

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

**The North Carolina Medical Care Commission  
809 Ruggles Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE OF THE COMMISSION  
CONFERENCE TELEPHONE MEETING ORIGINATING  
FROM THE OFFICES OF THE COMMISSION**

**June 22, 2012  
2:00 p.m.**

**Members of the Commission Present:**

Lucy Hancock Bode, Chairman  
Dr. George Binder  
George H. V. Cecil  
Albert F. Lockamy  
Dr. Carl K. Rust

**Members of the Commission Absent:**

Joseph D. Crocker, Vice-Chairman  
Mary L. Piepenbring

**Members of Staff Present:**

Drexdal R. Pratt, DHSR Director/MCC Secretary  
Patricia L. Christian, PhD, RN, DHSR Assistant Director of Healthcare Quality and Safety  
Christopher B. Taylor, CPA, Assistant Secretary  
Alice S. Creech, Bond Program Assistant

**Others Present:**

Paul Billow, Womble Carlyle Sandridge & Rice, PLLC  
Mike DeVaughn, WakeMed  
Ken Lawrence, Citigroup Global Markets, Inc.  
Jon Mize, Womble Carlyle Sandridge & Rice, PLLC  
Jeff Poley, Parker Poe Adams & Bernstein, LLP

1. **Purpose of Meeting**

To consider a resolution approving a substitute Letter of Credit and the appointment of a successor Remarketing Agent for a subseries of bonds, the proceeds of which were loaned to Gaston Memorial Hospital, Incorporated, CaroMont Health Services, Inc. and CaroMont Health Inc., and authorizing and approving certain amendments to the Amended and Restated Trust Agreement pursuant to which such bonds were issued and the Loan Agreement relating thereto and to authorize the sale of bonds, the proceeds of which are to be loaned to WakeMed.

2. **Resolution Approving the Appointment of Wells Fargo Bank, National Association as Letter of Credit Provider and Remarketing Agent for the North Carolina Medical Care Commission Hospital Revenue Bonds (CaroMont Health), Series 2003 (Subseries B) and Approving a First Amendment to Amended and Restated Trust Agreement, a Second Amendment to Loan Agreement and Certain Other Matters Related Thereto** – Remarks were made by Jon Mize.

**Executive Committee Action:** A motion was made by Mr. Al Lockamy, seconded by Dr. Carl Rust, 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 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**, the Commission has heretofore issued its Hospital Revenue Bonds (CaroMont Health), Series 2003, dated as of January 23, 2003, in the aggregate principal amount of \$120,000,000 (the “Bonds”), and loaned the proceeds thereof to Gaston Memorial Hospital, Incorporated and Gaston Health Services, Inc. (now known as CaroMont Health Services, Inc.) (collectively, the “Corporations”) and Gaston Health Care, Inc. (now known as CaroMont Health Inc. (the “Parent”), each of which is a North Carolina nonprofit and a “non-profit agency” within the meaning and intent of the Act, which operates, by itself and through its affiliates, various health care facilities, pursuant to a Loan Agreement, dated as of January 1, 2003, as amended by a First Amendment to Loan Agreement, dated as of June 1, 2008 (collectively, the “Original Agreement”), each among the Commission, the Corporations and the Parent; and

**WHEREAS**, in order to provide for the issuance of the Bonds, the Commission and The Bank of New York, as predecessor bond trustee, previously entered into a Trust Agreement, dated as of January 1, 2003, as supplemented and amended by a Supplemental Trust Agreement, dated as of May 1, 2006 (collectively, the “Original Trust Agreement”); and

**WHEREAS**, in connection with the conversion of the interest rate determination method on the Bonds to a weekly rate mode on June 27, 2008, the Original Trust Agreement was amended and restated in the form of an Amended and Restated Trust Agreement, dated as of

June 1, 2008 (the “Amended and Restated 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 successor bond trustee (the “Bond Trustee”), to provide for the delivery of an irrevocable direct pay letter of credit issued by Bank of America, N.A. (the “Bank of America Letter of Credit”) securing the payment of principal and purchase price of and interest on the Bonds; and

