

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
OCTOBER 22, 2009
11:00 A.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Joseph D. Crocker, Vice-Chairman
George H.V. Cecil
Charles T. Frock
Mary L. Piepenbring

Members of the Executive Committee Absent:

Gerald P. Cox
Dr. Robert E. Schaaf

Members of Staff Present:

William J. Horton, Acting DHSR Director/Acting MCC Secretary
Christopher B. Taylor, CPA, Assistant Secretary

Others Present:

Thomas Bradshaw, Morgan Stanley Smith Barney
Kevin Dougherty, McGuire Woods, LLP
Joe Lucas, McGuire Woods, LLP
John Randolph, Lancaster Pollard
Allen K. Robertson, Robinson Bradshaw & Hinson, PA
Amy Yang, Citigroup Global Markets

1. **Purpose of Meeting**

To consider for approval three resolutions which are (1) Series resolution authorizing the issuance of \$5,705,000 North Carolina Medical Care Commission Adjustable Rate Demand Health Care Facility Revenue Bonds (Cornelia Nixon Davis, Inc. Project), Series 2009, (2) To authorize the sale of bonds, the proceeds of which are to be loaned to Duke University Health System, Inc., and (3) Series resolution authorizing the issuance of \$9,540,000 North Carolina Medical Care Commission Hospital Revenue Refunding Bonds (High Point Regional Health System), Series 2009.

2. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$5,705,000 NORTH CAROLINA MEDICAL CARE COMMISSION ADJUSTABLE RATE DEMAND HEALTH CARE FACILITY REVENUE BONDS (CORNELIA NIXON DAVIS, INC. PROJECT), SERIES 2009** - Remarks were made by Joe Lucas and John Randolph

Executive Committee Action: Motion was made by Mr. Joe Crocker, seconded by Mr. George Cecil 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;

WHEREAS, Cornelia Nixon Davis, 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;

WHEREAS, the Corporation owns and operates health care facilities located in Wilmington, North Carolina;

WHEREAS, the Corporation has made an application to the Commission for a loan for the purposes of providing funds, together with other available funds, to (a) pay, or reimburse the Corporation for paying, the cost of (i) the construction, equipping and furnishing of a one-story addition to the Corporation's existing skilled nursing facility, which addition will include (1) a 15,000 square-foot rehabilitation and wellness center and (2) a 10,000 square-foot wing comprised of 20 new single occupancy rooms, and (ii) the conversion of the Corporation's 20 existing dual occupancy rooms into 20 single occupancy rooms and the related renovation and furnishing thereof (collectively, the "Project"), (b) pay a portion of the interest accruing on the Bonds (as defined below) during construction of the Project, and (c) pay certain expenses incurred in connection with the authorization and issuance of the Bonds;

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on August 7, 2008, has approved the issuance of its Adjustable Rate Demand Health Care Facility Revenue Bonds

(Cornelia Nixon Davis, Inc. Project), Series 2009 (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;

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

(a) the Bond Purchase Agreement, to be dated the date of sale of the Bonds (the "Bond Purchase Agreement"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Lancaster Pollard & Co. (the "Underwriter"), and approved by the Commission and the Corporation;

(b) the Trust Agreement, to be dated as of October 1, 2009 or such other date as shall be agreed upon by the parties thereto (the "Trust Agreement"), by and between the Commission and U.S. Bank National Association, as trustee (the "Trustee"), the provisions of which relate to the issuance of and security for the Bonds;

(c) the Loan Agreement, to be dated as of October 1, 2009 or such other date as shall be agreed upon by the parties thereto (the "Loan Agreement"), by and between the Corporation and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(d) the Promissory Note of the Corporation in the principal amount of \$5,705,000, dated October 29, 2009 or such other date as shall be agreed upon by the Corporation and the Commission (the "Note") to be issued pursuant to the Loan Agreement and delivered to the Commission as consideration for the loan of the proceeds of the Bonds;

(e) the Remarketing Agreement, to be dated as of October 1, 2009 or such other date as shall be agreed upon by the parties thereto (the "Remarketing Agreement"), by and among the Corporation, the Commission and Lancaster Pollard & Co., as remarketing agent;

(f) the Letter of Credit and Reimbursement Agreement, to be dated as of October 1, 2009 or such other date as shall be agreed upon by the parties thereto (the "Reimbursement Agreement"), by and between the Corporation and Wachovia Bank, National Association (the "Bank"), pursuant to which the Bank will issue its irrevocable, direct-pay letter of credit, to be dated as of the date of delivery thereof (the "Letter of Credit"); and

(g) the Preliminary Official Statement of the Commission relating to the Bonds (the "Preliminary Official Statement") which, as supplemented with certain pricing and other permitted information, is to be the Official Statement of the Commission relating to the Bonds (the "Official Statement");

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that, taking into account historical financial performance and financial forecasts internally generated by the Corporation and taking into account the Letter of Credit, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF 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 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 the North Carolina Medical Care Commission Adjustable Rate Demand Health Care Facility Revenue Bonds (Cornelia Nixon Davis, Inc. Project), Series 2009 in the aggregate principal amount of \$5,705,000 (the "Bonds") dated as of their original date of issuance and maturing on October 1, 2034.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 and thereafter in denominations permitted by the provisions of the Trust Agreement. Commencing on the date of original delivery of the Bonds, the Bonds shall bear interest at a Weekly Interest Rate calculated as provided in the Trust Agreement. Thereafter the Bonds shall bear interest as provided in the Trust Agreement. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement. Payment of the principal of and interest on the Bonds when due will be additionally secured by the Letter of Credit.

Section 3. The Bonds shall be subject to mandatory, extraordinary and optional redemption at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. In addition, the Bonds are subject to optional and mandatory tender for purchase at such times, under such circumstances and upon such terms and conditions as are set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 210 of the Trust Agreement.

