate mode to the Bonds will result in a reissuance (i.e., a deemed current refunding) of the Bonds; and

WHEREAS, the Corporation has requested that the Commission approve the addition of the "Windows Interest Rate Mode" to all or some of the series of the Bonds;

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

Section 1. Capitalized terms used in this resolution that are not defined in this resolution shall have the meanings given to them in the Trust Agreements.

Section 2. The addition of the 2005C Confirming Liquidity Facility as another source of payment of the purchase price of tendered 2005C Bonds and the addition of the Windows Interest Rate Mode to all or some of the series of the Bonds is hereby approved.

Section 3. The Chairman, Vice Chairman, the Secretary and the Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) (collectively, the "Authorized Officers") are each hereby authorized and directed to take such action and to approve, 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 addition of the 2005C Confirming Liquidity Facility as another source of payment of the purchase price of tendered 2005C Bonds and the addition of the Windows Interest Rate Mode to all or some of the series of the Bonds, including, but not limited to, amendments (or amendments and restatements) of the Trust Agreements, the Loan Agreements, the Tender Agreements, the Remarketing Agreements and the Liquidity Facilities,

replacement Bonds, the 2005C Confirming Liquidity Facility, one or more supplements to the May 11, 2005 Official Statement for the Bonds, a Tax Certificate and Form 8038.

Section 4. This Resolution shall take effect immediately upon its passage.

3. **Series Resolution Authorizing the Issuance of \$81,780,000 North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (WakeMed), Series 2009C (the "Bonds")** –Remarks were made by Kent Lawrence and Jon Mize.

**Executive Committee Action:** Motion was made by Mr. Joseph Crocker, seconded by Mr. Gerald Cox, and unanimously approved with Dr. Robert Schaaf abstaining from the vote.

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 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; and

WHEREAS, WakeMed (formerly Wake County Hospital System Inc.) (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 which owns and operates health care facilities in the County of Wake, North Carolina; and

WHEREAS, the Corporation has made application to the Commission for a loan to be made to the Corporation for the purpose of providing funds, together with other available funds, to (a) refund all of the outstanding \$108,550,000 Hospital Revenue Bonds (Wake County Hospital System), Series 1997 (the "Series 1997 Bonds") and (b) pay certain expenses incurred in connection with the issuance and sale of the Bonds; and

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

WHEREAS, there have been presented at this meeting draft copies of the following documents relating to the issuance of the Bonds:

(a) Trust Agreement, to be dated as of July 1, 2009 (the "Trust Agreement"), between the Commission and U.S. Bank National Association, as trustee (the "Bond Trustee");

(b) Loan Agreement, to be dated as of July 1, 2009 (the "Loan Agreement"), between the Commission and the Corporation;

(c) Reimbursement and Security Agreement, to be dated as of July 1, 2009 (the "Reimbursement Agreement"), between the Corporation and Wachovia Bank, National

Association (in such capacity, the "Bank"), including the form of an irrevocable, direct-pay letter of credit securing payment of the Bonds (the "Credit Facility");

(d) Contract of Purchase, to be dated the date of delivery thereof (the "Contract of Purchase"), between the North Carolina Local Government Commission (the "LGC") and Citigroup Global Markets Inc. (the "Underwriter"), and approved by the Commission and the Corporation;

(e) Supplemental Indenture for Obligation No. 8, to be dated as of July 1, 2009 ("Supplemental Indenture No. 8"), by and among the Corporation, WakeMed Faculty Practice Plan ("WakeMed Faculty Practice"), WakeMed Property Services ("WakeMed Property Services" and, together with the Corporation and WakeMed Faculty Practice, the "Members of the Obligated Group") and U.S. Bank National Association, as successor to First Union National Bank of North Carolina (in such capacity, the "Master Trustee"), supplementing a Master Trust Indenture, dated as of March 1, 1997 (as amended and supplemented, the "Master Indenture"), by and among the Members of the Obligated Group and the Master Trustee;

