

THE  
NORTH CAROLINA  
MEDICAL CARE COMMISSION

THE  
HEALTH CARE  
FACILITIES FINANCE ACT  
ANNUAL REPORT

JUNE 30, 2009

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

*"It is hereby declared to be the policy of the State of North Carolina to promote the public health and welfare by providing means for financing, refinancing, acquiring, constructing, equipping and providing of health care facilities to serve the people of the State and to make accessible to them modern and efficient health care facilities"*

*G e n e r a l S t a t u t e 1 3 1 A - 2*

## THE NORTH CAROLINA MEDICAL CARE COMMISSION

### ROLE OF THE COMMISSION

The North Carolina Medical Care Commission was created primarily as a result of the findings of the North Carolina Hospital and Medical Care Commission, a special commission appointed in 1944 to study the critical shortages in general hospital facilities and trained medical personnel in the State of North Carolina and to make recommendations for improvements in these areas. Among the recommendations made was that the legislature provide for a permanent State agency that would be responsible for the maintenance of high standards in North Carolina's hospitals, and the administration of a medical student loan fund, and a statewide hospital and medical care program.

The Commission was established in 1945 and empowered by its enabling legislation to, among other things:

1. make a survey of the hospital resources of the State and formulate a statewide program for construction and maintenance of local hospitals, health centers and related facilities, and receive and administer federal and State Funds appropriated for such purposes;
2. make loans to medical students; and
3. survey all factors concerning the location of the expanded university medical school. (The same act authorized the expansion of the University of North Carolina Medical School from a two-year to a four-year program).

In 1946, Congress passed the Hospital Survey and Construction Act (Hill-Burton) to provide funds for the construction and renovation of health care facilities, and the Commission was designated as the State agency empowered to administer the program within North Carolina. Under this program, which is also known as the Hill-Burton program, health care facility construction in North Carolina totaled more than \$500 million dollars, of which 40 percent was provided by federal sources, 5 percent by the State, and 55 percent by local sponsors. Of the more than 500 Hill-Burton projects approved by the Commission between 1946 and 1976, 241 were general hospital projects, including 80 completely new facilities.

Pursuant to the Executive Organization Act of 1973, the 17-member Commission was incorporated into the Department of Health and Human Services. Three members of the Commission are nominated by the North Carolina Medical Society, one by the North Carolina Pharmaceutical Association, one by the North Carolina State Nurses' Association, one by the North Carolina Hospital Association, and one by the Duke Endowment. Each nomination is subject to the Governor's approval. In addition, ten members, one of whom must be a dentist, are appointed by the Governor. Each member is appointed to a four-year term and memberships are staggered. The Commission is attached organizationally to the Department of Health and Human Services, Division of Health Service Regulation (formerly Division of Facility Services), and is staffed by that Agency. Since its inception the Commission has been assigned new responsibilities, while some of the original activities are either no longer needed or are carried out elsewhere. Today the Commission is responsible for the development of rules for:

1. the licensure and operations of hospitals, hospices, free-standing outpatient surgical facilities, nursing homes, home health agencies, home care agencies, nursing pools, and adult care facilities;
2. the regulation of ambulances and emergency medical services personnel;
3. the financing of construction and modernization projects for qualifying health care facilities.

In 1975, the North Carolina General Assembly enacted the Health Care Facilities Finance Act. The Act provides that the North Carolina Medical Care Commission may conduct financing activities to "acquire, construct, equip, or provide health care facilities for any public or nonprofit agency." The Act defines health care facilities as "any building, addition, or improvement including machinery, equipment, or furnishings that are suitable for health care." This definition includes but is not necessarily limited to: general acute care or specialty hospitals, nursing homes, continuing care facilities for the elderly, health care clinics, and outpatient facilities; laboratories and research facilities; laundries and other ancillary service facilities; training facilities for health care personnel, administration buildings, parking lots, garages, and other buildings normally under the jurisdiction of health care facilities.

The law provides that to qualify for assistance under the Act a project must meet several criteria:

1. the applicant must be a non-profit agency or public agency as defined in General Statute 131A-3;
2. the Commission must be satisfied that there is a need for the project in the area where it is to be located;
3. the project applicant must be financially responsible and capable of fulfilling its obligation for making debt service payments;
4. all public facilities such as utilities and other public services necessary for the health care facility must be made available; and
5. all costs associated with the project must be borne by the applicant and not the State.

While several states have health care finance authorities, which issue tax-exempt bonds, the organization and authority of the North Carolina Medical Care Commission make it unique. First, it is not a quasi-independent authority. It is an operational agency of the executive branch of North Carolina State Government, located in the Department of Health and Human Services. Second, it has an affiliation that covers all the major steps involved in a construction project, either directly or through the Division of Health Service Regulation which staffs the Commission. The Division of Health Service Regulation develops the State Medical Facilities Plan, issues Certificates of Need, assists in project development, approves construction plans, monitors the construction process, and finally licenses the facility.

## \*OUTSTANDING DEBT

As of June 30, 2009, the Commission had issued revenue bonds or notes for 355 projects. The total authorized principal amount of all such financings was \$14,824,402,802 and the total outstanding principal amount of all such financings as of June 30, 2009, was \$6,691,721,301 excluding financings that have been refunded. Each issue is payable solely from revenues derived from each corporate entity financed, is separately secured, and is separate and independent from all other series of bonds as to source of payment and security.

## MEMBERSHIP

As of June 30, 2009 the Commission consisted of the following 17 members with:

<b>Name</b>	<b>Term</b>	<b>Principal Occupation</b>	<b>Residence</b>
Lucy Hancock Bode Chairman	1993-2005 *	Housewife/Health Consultant	Raleigh
Joseph D. Crocker Vice-Chairman	1988-2012	Assistant Director for Community Development, NC Department of Commerce	Winston-Salem
Martha Barham, RN MSN, CNAA	2005-2010	Registered Nurse	High Point
George A. Binder, MD	2004-2011	Physician	Fayetteville
George H. V. Cecil	1987-2007*	Chairman, Biltmore Dairy Farms, Inc.	Asheville
Gerald P. Cox	2002-2010	Health Care Executive	Rocky Mount
John A. Fagg, MD	2004-2011	Physician	Winston-Salem
Charles T. Frock	2008-2012	Hospital Administrator	Pinehurst
Clifford B. Jones, Jr., DDS	1995-2011	Dentist	Elizabeth City
Elizabeth P. Kanof, MD	2008-2012	Physician	Raleigh
James H. Leonard	2008-2012	Financial Advisor	Cary
Albert F. Lockamy, RPh	1986-2010	Pharmacist	Raleigh
Mary L. Piepenbring	2005-2009	Director, Health Care Division The Duke Endowment	Charlotte
Carl K. Rust, II, MD	2002-2009	Physician	Wilmington
Robert E. Schaaf, MD	2005-2010	Physician	Raleigh
Henry A. Unger, MD	1998-2009	Physician	Cary

Margaret Weller-Stargell

2006-2009

President/CEO  
Coastal Horizons Center

Wilmington

\* Members whose term expired on June 30 will continue to serve until re-appointed or a successor is appointed and qualified.

### STAFF OF THE COMMISSION

The Division of Health Service Regulation of the Department of Health and Human Services employs a staff of approximately 450 persons, (including registered architects, professional engineers and consultants in fields of emergency medicine, hospital administration, nursing service and administration, dietetics and nutrition and laboratory design and operation), the services of whom are available to and used by the Commission. The Division of Health Service Regulation provides all necessary administrative and clerical assistance to the Commission.

### ADMINISTRATIVE PERSONNEL

William J. Horton, Acting Director, Division of Health Service Regulation, Acting Secretary, NC Medical Care Commission

Christopher B. Taylor, CPA, Assistant Secretary, NC Medical Care Commission

William L. Warren, Chief of Construction, Division of Health Service Regulation

Kathy C. Larrison, Auditor, NC Medical Care Commission

Diana Barbry, Administrative Assistant, Division of Health Service Regulation

Alice S. Creech, Bond Program Assistant, NC Medical Care Commission

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Presbyterian Hospital Charlotte, North Carolina	12/21/1977	\$20,000,000	\$0 (a)
Lexington Memorial Hospital Lexington, North Carolina	3/1/1978	6,510,000	0 (ss)
Rex Hospital Raleigh, North Carolina	6/1/1978	31,535,000	0 (y)
Duke University Hospital Durham, North Carolina	7/1/1978	79,000,000	0 (b)
Cape Fear Memorial Hospital Wilmington, North Carolina	7/1/1978	3,600,000	0
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	1/1/1979	35,100,000	0 (c)
Duke University Hospital Durham, North Carolina	1/1/1979	6,650,000	0 (b)
Annie Penn Memorial Hospital Reidsville, North Carolina	5/1/1979	7,650,000	0 (t)
Stanly Memorial Hospital Albemarle, North Carolina	5/1/1979	7,535,000	0 (p)
Moore Regional Healthcare Corporation Pinehurst, North Carolina	8/23/1979	10,710,000	0 (d)
Duke University Hospital Durham, North Carolina	6/25/1980	6,736,000	0
	Series B	7/1/1980	7,930,000
			0 (b)
Carolinas Hospital and Health Services Charlotte, North Carolina	7/22/1980	200,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Mercy Hospital Charlotte, North Carolina	1/1/1981	\$8,275,000	\$0 (e)
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina	3/1/1981	2,500,000	0
Memorial Hospital of Alamance County Burlington, North Carolina	4/1/1981	7,000,000	0 (u)
Carolinas Hospital and Health Services (Sun Health) Charlotte, North Carolina	4/8/1981	500,000	0
Scotland Memorial Hospital Laurinburg, North Carolina	6/1/1981	10,800,000	0 (m)
Rex Hospital Raleigh, North Carolina	12/15/1981	760,000	0
Morehead Memorial Hospital Eden, North Carolina	2/1/1982	6,000,000	0 (z)
Chatham Hospital Siler City, North Carolina	6/16/1982	355,000	0
Grace Hospital Morganton, North Carolina	8/1/1982	9,465,000	0 (f)
Carolinas Hospital and Health Services (Sun Health) Charlotte, North Carolina	8/4/1982	600,000	0
Southeastern General Hospital Lumberton, North Carolina	9/1/1982	14,100,000	0 (g)



SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Community General Hospital Thomasville, North Carolina	12/1/1982	\$3,100,000	\$0 (q)
Grace Hospital Morganton, North Carolina	7/1/1983	10,855,000	0 (j)
High Point Regional Hospital High Point, North Carolina	9/1/1983	29,820,000	0 (k)
Grace Hospital Morganton, North Carolina	11/1/1983	8,870,000	0 (j)
Mercy Hospital Charlotte, North Carolina	11/10/1983	2,205,000	0
Rowan Memorial Hospital Salisbury, North Carolina	3/16/1984	1,833,000	0
High Point Regional Hospital High Point, North Carolina	4/16/1984	915,000	0
The Episcopal Home for the Ageing in the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	5/1/1984	6,200,000	0 (h)
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	5/2/1984	1,475,000	0
St. Joseph's Hospital Asheville, North Carolina	6/15/1984	30,330,000	0 (n)
The Moses H. Cone Memorial Hospital Greensboro, North Carolina	8/1/1984	29,330,000	0 (aa)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Alamance County Hospital Burlington, North Carolina	2/22/1985	\$2,504,000	\$0 (u)
Wesley Long Community Hospital Greensboro, North Carolina	4/1/1985	10,670,000	0 (ee)
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina	4/24/1985	845,000	0
Carolina Medicorp, Inc. Winston-Salem, North Carolina	5/1/1985	36,550,000	0 (l)
Presbyterian Hospital Charlotte, North Carolina	5/24/1985	8,700,000	0 (i)
Southeastern General Hospital Lumberton, North Carolina	7/1/1985	16,345,000	0 (v)
Duke University Hospital Durham, North Carolina	7/1/1985	48,245,000	0 (mm)
North Carolina Baptist Hospitals, Inc. Winston Salem, North Carolina	7/15/1985	86,000,000	0 (w)
Bowman Gray School of Medicine of Wake Forest University Winston Salem, North Carolina	7/15/1985	42,000,000	0
Mercy Hospital Charlotte, North Carolina	8/1/1985	29,980,000	0 (bb)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
The Episcopal Home for the Ageing in the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	8/1/1985	\$8,180,000	\$0 (ff)
The United Church Retirement Home, Inc. Thomasville, North Carolina	8/1/1985	6,400,000	0 (nn)
Duke University Hospital Durham, North Carolina	10/2/1985	43,500,000	0
Presbyterian Hospital Charlotte, North Carolina	12/1/1985	24,000,000	0 (r)
Southminster, Inc. Charlotte, North Carolina	12/1/1985	23,825,000	0 (oo)
Pooled Equipment Financing Project, Series 1985 Raleigh, North Carolina	12/1/1985	100,000,000	37,500,000
The Moses H. Cone Memorial Hospital Greensboro, North Carolina	12/1/1985	15,000,000	0 (aa)
Moore Memorial Hospital Pinehurst, North Carolina	12/1/1985	10,980,000	0
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	12/1/1985	25,855,000	0
Duke University Hospital Durham, North Carolina	12/18/1985	34,415,000	0
The McDowell Hospital Marion, North Carolina	6/1/1986	8,935,000	0 (x)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Pooled Financing Project Series 1986 Raleigh, North Carolina	7/1/1986	\$100,000,000	\$0
Cornelia Nixon Davis Nursing Home Wilmington, North Carolina	10/16/1986	980,980	0
Grace Hospital Morganton, North Carolina	2/1/1987	23,450,000	0 (tt)
High Point Regional Hospital Greensboro, North Carolina	2/1/1987	34,280,000	0 (xx)
Blumenthal Jewish Home Clemmons, North Carolina	3/25/1987	6,600,000	0 (o)
Carolina Medicorp, Inc. Winston-Salem, North Carolina	8/1/1987	53,142,316	0 (cc)
Wesley Long Community Hospital Greensboro, North Carolina	8/15/1987	25,715,000	0 (ee)
The Methodist Home, Inc. Charlotte, North Carolina	2/1/1988	13,500,000	0
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina	6/1/1988	2,750,000	0
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	6/15/1988	21,337,717	0 (gg)
Scotland Memorial Hospital Laurinburg, North Carolina	6/1/1988	14,087,969	0 (hh)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Davidson Retirement Community, Inc. Davidson, North Carolina	9/15/1988	\$24,210,000	\$0 (ii)
St. Joseph's Hospital Asheville, North Carolina	11/1/1988	34,553,639	0 (jj)
Blumenthal Jewish Home Clemmons, North Carolina	11/1/1988	6,350,000	0
Fletcher Hospital, Incorporated dba Park Ridge Hospital Fletcher, North Carolina	12/1/1988	20,300,000	0 (eeee)
Gaston Health Care Support, Inc. Gastonia, North Carolina	5/1/1989	42,472,967	0 (pp)
Roanoke-Chowan Hospital Ahoskie, North Carolina	7/1/1989	12,165,000	0 (ddd)
Transylvania Community Hospital Brevard, North Carolina	9/1/1989	4,060,000	0 (yy)
Stanly Memorial Hospital Albemarle, North Carolina	11/1/1989	17,285,000	0 (qq)
The Forest at Duke, Inc. Durham, North Carolina	4/16/1990	3,150,000	0 (s)
Angel Community Hospital Franklin, North Carolina	5/1/1990	7,050,000	0 (zz)
Presbyterian Hospital Charlotte, North Carolina	10/1/1990	101,108,090	0 (dd)
Community General Hospital Thomasville, North Carolina	10/1/1990	6,860,000	0 (aaa)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina		11/1/1990	\$5,150,000	\$0
The Forest at Duke, Inc. Durham, North Carolina	Series A Series B	11/1/1990 11/15/1990	53,630,000 965,000	0 (kk) 0
Wilson Memorial Hospital Wilson, North Carolina		12/1/1990	53,658,422	0 (uu)
St. Joseph of the Pines, Inc. Southern Pines, North Carolina		1/1/1991	3,350,000	0 (eee)
Memorial Mission Hospital, Inc. Asheville, North Carolina		2/5/1991	2,055,870	0
Pooled Financing Project Series 1991 A Raleigh, North Carolina		3/1/1991	54,300,000	0
Carolina Medicorp, Inc. Winston Salem, North Carolina		4/1/1991	50,152,471	0 (aaa)
Chapel Hill Residential Retirement Center DBA Carol Woods Chapel Hill, North Carolina		4/1/1991	25,900,000	0 (nnn)
Wayne Memorial Hospital Goldsboro, North Carolina		5/1/1991	41,016,323	0 (fff)
Valdese General Hospital Valdese, North Carolina		5/15/1991	11,390,000	0 (ggg)
Pooled Financing Project Series 1991 B Raleigh, North Carolina		6/1/1991	22,500,000	2,100,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Duke University Hospital Durham, North Carolina	6/1/1991	\$14,872,987	\$0 (mm)
C. J. Harris Community Hospital Sylva, North Carolina	7/26/1991	1,384,246	0 (ll)
Glenaire, Inc. Cary, North Carolina	10/1/1991	27,565,000	0 (rr)
Annie Penn Memorial Hospital Reidsville, North Carolina	11/1/1991	13,140,000	0 (bbb)
Well Spring Retirement Community, Inc. Greensboro, North Carolina	11/1/1991	44,495,000	0 (vvv)
Southeastern General Hospital Lumberton, North Carolina	11/1/1991	27,835,626	0
The McDowell Hospital Marion, North Carolina	11/1/1991	8,780,000	0 (lll)
North Carolina Baptist Hospitals, Inc. Winston Salem, North Carolina	1/1/1992	87,456,982	0 (ffff)
Friends Home, Inc. Greensboro, North Carolina	2/1/1992	34,405,000	0 (vv)
Alamance Health Service, Inc. Burlington, North Carolina	2/15/1992	18,315,000	0 (hhh)
Halifax Memorial Hospital Roanoke Rapids, North Carolina	6/15/1992	21,995,000	0 (iii)
Memorial Mission Hospital Asheville, North Carolina	7/1/1992	40,794,261	0 (jjj)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Carolina Medicorp, Inc. Winston-Salem, North Carolina	8/1/1992	\$57,100,495	\$0 (vvv)
Presbyterian Health Services Corp. Charlotte, North Carolina	10/1/1992	70,385,000	0 (aaa)
North Carolina Baptist Hospitals Winston Salem, North Carolina	10/29/1992	55,000,000	55,000,000
Mercy Hospital Charlotte, North Carolina	11/1/1992	34,335,000	0
The Moses H. Cone Memorial Hospital Greensboro, North Carolina	1/28/1993	61,600,000	0 (nnnnn)
Rex Hospital Raleigh, North Carolina	1/1/1993	68,060,075	0 (ccc)
Alamance Health Services, Inc. Burlington, North Carolina	3/1/1993	53,000,000	37,925,000
Morehead Memorial Hospital Eden, North Carolina	5/1/1993	11,010,000	0 (gggg)
Presbyterian Health Services Corp. Charlotte, North Carolina	6/1/1993	114,595,000	0 (vvv)
Duke University Hospital Durham, North Carolina	8/12/1993	28,650,000	28,650,000
Memorial Mission Hospital Asheville, North Carolina	7/15/1993	24,245,000	0 (www)
The Episcopal Home for the Ageing in the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	Series A 10/1/1993 Series B 10/1/1993	8,000,000 290,000	0 (xxx) 0
Moore Regional Hospital Pinehurst, North Carolina	10/1/1993	50,150,373	0 (ppp)



SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Wesley Long Community Hospital Greensboro, North Carolina	11/15/1993	\$39,065,000	\$0 (hhh)
Scotland Memorial Hospital Laurinburg, North Carolina	12/1/1993	20,905,000	4,935,000
St. Joseph's Hospital Asheville, North Carolina	1/1/1994	35,970,000	0 (jjj)
Davidson Retirement Community, Inc. Davidson, North Carolina	1/1/1994	17,090,000	100,000 (ddddd)
The Forest at Duke, Inc. Durham, North Carolina	3/1/1994	35,685,000	300,000 (yyy)
C. J. Harris Community Hospital Sylva, North Carolina	3/15/1994	15,000,000	0 (qqq)
Pooled Financing Project Series 1994 Raleigh, North Carolina	5/12/1994	16,100,000	0
Southminster, Inc. Charlotte, North Carolina	7/1/1994	19,500,000	0 (rrr)
United Church Retirement Home Newton, North Carolina	9/15/1994	19,065,000	0 (kkk)
The Moses H. Cone Memorial Hospital Greensboro, North Carolina	6/15/1995	15,000,000	0
Gaston Memorial Hospital Gastonia, North Carolina	10/15/1995	62,580,000	0 (eeee)
Pavillon International (Michigan nonprofit corporation)	12/14/1995	5,100,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Glenaire, Inc. Cary, North Carolina		2/15/1996	\$22,120,000	\$0 (iii)
Pooled Financing Project Series 1996 Raleigh, North Carolina		5/8/1996	45,100,000	0
Stanly Memorial Hospital Albemarle, North Carolina		5/1/1996	28,990,000	13,300,000
North Carolina Baptist Hospitals, Inc. Winston-Salem, North Carolina		6/27/1996	50,000,000	19,500,000 (mmm)
Grace Hospital Morganton, North Carolina		8/15/1996	26,240,000	14,840,000
Saint Joseph of the Pines Pinehurst, North Carolina		9/24/1996	10,000,000	0 (eee)
Duke University Durham, North Carolina		10/1/1996	121,379,383	2,458,104 (jjj)
Lincoln Health System Lincolnton, North Carolina	Series A	11/20/1996	12,800,000	7,600,000
Southminster, Inc. Charlotte, North Carolina		11/1/1996	5,055,000	5,055,000
Carolina Medicorp, Inc. Winston-Salem, North Carolina		11/1/1996	104,428,199	29,220,056
Friends Home Greensboro, North Carolina		12/1/1996	25,715,000	0 (zzz)
Lincoln Health System Lincolnton, North Carolina	Series B	12/12/1996	2,500,000	0
Cypress Glen Durham, North Carolina		12/11/1996	20,130,000	0 (aaaa)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
ACTS West Point, Pennsylvania	12/19/1996	\$37,655,000	\$0 (sss)
Wilson Memorial Hospital Wilson, North Carolina	2/1/1997	50,953,361	5,723,361 (ffff)
Well Spring Retirement Community, Inc. Greensboro, North Carolina	2/15/1997	40,060,000	4,630,000 (bbbb)
Wake County Hospital System, Inc. Raleigh, North Carolina	3/1/1997	108,550,000	82,970,000
Cabarrus Memorial Hospital Concord, North Carolina	3/13/1997	20,175,000	0 (ttt)
Lexington Memorial Hospital Lexington, North Carolina	4/9/1997	16,500,000	0
Spruce Pine Community Hospital (Blue Ridge Hospital System Inc.) Spruce Pine, North Carolina	7/17/1997	2,935,000	1,935,000
Deerfield Episcopal Retirement Community Asheville, North Carolina	11/1/1997	73,780,000	50,000 (cccc)
Transylvania Community Hospital Brevard, North Carolina	11/1/1997	4,855,000	3,105,000
High Point Regional Health System High Point, North Carolina	11/1/1997	29,880,000	9,395,000
Givens Estates, Inc. Asheville, North Carolina	11/18/1997	12,000,000	0 (dddd)
Angel Medical Center Franklin, North Carolina	11/21/1997	13,475,000	0 (uuuu)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