The Commission hereby finds that the use of the proceeds of the Bonds for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement, the Loan Agreement and the Remarketing Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Remarketing Agreement in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and 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 Bond Purchase Agreement; 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 Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, 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, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented to 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 Note, the Reimbursement Agreement and the Letter of Credit are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriter in the principal amount of \$5,705,000, less an Underwriter's discount of \$37,082.50.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Trustee for authentication, and the Trustee is hereby authorized and directed to authenticate the Bonds and, upon the due and valid execution of the Bond Purchase Agreement, the Trust Agreement, the Loan Agreement, the Note, the Remarketing Agreement, the Reimbursement Agreement and the Letter of Credit by the proper parties thereto, the Trustee shall deliver the Bonds to the Underwriter against payment therefor, subject to the provisions of Section 210 of the Trust Agreement.

Section 11. The Commission hereby authorizes and approves the use and distribution of the Preliminary Official Statement and the Official Statement, in connection with the sale of the Bonds, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized to execute, on behalf of the Commission, the Official Statement; and 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 Preliminary Official Statement and the Official Statement, the Trust Agreement, the Loan Agreement, the Remarketing Agreement, the Reimbursement Agreement and the Letter of Credit by the Underwriter in connection with such sale.

Section 12. 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.

Section 13. Christopher B. Taylor, C.P.A., Assistant Secretary to the Commission, and William L. Warren, Chief of the Construction Section of the Division of Health Service Regulation, are each hereby appointed a Commission Representative as that term is defined in the Trust Agreement and the Loan Agreement, with full power to carry out the duties set forth therein.

Section 14. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, 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 Trust Agreement, the Loan Agreement, the Note, the Bond Purchase Agreement, the Official Statement, the Remarketing Agreement, the Reimbursement Agreement and the Letter of Credit.

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

3. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$180,000,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Duke University Health System) Series 2009A (the “Bonds”)-** Remarks were made by Amy Yang and Allen Robertson

Executive Committee Action: Motion was made by Mr. Joe Crocker, seconded by Mr. Charles Frock 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, Duke University Health System, Inc. (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) acquire, construct, improve, renovate, expand and equip various health care facilities of the Corporation on the campus of Duke University Hospital (“DUH”), which is located on the main campus of Duke University at Erwin Road, Durham, North Carolina, including (i) the renovation and expansion of the Intensive Care Nursery, including the renovation of approximately 6,600 square feet of space on the fifth floor of DUH and expansion of capacity to treat high-risk neonatal patients by the addition of 14 beds, (ii) the replacement of an existing operating room and construction of four new operating rooms to accommodate emerging technology and equipment, (iii) the development of an intraoperative endovascular operating room suite with a mono-plane imaging system and (iv) the construction of an approximately 265,000 square foot dedicated ambulatory cancer center housing on-campus cancer services and additional education and research space that will provide 61 additional examination rooms, 36 additional infusion treatment spaces, three incremental linear accelerators, four new computerized tomography (CT) scanners and two additional magnetic resonance imaging (MRI) units; (b) acquire, construct, improve, renovate, expand and equip various health care facilities of the Corporation located on the approximately 34-acre campus of Duke Raleigh Hospital (“DRAH”) at 3400 Wake Forest Road in Raleigh, North Carolina, including (i) the renovation of approximately 17,535 square feet of the existing third floor patient care unit of DRAH, including patient rooms, nurse stations and public hallways of the third floor inpatient unit, and (ii) the renovation of approximately 12,550 square feet of existing nursing and inpatient space on the second floor of DRAH, including patient rooms, nurse stations and public hallways of the second floor inpatient unit, and the addition of a centralized monitoring room to provide telemetry services throughout DRAH, replacement of 15 intensive-care unit beds and the purchase of telemetry equipment for five rooms on each of the third, fourth and fifth floors of DRAH to bring telemetry capability hospital-wide (collectively, the “Project”); and (c) pay certain expenses incurred in connection with the issuance of the Bonds (as defined below) by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on August 14, 2009, 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 October 22, 2009 (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 November 1, 2009 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust

Company, N.A., 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 November 1, 2009 (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) a Supplemental Indenture for Obligation No. 27 dated as of November 1, 2009 ("Supplement No. 27"), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Master Trustee (the "Master Trustee") under the Master Trust Indenture, dated as of April 13, 1999 (as supplemented, the "Master Indenture"), by and among the Corporation, Durham Therapies, Incorporated and The Bank of New York;

(e) Obligation No. 27, to be dated as of the date of delivery of the Bonds ("Obligation No. 27"), to be issued by the Corporation to the Commission; and

(f) a Preliminary Official Statement of the Commission dated October 2, 2009 relating to the Bonds (the "Preliminary Official Statement"); and

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. 27 and Obligation No. 27; 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 Bonds (Duke University Health System) Series 2009A (the "Bonds") in the aggregate principal amount of \$180,000,000. 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 June 1 and December 1, beginning June 1, 2010, to and including June 1, 2042. 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 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds to finance a portion of the cost of the Project and to pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement 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 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 Supplement No. 27 and Obligation No. 27 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.

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 \$176,861,812.10 (representing the principal amount of the Bonds less net original issue discount of \$1,401,149.90 and underwriters' discount of \$1,737,038).

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 2.08 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 Master Indenture, Supplement No. 27 and Obligation No. 27 by the Underwriters in connection with such offer and sale.

Section 12. The Bank of New York Mellon Trust Company, N.A. 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. The Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, William L. Warren, Chief of the Construction Section of the Division of Health Service Regulation, 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, 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. All references in this Resolution to the Secretary of the Commission include any Acting Secretary of the Commission.

Section 17. The appointment of The Bank of New York Mellon Trust Company, N.A. as successor Master Trustee under the Master Indenture is hereby approved.