(f) Supplemental Indenture for Obligation No. 9, to be dated as of July 1, 2009 ("Supplemental Indenture No. 9" and, together with Supplemental Indenture No. 8, the "Supplemental Indentures"), by and among the Members of the Obligated Group and the Master Trustee, supplementing the Master Indenture;

(g) the Master Indenture;

(h) Obligation No. 8, to be dated the date of delivery thereof, to be issued by the Corporation to the Commission;

(i) Obligation No. 9, to be dated the date of delivery thereof, to be issued by the Corporation to the Bank, as the provider of the Credit Facility;

(j) Remarketing Agreement, to be dated as of July 1, 2009 (the "Remarketing Agreement"), by and among the Corporation, the Commission and Wachovia Bank, National Association (in such capacity, the "Remarketing Agent");

(k) Tender Agent Agreement, to be dated as of July 1, 2009 (the "Tender Agent Agreement"), by and among the Bond Trustee, U.S. Bank National Association, as tender agent, the Corporation and the Remarketing Agent; and

(l) Official Statement, to be dated the date of delivery thereof (the "Official Statement"), relating to the offering and sale of the Bonds;

WHEREAS, the Commission has determined that the Corporation and the other Members of the Obligated Group are financially responsible and capable of fulfilling their respective obligations, as applicable, under the Loan Agreement, the Reimbursement Agreement, the Contract of Purchase, the Supplemental Indentures, the Master Indenture, Obligation No. 8, Obligation No. 9, the Remarketing Agreement and the Tender Agent Agreement; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the North Carolina Medical Care Commission as follows:

Section 1. Capitalized terms used in this Series Resolution and not defined herein shall have the meanings given such terms in the Trust Agreement, the Loan Agreement and the Master Indenture.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$81,780,000. The Bonds shall mature, subject to prior redemption, on October 1, 2026 and shall initially bear interest at a weekly variable rate in accordance with the formula set forth in the Trust Agreement with a maximum rate not to exceed 12% per annum. The Bonds shall be initially issued as fully registered bonds in denominations of \$100,000 or any multiple of \$5,000 in excess of \$100,000 and shall be initially issued in book-entry only form as described in the Trust Agreement. While the Bonds bear interest at a weekly interest rate, interest on the Bonds shall be payable on the first Business Day of each month, beginning August 3, 2009, until the Bonds are fully paid. Payments of principal of and interest on the Bonds shall be forwarded by the Bond Trustee to the registered owners of the Bonds in such manner set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption, optional and mandatory tender for purchase and conversion to different interest rate modes, at the times, upon the terms and conditions and, with respect to redemptions and tenders, at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 208 of the Trust Agreement.

Section 5. The forms, terms and provisions of the Loan Agreement, the Trust Agreement and the Remarketing Agreement are hereby approved in all respects, and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement, the Trust Agreement and the Remarketing Agreement in substantially the forms presented at 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; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Contract of Purchase are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose is hereby authorized and directed to execute and deliver the Contract of Purchase in substantially the form presented at

this meeting, together with such changes, modifications, insertions and deletions as such Chairman, the Vice Chairman or such member of the Commission, 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; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The form of the Bonds set forth in the Trust Agreement are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond 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; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Master Indenture, the Supplemental Indentures, Obligation No. 8, Obligation No. 9, the Credit Facility, the Reimbursement Agreement and the Tender Agent Agreement are hereby approved in substantially the forms presented at this meeting.

Section 9. The Commission hereby approves the action of the LGC in awarding the Bonds to the Underwriter at the price of \$81,328,638.20 (which price represents the aggregate principal amount of the Bonds, less an underwriter's discount of \$451,361.80).

Section 10. Upon execution of the Bonds in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon compliance with the provisions of Section 208 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriter against payment therefor.