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Glenaire, Inc. Cary, North Carolina	12/1/1997	\$14,395,000	\$12,040,000
Pungo District Hospital Belhaven, North Carolina	12/23/1997	4,000,000	2,000,000
DePaul Community Facilities Rochester, New York	1/28/1998	4,645,000	0 (ggggg)
First Health of the Carolinas Pinehurst, North Carolina	2/1/1998	88,335,000	0 (ooooo)
Annie Penn Memorial Hospital Reidsville, North Carolina	3/15/1998	13,460,000	0
Rex Healthcare Raleigh, North Carolina	3/15/1998	124,215,000	80,420,000
Mission-Thoms-St. Joseph's Health Services Asheville, North Carolina	3/17/1998	4,670,000	0
Novant Health Winston-Salem, North Carolina	4/1/1998	121,425,000	0 (ppppp)
Lutheran Services for the Aging Salisbury, North Carolina	4/2/1998	23,625,000	20,110,000
Stanley Total Living Center Stanley, North Carolina	4/23/1998	4,210,000	2,210,000
Cornelia Nixon Davis Health Care Center Wilmington, North Carolina	6/17/1998	7,500,000	5,545,000
Carolina Meadows Chapel Hill, North Carolina	6/23/1998	5,000,000	0 (kkkk)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Catholic Health East (St. Joseph of the Pines) Pinehurst, North Carolina	Series C Series D	6/15/1998 7/15/1998	\$41,945,000 30,000,000	\$34,365,000 0 (hhhh)
United Church Retirement Homes Newton, North Carolina		7/1/1998	19,705,000	0 (III)
Alamance Regional Medical Center Burlington, North Carolina		7/1/1998	16,575,000	11,040,000
The Presbyterian Home at Charlotte (Sharon Towers) Charlotte, North Carolina		8/25/1998	8,500,000	0 (ooo)
Gaston Health Care Gastonia, North Carolina		8/1/1998	82,935,000	0 (qqqqq)
Duke University Health System Durham, North Carolina		8/1/1998	83,235,000	2,395,000 (jjj)
Valdese General Hospital Valdese, North Carolina		9/3/1998	11,030,000	0 (mmmm)
Pitt County Memorial Hospital Greenville, North Carolina		9/1/1998	207,170,000	12,980,000 (pppp)
Halifax Regional Medical Center Roanoke Rapids, North Carolina		9/1/1998	33,670,000	17,450,000
Wayne Memorial Hospital Goldsboro, North Carolina		9/15/1998	41,310,000	0
Duke University Health System Durham, North Carolina		10/1/1998	199,300,000	5,590,000 (jjj)
Carolina Village Hendersonville, North Carolina		10/21/1998	7,700,000	5,600,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Novant Health Winston-Salem, North Carolina	10/1/1998	\$57,925,000	\$0 (ppppp)
Pitt County Memorial Hospital Greenville, North Carolina	10/1/1998	84,000,000	7,220,000
J. Arthur Doshier Memorial Hospital Southport, North Carolina	11/12/1998	5,000,000	3,140,000
The Moses Cone Health System Greensboro, North Carolina	11/12/1998	15,000,000	0
Cabarrus Memorial Hospital (NorthEast Medical Center) Concord, North Carolina	11/1/1998	15,405,000	0
Mission-St. Joseph's Health System Asheville, North Carolina	11/1/1998	114,650,000	33,890,000 (vvvv)
Lutheran Retirement Ministries of Alamance County (Twin Lakes) Burlington, North Carolina	1/14/1999	20,465,000	0 (iiii)
The Cross Road Rest and Retirement Center Asheboro, North Carolina	3/11/1999	5,700,000	0 (wwww)
Randolph Hospital Asheboro, North Carolina	3/18/1999	25,970,000	0 (xxxx)
WakeMed Raleigh, North Carolina	4/22/1999	36,265,000	0
High Point Regional Health System High Point, North Carolina	4/1/1999	61,070,000	42,510,000
Transylvania Community Hospital Brevard, North Carolina	8/1/1999	1,000,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
North Carolina Cancer Institute Lumberton, North Carolina	8/1/1999	\$1,500,000	\$0
Scotland Memorial Hospital Laurinburg, North Carolina	7/15/1999	13,500,000	8,200,000
Moravian Home, Incorporated (Salemtowne) Winston-Salem, North Carolina	10/1/1999	15,595,000	0 (yyyy)
Stanly Memorial Hospital Albemarle, North Carolina	10/15/1999	15,000,000	12,905,000
Southeastern Regional Medical Center Lumberton, North Carolina	10/15/1999	25,270,000	16,370,000
DePaul Community Facilities Rochester, New York	12/7/1999	14,315,000	0 (ggggg)
The McDowell Hospital Marion, North Carolina	12/16/1999	6,765,000	3,630,000
North Carolina Housing Foundation Winston-Salem, North Carolina	2/1/2000	11,970,000	10,685,000
Grace Hospital, Inc. Morganton, North Carolina	3/16/2000	20,700,000	0 (mmmm)
North Carolina Baptist Hospitals, Inc. Winston-Salem, North Carolina	6/15/2000	150,800,000	103,000,000
United Methodist Retirement Homes Croasdaile Village Durham, North Carolina	9/28/2000	46,465,000	0 (qqqq)
United Methodist Retirement Homes Series A Croasdaile Village Durham, North Carolina	9/28/2000	15,795,000	0 (nnnn)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
NorthEast Medical Center Concord, North Carolina		10/27/2000	\$32,290,000	\$0
Mission-St. Joseph's Asheville, North Carolina		12/12/2000	4,775,000	0
Presbyterian Homes Jamestown, North Carolina		2/21/2001	91,885,000	0 (zzzz)
Providence Place High Point, North Carolina	Series A Series B	4/29/2001 4/29/2001	11,235,000 175,000	10,845,000 0
WakeMed Raleigh, North Carolina		4/5/2001	150,000,000	145,825,000
Moravian Home (Salemtowne) Winston-Salem, North Carolina		4/26/2001	24,215,000	0 (yyyy)
Cleveland Regional Medical Center Shelby, North Carolina		5/10/2001	30,000,000	0 (oooo)
Chapel Hill Residential Retirement Center dba Carol Woods Retirement Community Chapel Hill, North Carolina		7/2/2001	33,030,000	0 (jjjj)
The Moses Cone Health System Greensboro, North Carolina	Series A Series B	7/11/2001 7/11/2001	42,600,000 42,600,000	42,600,000 42,600,000
Aldersgate United Methodist Retirement Community, Inc. Charlotte, North Carolina		7/12/2001	40,835,000	34,385,000
Rutherford Hospital Rutherfordton, North Carolina		8/1/2001	16,800,000	9,620,000
Mission-St. Joseph's Health System Asheville, North Carolina		9/1/2001	109,720,000	0 (vvvv)



SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Duke University Health System, Inc. Durham, North Carolina		9/21/2001	\$42,000,000	\$0
Presbyterian Home at Charlotte (Sharon Towers) Charlotte, North Carolina		9/25/2001	23,500,000	12,530,000
Baptist Retirement Homes of North Carolina, Inc. (Taylor Glen) Winston-Salem, North Carolina	Series A Series B Series C	10/11/2001 10/17/2001 10/17/2001	40,285,000 8,100,000 5,900,000	37,530,000 0 0
Alamance Extended Care, Inc. (Village at Brookwood) Burlington, North Carolina	Series A Series B Series C	11/1/2001 11/28/2001 11/28/2001	32,560,000 8,500,000 17,000,000	15,545,000 (aaaaa) 0 (aaaaa) 0
Aston Park Health Care Center, Inc. Asheville, North Carolina		2/14/2002	4,100,000	2,900,000
FirstHealth of the Carolinas Pinehurst, North Carolina		2/27/2002 2/27/2002	29,400,000 50,000,000	0 49,600,000
Arbor Acres United Methodist Retirement Community, Inc. Winston-Salem, North Carolina		3/1/2002	23,105,000	1,140,000 (bbbbbb)
The Forest at Duke, Inc. Durham, North Carolina		3/15/2002	23,495,000	0 (kkkkk)
Senior Care Group of McDowell, LLC Nebo, North Carolina	Series A Series B	6/1/2002 6/1/2002	7,210,000 800,000	6,655,000 800,000
Union Regional Medical Center Monroe, North Carolina	Series A Series B	7/11/2002 7/11/2002	25,000,000 15,000,000	19,955,000 15,000,000
Southeastern Regional Medical Center Lumberton, North Carolina		8/14/2002	48,980,000	41,035,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Wake Forest University Health Sciences Winston-Salem, North Carolina		8/22/2002	\$198,800,000	\$0 (rrrr)
NorthEast Medical Center	Series A	9/10/2002	30,000,000	0
Concord, North Carolina	Series B	9/10/2002	30,000,000	0
Southminster, Inc. Charlotte, North Carolina		10/1/2002	13,320,000	7,730,000
North Carolina Baptist Hospitals Winston-Salem, North Carolina		10/31/2002	162,400,000	0 (ssss)
WestCare Health System	Series A	11/14/2002	26,860,000	21,240,000
Sylva, North Carolina	Series B	11/14/2002	880,000	720,000
ACTS Retirement-Life Communities, Inc. West Point, Pennsylvania		12/18/2002	27,255,000	0
CaroMont Health Gastonia, North Carolina		1/23/2003	120,000,000	0 (tttt)
Cornelia Nixon Davis Nursing Home Wilmington, North Carolina		1/23/2003	7,000,000	5,720,000
FirstHealth of the Carolinas Pinehurst, North Carolina		4/10/2003	45,750,000	0
Hugh Chatham Memorial Hospital Elkin, North Carolina		4/23/2003	40,000,000	36,330,000
Memorial Mission Hospital, Inc. Asheville, North Carolina		5/29/2003	25,000,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Novant Health Winston-Salem, North Carolina		7/1/2003	\$164,325,000	\$133,680,000
Givens Estates, Inc. Asheville, North Carolina	Series A	7/15/2003	63,385,000	6,975,000 (cccc)
	Series B	7/15/2003	7,000,000	0 (cccc)
	Series C	8/14/2003	39,000,000	0 (cccc)
Maria Parham Medical Center Henderson, North Carolina		8/1/2003	50,835,000	47,780,000
Betsy Johnson Regional Hospital Dunn, North Carolina		9/24/2003	24,770,000	22,395,000
Mission St. Joseph's Health System Asheville, North Carolina		10/1/2003	18,530,000	13,540,000
Friends Homes, Inc. Greensboro, North Carolina		10/16/2003	45,165,000	40,780,000
The Forest at Duke, Inc. Durham, North Carolina	Series A	11/1/2003	25,990,000	19,370,000
	Series B	11/1/2003	5,210,000	0
Northern Hospital District of Surry County Mount Airy, North Carolina		12/1/2003	2,422,050	264,620
Well Spring Retirement Community Greensboro, North Carolina	Series A	12/1/2003	15,450,000	11,560,000
	Series B	12/1/2003	2,000,000	2,000,000
	Series C	12/23/2003	10,000,000	7,600,000
Lutheran Retirement Ministries Elon, North Carolina		12/11/2003	13,030,000	0 (iiii)
The Episcopal Home for the Ageing In the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	Series A	2/1/2004	3,185,000	1,610,000
	Series B	2/1/2004	2,470,000	2,470,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Deerfield Episcopal Retirement Community	Series A	3/1/2004	\$37,505,000	\$30,380,000
Asheville, North Carolina	Series B	3/1/2004	5,000,000	5,000,000
	Series C	3/1/2004	10,000,000	0 (rrrrr)
Cypress Glen Retirement Community	Series A	3/15/2004	15,410,000	12,355,000
Greenville, North Carolina	Series B	3/15/2004	5,000,000	5,000,000
Cleveland County Healthcare System	Series A	6/30/2004	38,600,000	38,600,000
Shelby, North Carolina				
Cleveland County Healthcare System		7/15/2004	29,475,000	28,675,000
Shelby, North Carolina				
Stanly Memorial Hospital		7/22/2004	5,000,000	1,553,530
Albemarle, North Carolina				
NorthEast Medical Center		8/5/2004	30,000,000	0
Concord, North Carolina				
Rowan Regional Medical Center		8/18/2004	87,125,000	81,125,000
Salisbury, North Carolina				
Cypress Glen Retirement Community	Series C	8/19/2004	12,960,000	7,960,000
Greenville, North Carolina	Series D	8/19/2004	2,500,000	0
Moses Cone Health System	Series A	10/19/2004	47,500,000	47,500,000
Greensboro, North Carolina	Series B	10/19/2004	47,500,000	0 (mmmmm)
The ARC of North Carolina	Series A	10/21/2004	34,650,000	33,635,000
Raleigh, North Carolina	Series B	10/21/2004	1,270,000	0
Carolina Meadows		11/7/2004	20,110,000	18,775,000
Chapel Hill, North Carolina				
Novant Health		11/8/2004	135,000,000	135,000,000
Winston-Salem, North Carolina				
Fletcher Hospital dba Park Ridge Hospital		1/13/2005	14,000,000	0
Fletcher, North Carolina				