Section 18. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Maturity Schedule

\$13,680,000 4.75% Term Bonds due June 1, 2030

<u>Due June 1</u>	<u>Sinking Fund Requirement</u>
2029	\$ 6,635,000
2030	7,045,000

\$32,625,000 5.00% Term Bonds due June 1, 2034

<u>Due June 1</u>	<u>Sinking Fund Requirement</u>
2031	\$ 7,455,000
2032	7,915,000
2033	8,375,000
2034	8,880,000

\$52,885,000 5.00% Term Bonds due June 1, 2039

<u>Due June 1</u>	<u>Sinking Fund Requirement</u>
2035	\$ 9,395,000
2036	9,965,000
2037	10,545,000
2038	11,165,000
2039	11,815,000

\$80,810,000 5.00% Term Bonds due June 1, 2042

Due June 1

Sinking Fund Requirement

2040	\$25,635,000
2041	26,915,000
2042	28,260,000

4. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$9,540,000 NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE REFUNDING BOND (HIGH POINT REGIONAL HEALTH SYSTEM), SERIES 2009** – Remarks were made by Kevin Dougherty

Executive Committee Action: Motion was made by Mr. Joe Crocker, seconded by Mr. Charles Frock 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;

WHEREAS, each of High Point Regional Health System (the “Corporation”) and High Point Regional Health Services, Inc. (“Health Services”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Corporation owns and operates an acute care hospital and certain other health care facilities located in High Point, North Carolina;

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (Pooled Equipment Financing Project), Series 1985 (the “Series 1985 Bonds”), pursuant to a Trust Agreement, dated as of December 1, 1985, between the Commission and Wachovia Bank and Trust Company, N.A., succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the “1985 Bond Trustee”);

WHEREAS, the Commission has heretofore made a loan to the Corporation from a portion of the proceeds of the Series 1985 Bonds in the original principal amount of up to \$20,000,000 (the “Pool Loan”), which is currently outstanding in the principal amount of \$9,281,430.14 pursuant to a Loan Agreement, dated as of May 1, 2007, among the Commission, the Corporation and Municipal Bond Insurance Association (“MBIA”), as amended and assigned by the Assignment and Amendment of Loan Agreement, dated as of October 1, 2008, among the Commission, the Corporation, MBIA and KBC Bank N.V.;

WHEREAS, the Corporation has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refinance the Pool Loan and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bond (as hereinafter defined);

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on September 29, 2009, has approved the issuance of the Bond, 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;

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

(a) the Bond Purchase Agreement, to be dated the date of sale of the Bond (the "Bond Purchase Agreement"), by and between the Local Government Commission of North Carolina (the "Local Government Commission" or the "LGC") and Branch Banking and Trust Company (the "Bond Purchaser"), and approved by the Commission, the Corporation and Health Services;

(b) the Supplemental Indenture for Obligation No. 5, to be dated as of November 1, 2009 or such other date as shall be agreed upon by the parties thereto ("Supplemental Indenture No. 5"), by and among the Corporation, Health Services and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), supplementing the Master Trust Indenture, dated as of November 1, 1997, as amended (the "Master Indenture"), by and among the Corporation, Health Services and the Master Trustee;

(c) the Loan Agreement, to be dated as of November 1, 2009 or such other date as shall be agreed upon by the parties thereto (the "Loan Agreement"), by and between the Corporation and the Commission, pursuant to which the Commission will lend the proceeds of the Bond to the Corporation;

(d) Obligation No. 5 of the Corporation and Health Services, to be dated the date of its delivery ("Obligation No. 5"), to be issued by the Corporation and Health Services to the Commission;

(e) the Assignment, to be dated the date of issuance of the Bond, from the Commission to the Bond Purchaser and consented to by the Corporation; and

(f) the Guaranty and Loan Agreement, to be dated as of November 1, 2009 or such other date as shall be agreed upon by the parties thereto (the "Guaranty Agreement"), by and among the Corporation, Health Services and the Bond Purchaser;

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, Health Services and the Corporation are financially responsible and capable of fulfilling their obligations under the Loan Agreement, Supplemental Indenture No. 5, Obligation No. 5 and the Guaranty Agreement; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed refinancing and that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bond;

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

Section 1. Defined Terms. 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 Loan Agreement.

Section 2. Authorization of Bond. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Hospital Revenue Refunding Bond (High Point Regional Health System), Series 2009 in the aggregate principal amount of \$9,540,000 (the "Bond") dated as of its original date of issuance and having a final stated maturity of May 1, 2014.

The Bond shall be issued as a fully registered bond in authorized denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, shall be registered in the name of Branch Banking and Trust Company, as the initial purchaser of the Bond, and shall be numbered R-1. Commencing on the date of original delivery of the Bond, the Bond shall bear interest at the variable rate of interest provided for in the Bond. Principal and interest on the Bond shall be payable in installments on the first day of each month, commencing on December 1, 2009, as provided for in the Bond. The Commission has determined that the Bond shall be substantially in the form attached hereto as Exhibit A, with such variations, omissions and insertions as are consistent with the terms and provisions of this Series Resolution.

Section 3. Redemption. The Bond shall be subject to extraordinary and optional redemption at the times, upon the terms and conditions, and at the prices set forth in the Bond.

Section 4. Application of Bond Proceeds. The proceeds of the Bond shall be applied at Closing as follows:

(a) \$9,345,932.58 shall be transferred to the 1985 Bond Trustee and shall be applied to the prepayment of the Pool Loan;

(b) \$190,293.94 shall be transferred to the Corporation and shall be applied to pay, or reimburse the Corporation for paying, issuance costs, within the meaning of Section 147(g) of the Code, incurred in connection with the issuance of the Bond; and

(c) \$3,773.48 shall be transferred to a depository account maintained by the Corporation with Branch Banking and Trust Company and shall be used to pay interest coming due on the Bond on December 1, 2009.

The Commission hereby finds that the use of the proceeds of the Bond for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act.

Section 5. Authorization of Loan Agreement and Assignment. The forms, terms and provisions of the Loan Agreement and the Assignment are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the

Commission are hereby authorized and directed to execute and deliver the Loan Agreement and the Assignment in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bond; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. Authorization of Bond Purchase Agreement. The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, 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. Form of Bond. The form of the Bond attached hereto as Exhibit A is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bond, the Bond in definitive form, which shall be in substantially the form presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with this Series Resolution; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission. In case any officer whose signature or a facsimile of whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such person had remained in office until such delivery, and also the Bond may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of the Bond shall be the proper officers to sign the Bond although at the date of the Bond such persons may not have been such officers.

