

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

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

MINUTES

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

**January 29, 2009
2:00 P.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Joseph D. Crocker, Vice-Chairman
Gerald P. Cox
George H.V. Cecil
Mary L. Piepenbring
Dr. Robert Schaaf

Members of the Executive Committee Absent:

Charles T. Frock

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary

Others Present:

Paul Billow, Womble Carlyle Sandridge & Rice, PLLC
Tom Bradshaw, Citigroup Global Markets, Inc.
Jon Mize, Womble Carlyle Sandridge & Rice, PLLC
Linda Walker, Financial Planning Consultant for WakeMed Healthcare

1. **Purpose of Meeting**

To consider a resolution authorizing the approval of an amendment to a Remarketing Agreement for 1991-B Pool Bonds and to consider a resolution authorizing the issuance and sale of bonds, the proceeds of which will be loaned to WakeMed.

2. **Resolution Approving Amendment to Remarketing Agreement for 1991B Pool Bonds-** Remarks were made by Chris Taylor

Summary: The request is for approval of an Amendment to Remarketing Agreement between the Commission and Citigroup Global Markets Inc. for the Commission's Hospital Revenue Bonds (Pooled Financing Project) Series 1991B (the "1991B Pool Bonds") that provides for payment of a fixed fee to the Remarketing Agent instead of a lower fixed fee plus a supplemental incentive fee. The supplemental incentive fee, which has been paid if actual average interest rates on the 1991B Pool Bonds are less than the Ponder "Varifact" average, must be computed manually on a quarterly basis. Based on the relatively small outstanding balance of the 1991B Pool Bonds, the Remarketing Agent has requested that it be paid only a fixed fee to eliminate this administrative burden.

Executive Committee Action: Motion was made by Mr. Gerald Cox, seconded by Mr. Joe Crocker, and unanimously approved.

Resolution: The Commission approves the Amendment to Remarketing Agreement for the 1991B Pool Bonds. The officers of the Commission are authorized to execute and deliver all documents necessary to give effect to this resolution.

3. **Series Resolution Authorizing the Issuance of \$169,750,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (WakeMed), Series 2009A (the "Bonds")-** Remarks were made by Paul Billow, Tom Bradshaw and Jon Mize.

Executive Committee Action: Motion was made by Mr. Joe Crocker, seconded by Mr. George H.V. Cecil, 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, for (a) constructing and equipping various improvements to the hospital facilities of the Corporation, including, but not limited to, (i) the construction and equipping of an expansion to the existing surgery wing of the Corporation's WakeMed Cary Hospital ("WakeMed Cary"), (ii) the construction and equipping of new space and renovation and equipping of existing space at WakeMed Cary's Women's Pavilion and Birthplace, (iii) the expansion of an existing parking deck at WakeMed Cary, (iv) the construction and equipping of a new tower at the Corporation's WakeMed Raleigh Hospital ("WakeMed Raleigh"), (v) the renovation and equipping of the existing Rehabilitation Hospital and the Main Hospital at WakeMed Raleigh, (vi) the replacement of the existing central utilities plant serving WakeMed Raleigh, (vii) the expansion of an existing parking deck and the construction of a new parking garage at WakeMed Raleigh and (viii) the acquisition of certain hospital equipment, including, but not limited to, moveable medical equipment and information services equipment (collectively, the "Project"), (b) pay the premium for a municipal bond insurance policy (the "Policy"), (c) fund a debt service reserve fund for the Bonds and (d) 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 February 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 February 1, 2009 (the "Loan Agreement"), between the Commission and the Corporation;

(c) 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 the underwriters named therein (the "Underwriters"), and approved by the Commission and the Corporation;

(d) Supplemental Indenture for Obligation No. 5, to be dated as of February 1, 2009 (the "Supplemental Indenture"), 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 supplemented, the “Master Indenture”), by and among the Members of the Obligated Group and the Master Trustee;

(e) the Master Indenture;

(f) the Second Amendment to Master Trust Indenture, to be dated as of February 1, 2009 (the “Second Amendment”), by and among the Members of the Obligated Group and the Master Trustee, amending the Master Indenture;

(g) Obligation No. 5, to be dated the date of delivery thereof, to be issued by the Corporation to the Commission; and

(h) Preliminary Official Statement, dated the date of delivery thereof (the “Preliminary 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 Contract of Purchase, the Supplemental Indenture, the Master Indenture, the Second Amendment and Obligation No. 5; 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 \$169,750,000. The Bonds shall be dated as of the date of delivery thereof and shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in Exhibit A attached hereto and made a part hereof.

The Bonds shall be issued as fully registered bonds in denominations of \$5,000 or any whole multiple thereof. The Bonds shall be initially issued in book-entry only form as described in the Trust Agreement. Interest on the Bonds shall be payable semiannually on each April 1 and October 1, beginning October 1, 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 as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption 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.

Section 5. The forms, terms and provisions of the Loan Agreement and 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 and deliver the Loan Agreement and the Trust 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 forms, 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 forms 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 Indenture, the Second Amendment and Obligation No. 5 are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman, 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 Master Indenture, the Supplemental Indenture, the Second Amendment and Obligation No. 5 by the Commission.

Section 9. The Commission hereby approves the action of the LGC in awarding the Bonds to the Underwriters at the price of \$166,318,368.38 (which price represents the aggregate principal amount of the Bonds, less an underwriters' discount of \$2,906,713.57 and less a net original issue discount of \$524,918.05).

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 2.09 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the offering and sale of the Bonds. The preparation and distribution of a final Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the final terms of the Bonds, is hereby approved, and 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 Supplemental Indenture, Obligation No. 5, the Master Indenture and the Second Amendment by the Underwriters in connection with the offering and sale of the Bonds.

Section 12. U.S. Bank National Association is hereby appointed as the Bond Trustee 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 Facility Services, 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 Contract of Purchase and the Official Statement.

Section 16. The Commission hereby recommends that the Governor of the State of North Carolina approve the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, and hereby requests such approval.

Section 17. This Series Resolution shall take effect immediately upon its passage.

4. Adjournment

There being no further business, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,

Christopher B. Taylor, CPA
Assistant Secretary

Date: January 29, 2009

MATURITY SCHEDULE

<u>Due October 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$ 2,900,000	3.00 %
2011	2,985,000	3.50
2012	3,090,000	4.00
2013	3,215,000	3.00
2014	3,310,000	3.00
2015	3,410,000	4.00
2016	3,545,000	4.00
2017	3,690,000	4.00
2018	3,835,000	4.00
2019	3,990,000	4.25
2029	53,850,000	5.625
2038	59,125,000	5.875
2038	22,805,000	5.625