**WHEREAS**, Section 202(a)(i) of the Amended and Restated Trust Agreement provides that the Bonds constitute two separate subseries, Subseries A (the “Subseries A Bonds”) and Subseries B (the “Subseries B Bonds”), and such subseries have separate CUSIP identification numbers and are secured by separate municipal bond insurance policies issued by MBIA Insurance Corporation; and

**WHEREAS**, the Corporations and the Parent have determined to substitute the portion of the Bank of America Letter of Credit securing the payment of principal and purchase price for and interest on the Subseries B Bonds with an irrevocable direct pay letter of credit (the “Wells Fargo Letter of Credit”) to be issued by Wells Fargo Bank, National Association (“Wells Fargo”) on July 18, 2012 or such other mutually agreeable date and to designate Wells Fargo as Remarketing Agent for the Subseries B Bonds; and

**WHEREAS**, in connection with the delivery of the Wells Fargo Letter of Credit to secure the Subseries B Bonds and the appointment of Wells Fargo as Remarketing Agent for the Subseries B Bonds, it is necessary to amend the Amended and Restated Trust Agreement pursuant to Section 1201(a) thereof and to amend the Original Agreement pursuant to Section 10.01(e) thereof to clarify and provide that the Subseries A Bonds and the Subseries B Bonds may be treated as separate and independent series of Bonds under the Amended and Restated Trust Agreement, including, without limitation, the provision of independent Letters of Credit and Remarketing Agents (as such terms are defined in the Amended and Restated Trust Agreement); and

**WHEREAS**, such amendments will be effected pursuant to a First Amendment to Amended and Restated Trust Agreement, to be dated as of July 1, 2012 or such other mutually agreeable date (the “Trust Agreement Amendment”), between the Commission and the Bond Trustee, and a Second Amendment to Loan Agreement, to be dated as of July 1, 2012 or such other mutually agreeable date (the “Loan Agreement Amendment” and, together with the Trust Agreement Amendment, the “Amendments”), among the Commission, the Corporations and the Parent; and

**WHEREAS**, there have been presented at this meeting draft forms of the following documents:

(1) the Amendments;

(2) Reimbursement and Security Agreement, to be dated as of July 1, 2012 or such other mutually agreeable date (the “Reimbursement Agreement”), between the Corporations, the Parent and Wells Fargo, together with the form of the Wells Fargo Letter of Credit attached thereto as Exhibit A; and

(3) Remarketing Agreement, to be dated as of July 1, 2012 or such other mutually agreeable date (the “Remarketing Agreement”), among the Commission, the Corporations, the Parent and Wells Fargo; and

**WHEREAS**, the Commission has determined that the Corporations and the Parent are financially responsible and capable of fulfilling their obligations under the proposed transaction; and

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

**Section 1.** The appointment of Wells Fargo as the provider of the replacement Letter of Credit and as successor Remarketing Agent for the Subseries B Bonds is hereby approved. The form, terms and provisions of the Amendments and the Remarketing Agreement are hereby authorized and approved in all respects, and each of the Chairman, the Vice Chairman and the Secretary or any Assistant Secretary of the Commission (the “Authorized Officers”) are each hereby authorized to execute and deliver on behalf of the Commission the Amendments and the Remarketing Agreement in substantially the forms presented at this meeting, together with such additions, deletions or other modifications not inconsistent with the general tenor of said document as the Authorized Officer executing such document, with the advice of counsel, may deem necessary or appropriate, such execution and delivery to be conclusive evidence of the authorization and approval thereof by the Commission. The form, terms and provisions of the Reimbursement Agreement and the Wells Fargo Letter of Credit are hereby authorized and approved in all respects.