The Bond may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bond may be listed or any usage or requirement of law with respect thereto, including the imposition of CUSIP or other identifying numbers.

Section 8. Approval of Other Financing Documents. The forms, terms and provisions of Supplemental Indenture No. 5, Obligation No. 5 and the Guaranty Agreement are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Loan Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. Purchase Price of Bond. The Commission hereby approves the action of the Local Government Commission in awarding the Bond to the Bond Purchaser at a purchase price of \$9,540,000, the same being the principal amount of the Bond.

Section 10. Registration of Bond. The Commission shall keep the register of the record owner of the Bond (the "Register") for the registration and registration of transfer of the Bond. The transfer of the Bond may be registered only upon the Register upon surrender thereof to the Commission together with an assignment duly executed by the registered owner or such owner's attorney or legal representative in such form as shall be satisfactory to the Commission. Upon any such registration of transfer the Commission shall execute and deliver in exchange for such Bond a new registered Bond, registered in the name of the transferee, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same series and maturity and bearing interest at the same rate. Registrations of transfer or exchanges of the Bond shall be without charge to the registered owner of such Bond, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege.

Notwithstanding any provision of this Section to the contrary, no Bond shall be exchanged or the transfer of a Bond be registered under this Series Resolution unless such transfer or exchange is to (i) a bank (including a Federal Reserve Bank), (ii) another recognized financial institution, (iii) an insurance company, (iv) any governmental agency that regulates financial institutions, including, but no limited to, the Federal Deposit Insurance Corporation, (v) a "qualified institutional buyer", as defined in Rule 144A issued under the Securities Act of 1933 or (vi) any affiliate of the Bond Purchaser; provided, however, that if such affiliate ceases to be an affiliate of such Bond Purchaser and at the time it ceases to be an affiliate of such Bond Purchaser it would not qualify as a permitted transferee under this paragraph, such affiliate agrees to transfer such Bond to a permitted transferee before it ceases to be an affiliate of such Bond Purchaser. Prior to making any such transfer, the registered owner of the Bond shall give notice to the Commission and the Corporation of such transfer and the name of the transferee.

Section 11. Ownership of Bond. The Commission and any agent of the Commission may treat the person in whose name the Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest on, such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Commission nor any such agent shall be affected by notice to the contrary.

Section 12. Mutilated, Lost, Stolen or Destroyed Bond. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Commission shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the registered owner shall pay the reasonable expenses and charges of the Commission in connection therewith and, in case of a Bond destroyed or lost, the registered owner shall file with the Commission evidence satisfactory to it that such Bond was destroyed or lost, and of such registered owner ownership thereof, and shall furnish the Commission indemnity satisfactory to it.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Commission, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof. The Bond shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of a mutilated, destroyed, lost or stolen Bond, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 13. Covenant to Pay Bond; Bond Is Limited Obligation of Commission. The Commission shall cause to be paid when due the principal of (whether at maturity, by acceleration, by call for redemption or otherwise), the premium, if any, interest and any other amount on, the Bond at the places, on the dates and in the manner provided in this Series Resolution and in said Bond according to the true intent and meaning thereof; provided, that it is understood that the Bond is not a general obligation of the Commission but is a limited obligation and is payable solely from the revenues and receipts derived in respect of Obligation No. 5 to the extent provided in the Master Indenture and the money attributable to proceeds of the Bond and, under certain circumstances, proceeds of insurance, condemnation awards and proceeds derived from the exercise of remedies, and not from any other fund or source. The Bond issued under this Series Resolution shall not be secured by a pledge of the full faith and credit of the State or of any political subdivision thereof, including the Commission, or be deemed to create an indebtedness of the State or any political subdivision thereof, including the Commission, but shall be payable solely from the revenues and other funds provided for its payment under Obligation No. 5 and the Loan Agreement.

The Commission covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Series Resolution, in the Bond executed and delivered hereunder and in all proceedings of the Commission pertaining thereto and will faithfully observe and perform at all times any and all covenants, undertakings, stipulations and provisions of the Loan Agreement on its part to be observed or performed. The Commission covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bond authorized hereby and to assign the Loan Agreement and Obligation No. 5 as security for the Bond; and that all action on its part for the issuance of the Bond has been duly and effectively taken; and that the Bond in the hands of the Holder thereof is, and will be the valid and binding obligation of the Commission according to its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and usual equitable principles.

The Commission covenants that it will fulfill its obligations and that it will require Health Services, the Corporation and any other Member of the Obligated Group to perform their duties and obligations under Obligation No. 5 and the Loan Agreement. The Commission shall not execute or agree to any change, amendment, modification or supplement of or to the Loan Agreement, except as is provided in the Loan Agreement. The Commission shall administer the Loan Agreement in accordance with its terms and shall not agree to any reduction, abrogation, waiver, diminution or other modification in any manner and to any extent whatsoever of the obligation of Health Services and the Corporation to make the Total Required Payments as

provided in the Loan Agreement.

Section 14. Further Instruments and Actions. At the request of the Corporation Representative, the Commission shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Series Resolution, the Loan Agreement and the Assignment.

Section 15. No Recourse Against Members, Officers or Employees of Commission or LGC. No recourse under, or upon, any statement, obligation, covenant, or agreements contained in this Series Resolution, or in the Bond, or in the Loan Agreement, or in any document or certification whatsoever, or under any judgment obtained against the Commission or the LGC or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Commission or the LGC, either directly or through the Commission or the LGC, respectively, or otherwise, for the payment for or to the Commission or the LGC or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid upon the Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Commission or the LGC or any receiver of either of them, or for, any Holder or otherwise, of any sum that may remain due and unpaid upon the Bond hereby issued, is hereby expressly waived and released as an express condition of, and in consideration for, the issuance of the Bond.