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
United Methodist Retirement Homes Durham, North Carolina	Series A	2/16/2005	\$20,790,000	\$20,700,000
	Series B	2/16/2005	24,250,000	14,715,000
United Church Homes and Services Newton, North Carolina	Series A	4/21/2005	13,755,000	11,615,000
	Series B	4/21/2005	5,000,000	5,000,000
Presbyterian Homes Jamestown, North Carolina	Series A	5/4/2005	13,465,000	12,515,000
	Series B	5/4/2005	4,090,000	4,090,000
Duke University Health System Durham, North Carolina	Series A	5/19/2005	107,380,000	107,380,000
	Series B	5/19/2005	107,380,000	107,380,000
	Series C	5/19/2005	107,380,000	107,380,000
Blue Ridge Health System Morganton, North Carolina	Series A	6/19/2005	35,000,000	35,000,000
	Series B	6/19/2005	43,075,000	39,400,000
Watauga Medical Center Boone, North Carolina		6/14/2005	31,350,000	30,315,000
Morehead Memorial Hospital Eden, North Carolina		6/15/2005	47,675,000	45,125,000
Alamance Regional Medical Center Burlington, NC		8/1/2005	10,000,000	5,833,945
Duke University Health System Durham, North Carolina		8/12/2005	40,000,000	11,902,080
United Methodist Retirement Homes Durham, North Carolina	Series C	9/8/2005	47,835,000	47,055,000
Mission Hospitals, Inc. Asheville, North Carolina		9/13/2005	25,000,000	17,014,354
Southeastern Regional Medical Center Lumberton, North Carolina		9/15/2005	20,000,000	20,000,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Lenoir Memorial Hospital Kinston, North Carolina		9/22/2005	\$22,000,000	\$20,180,000
Novant Health Winston-Salem, North Carolina		12/12/2005	50,000,000	19,720,841
Rex Hospital Raleigh, North Carolina		12/12/2005	30,000,000	9,534,204
Transylvania Community Hospital Brevard, North Carolina		12/15/2005	1,700,000	543,698
Person Memorial Hospital Roxboro, North Carolina		12/15/2005	18,000,000	17,065,000
Pennybyrn at Maryfield High Point, North Carolina		12/29/2005	94,315,000	74,315,000
University Health Systems of Eastern Carolina	Series A & B	2/16/2006	227,970,000	0 (sssss)
Greenville, North Carolina	Series C & D	2/16/2006	246,025,000	0 (sssss)
Wake Forest University Health Sciences Winston-Salem, North Carolina		4/6/2006	196,050,000	0 (uuuuu)
North Carolina Baptist Hospital Winston-Salem, North Carolina		5/3/2006	162,400,000	0 (vvvvv)
Cumberland County Hospital System DBA Cape Fear Valley Health	Series A	5/4/2006	37,020,000	24,655,000
Fayetteville, North Carolina	Series B	5/4/2006	262,650,000	0 (ttttt)
Caromont Health Gastonia, North Carolina		5/9/2006	119,800,000	119,500,000
NorthEast Medical Concord, North Carolina		6/27/2006	50,000,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
The Pines at Davidson Davidson, North Carolina		7/7/2006	\$30,980,000	\$29,180,000
Presbyterian Homes, Inc. Jamestown, North Carolina	Series B	7/13/2006 8/9/2006	79,235,000 33,290,000	79,235,000 30,105,000
Wayne Memorial Hospital Goldsboro, North Carolina		9/21/2006	35,000,000	0
The Cross Road Rest and Retirement Center, Inc. Asheboro, North Carolina		10/19/2006	8,300,000	8,010,000
Moravian Homes, Inc. DBA Salemtowne Winston-Salem, North Carolina		11/14/2006	35,225,000	33,935,000
Duke University Health System Durham, North Carolina	Series A Series B Series C	11/15/2006 11/15/2006 11/15/2006	65,355,000 65,360,000 20,000,000	65,355,000 65,360,000 20,000,000
Novant Health Winston-Salem, North Carolina		12/14/2006	250,000,000	250,000,000
Mission Health Asheville, North Carolina		1/31/2007	260,430,000	257,385,000
Chatham Hospital Siler City, North Carolina		2/8/2007	30,540,000	29,790,000
Iredell Memorial Hospital Statesville, North Carolina		3/15/2007	39,465,000	38,090,000
Arbor Acres United Methodist Retirement Community Winston-Salem, North Carolina		3/21/2007	17,765,000	17,625,000
Angel Medical Center Franklin, North Carolina		3/22/2007	18,500,000	16,590,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
Givens Estates Asheville, North Carolina		4/4/2007	\$66,900,000	\$66,480,000
United Church Homes and Services Newton, North Carolina		4/18/2007	15,780,000	15,780,000
Alamance Extended Care, Inc. (The Village at Brookwood) Burlington, North Carolina		5/18/2007	29,280,000	28,900,000
Randolph Hospital Asheboro, North Carolina		6/14/2007	49,230,000	48,180,000
The Forest at Duke Durham, North Carolina		7/12/2007	28,200,000	27,695,000
Wilson Medical Center Wilson, North Carolina		8/7/2007	33,825,000	30,955,000
Sisters of Mercy Services Corporation Asheville, North Carolina		9/13/2007	4,400,000	4,400,000
Lutheran Retirement Ministries DBA Twin Lakes Alamance County Elon, North Carolina		10/10/2007	39,800,000	36,860,000
DePaul Community Facilities, Inc. Rochester, New York	Series A Series B	10/25/2007 10/25/2007	30,125,000 1,765,000	30,030,000 1,635,000
Lower Cape Fear Hospice Wilmington, North Carolina		11/15/2007	4,000,000	4,000,000
Southminster, Inc. Charlotte, North Carolina	Series A & B Series C	11/15/2007 11/15/2007	64,180,000 25,500,000	64,180,000 25,500,000
Carol Woods Residential Retirement Center Chapel Hill, North Carolina		11/28/2007	29,510,000	28,080,000



SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
CaroMont Health Gastonia, North Carolina		1/31/2008	\$118,400,000	\$112,520,000
Carolina Village Hendersonville, North Carolina	Series A	2/28/2008	19,575,000	19,575,000
	Series B	2/28/2008	10,000,000	10,000,000
	Series C	2/28/2008	15,000,000	15,000,000
Catholic Health East Newtown Square, Pennsylvania		4/24/2008	30,475,000	29,475,000
Moses Cone Health System Greensboro, North Carolina		4/30/2008	48,140,000	48,140,000
Transylvania Community Hospital Brevard, North Carolina		6/6/2008	5,000,000	4,069,893
Deerfield Episcopal Retirement Asheville, North Carolina	Series A	8/13/2008	47,945,000	47,945,000
	Series B	8/13/2008	50,350,000	50,350,000
Novant Health Winston-Salem, North Carolina	Series A	8/19/2008	70,000,000	70,000,000
	Series B	8/19/2008	75,090,000	75,090,000
	Series C	8/19/2008	50,870,000	49,320,000
Cape Fear Valley Health System Fayetteville, North Carolina	Series 2008 A	9/23/2008	152,000,000	152,000,000
	Series 2008 B	9/23/2008	133,335,000	133,335,000
Hugh Chatham Memorial Hospital Elkin, North Carolina		9/24/2008	45,455,000	45,455,000
Wake Forest Univeristy Health Sciences Winston-Salem, North Carolina		10/16/2008	188,640,000	188,640,000
The Moses H. Cone Memorial Hospital Greensboro, North Carolina		10/23/2008	61,600,000	61,600,000
Duke University Health System Durham, North Carolina		12/4/2008	40,000,000	3,287,615

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-09
FirstHealth of the Carolinas Pinehurst, North Carolina	Series A	12/9/2008	\$75,015,000	\$75,015,000
	Series B	12/9/2008	31,830,000	31,830,000
University Health Systems of Eastern Carolina Greenville, North Carolina	Series A	12/10/2008	112,690,000	112,690,000
	Series B	12/10/2008	123,850,000	123,850,000
	Series C	12/10/2008	74,455,000	74,455,000
	Series D	12/10/2008	119,715,000	119,715,000
	Series E	12/10/2008	77,900,000	77,900,000
Hospice of Alamance-Caswell Burlington, North Carolina		12/23/2008	5,000,000	5,000,000
North Carolina Baptist Hospital Winston-Salem, North Carolina	Series A	1/29/2009	77,000,000	75,530,000
	Series B	1/29/2009	40,000,000	39,235,000
	Series C	1/29/2009	40,000,000	39,235,000
WakeMed Raleigh, North Carolina	Series A	2/10/2009	169,750,000	169,750,000
	Series B	2/26/2009	75,000,000	75,000,000
Transylvania Regional Hospital Brevard, North Carolina		3/9/2009	13,240,000	13,240,000
Wayne Memorial Hospital Goldsboro, North Carolina		3/19/2009	35,720,000	35,720,000
FirstHealth of the Carolinas Pinehurst, North Carolina	Series A	4/19/2009	45,505,000	45,505,000
	Series B	4/15/2009	45,505,000	45,505,000
Totals			<u>\$14,824,402,802</u>	<u>\$6,691,721,301</u>

- (a) Defeased by 5/24/85 Presbyterian Hospital Bond Issue
- (b) Defeased by 7/1/85 Duke University Hospital Refunding Bond Issue
- (c) Defeased by 12/1/85 Memorial Mission Bond Issue
- (d) Defeased by 12/1/85 Moore Memorial Bond Issue
- (e) Defeased by 8/1/85 Mercy Hospital Bond Issue
- (f) Defeased by 7/1/83 Grace Hospital Bond Issue
- (g) Defeased by 7/1/85 Southeastern General Hospital Bond Issue
- (h) Defeased by 8/1/85 The Episcopal Home for the Aging in the Diocese of North Carolina Bond Issue
- (i) Defeased by 12/1/85 Presbyterian Hospital Bond Issue
- (j) Defeased by 2/1/87 Grace Hospital Bond Issue
- (k) Defeased by 2/1/87 High Point Regional Hospital Bond Issue
- (l) Defeased by 8/1/87 Carolina Medicorp Bond Issue
- (m) Defeased by 6/1/88 Scotland Memorial Hospital Bond Issue
- (n) Defeased by 11/1/88 St. Joseph's Hospital Bond Issue
- (o) Defeased by 11/1/88 Blumenthal Jewish Home Bond Issue
- (p) Defeased by 11/1/89 Stanly Memorial Hospital Bond Issue
- (q) Defeased by 10/1/90 Community General Hospital Bond Issue
- (r) Defeased by 10/1/90 Presbyterian Hospital Bond Issue
- (s) Defeased by 11/1/90 Forest at Duke Bond Issue
- (t) Defeased by 11/1/91 Annie Penn Memorial Hospital Bond Issue
- (u) Defeased by 2/15/92 Alamance Health Services Bond Issue
- (v) Defeased by 11/1/91 Southeastern General Hospital Bond Issue
- (w) Defeased by 1/1/92 North Carolina Baptist Hospitals Bond Issue
- (x) Defeased by 11/1/91 McDowell Hospital Bond Issue
- (y) Defeased by 1/1/93 Rex Hospital Bond Issue
- (z) Defeased by 5/1/93 Morehead Memorial Hospital Bond Issue
- (aa) Defeased by 1/29/93 The Moses H. Cone Memorial Hospital Bond Issue
- (bb) Defeased by 11/1/92 Mercy Hospital Bond Issue
- (cc) Defeased by 8/1/92 Carolina Medicorp, Inc. Bond Issue
- (dd) Defeased by 6/1/93 Presbyterian Health Services Corp. Bond Issue
- (ee) Defeased by 11/15/93 Wesley Long Community Hospital, Series 1993 Bond Issue
- (ff) Defeased by 10/1/93 Penick Memorial Home Series 1993A Bond Issue
- (gg) Defeased by 7/15/93 Memorial Mission Hospital Series 1993 Bond Issue
- (hh) Defeased by 12/1/93 Scotland Memorial Hospital Series 1993 Bond Issue
- (ii) Defeased in part by 1/1/94 The Pines at Davidson Series 1994 Bond Issue
- (jj) Defeased by 1/1/94 St. Joseph's Hospital Series 1994 Bond Issue
- (kk) Defeased in part by 3/1/94 The Forest at Duke Series 1994 Bond Issue
- (ll) Defeased by 3/15/94 C.J. Harris Community Hospital Series 1994 Bond Issue
- (mm) Defeased in part by 8/12/93 Duke University Hospital Series 1993A Bond Issue
- (nn) Defeased by 9/15/94 United Church Retirement Homes Series 1994 Bond Issue