**Section 2.** The Authorized Officers are hereby authorized and directed to take such action and to execute and deliver any and all certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by this resolution and the documents described in this resolution, including, without limitation, the distribution of any remarketing supplements or other documents related to the appointment of Wells Fargo as successor Remarketing Agent for the Subseries B Bonds and the provision of the Wells Fargo Letter of Credit securing the Subseries B Bonds.

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

3. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$294,840,000 North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (WakeMed) Series 2012A (the “Bonds”) –** Remarks were made by Kent Lawrence and Jeff Poley

**Executive Committee Action:** A motion was made by Dr. George Binder, seconded by Mr. Al Lockamy 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 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 (the “Corporation”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “non-profit agency” within the meaning of the Act; and

**WHEREAS**, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) refund the Refunded Bonds (as defined in the hereinafter mentioned Trust Agreement) and (b) pay fees and expenses incurred in connection with the issuance of the Bonds; and

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Executive Committee of the Commission on April 24, 2012, has approved the issuance of the Bonds, subject to compliance by the Corporation 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) a Contract of Purchase, dated June 22, 2012 (the “Purchase Agreement”), between the Local Government Commission of North Carolina and Citigroup Global Markets Inc. and the other underwriters named therein (collectively, the “Underwriters”), and approved by the Commission and the Corporation, pursuant to which the Underwriters have agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement (as defined below);

(b) a Trust Agreement, dated as of July 1, 2012 (the “Trust Agreement”), between the Commission and U.S. Bank National Association, as bond trustee (the “Bond Trustee”), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

(c) a Loan Agreement, dated as of July 1, 2012 (the “Loan Agreement”), between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(d) an Escrow Deposit Agreement, dated as of July 1, 2012 (the “Escrow Agreement”), among the Commission, the Corporation and U.S. Bank National Association, as escrow agent;

(e) a Letter of Instructions to the Bond Trustee, dated as of the date of delivery of the Bonds (the “Letter of Instructions”), from the Commission and the Corporation to U.S. Bank National Association as bond trustee for the 2001 Bonds (as defined in the Letter of Instructions);

(f) an Amended and Restated Master Trust Indenture, dated as of July 1, 2012 (the “Master Indenture”), by and among the Corporation, WakeMed Faculty Practice Plan, WakeMed

Property Services (collectively, the “*Members of the Obligated Group*”) and U.S. Bank National Association, as master trustee (the “*Master Trustee*”), which Master Indenture amends and restates the Master Trust Indenture, dated as of March 1, 1997 (as supplemented and amended, the “*Original Master Indenture*”);

(g) a Supplemental Indenture for Obligation No. 10, dated as of July 1, 2012 (“*Supplement No. 10*”), by and among the Members of the Obligated Group and the Master Trustee;

(h) Obligation No. 10, dated as of the date of delivery of the Bonds (“*Obligation No. 10*”), to be issued by the Members of the Obligated Group to the Commission pursuant to the Original Master Indenture; and

(i) the Preliminary Official Statement with respect to the Bonds, dated June 13, 2012 (the “*Preliminary Official Statement*”).

**WHEREAS**, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Supplement No. 10 and Obligation No. 10; 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. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (WakeMed) Series 2012A (the “*Bonds*”) in the aggregate principal amount of \$294,840,000. The Bonds shall mature in such amounts and at such times, be subject to Sinking Fund Requirements and bear interest at such rates as are set forth in Schedule 1 attached hereto.

The Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or any whole multiple thereof. The Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each April 1 and October 1, beginning October 1, 2012, to and including October 1, 2038. 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 as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory redemption, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.09 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds to

refund the Refunded Bonds and pay fees and expenses incurred in connection with the issuance of the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement, Escrow Agreement, Letter of Instructions and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, Escrow Agreement, the Letter of Instructions and the Loan 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 and appropriate, 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 Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions 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 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) 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, 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, Supplement No. 10 and Obligation No. 10 are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission, with the advice of counsel, may deem necessary and appropriate, and the execution and delivery of the Trust Agreement by the Commission shall be conclusive evidence of the approval of the documents listed in this Section by the Commission. The amendment and restatement of the Original Master Indenture pursuant to Supplement No. 10 and the Master Indenture is hereby approved.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the purchase price of \$313,357,691.97 (representing the principal amount of the Bonds plus net original issue premium of \$20,877,961.90 and less underwriters' discount of \$2,360,269.93).