Section 16. Expenses Payable Under Series Resolution. All expenses incurred in carrying out this Series Resolution shall be payable solely from funds derived by the Commission from its loan of the proceeds of the Bond to the Corporation. Anything in this Series Resolution or the Loan Agreement to the contrary notwithstanding, the performance by the Commission of all duties and obligations imposed upon it hereby and thereby, the exercise by it of all powers granted to it hereunder and thereunder, the carrying out of all covenants, agreements and promises made by it hereunder and thereunder, and the liability of the Commission for all warranties and other covenants herein and therein shall be limited solely to the money and revenues received from the payments by Health Services and the Corporation in respect to Obligation No. 5 and under the Loan Agreement, and from money attributable to the proceeds of Bond, or the income from the investment thereof, if any, and, to the extent herein or in the Loan Agreement provided, the proceeds of insurance, sale and condemnation awards, and the Commission shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds and payments.

Section 17. Commission Representatives. Christopher B. Taylor, C.P.A., Assistant Secretary to the Commission, Kathy C. Larrison, Auditor to the Commission, and William L. Warren, Chief of the Construction Section of the Division of Health Service Regulation, 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 18. Designation of Bond as Qualified Tax-exempt Obligation. The Commission hereby designates the Bond as a "qualified tax-exempt obligation" within the

meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Section 19. Ancillary Actions. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary 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, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions, including the prepayment of the Pool Loan and the delivery of an Irrevocable Letter of Credit to be issued by Branch Banking and Trust Company on the date of such prepayment, contemplated by the Loan Agreement, the Assignment, the Bond Purchase Agreement, the Master Indenture, Supplemental Indenture No. 5, Obligation No. 5 and the Guaranty Agreement.

Section 20. Effective Date. This Series Resolution shall take effect immediately upon its passage.

[FORM OF BOND]

This Bond has not been registered under the Securities Act of 1933, as amended.

NORTH CAROLINA MEDICAL CARE COMMISSION
HOSPITAL REVENUE REFUNDING BOND
(HIGH POINT REGIONAL HEALTH SYSTEM)
SERIES 2009

R-1

\$9,540,000

FINAL
MATURITY
DATE

ORIGINAL ISSUANCE
DATE

May 1, 2014

November 4, 2009

For value received, the North Carolina Medical Care Commission (the "Commission") of the Department of Health and Human Services promises to pay, but solely from the sources and in the manner hereinafter provided, to BRANCH BANKING AND TRUST COMPANY (the "Bondholder"), or to its registered assigns, the principal sum of Nine Million Five Hundred Forty Thousand Dollars (\$9,540,000), in consecutive monthly principal installments due and payable on the first day of each month, commencing December 1, 2009, and continuing to May 1, 2014, in the amounts set forth on Schedule 1 hereto, and to pay, solely from such sources, accrued interest on the unpaid principal amount of this Bond, from the Original Issuance Date set forth above until the principal amount hereof and interest hereon is paid in full, in monthly interest installments on the first day of each month, the first such payment becoming due on December 1, 2009, at the rate per annum equal to either the Adjusted LIBOR Rate or the Taxable Adjusted LIBOR Rate (both as hereinafter defined), as applicable, which rate shall be computed on the basis of a 360-day year for the actual number of days elapsed. The determination by the Bondholder of the interest rate borne by this Bond shall be conclusive and binding on the Commission and High Point Regional Health System (the "Corporation").

The principal sum payable under this Bond shall be equal to the amount indicated on the face of this Bond, less the aggregate amount of principal payments which have been made on this Bond (whether upon principal installment dates, by redemption or otherwise). No notation is required to be made hereon as to the payment of any installment of principal or interest on this Bond. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER. The Bondholder, by its acceptance hereof, agrees that before any sale, assignment or transfer of this Bond, it shall note hereon in the certificate at the foot of this Bond the aggregate amount of all payments and prepayments of principal of which have been made on this Bond and the last date to which interest has been paid hereon.

From the Original Issuance Date set forth above to the Date of Taxability (as hereinafter defined), if any, the interest rate on this Bond shall be the Adjusted LIBOR Rate. In the event this Bond ceases for any reason to be a "qualified tax exempt obligation" as described in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and no Event of Taxability (as hereinafter defined) shall have occurred, the Adjusted Non-BQ LIBOR Rate (as hereinafter defined) shall be deemed and interpreted to apply to each reference to the "Adjusted LIBOR Rate" in this Bond and from and after such event this Bond shall bear interest at the Adjusted Non-BQ LIBOR Rate. Upon the occurrence of a Determination of Taxability (as hereinafter defined), then, from and after the Date of Taxability, the interest rate on this Bond shall be the Taxable Adjusted LIBOR Rate. After a Determination of Taxability and upon demand of the Bondholder or any former Bondholder, the Commission shall pay to the Bondholder or any former Bondholder, but solely from payments made by the Corporation, such additional amount as shall be necessary to provide that interest shall have been payable at the Taxable Adjusted LIBOR Rate from the Date of Taxability.

If at any time after the Original Issuance Date set forth above there shall be any decline in the combined rate of federal and North Carolina income tax applicable to the taxable income in excess of \$100,000 of the Bondholder, its successors or assigns (the "BB&T Tax Rate"), then the Adjusted LIBOR Rate in effect hereunder from time to time as herein provided, for so long as there shall not have occurred a Determination of Taxability, shall be adjusted, effective as of the effective date of any such change in the BB&T Tax Rate, by multiplying the Adjusted LIBOR Rate by a fraction, the denominator of which is one hundred percent (100%) minus the BB&T Tax Rate in effect upon the Original Issuance Date set forth above, and the numerator of which is one hundred percent (100%) minus the BB&T Tax Rate after giving effect to such change.

So long as any portion of the principal amount of this Bond or interest hereon remains unpaid, if (i) any law, rule, regulation or executive order is or has been enacted or promulgated by any public body or governmental agency which changes the basis of taxation of payments to the Bondholder or any former Bondholder of principal or interest payable pursuant to this Bond, including without limitation, the imposition of any excise tax or surcharge thereon, but excluding changes in the rates of tax applicable to the overall net income of the Bondholder or any former Bondholder, or (ii) as a result of action by any public body or governmental agency, any payment is required to be made by, or any federal, state or local income tax deduction is denied to, the Bondholder or any former Bondholder of this Bond by reason of the ownership of, borrowing money to invest in, or receiving principal or interest from this Bond, the Corporation agrees to reimburse on demand for, and does hereby indemnify each such Bondholder and

former Bondholder against, any loss, cost, charge or expense with respect to any such change, payment or loss of deduction.