(oo) Defeased by 7/1/94 Southminster Series 1994 Bond Issue

(pp) Defeased by 10/15/95 Gaston Memorial Hospital Series 1995 Bond Issue

(qq) Defeased by 5/1/96 Stanly Memorial Hospital Series 1996 Bond Issue

(rr) Defeased by 2/15/96 Glenaire Project Series 1996 Bond Issue

(ss) Defeased by 4/9/97 Lexington Memorial Hospital Series 1997 Bond Issue

(tt) Defeased by 8/15/96 Grace Hospital Series 1996 Bond Issue

(uu) Defeased by 2/1/97 Wilson Memorial Hospital Series 1997 Bond Issue

(vv) Defeased by 12/1/96 Friends Home West Series 1996 Bond Issue

(ww) Defeased by 2/15/97 Well Spring Retirement Community Series 1997 Bond Issue

(xx) Defeased by 11/1/97 High Point Regional Health System Series 1997 Bond Issue

(yy) Defeased by 11/1/97 Transylvania Community Hospital Series 1997 Bond Issue

(zz) Defeased by 11/21/97 Angel Medical Center Series 1997 Bond Issue

(aaa) Defeased by 4/1/98 Novant Health System Series 1998A Bond Issue

(bbb) Defeased by 3/15/98 Annie Penn Memorial Hospital Series 1998 Bond Issue

(ccc) Defeased in part by 3/15/98 Rex Healthcare Series 1998 Bond Issue

(ddd) Defeased by 9/1/98 Pitt County Memorial Hospital Series 1998A Bond Issue

(eee) Defeased by 6/15/98 Catholic Health East 1998C and 1998D Bond Issues

(fff) Defeased by 9/15/98 Wayne Memorial Hospital Series 1998 Bond Issue

(ggg) Defeased by 9/3/98 Valdese General Hospital, Inc. Series 1998 Bond Issue

(hhh) Defeased by 7/1/98 Alamance Regional Medical Center, Inc. Series 1998 Bond Issue

(iii) Defeased by 9/1/98 Halifax Regional Medical Center Series 1998 Bond Issue

(jjj) Defeased by 11/1/98 Mission-St. Joseph's Health System Series 1998 Bond Issues

(kkk) Defeased by 7/1/98 United Church Retirement Homes Series 1998 Bond Issue

(lll) Defeased by 12/16/99 The McDowell Hospital, Inc., Series 1999 Bond Issue

(mmm) Defeased in part by 6/15/2000 North Carolina Baptist Hospitals Project Series 2000 Bond Issue

(nnn) Defeased by July 2, 2001 Carol Woods Project Bond Issue

(ooo) Defeased by August 1, 2001 The Presbyterian Home at Charlotte, Inc. Bond Issue

(ppp) Defeased by 2003 FirstHealth of the Carolinas Bond Issue

(qqq) Defeased by 2002 WestCare Bond Issue

(rrr) Defeased by 2002 Southminster, Inc. Bond Issue

(sss) Defeased by 2002 ACTS Bond Issue

(ttt) Defeased by 2002 NorthEast Medical Bond Issue

(uuu) Defeased in part by 2003 Gaston Healthcare Bond Issue

(vvv) Defeased by July 1, 2003 Novant Health Bond Issue

(www) Defeased by October 1, 2003 Mission-St. Joseph's Health System Bond Issue

(xxx) Defeased by February 1, 2004 Penick Village Bond Issue

(yyy) Defeased in part by November 1, 2003 The Forest at Duke Bond Issue

(zzz) Defeased by October 16, 2003 Friends Home Bond Issue

(aaaa) Defeased March 15, 2004 Cypress Glen Bond Issue

(bbbb) Defeased in part by December 1, 2003 Well Spring Bond Issue

(cccc) Defeased in part by March 1, 2004 Deerfield Episcopal Retirement Community Bond Issue

(dddd) Defeased by July 15, 2003 Givens Estates Bond Issue

(eeee) Defeased by reissuance of debt January 13, 2005

(ffff) Defeased in part by October 2002 NC Baptist Bond Issue

(gggg) Defeased by June 15, 2005 Morehead Memorial Hospital Bond Issue

(hhhh) Defeased by October 19, 2004 Moses Cone Bond Issue

(iiii) Defeased in part by May 4, 2005 Presbyterian Home Bond Issue

(jjjj) Defeased in part by May 19, 2005 Duke University Health System Bond Issue

(kkkk) Defeased by November 7, 2004 Carolina Meadows Bond Issue

(llll) Defeased in part by April 21, 2005 United Church Bond Issue

(mmmm) Defeased by June 9, 2005 Blue Ridge Health System Bond Issue

(nnnn) Defeased by February 16, 2005 United Methodist Retirement Homes Bond Issue

(oooo) Defeased by July 15, 2004 Cleveland County Healthcare System Bond Issue

(pppp) Defeased in part by February 16, 2006 University Health Systems of Eastern Carolina Bond Issue

(qqqq) Defeased by September 8, 2005 United Methodist Retirement Homes Bond Issue

(rrrr) Reissued for tax purposes by May 3, 2006 bond issue in amount of \$196,050,000

(ssss) Reissued for tax purposes by May 3, 2006 NC Baptist Hospital Bond Issue

(tttt) Reissued for tax purposes by May 9, 2006 CaroMont Bond Issue

(uuuu) Defeased by March 22, 2007 Angel Medical Center Bond Issue

(vvvv) Defeased in part by January 31, 2007 Mission Health Bond Issue

(wwww) Defeased by October 19, 2006 CrossRoad Rest and Retirement Bond Issue

(xxxx) Defeased by June 14, 2007 Randolph Hospital Bond Issue

(yyyy) Defeased by November 14, 2006 Moravian Homes, Inc. (Salem towne) Bond Issue

(zzzz) Defeased by July 13, 2006 Presbyterian Homes, Inc. Bond Issue

(aaaa) Defeased in part by May 18, 2007 Alamance Extended Care, Inc. Bond Issue

(bbbb) Defeased by March 21, 2007 Arbor Acres (United Methodist Retirement Community) Bond Issue

(cccc) Defeased in part by April 4, 2007 Givens Estates Bond Issue

(dddd) Defeased in part by July 7, 2006 The Pines at Davidson Bond Issue

(eeee) Defeased by January 31, 2008 CaroMont Health Bond Issue

(ffff) Defeased in part by August 7, 2007 Wilson Medical Center Bond Issue

(ggggg) Defeased by October 25, 2007 DePaul Community Facilities, Inc. Bond Issue

(hhhhh) Defeased by April 24, 2008 Catholic Health East Bond Issue

(iiiiii) Defeased by October 10, 2007 Lutheran Retirement Ministries in Alamance County Bond Issue

(jjjjj) Reissued for tax purposes on November 28, 2007

(kkkkk) Defeased by July 12, 2007 The Forest at Duke Bond Issue

(mmmmm) Defeased by April 30, 2008 Moses Cone Bond Issue

(nnnnn) Reissued for tax purposes October 23, 2008

(ooooo) Defeased by December 9, 2008 First Health of the Carolinas Bond Issue

(ppppp) Defeased by August 19, 2008 Novant Health Bond Issue

(qqqqq) Defeased by CaroMont Health January 31, 2008 Bond Issue

- (rrrr) Defeased by August 13, 2008 Deerfield Bond Issue
- (ssss) Defeased by December 10, 2008 University Health Systems Bond Issue
- (tttt) Defeased by September 23, 2008 Cumberland County Hospital System Bond Issue
- (uuuu) Converted to VRDO October 16, 2008
- (vvvv) Defeased by North Carolina Baptist Hospital Bond Issue January 29, 2009

## REVENUE BOND AND NOTE ISSUES

*July 1, 2008-June 30, 2009*

### Deerfield Episcopal Retirement Community - \$47,945,000 and \$50,035,000

On August 13, 2008, the Commission issued its \$47,945,000 North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Deerfield Episcopal Retirement Community) Series 2008A dated as of the date of delivery August 13, 2008, and \$50,035,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities First Mortgage Revenue Bonds (Deerfield Episcopal Retirement Community) Series 2008B dated as of the date of delivery August 13, 2008. The proceeds of the Series 2008A Bonds, together with the proceeds of the Series 2008B Bonds and together other available funds will be used to (1) pay the costs of Project (2) pay the interest accruing on the Series 2008 Bonds through October 1, 2010, (3) refund the Series 2004C Bonds, (4) fund a debt service reserve fund to secure the Series 2008A Bonds and (5) pay certain expenses incurred in connection with the issuance of the Series 2008A Bonds and the Series 2008B Bonds.

The Project being financed with the proceeds of the Series 2008 Bonds (the "2008 Project") consists of 82 independent living apartments (the "Independent Living Apartments"), 20 assisted living suites (the "Assisted Living Suites") and 14 nursing beds (the "Nursing Beds"). In addition, the 2008 Project includes increased space for programming, dining and health and wellness.

The new Independent Living Apartments will be located in a new mid-rise (six-story) building connected to the existing Timson Hall. The 20 new Assisted Living Suites and 14 new Nursing Beds will be added to the existing Health Center. Additionally, there will be new and expanded common spaces in both the existing Community Center and Wellness Center.

Site work for the 2008 Project commenced in June 2008. Construction of the new Independent Living Apartments began in June 2008, with the first occupancy of the new Independent Living Apartments expected in July 2010. Construction of the new Assisted Living Suites and Nursing Beds also began in June 2008 with completion and first occupancy expected in July 2010. Renovation of the existing Health Center is expected to begin in March 2009, with completion expected in June 2010.

Deerfield Episcopal Retirement Community, Inc. is a nonprofit corporation chartered by the State of North Carolina in January 1955. The Corporation's mission is:

"to operate a non-profit retirement community guided by Christian ideals, to offer a continuum of care to all people, to promote independence and the highest quality of life, and to provide physical and financial security."

The Corporation owns and operates a not-for-profit continuing care retirement community known as Deerfield (Deerfield). The Corporation is affiliated with the Episcopal Diocese of Western North Carolina (the "Diocese"). Nominations to the corporation's Board of Directors must be approved by the Executive Committee of the Diocese. The Bishop of the Diocese serves as a permanent member of the Corporation's Board of Directors. The Diocese, however, is not legally responsible

in any financial and contractual obligations entered into by the Corporation. The Corporation is exempt from income tax under Section 501 (a) of the Internal Revenue Code of 1986 by reason of being an organization described in Section 501 (c) (3) of the Code.