Section 11. The Commission hereby authorizes and approves the use and distribution of the Official Statement in connection with the offering and sale of the Bonds. The Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose is hereby authorized to execute and deliver, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary or appropriate; and such execution and delivery shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Loan Agreement, the Trust Agreement, the Reimbursement Agreement, the Credit Facility, the Supplemental Indentures, Obligation No. 8, Obligation No. 9, the Master Indenture, the Remarketing Agreement and the Tender Agent Agreement by the Underwriter in connection with the offering and sale of the Bonds.

Section 12. U.S. Bank National Association is hereby appointed as the Bond Trustee and Tender Agent for the Bonds. Wachovia Bank, National Association is hereby appointed as the initial Remarketing Agent for the Bonds.

Section 13. The Depository Trust Company ("DTC"), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Bonds. The Commission has heretofore executed and delivered to DTC a Blanket Letter of Representations.

Section 14. William J. Horton, Acting Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary, William L. Warren, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy Larrison, Auditor for the Commission, are each hereby appointed a Commission Representative (as that term is defined in the Trust Agreement) of the Commission with full power to carry out the duties set forth therein.

Section 15. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman, the Acting Secretary and any 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, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Loan Agreement, the Trust Agreement, the Reimbursement Agreement, the Credit Facility, the Supplemental Indentures, Obligation No. 8, Obligation No. 9, the Master Indenture, the Remarketing Agreement and the Tender Agent Agreement.


Section 16. This Series Resolution shall take effect immediately upon its passage.

4. **Bank Qualified Tax-Exempt Debt**- Remarks were made by Kevin Dougherty and John Franklin. Please see attached document.

5. **Adjournment**

There being no further business, the meeting was adjourned at 12:00 p.m.

Respectfully submitted,

  
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Christopher B. Taylor, CPA, Assistant Secretary

Date: July 10, 2009



# *Bank Qualified Tax-Exempt Debt*

*July 9th, 2009*

- 1. Background and changes due to 2009 Stimulus Package**
- 2. Comparison to Letter-of-Credit backed Variable Rate Demand Bonds**
- 3. Sample Calculation of “All-In” True Interest Cost**

## Prior Regulations for "Bank Qualified" Tax-Exempt Bonds

- In 1986, legislation was passed that *eliminated* Financial Institutions' ability to deduct that portion of interest expense allocable to carrying tax-exempt obligations, with a limited exception for tax-exempt obligations issued for governmental or non-profit purposes by qualified small issuers (the "BQ" exception).
- Financial Institutions holding BQ bonds *can* deduct 80% of the interest expense allocable to carrying BQ Bonds.
- BQ bonds were limited to a maximum of *\$10 million per issuer* (state or local government entity) per year.
- Typically, no BQ capacity was available for non-profit borrowers in states that utilize statewide issuers (e.g. North Carolina Medical Care Commission) or in metropolitan areas where cities and surrounding counties issue substantial tax-exempt debt each calendar year.
- Most BQ bonds, because of their small size (less than \$10 million), are placed directly with banks through "private placements," rather than sold in the public bond market.

## New BQ Regulations

- BQ limit has been increased to *\$30 million per borrower in 2009 and in 2010.*
- *The limit will now be applied to each borrower rather than to the issuing locality.* Thus, each non-profit borrower may now borrow \$30 million in BQ tax-exempt Bonds, even if the issuer itself exceeds the new limit. A non-profit borrower with capital needs of up to \$60 million may consider dividing a borrowing into two issues (\$30 million in 2009 and \$30 million in 2010) to qualify the full amount of the borrowing as BQ.
- The combination of the higher limit and the per-borrower allocation will result in *many more tax-exempt borrowings being designated BQ.*
- A Bond must be designated as BQ by the issuer in order for a Financial Institution holding the BQ bonds to take advantage of the more favorable tax treatment.

### Potential Impact

- Many non-profit healthcare organizations, Financial Advisors and Bond Counsel firms believe that the revised BQ limits will introduce greater competition to finance projects for non-profits, particularly from smaller banks and banks who cannot issue highly rated Letters of Credit.