Upon an Event of Taxability (as hereinafter defined), the Commission shall also pay to the Bondholder or any former Bondholder, but solely from payments made by the Corporation, any amounts that may be necessary to reimburse such Bondholder for any interest, penalties or other charges assessed against such Bondholder by reason of such Bondholder's not including interest on this Bond in its federal gross income during the period following the Event of Taxability.

In the event that One-Month LIBOR (as hereinafter defined) shall not be ascertainable for any reason, or for any reason it shall be illegal or unlawful for the Bondholder to collect interest based on One-Month LIBOR, then, from and after the date the Bondholder determines such condition exists, until the date the Bondholder determines such condition no longer exists, interest on this Bond shall accrue at the Standard Rate (as hereinafter defined), and each reference to Adjusted LIBOR Rate shall be deemed and interpreted to mean the Standard Rate.

From and after an Event of Default (as defined in the hereinafter-mentioned Loan Agreement), this Bond shall bear interest at the Default Rate (as hereinafter defined).

As used herein, the following terms have the following meanings and the following provisions shall apply:

"Adjusted LIBOR Rate" means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16th of 1.0%) by adding (i) the product of (x) 68% and (y) One-Month LIBOR plus (ii) 1.2025% per annum (with a minimum interest rate of ___% [to be determined prior to Closing]). The Adjusted LIBOR Rate shall be adjusted (i) monthly on the first day of each LIBOR Interest Period and (ii) for any change in the LIBOR Reserve Percentage so that Bondholder shall receive the same yield.

"Adjusted Non-BQ LIBOR Rate" means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16th of 1.0%) by adding (i) the product of (x) 78% and (y) One-Month LIBOR plus (ii) 1.2025% per annum (with a minimum interest rate of ___% [to be determined prior to Closing]). The Adjusted Non-BQ LIBOR Rate shall be adjusted (i) monthly on the first day of each LIBOR Interest Period and (ii) for any change in the LIBOR Reserve Percentage so that Purchaser shall receive the same yield.

"Business Day" means any day of the year when Branch Banking and Trust Company is open for business and, in respect of any determination relevant to the determination or payment of interest based on One-Month LIBOR, any such day that is also a day on which dealings in U.S. Dollar deposits are carried out in the London interbank market.

"Date of Taxability" shall mean the earliest date as of which interest on the Bond shall have been finally determined to be includable in the gross income of the Bondholder or any former Bondholder pursuant to a Determination of Taxability.

“Default Rate” means the greater of (i) a fluctuating interest rate equal to 2.00% per annum above the Prime Rate in effect from time to time and (ii) 6.00% per annum.

“Determination of Taxability” shall mean and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Corporation files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Bondholder or any former Bondholder notifies the Commission and the Corporation that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Corporation of such notification from the Bondholder or any former Bondholder, the Corporation shall deliver to the Bondholder and any former Bondholder a ruling or determination letter issued to or on behalf of the Commission or the Corporation by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Commission or the Corporation shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Corporation, or upon any review or audit of the Corporation or upon any other ground whatsoever, an Event of Taxability shall have occurred;

(iv) on that date when the Corporation shall receive notice from the Bondholder or any former Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on this Bond due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Corporation has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Bondholder or former Bondholder, the Commission shall promptly reimburse, but solely from payments made by the Corporation, such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

“Event of Taxability” shall mean a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Corporation, or the failure to take any action by the Corporation, or the making by the Corporation of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of this Bond) which has the effect of causing interest paid or payable on this Bond to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes.

“LIBOR Interest Period” means the period commencing on the Original Issuance Date set forth above and ending on the day that is immediately prior to the numerically corresponding day of each month thereafter; provided that:

(a) any LIBOR Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such LIBOR Interest Period shall end on the next preceding Business Day; and

(b) any LIBOR Interest Period which begins on a day for which there is no numerically corresponding day in the subsequent month shall end on the last Business Day of each subsequent month.

“LIBOR Reserve Percentage” means the maximum aggregate rate at which reserves (including, without limitation, any marginal supplemental or emergency reserves) are required to be maintained under Regulation D by member banks of the Federal Reserve System with respect to dollar funding in the London interbank market. Without limiting the effect of the foregoing, the LIBOR Reserve Percentage shall reflect any other reserves required to be maintained by such member banks by reason of any applicable regulatory change against (i) any category of liability which includes deposits by reference to which One-Month LIBOR is to be determined or (ii) any category of extension of credit or other assets related to One-Month LIBOR.

“One-Month LIBOR” means the average rate quoted on Reuters Screen LIBOR01 Page (or such replacement page) on the determination date for deposits in U. S. Dollars offered in the London interbank market for one month determined as of 11:00 am London time two (2) Business Days prior to the commencement of the applicable LIBOR Interest Period; provided that if the above method for determining One-Month LIBOR shall not be available, the rate quoted in *The Wall Street Journal*, or a rate determined by a substitute method of determination agreed on by the Corporation and the Bondholder; provided, if such agreement is not reached within a reasonable period of time (in the Bondholder's sole judgment), a rate reasonably determined by the Bondholder in its sole discretion as a rate being paid, as of the determination date, by first class banking organizations (as determined by the Bondholder) in the London interbank market for U. S. Dollar deposits.

“Prime Rate” means the interest rate announced by Branch Banking and Trust Company from time to time as its prime rate. Any change in the Prime Rate shall be effective as of the date such change is announced by Branch Banking and Trust Company.

“Standard Rate” shall mean that rate of interest per annum that shall apply in lieu of the Adjusted LIBOR Rate, Adjusted Non-BQ LIBOR Rate or Taxable Adjusted LIBOR Rate in the event that One-Month LIBOR shall not be ascertainable or illegal or unlawful with respect to Branch Banking and Trust Company. The Standard Rate shall be computed, for any day, as a rate per annum (rounded upwards, if necessary to the next 1/16th of 1.00%) equal to Branch Banking and Trust Company’s announced Prime Rate per annum and each change in the Standard Rate shall be effective on the date any change in the Prime Rate is publicly announced as being effective.