Deerfield is located just south of Asheville, in Buncombe County, North Carolina, at 1617 Hendersonville Road. The current operations are situated on a 110-acre tract of property, on a mix of meadow and wooded acreage. Adjacent to the Blue Ridge Parkway, Deerfield is convenient to shopping, the regional airport, interstate highways, hospitals and physicians, local colleges, and a variety of recreational and cultural opportunities. Deerfield's residences are a variety of building types constructed in a series of development projects since 1955.

- The original health care center was built in several stages beginning in 1960 and was demolished as part of the 1997 Expansion Project (defined below).
- Construction began on the 28 original cottages in the mid 1960's.
- The original apartments were constructed in two phases in 1975 and 1986.
- In March 2001, Deerfield completed a major expansion and renovation project (the "1997 Expansion Project"). The 1997 Expansion Project consisted of 170 apartments, 54 additional cottages, a new health care center offering assisted living and skilled nursing care, and a community center featuring amenities such as formal and casual dining, a library, exercise facilities, meeting rooms and activity rooms.
- In 2002, the refurbishment of St. Giles Chapel, the construction of an Aquatic Center and enhancement of the front entrance were completed.
- The construction of four new villas started in 2002 and was completed in February 2003.
- In January 2005, Deerfield purchased 30 acres contiguous to the current campus.
- In May 2007, Deerfield began the pre-marketing and preliminary design activities for an expansion of the current campus (the "2008 Project") and, in August 2007, began taking 10% deposits for the 82 new independent living units comprising a part of the 2008 Project.
- Deerfield has entered into a contract to purchase an additional 15 acres, contiguous to the current campus, to be acquired with a portion of the proceeds of the Series 2008 Bonds. It is expected that this purchase will take place by October 2008.
- In December 2007, Deerfield achieved 70% pre-marketing of the 82 new independent living units with 10% deposits.

The Series 2008A Bonds are rated BBB+ by Fitch. The Series 2008B Bonds are rated AA-/F1+ by Fitch based on the issuance of the irrevocable letter of credit by Branch Banking and Trust Company securing the payment of principal and purchase price of and interest on the Series 2008B Bonds. The Series 2008A Bonds consists of \$5,310,000 Serial Bonds which mature in the years 2012 to 2026 with stated interest rates ranging from 4.050% to 5.680% with yields ranging from 4.050% to 5.60%. The \$3,330,000 5.875% Term Bonds due November 1, 2028 yield 5.930%. The \$17,095,000 6.000% Term Bonds due November 1, 2038 yield 6.090%. The \$22,210,000 6.125% Term Bonds due November 1, 2038 yield 6.150%.

BB&T Capital Markets served as Senior Manager for the 2008A Series Bonds with Wachovia Securities as co-manager. BB&T Capital Markets served as underwriter for the Series 2008B Bonds and serves as remarketing agent for the Bonds. U. S. Bank National Association serves as bond trustee for both Series Bonds. Dixon Hughes, PLLC served as feasibility consultant for the



issues. Hunton & Williams, LLP served as bond counsel and McGuire Woods, LLP served as counsel to the underwriters.

### **Novant Health- \$70,000,000, \$75,090,000 and \$50,870,000**

On August 19, 2008, the Commission issued its \$70,000,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Novant Health Obligated Group) Series 2008A and \$75,090,000 Series 2008B and \$50,870,000 Series 2008C. The three series of bonds are dated as of the date of delivery (August 19, 2008). The three series of bonds will initially bear interest at the Weekly Rate and will continue in the weekly rate mode until such time as the Bonds are converted to the Daily Interest Rate, the Bond Interest Term Rate or the Long Term Interest Rate.

The proceeds of the three series of bonds will be used to pay expenses incurred in connection with the issuance of the three series of bonds and to effect the refunding of prior bonds.

A portion of the proceeds of the Series 2008A Bonds and the Series 2008B will be used to refund all of the outstanding Series 1998A Bonds and the Series 1998B Bonds (except for the Series 1998A Bonds and the Series 1998B Bonds maturing on October 1, 2008). On the date of issuance of the 2008A Bonds and the Series 2008B Bonds, a portion of the proceeds of the 2008A Bonds and the Series 2008B Bonds will be delivered to the respective trustees of the Series 1998A Bonds and the Series 1998B Bonds, as escrow agent (each, an "Escrow Agent"), under two separate Escrow Deposit Agreements, each dated as of August 1, 2008 (each, an "Escrow Agreement"), among the Commission, the Parent Corporation and the applicable Escrow Agent. In accordance with each Escrow Agreement, the refunded Series 1998A Bonds and Series 1998B Bonds will be called for redemption date. The Escrow Agreements will require each Escrow Agent to purchase with a portion of the proceeds of the Bonds and Series 2008B Bonds delivered thereunder Government Obligations (as defined in the Escrow Agreements) that will mature in principal amounts and bear interest payable at such times so that sufficient monies will be available to pay when due all principal of, and redemption premium and interest on, the refunded Series 1998A Bonds and Series 1998B Bonds.

The Series 1998A Bonds and the Series 1998B Bonds maturing on October 1, 2008 in the aggregate principal amount of \$4,515,000 will not be refunded from the proceeds of the Bonds and the Series 2008B Bonds and will remain outstanding.

A portion of the proceeds of the Series 2008C Bonds will be used to refund a pro rata portion of each maturity of Series 1996 Bonds maturing on or after May 1, 2009. Such refunded Series 1996 Bonds will be irrevocably called for redemption on August 29, 2008 at their applicable redemption prices, plus any accrued interest to the redemption date. The proceeds of the Series 2008C Bonds to be used to effect the refunding of such Series 1996 Bonds will be transferred on the date of issuance of the Series 2008C Bonds to The Bank of New York Mellon Trust Company, N.A., as trustee for the Series 1996 Bonds, and applied on such redemption date to redeem the refunded Series 1996 Bonds. Pending disbursement of such proceeds, the Series 2008C Bonds may be invested by the trustee for the Series 1996 Bonds in permitted investments under the trust agreement securing the Series 1996 Bonds.

Series 1996 Bonds in the aggregate principal amount of \$32,023,108.55 will not be refunded from the proceeds of the Series 2008C Bonds and will remain outstanding.

Novant Health, Inc. ("Novant") is a North Carolina nonprofit corporation created on July 1, 1997, when Carolina Medicorp, Inc. merged with and into Presbyterian Health Services Corporation, which then changed its name to Novant Health, Inc.

Novant and its affiliates operate an integrated health care delivery system (the "Health System") that primarily serves North and South Carolina and parts of Virginia and Georgia. To facilitate governance and management of the Health System, Novant divides its total market into three principal geographic areas: (1) the Triad Region, which consists of Forsyth County, North Carolina and six contiguous counties; (2) the Southern Piedmont Region, which consists of Mecklenburg County, North Carolina and nine contiguous counties; and (3) the Coastal Region, which consists of Brunswick County, North Carolina and two contiguous counties.

The Health System consists of nine acute care hospitals, including two flagship tertiary care hospitals: Forsyth Medical Center and Presbyterian Hospital. The Health System's other acute care hospitals are Medical Park Hospital, Thomasville Medical Center, Presbyterian Hospital Matthews, Presbyterian Orthopaedic Hospital, Presbyterian Hospital Huntersville, Brunswick Community Hospital and Rowan Regional Medical Center, of which Novant became the sole member effective January 1, 2008. For legal and administrative purposes Novant includes Rowan Regional Medical Center, which is located in Salisbury, North Carolina, in the Southern Piedmont Region.

Moody's Investors Services, Inc. Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. and Fitch, Inc. have assigned the Bonds ratings of "Aa3/VMIG-1", A+/A-1" and "AA-" respectively. The short-term ratings issued by Moody's and Standard and Poor's are based on the availability of the Standby Agreement. The long-term ratings are based on the credit worthiness of the Novant Health Obligated Group. The Standby Agreements provide for the payment of the purchase price of the Bonds tendered for purchase, but not remarketed by the remarketing agent and does not otherwise secure payments of the principal of, premium, if any or interest on the Bonds. The Standby for the Series 2008A Bonds is provided by Bank of America, NA. The Standbys for the Series 2008B and 2008C Bonds are provided by Branch Banking and Trust Company.

The Series 2008A and 2008B Bonds are subject to mandatory sinking fund redemption in the years 2009-2026. The Series 2008C are subject to mandatory sinking fund redemption in the 2009-2026.

Robinson Bradshaw & Hinson, PA served as bond counsel for the issue and Womble, Carlyle, Sandridge & Rice, PLLC served as counsel for the underwriters. JP Morgan served as underwriter for the Series 2008A and 2008B Bonds. BB&T Capital Markets served as underwriter for the Series 2008C Bonds. The Bank of New York Mellon Trust Company, NA serves as bond trustee for the three series of bonds. JP Morgan and BB&T Capital Markets serve as remarketing agents for the 2008 Bonds.

## Cape Fear Valley Health System - \$152,000,000 and \$133,335,000

On September 23, 2008, the Commission issued its \$152,000,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Cape Fear Valley Health System), Series 2008A consisting of \$76,000,000 Subseries A-1 and \$76,000,000 Subseries A-2 dated the date of delivery (September 23, 2008). On the same day the Commission issued its \$133,335,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Cape Fear Valley Health System), Series 2008C dated the date of delivery (September 23, 2008). The proceeds of the Series A and Series C Bonds are being used to: (1) advance refund of the Commission's Health Care Facilities Revenue Bonds (Cape Fear Valley Health System) Series 2006B, (2) acquire equipment for the Health System, (3) fund a debt service reserve fund for the 2008C Bonds, and (4) pay certain expenses incurred in connection with the issuance of the 2008 Bonds.

The Cumberland County Hospital System, Inc. (the "Corporation") is a North Carolina nonprofit corporation with its primary place of business in Fayetteville, North Carolina. The healthcare facilities owned and operated by the Corporation are known as "Cape Fear Valley Health System" ("CFVHS" or the "Health System"). The Health System includes:

Cape Fear Valley Medical Center (the "Medical Center"), a 397-bed regional referral, acute care hospital; Cape Fear Valley Rehabilitation Center (the "Rehabilitation Center"), a 78-bed rehabilitation facility; Behavioral Health Care of Cape Fear Valley Health System ("Behavioral Health Care"), a 32-bed psychiatric facility; and Highsmith-Rainey Specialty Hospital ("Highsmith-Rainey"), a 112-bed long term acute care hospital ("LTACH"). The Health System also includes Cape Fear Valley Home Health & Hospice, Cumberland County Emergency Medical Services, the Healthplex of Cape Fear Valley Health System, a medically oriented wellness center, and 12 primary care and 5 specialty care practices located in Fayetteville and surrounding areas.

The Health System, formerly owned by the County of Cumberland (the "County"), was leased in 1965 by the Corporation and acquired by it in 2006. In addition to acquiring title to the facilities then operated by the Corporation and terminating its lease with the County, the purpose of the acquisition was to accomplish a conversion of the Corporation, as permitted under North Carolina General Statute 131E-8, from a public hospital to a private, nonprofit hospital system which provides the Corporation with greater operating flexibility under North Carolina law.

Effective June 1, 2008 the Corporation, through its controlled affiliate Bladen Healthcare, LLC began operating Bladen County Hospital ("Bladen Hospital") and Bladen Medical Associates ("BMA"), subject to a five-year lease agreement, with four renewal terms. Bladen Hospital is a critical access hospital located in Elizabethtown, Bladen County, North Carolina, which operates 25 general acute care beds. BMA is a physician practice owned and operated by Bladen Hospital providing physician services for Bladen County residents, which employs seven physicians and five med-level providers in four practice location. Bladen Hospital is the sole acute care hospital in Bladen County.