# Comparison to VRDB with Letter of Credit

VRDB with Letter of Credit

Bank Qualified Private Placement

Amortization	Up to 30 years (subject to credit approval and useful life of financed assets)	
Required Participants	<ul style="list-style-type: none"> <li>• Conduit Issuer (NCMCC)</li> <li>• LGC</li> <li>• Bond Counsel</li> <li>• Bank Counsel</li> <li>• Underwriter</li> <li>• Remarketing Agent</li> <li>• Underwriter's Counsel</li> <li>• Trustee (BB&amp;T Corp Trust)</li> <li>• Rating Agency</li> </ul>	<ul style="list-style-type: none"> <li>• Conduit Issuer (NCMCC)</li> <li>• LGC</li> <li>• Bond Counsel</li> <li>• Bank Counsel</li> <li>• Structuring Agent</li> </ul>
Typical Terms	<ul style="list-style-type: none"> <li>• Letter of Credit Commitment for 1 to 3 years</li> <li>• Subject to renewal</li> <li>• Letter of Credit can be replaced</li> <li>• Pre-payable without penalty</li> </ul>	<ul style="list-style-type: none"> <li>• Variable Rate with 3 to 5 year "put" feature</li> <li>• Subject to renewal</li> <li>• May be transferred if not renewed</li> <li>• Pre-payable without penalty</li> </ul>
Mechanics if not renewed	Letter of credit is drawn on and bonds become taxable bank bonds (or loan) with accelerated amortization schedule	Bank Qualified Bonds become taxable bank loan with accelerated amortization schedule

# Financing Comparison (Con't)

## VRDB with Letter of Credit

## Bank Qualified Private Placement (Floating Rate)

<p>All-in Interest Rate</p>	<ul style="list-style-type: none"> <li>• Market-Based Variable Rate set weekly by Remarketing Agent (Usually set at approximately 67% of LIBOR)</li> <li>• Must add Bank's annual Letter of Credit fee (adjusted for credit risk)</li> <li>• Must add remarketing fee</li> </ul>	<ul style="list-style-type: none"> <li>• Variable (68% of LIBOR)</li> <li>• Must add bank's annual credit spread – adjusted for credit risk (65% of normal credit spread)</li> </ul>
<p>Risks to Borrower</p>	<ul style="list-style-type: none"> <li>• Renewal of Letter of Credit</li> <li>• Interest Rate Risk</li> </ul>	<ul style="list-style-type: none"> <li>• Renewal of "put" period after initial term</li> <li>• Interest Rate Risk</li> </ul>
<p>Advantages to Borrower</p>	<ul style="list-style-type: none"> <li>• Familiar financial instrument – no education needed</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminates Remarketing Risk – bonds are not required to be remarketed to investors</li> <li>• Eliminates Counterparty Risk – no impact on interest rate if Bank's credit ratings get downgraded</li> <li>• Lower costs of issuance – eliminates several parties from transaction</li> <li>• Creates larger pool of potential lenders</li> </ul>
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# Calculation of All-In True Interest Cost

VRDB with Letter of Credit		Bank Qualified Private Placement (Floating Rate)	
Upfront Expenses	\$232,500	\$175,000	
Current Market Rate	VRDB Rate: 0.32% LOC Fee: 1.35% Remarketing: 0.13% Amortization of Expenses: <u>0.13%</u> All-In TIC 1.93%	68% of 30-Day LIBOR 0.22% Credit Spread - 65% of 240 bps: 1.56% Amortization of Expenses: <u>0.07%</u> All-In TIC 1.85%	
10-Year Average Rate	VRDB Rate: 2.48% LOC Fee: 1.35% Remarketing: 0.13% Amortization of Expenses: <u>0.13%</u> All-In TIC 4.11%	68% of 30-Day LIBOR 2.34% Credit Spread - 65% of 240 bps: 1.56% Amortization of Expenses: <u>0.07%</u> All-In TIC 3.97%	

Based Upon Hypothetical \$10 million, 25-Year Transaction