“Taxable Adjusted LIBOR Rate” shall mean a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16th of 1.00%), by adding (i) One-Month LIBOR plus (ii) 1.85% per annum; provided that in no event shall the Taxable Adjusted LIBOR Rate ever be less than 2.85% per annum. The Taxable Adjusted LIBOR Rate shall be adjusted monthly on the first day of each LIBOR Interest Period. The Taxable Adjusted LIBOR Rate shall be adjusted for any change in the LIBOR Reserve Percentage so that the Bondholder shall receive the same yield.

The Commission has designated this Bond as a “qualified tax-exempt obligation” for the purpose of Section 265(b)(3) of the Code.

All payments of principal and interest shall be made to the registered owner hereof at its address as it appears on the register of the record owner of the Bond kept by the Commission. Interest, premium, if any, and principal due on this Bond shall be paid by wire transfer of immediately available funds to any account in the continental United States designated by the Bondholder. All such payments shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Bond is one of a duly authorized series of revenue bonds of the Commission, designated “North Carolina Medical Care Commission Hospital Revenue Refunding Bond (High Point Regional Health System), Series 2009” (the “Bond”), issued pursuant to a Series Resolution adopted by the Executive Committee of the Commission on October 22, 2009 (the “Series Resolution”). The Bond is being issued for the purpose of providing funds, together with other available funds, to (i) refinance the Pool Loan (as defined in the Series Resolution) and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bond.

This Bond is a limited obligation of the Commission. The Commission is not obligated to pay the principal of, the premium, if any, or the interest on this Bond except from the revenues and other funds pledged or assigned to the Bondholder, and neither the faith and credit nor the taxing power of the State of North Carolina or of any political subdivision thereof is pledged as security for the payment of the principal of, premium, if any, or the interest on this Bond. Neither the members or officers of the Commission, nor any person executing this Bond is liable personally hereon or subject to any personal liability or accountability by reason of issuance hereof.

The Commission has entered into a Loan Agreement, dated as of November 1, 2009 (herein called the “Loan Agreement”), with the Corporation under which the Commission has agreed to lend to the Corporation the proceeds of the Bond, and, in consideration and as evidence

of the loan, the Corporation has agreed to make payments to the Bondholder (the "Loan Repayments") in such amounts and at such times as are required to provide for timely payment of the principal of, premium, if any, and interest on the Bond. The Loan Agreement further obligates the Corporation to perform, observe and comply, or cause performance, observance and compliance, with certain covenants, conditions and agreements set forth in a Master Trust Indenture, dated as of November 1, 1997 (the "Master Trust Indenture" and, together with all supplements and amendments thereto as therein permitted, the "Master Indenture"), among High Point Regional Health Services, Inc. ("Health Services"), the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Master Trustee"), including covenants, conditions and agreements with respect to the operations of Health Services, the Corporation and any other Member of the Obligated Group (as defined in the Master Indenture).

As evidence of their indebtedness under the Loan Agreement, Health Services and the Corporation have executed and delivered to the Commission their Obligation No. 5 ("Obligation No. 5"). Obligation No. 5 is issued under and secured by the Master Indenture which provides that Health Services, the Corporation and any other Member of the Obligated Group may issue additional Obligations secured pari passu under the Master Indenture under the terms and conditions and to the extent described in the Master Indenture.

Pursuant to an Assignment the Commission has, for the benefit of the owner of the Bond, assigned Obligation No. 5 and the Commission's rights under the Loan Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the Commission, including its rights to notices, payment of certain expenses and indemnity), and its rights under the Master Indenture as the owner of Obligation No. 5.

Reference is made to the Loan Agreement, the Series Resolution, the Master Indenture and the Assignment for a more complete statement of the provisions thereof and of the rights of the Commission, the Master Trustee, Health Services, the Corporation and the registered owner of this Bond. Copies of the Loan Agreement, the Master Indenture and the Assignment are on file and may be inspected at the office of the Corporation. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond is issued, and the Loan Agreement was made and entered into, under and pursuant to the Constitution and laws of the State of North Carolina, and particularly in conformity with the provisions, restrictions and limitations of Chapter 131A, General Statutes of North Carolina, as amended (the "Act").

The transfer of this Bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the office of the Commission, but only in the manner and subject to the limitations and conditions provided in the Series Resolution and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Commission shall execute and deliver in exchange for this Bond a new Bond, registered in the name of the transferee, in an aggregate principal amount equal to the principal amount of this Bond, of the same series and maturity and bearing interest at the same rate.

The Series Resolution provides that this Bond shall not be exchanged and the transfer of

this Bond shall not be registered under the Series Resolution unless such transfer or exchange is to (i) a bank (including a Federal Reserve Bank), (ii) another recognized financial institution, (iii) an insurance company, (iv) any governmental agency that regulates financial institutions, including, but not limited to, the Federal Deposit Insurance Corporation, (v) a “qualified institutional buyer”, as defined in Rule 144A issued under the Securities Act of 1933 or (vi) any affiliate of the Bondholder; provided, however, that if such affiliate ceases to be an affiliate of such Bondholder and at the time it ceases to be an affiliate of such Bondholder it would not qualify as a permitted transferee under this paragraph, such affiliate agrees to transfer this Bond to a permitted transferee before it ceases to be an affiliate of such Bondholder. Prior to making any such transfer, the Bondholder shall give notice to the Commission and the Corporation of such transfer and the name of the transferee. By purchasing this Bond, the Bondholder agrees that it will not assign or sell one or more participations in all or any part of, or any interest (undivided or divided) in, the Bondholder’s rights and benefits under this Bond in amounts less than \$100,000 or to a natural person (unless such person owns and invests on a discretionary basis at least \$100 million).

This Bond shall be subject to optional redemption by the Commission, at the direction of the Corporation Representative, in whole or in part on any date, at a redemption price equal to 100% of the principal amount of the Bond to be redeemed, plus accrued interest to the redemption date, provided that any such redemption in part shall be in an aggregate principal amount not less than \$100,000.