The Corporation will use a portion of the proceeds of the 2008A Bonds, together with proceeds of the 2008C Bonds and available funds of the Corporation, to currently refund in advance of their maturities all of the outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Cape Fear Valley Health System), Series 2006B (the "2006B Bonds"). The

2006B Bonds were issued as auction rate securities in five subseries each of which will be called for redemption on a different day of the week following the issuance of the 2008 Bonds depending on when the auction rate period for each particular subseries ends. The Corporation therefore expects to redeem the 2006B Bonds over the course of the week after the issuance of the 2008 Bonds as each of the subseries becomes available for redemption.

The Corporation, on its own behalf and on behalf of the Obligated Group, entered into an interest rate swap agreement (the "Swap Agreement") with Citibank, N.A., New York (the "Swap Provider") with respect to the 2006B Bonds in a notional amount of \$202,275,000. In conjunction with the refunding of the 2006B Bonds and the issuance of the 2008 Bonds, the Corporation intends to terminate 30% of the SWAP Agreement and therefore the outstanding notional amount of the SWAP Agreement is expected to be \$137,000,000 after the refunding. Under the SWAP Agreement, the Obligated Group pays to the SWAP Provider fixed amounts based on a fixed rate of 3.91% and the SWAP Provider pays to the Obligated Group floating amounts based on 63.50% of the London Interbank Offered Rate (LIBOR) plus 0.20%. The Corporation will pay a termination payment from its own funds of \$6,375,000 for the portion of the SWAP Agreement to be terminated.

## Projects

The Corporation will use a portion of the proceeds of the 2008C Bonds to reimburse itself for the capital costs of the acquisition of equipment related to a generator facility and other equipment for the Health System.

Proceeds of the 2008 Bonds will also be used to pay certain expenses incurred in connection with the issuance of the 2008 Bonds.

The Series \$152,000,000 Series 2008A Bonds are issued in two subseries both of which are secured as to payment of principal and interest on and purchase price of by an irrevocable direct pay letter of credit issued by Branch Banking and Trust Company. The Subseries A-1 and A-2 are subject to mandatory sinking fund redemption in the years 2024-2036. The Series 2008A Bonds are rated Aaa/VMIG1 by Moody's and AAA/A-1+ by Standard & Poor's. The ratings are based on the BB&T letter of credit securing the Bonds.

The \$133,335,000 Series 2008C Bonds are rated A3 by Moody's and A-1 by Standard and Poor's based on the evaluation of the credit worthiness of the Health System. The \$53,330,000 Serial 2008 Bonds mature in the years 2009-2019 and have stated interest rates ranging from 2.60% to 4.75%. The \$39,850,000 5.25% Term Bonds mature October 1, 2023 and yield 5.25%. The \$17,745,000 5.50% Term Bonds mature October 1, 2028 and yield 5.50%. The \$22,410,000 5.625% Term Bonds mature October 1, 2033 and yield 5.62%.

Hunton & Williams, LLP and The Charleston Group served as co-bond counsel. Parker Poe Adams and Bernstein, LLP and Rand & Gregory, P.A. served as co-underwriters counsel. The Bank of New York Mellon Trust Company, NA serves as bond trustee for the issue. Edward Jones served as underwriter for the 2008C Bonds. BB&T Capital Markets served as underwriter for the 2008A Bonds and serves as remarketing agent for the Bond.

### Hugh Chatham Memorial Hospital - \$45,455,000

On September 24, 2008, the Commission issued its \$45,455,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (Hugh Chatham Memorial Hospital Project) Series 2008, dated the Date of Delivery (September 24, 2008). The proceeds of the Bonds are being used together with other available funds to, (1) pay a portion of the costs of the Project, (2) pay interest of letter of credit fees accruing on the Bonds to September 1, 2010 and (3) pay certain expenses incurred in connection with the issuance of the Bonds.

The Corporation is a non-profit corporation organized under the laws of the State and is exempt from federal income taxes under Section 501 (C) (3) of the Internal Revenue Code. The Corporation owns and operates an acute care hospital, known as Hugh Chatham Memorial Hospital (the "Hospital"), which currently has 81 acute care beds and 12 inpatient rehabilitation beds, a long-term, skilled nursing center, an assisted living center and an independent living retirement center. The Corporation also provides home health services and, with Northern Hospital, hospice services. The Methodist Church founded the Hospital in the 1930s. Later, a community-based not-for profit, 16-member, volunteer Board of Trustees established the Corporation and assumed responsibility for governance of the Hospital. The Hospital is located in Elkin, North Carolina, a rural community situated in the north central portion of North Carolina near Interstate Highway 77. The Hospital's primary service area consists of portions of Surry, Yadkin and Wilkes Counties and has a population of approximately 45,000.

The Corporation operates the only general acute care hospital in its primary service area. The Hospital offers a broad range of inpatient and outpatient services to patients who reside in the primary service area and surrounding counties in North Carolina and Virginia. The Hospital provides four distinct levels of medical care, including acute care, skilled nursing, hospice and home health care services. With regard to acute care, the Hospital provides inpatient and outpatient medical, surgical, obstetrical and pediatric care. In addition, the Hospital provides anesthesiology, pathology, cardiology, internal medicine, gynecology, nephrology, ophthalmology, orthopedic, radiology, radiation oncology, urology services, magnetic resonance imaging and cardiac catheterization services. An ICU/CCU unit equipped with physiological monitoring equipment and staffed with critical care nurses provides services for both cardiac and intensive care patients. The Hospital's skilled nursing center includes an Alzheimer's unit, acute rehabilitation beds and beds licensed for assisted living. Additionally, the Corporation owns and operates adjacent to its Hospital campus a 52-unit luxury, independent living retirement center complex known as Parkwood Place. The Corporation also owns and operates Yadkin Valley Adult Medicine, an internal medicine practice consisting of four employed physicians, a Wound Care Center and an Education & Wellness Center. The Regional Cancer Center at Hugh Chatham, a partnership between the Corporation and Wake Forest University Baptist Medical Center, offers radiation therapy to patients on an outpatient basis. The Corporation also provides home health and hospice services to residents of Surry, Yadkin and Wilkes Counties.

The Project consists of (i) the acquisition, construction and equipping of approximately 47,747 square feet of new space and the renovation of approximately 819 square feet of existing space for 67 acute care beds, to be relocated from the existing hospital, including 8 intensive care unit beds; (ii) the renovation and expansion of the Emergency Department, including the renovation of

approximately 6,683 square feet of existing space and the addition of approximately 9,260 square feet of new space; (iii) the consolidation and expansion of the Cardiology Department, including the acquisition, construction and equipping of approximately 7,450 square feet of new space; (iv) the development of a new dedicated C-Section operating room, including the acquisition, construction and equipping of approximately 2,317 square feet of new space; and (v) the acquisition, construction and equipping of approximately 8,703 square feet of new space for mechanical, structural, general circulation and other improvements and the renovation of approximately 201 square feet of existing space for mechanical, structural and general circulation improvements.

The Bonds initially bear interest in the weekly rate mode. The Payment of principal, interest and purchase price of the Bonds is guaranteed by an irrevocable letter of credit issued by Wachovia Bank, National Association. The Bonds are rated Aa2/VMIG1 by Moody's and AA-/A-1+ by Standard & Poor's based on the issuance of the letter of credit by Wachovia. The Bonds are subject to mandatory sinking fund redemption in the years 2010-2038. Wachovia Securities served as underwriter and as remarketing agent for the Bonds. Robinson Bradshaw & Hinson, PA served as bond counsel. McGuire Woods, LLP served as counsel for the underwriters. US Bank serves as bond trustee.

#### **Wake Forest University Health Sciences - \$188,640,000**

On October 16, 2008, the Commission issued its \$188,640,000 in bonds consisting of \$62,955,000 Series 2008A, \$31,330,000 Series 2008B, \$31,320,000 Series 2008C and \$63,035,000 Series 2008D North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (Wake Forest University Health Sciences), dated for the date of delivery (October 16, 2008). The payment of principal and purchase price of and interest on the 2008A and 2008B Bonds is secured by an irrevocable letter of credit issued by Branch Banking and Trust Company. The 2008A and 2008B Bonds are rated Aa2/VMIG-1 by Moody's based on the issuance of the letter of credit by BB&T. The payment of principal and purchase price of and interest on the Series 2008C and 2008D Bonds is secured by an irrevocable letter of credit issued by Bank of America, N.A. The 2008C and 2008D Bonds are rated Aaa/VMIG-1 by Moody's based on the issuance of the letter of credit by Bank of America. BB&T Capital Markets served as underwriter for the Series 2008A and 2008B Bonds and serves as remarketing agent for the Series 2008A and 2008B Bonds, which were initially issued in the weekly rate mode. Banc of America Securities, LLC served as underwriter for the Series 2008C and 2008D Bonds and serves as remarketing agent for the 2008C Bonds, which were initially issued in the daily rate mode.

The Bonds (2008A, 2008B, 2008C and 2008D) mature in the years 2009-2034 and are subject to mandatory sinking fund redemption during those years. McGuire Woods, LLP served as bond counsel for the Issue. Parker Poe Adams & Bernstein, LLP served as counsel to the underwriters. First Citizens Bank and Trust Company serves as bond trustee.

The Proceeds of the Bonds are being used to refund the Commission's outstanding Health Care Facilities Revenue Bonds (Wake Forest University Health Sciences Project) Series 2002 and to pay certain expenses incurred in connection with the issuance of the Bonds.

Wake Forest University Health Sciences (WFUHS) was created in 2001 as a wholly owned, nonprofit subsidiary of Wake Forest University to manage its health education and medical activities. WFUHS and North Carolina Baptist Hospital together form the Wake Forest University Baptist Medical Center. In 2002, the University transferred to WFUHS all the assets, employees and liabilities held by the University for the Benefits of the University's School of Medicine. In addition, the WFUHS operates Piedmont Trial Research Park an urban-based, mixed use biotechnology and related technology research park.

### **The Moses H. Cone Memorial Hospital - \$61,600,000**

On October 23, 2008, the Commission reissued for Federal income tax purposes, the \$61,600,000 North Carolina Medical Care Commission Revenue Bonds (The Moses H. Cone Memorial Hospital Project), Series 1993. The reissuance provided for the replacement of the existing liquidity facility with a new liquidity facility provided by Branch Banking and Trust Company. The BB&T Liquidity Facility, unless extended or earlier terminated, will expire on October 23, 2013. The Bonds are rated AA/A-1+ by Standard & Poor's. Morgan Stanley serves as remarketing agent for the Bonds. McGuire Woods, LLP served as bond counsel for the reissuance.

### **FirstHealth of the Carolinas, Inc. - \$106,845,000**

On December 9, 2008, the Commission issued its \$106,845,000 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project) Series 2008 Bonds consisting of \$75,015,000 Series 2008A and \$31,830,000 Series 2008B Bonds dated as of the date of delivery December 9, 2008. The proceeds of the issue are being used to refund the North Carolina Medical Care Commission Hospital Revenue Bonds Series 1998 outstanding in the amount of \$73,475,000 and the North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds Series 2003 outstanding in the amount of \$31,450,000 and to pay certain expenses of issuing the Bonds.

FirstHealth of the Carolinas, Inc. ("FirstHealth") is a private North Carolina nonprofit health care system headquartered in Pinehurst, North Carolina. FirstHealth and its affiliates own and operate a health care delivery system (the "Health System") that provides health care services to patients throughout a 15-county service area in North Carolina and South Carolina (the "Total Service Area"). The Total Service Area is composed of a smaller 5-county service area and larger 10-county secondary service area. There are three acute care hospitals in the Health System: FirstHealth Moore Regional Hospital ("FirstHealth Moore Regional"), FirstHealth Richmond Memorial Hospital ("FirstHealth Richmond Memorial"), and FirstHealth Montgomery Memorial Hospital (FirstHealth Montgomery Memorial"). The Health System also provides in-home hospice services, primary care services at five medical clinics, specialty services at three medical clinics (neurosurgery, cardiothoracic surgery, and medical oncology) home health services, health and fitness centers, dental clinics, inpatient and outpatient behavioral programs, occupational health programs, mobile health services, inpatient and outpatient rehabilitation, and transport services.