Section 10. Upon their execution 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 the satisfaction of the conditions set forth in Section 2.09 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "*Official Statement*"), both in connection with the offer and sale of the Bonds. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary are hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution 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 Official Statement, the Trust Agreement, the Loan Agreement, the Escrow Agreement the Master Indenture, Supplement No. 10 and Obligation No. 10 by the Underwriters in connection with such offer and sale.

Section 12. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the Bonds.

Section 13. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 14. Drexal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, and Kathy C. Larrison, Auditor of the Commission, are each hereby 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 15. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary of the Commission are each hereby 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, letters of instructions, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Purchase Agreement and the Official Statement.

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



**MATURITY SCHEDULE**

**\$86,030,000 Serial Bonds**

<b><u>DUE OCTOBER 1</u></b>	<b><u>PRINCIPAL AMOUNT</u></b>	<b><u>INTEREST RATE</u></b>
2012	\$5,635,000	2.00%
2013	5,955,000	2.00
2014	6,090,000	3.00
2015	6,295,000	4.00
2016	6,570,000	5.00
2017	3,690,000	5.00
2017	3,200,000	4.00
2018	7,215,000	5.00
2019	1,545,000	5.00
2019	6,000,000	4.00
2020	7,855,000	5.00
2021	7,040,000	5.00
2021	1,205,000	4.00
2022	8,655,000	5.00
2023	8,125,000	5.00
2023	955,000	4.00

**\$46,300,000 5.00% Term Bonds due October 1, 2027**

<b><u>DUE OCTOBER 1</u></b>	<b><u>SINKING FUND REQUIREMENT</u></b>
2024	\$ 9,060,000
2025	9,505,000
2026	9,980,000
2027	17,755,000

**\$2,000,000 4.00% Term Bonds due October 1, 2027**

<b><u>DUE OCTOBER 1</u></b>	<b><u>SINKING FUND REQUIREMENT</u></b>
2024	\$465,000
2025	485,000
2026	510,000
2027	540,000

**\$62,305,000 5.00% Term Bonds due October 1, 2031**

<b><u>DUE OCTOBER 1</u></b>	<b><u>SINKING FUND REQUIREMENT</u></b>
2028	\$14,455,000
2029	15,180,000
2030	15,935,000
2031	16,735,000

**\$20,000,000 4.00% Term Bonds due October 1, 2031**

<b><u>DUE OCTOBER 1</u></b>	<b><u>SINKING FUND REQUIREMENT</u></b>
2028	\$4,720,000
2029	4,905,000
2030	5,090,000
2031	5,285,000

**\$28,205,000 5.00% Term Bonds due October 1, 2038**

<b><u>DUE OCTOBER 1</u></b>	<b><u>SINKING FUND REQUIREMENT</u></b>
2032	\$16,740,000
2033	1,690,000
2034	1,770,000
2035	1,860,000
2036	1,950,000
2037	2,045,000
2038	2,150,000

**\$50,000,000 4.125% Term Bonds due October 1, 2038**

<b><u>DUE OCTOBER 1</u></b>	<b><u>SINKING FUND REQUIREMENT</u></b>
2032	\$6,320,000
2033	6,580,000
2034	6,845,000
2035	7,120,000
2036	7,410,000
2037	7,710,000
2038	8,015,000

Professional Fees Comparison for  
WakeMed 2012A Bonds

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Underwriters' discount	\$2,301,346	\$2,360,269.93
Accountants	30,000	30,000
Corporation counsel	75,000	75,000
Bond counsel	125,000	125,000
Underwriters' counsel	85,000	85,000
Financial Advisor	75,000	75,000

**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