This Bond shall be subject to optional redemption by the Commission, at the direction of the Corporation Representative, at a redemption price equal to 100% of the principal amount of the Bond to be redeemed, plus accrued interest to the redemption date, (i) in whole or in part on any date from amounts received by Health Services, the Corporation or another Member of the Obligated Group as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards, upon the occurrence of damage to or destruction of all or any part of the Property and Equipment (as defined in the Loan Agreement) by fire or casualty, or loss of title to or use of all or any part of the Property and Equipment as a result of the failure of title or as a result of eminent domain proceedings or proceedings in lieu thereof (if such damage, destruction, loss of title or loss of use causes such Property and Equipment to be impracticable to operate, as evidenced by an Officer’s Certificate filed with the Commission and the Bondholder); provided, however, that any redemption in part shall be in an aggregate principal amount not less than \$100,000, or in whole at such price on any date if there are changes in the Constitution of the United States of America or of the State of North Carolina or legislation or administrative action or failure of administrative action, by the United States of America or the State of North Carolina or any agency or political subdivision of either thereof, or by reason of any judicial decision, to the extent that in the opinion of the board of trustees of the Corporation (expressed in a resolution) and in the opinion of an independent management consultant, both filed with the Commission and the Bondholder, (A) the Loan Agreement is impossible to perform without unreasonable delay or (B) unreasonable burdens or excessive liabilities not being imposed on the date of the Agreement are imposed on the Corporation.

Not less than thirty (30) days but not more than sixty (60) days before the redemption date, whether such redemption is in whole or in part, the Corporation Representative shall cause a notice of any such redemption to be mailed, first-class, postage prepaid, to the Bondholder.

Such notice shall specify the aggregate principal amount of the Bond to be purchased, redeemed or paid at maturity and the date or dates on which the purchase, redemption or payment is to occur. On the date fixed for redemption, notice having been mailed in the manner herein provided, the Bond or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date.

The Corporation may revoke any notice of optional redemption, in the same manner in which the notice of redemption was given, prior to the date fixed for redemption.

Any partial redemption of this Bond shall be noted in the table appearing at the foot of this Bond, and the aggregate of all such redemptions duly certified in such table shall constitute a reduction in the principal amount hereof.

Upon the occurrence of an Event of Default under the Loan Agreement, the Bondholder may, at its option, declare the entire unpaid principal balance and all accrued interest hereon to be immediately due and payable. Interest shall accrue on any overdue payment of interest and any due and unpaid portion of the principal at the per annum rate equal to the Default Rate or the maximum interest rate allowed by law, whichever is lower.

Modifications or alterations of the Loan Agreement or any agreement supplemental thereto, or the Master Indenture or any agreement supplemental thereto, may be made only to the extent and in the circumstances permitted by the Loan Agreement and the Master Indenture.

This Bond, notwithstanding the provisions for registration of transfer stated herein, at all times shall be and shall be understood to be an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Loan Agreement have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, the North Carolina Medical Care Commission has caused this Bond to be executed with the signatures of its Chairman and its Assistant Secretary and its official seal to be impressed hereon and this Bond to be dated the Original Issuance Date set forth above.

NORTH CAROLINA MEDICAL CARE
COMMISSION

[SEAL]

By _____
Chairman

By: _____
Assistant Secretary

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

[Please Print or Typewrite Name and Address of Transferee]

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Schedule 1

<u>Principal Payment Date</u>	<u>Principal Amount</u>
12/01/09	\$175,000
01/01/10	180,000
02/01/10	180,000
03/01/10	175,000
04/01/10	180,000
05/01/10	175,000
06/01/10	180,000
07/01/10	175,000
08/01/10	180,000
09/01/10	180,000
10/01/10	175,000
11/01/10	180,000
12/01/10	175,000
01/01/11	180,000
02/01/11	180,000
03/01/11	175,000
04/01/11	180,000
05/01/11	175,000
06/01/11	180,000
07/01/11	175,000
08/01/11	180,000
09/01/11	180,000
10/01/11	180,000
11/01/11	180,000

<u>Principal Payment Date</u>	<u>Principal Amount</u>
12/01/11	180,000
01/01/12	180,000
02/01/12	180,000
03/01/12	175,000
04/01/12	175,000
05/01/12	175,000
06/01/12	175,000
07/01/12	175,000
08/01/12	175,000
09/01/12	175,000
10/01/12	175,000
11/01/12	175,000
12/01/12	175,000
01/01/13	175,000
02/01/13	175,000
03/01/13	175,000
04/01/13	175,000
05/01/13	175,000
06/01/13	175,000
07/01/13	175,000
08/01/13	175,000
09/01/13	175,000
10/01/13	175,000
11/01/13	175,000
12/01/13	175,000
01/01/14	175,000
02/01/14	175,000
03/01/14	175,000
04/01/14	175,000
05/01/14	175,000
Total	\$9,540,000

Certificate of Principal Payments

The undersigned hereby certifies that as holder of this Bond it has received payments and prepayments of principal of this Bond in the aggregate amount of \$ _____ and interest hereon last paid on _____, _____.

By: _____

Its: _____

Certificate of Prepayments

The principal amount of this Bond shall be reduced by an amount equal to the aggregate of prepayments noted hereunder. All prepayments shall be certified hereunder by an authorized representative of the owner of this Bond, and such certification shall constitute a cancellation of the principal amount due on this Bond in the aggregate of the amounts certified below.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Transfer of Bond

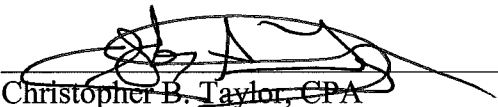
The transfer of this Bond may be registered only by the registered owner in person or his duly authorized attorney or legal representative upon presentation hereof to the Secretary of the North Carolina Medical Care Commission at the North Carolina Medical Care Commission's office in Raleigh, North Carolina, who shall make note thereof in the books kept for that purpose and in the registration blank below.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Secretary</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. **Adjournment**

There being no further business, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,



Christopher B. Taylor, CPA
Assistant Secretary