The Health System was created in 1995 upon the consolidation of Moore Regional Hospital, Inc., and Montgomery Memorial Hospital, Inc. resulting in a new entity, FirstHealth. Moore County Regional, Inc. predecessor of Moore Regional Hospital, Inc., was organized as a North Carolina

nonprofit corporation in 1929 to operate a short-term acute care hospital in Pinehurst, North Carolina. Montgomery Memorial Hospital, Inc. was founded in 1944, and began serving the residents of Montgomery County, North Carolina, in 1950. In March of 2001, FirstHealth acquired Richmond Memorial Hospital. Richmond Memorial Hospital opened in November 1952, and serves patients in Richmond County, North Carolina, and surrounding communities.

FirstHealth has five affiliates: The Foundation of FirstHealth, Inc. (the Foundation), a North Carolina nonprofit corporation of which FirstHealth is the sole member; Montgomery County Primary Care Corporation ("MCPC"), a North Carolina nonprofit corporation of which FirstHealth is the sole member; FirstHealth Professional Services, Inc. ("FPS"), a North Carolina for-profit corporation, which is a wholly owned subsidiary of FirstHealth; FirstCarolinaCare Insurance, Inc. ("FirstCarolinaCare Insurance"), a North Carolina for-profit corporation; and StarFirst, LLC, a taxable nonprofit captive insurance company. Three of the affiliates, FirstHealth, the Foundation, and MCPC, are exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), by virtue of being organizations described in Section 501 (c) (3) of the code. FirstHealth also has an ownership interest in several joint ventures.

The Bonds are rated Aa3/VMIG1 by Moody's, AA-/A-1+ by Standard & Poor's and AA/F1+ by Fitch. The long term ratings are based on the credit worthiness of FirstHealth of the Carolinas. The short term ratings are based on the liquidity facilities. The liquidity facility for each of the series of bonds is provided by Branch Banking and Trust Company. In the event that remarketing proceeds are not available to purchase tendered Bonds the liquidity facility provider has agreed to purchase the Bonds. The 2008A Bonds initially will bear interest at the weekly rate and are subject to mandatory sinking fund redemption in the years 2009-2028. The 2008B Bonds will initially bear interest in the weekly rate mode and are subject to mandatory sinking fund redemption in the years 2009-2018.

Robinson Bradshaw and Hinson, PA served as bond counsel with Parker Poe Adams & Bernstein, LLP serving as counsel to the underwriters. Citigroup served as underwriter for the 2008A Bonds and serves as remarketing agent for the 2008A Bonds. BB&T Capital Markets served underwriters for the Series 2008B Bonds and serves as remarketing agent for the 2008B Bonds. The Bank of New York Trust Company serves as bond trustee for the issue.

**University Health Systems of Eastern Carolina - \$112,690,000 Series 2008A, \$123,850,000 Series 2008B, \$74,455,000 Series 2008C, \$119,715,000 Series 2008D and \$77,900,000 Series 2008E**

On December 10, 2008, the Commission issued its (1) \$112,690,000 North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (University Health Systems of Eastern Carolina) Series 2008A consisting of \$56,345,000 Series 2008A-1 and \$56,345,000 Series 2008A-2, (2) \$123,850,000 Series 2008B consisting of \$61,920,000 Series 2008B-1 and \$61,930,000 Series 2008B-2 (3) \$74,455,000 Series 2008C, (4) \$119,715,000 Series 2008D and (5) \$77,900,000 Series 2008E consisting of \$22,475,000 Series 2008E-1 and \$55,429,000 Series 2008E-2. The five series of bonds are all dated as of the date of delivery (December 10, 2008).

University Health Systems of Eastern Carolina, Inc. ("UHS" or the "Parent Corporation") is a North Carolina nonprofit corporation with headquarters in Greenville, North Carolina. UHS was



organized in 1998 by Pitt County Memorial Hospital, Incorporated, a North Carolina nonprofit corporation (the "Corporation") that operates Pitt County Memorial Hospital ("PCMH"), to serve as the parent of the Corporation and other direct and indirect affiliates that operate other acute care hospitals and health services in eastern North Carolina. The Parent Corporation, the Corporation and PCMH are affiliated with the Brody School of Medicine at East Carolina University (the "School of Medicine"), which is adjacent to PCMH in Greenville, North Carolina. PCMH is the primary teaching hospital for the primary school of Medicine, and together they comprise one of five academic medical centers in North Carolina. UHS and its affiliates operate an integrated health care delivery system (the "Health System") that serves a total market of approximately 1.3 million people in 29 contiguous counties in eastern North Carolina. The Health System includes hospitals, physician practices, outpatient services, long-term care, home health, hospice and wellness services.

The Health System's hospitals are PCMH, which is a tertiary care hospital and an academic medical center, and five other acute care hospitals: Roanoke-Chowan Hospital, Heritage Hospital, Chowan Hospital, Bertie Memorial Hospital and The Outer Banks Hospital. UHS manages another acute care hospital, Duplin General Hospital. UHS has affiliation agreements with several other hospitals, including Carteret General Hospital, Onslow Memorial Hospital, Halifax Regional Medical Center, Beaufort County Hospital and Pungo District Hospital.

The Proceeds of the Bonds are being used to refund the outstanding bonds as listed below and pay a portion of the expenses incurred in connection with the issuance of the Bonds. The bonds to be refunded are tax exempt bonds issued by the North Carolina Medical Care Commission for the System and are as follows: Series 2006A, Series 2006B, Series 2006C and Series 2006D. The proceeds of the Bonds are also being used to fund debt service reserve funds for the 2008C, 2008D and 2008E Bonds.

The 2008A Bonds are subject to mandatory sinking fund redemption in the years 2009-2028. Citigroup and Bank of America, LLC served as underwriters for the Bonds. Citigroup Global Markets serves as remarketing agent for the Series 2008A-1 Bonds and Banc of America Securities serves as remarketing agent for the Series 2008A-2 Bonds. The Bonds initially bear interest at the weekly rate. Bank of America has provided a direct pay irrevocable letter of credit securing payment of the principal of, tender price of and interest on the Bonds. The 2008A Bonds are rated AA+/F1+ by Fitch and Aaa /VMIG1 by Moody's.

The 2008B Bonds are subject to mandatory sinking fund redemption in the years 2009-2036. Citigroup and BB&T Capital Markets served as underwriters for the Bonds. Citigroup Global Markets serves as remarketing agent for the Series 2008B-1 Bonds and BB&T Capital Markets serves as remarketing agent for the Series 2008B-2 Bonds. The Bonds initially bear interest at the weekly rate. The payment of the principal and tender price and interest on the Bonds is secured by an irrevocable direct pay letter of credit issued by Branch Banking and Trust Company. The Bonds are rated AA+/F1+ by Fitch and Aaa/VMIG1 by Moody's.

The 2008C Bonds are fixed rate Bonds with \$7,580,000 in serial bonds maturing in the years 2009-2018 with interest rates ranging from 3.50% to 5.75%. The \$7,800,000 6.25% term bonds mature December 1, 2023. The \$8,515,000 6.40% term bonds mature December 1, 2026. The \$50,560,000 6.60% term bonds mature December 1, 2036. The Bonds are rated AA- by Fitch, A1

by Moody's and A+ by Standard & Poor's. Edward Jones served as underwriters for the issue with Merrill Lynch as co-managers.

The 2008D Bonds are structured as long term bonds. The \$29,815,000 term bonds due December 1, 2029 yield 6½%. The \$89,900,000 6½% term bonds due December 1, 2033 yield 6¾%. Citigroup served as senior manager for the issue with Banc of America Securities, LLC and BB&T Capital Markets as co-managers. The Bonds are rated AA- by Fitch, A1 by Moody's and A+ by Standard & Poor's.

The 2008E Bonds were issued in the long term interest rate mode. The Series 2008 E-1 Bonds carry an interest rate of 5¾% and are in a long term interest rate period for December 10, 2008 to December 1, 2013. The Series 2008 E-2 Bonds carry an interest rate of 6% in the long term interest rate period for December 10, 2008 to December 1, 2013. The Series 2008 E-2 Bonds carry an interest rate of 6% in the long term interest rate period for December 10, 2008 to December 1, 2014. The Bonds are subject to a mandatory tender for purchase at the end of long term interest rate period at which time the interest rate mode may be changed to another mode. The bonds are rated AA- by Fitch, A1 by Moody's and A+ by Standard & Poor's. Citigroup served as senior manager for the issue with Banc of America Securities and BB&T Capital Markets as Co-Manager.

First Citizens Bank serves as bond trustee for the 2008 Bonds. Womble Carlyle Sandridge & Rice, PLLC served as bond counsel. Robinson Bradshaw & Hinson, PA served as counsel to the underwriter.

#### **Duke University Health System - \$40,000,000**

On December 4, 2008, the Commission closed a tax exempt operating lease program in the amount of \$40,000,000 for Duke University Health System, Inc. The program is through a master lease structure with Bank of America and is in affect for the period of June 30, 2008 through June 30, 2011. The program will be used to fund the acquisition and installation of moveable equipment over the three year period, including, but not limited to CT scanners MRI's and PET scanners. The lease is accounted for as an operating lease but is considered debt for federal tax purposes. Robinson Bradshaw & Hinson, PA served as bond counsel for the transaction.

#### **Hospice of Alamance-Caswell - \$5,000,000**

On December 23, 2008, the Commission issued its \$5,000,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Hospice of Alamance-Caswell Project) Series 2008 dated as of December 23, 2008, the date of delivery. The proceeds of the issue are being used, together with other available funds, to (1) pay a portion of the costs of the project and (2) to pay certain expenses incurred in connection with the issuance of the Bonds.

Hospice of Alamance-Caswell Foundation, Inc. (the Corporation) was formed in 1980 as a nonprofit corporation under North Carolina law. Hospice and Palliative Care Center of Alamance-Caswell, LLC was formed in 2005 as a limited liability company under North Carolina law. The Corporation is the sole member of the Company. The Corporation's primary focus is to raise funds

for the operations of the programs offered by the Company and the Company's primary focus to operate such programs. The Corporation owns the facilities and leases the same to the Company.

The Corporation and the Company together comprise a community-based agency that provides comprehensive, compassionate care to persons who have a limited life expectancy measured in months rather than years. The Corporation and the Company also provide home health care services and counseling for children and adults. The primary service area is Alamance, Caswell, eastern Guilford and western Orange counties in North Carolina.

The Corporation, the Company and their programs are licensed by the State of North Carolina for both hospice and home health care, certified by the federal Medicare program, and have received national accreditation from the Accreditation Commission for Health Care, demonstrating a commitment to meeting and exceeding the highest national standards for quality.

The Corporation's Hospice Home (the "Hospice Home") is a 12-bed hospice inpatient facility located in Burlington, North Carolina. The Hospice Home provides around-the-clock nursing, nurse assistant and personal care services. In addition, an on-site social worker and chaplain are available to provide counseling, emotional and spiritual comfort, and other services for patients and their families. The Hospice Home also offers specially-trained volunteers for friendly visits and support. When medically appropriate, physical therapy is available, and therapies such as healing touch, pet therapy, music therapy and aromatherapy are offered.

The Project consists of acquiring, constructing, and equipping of (a) an approximately 6,000 square feet expansion and renovations of existing space of the Hospice Home, to include 4 new patient rooms, family living space, kitchen, laundry, storage and other ancillary space and (b) an approximately 23,150 square foot new office and grief counseling building connected by walkway to the existing facility.

Construction of the Project began in August 2008 and is anticipated to be completed in October 2009.

The Bonds initially bear interest in the weekly mode. The payment of the principal and purchase price of and interest on the Bonds is secured by an irrevocable direct pay letter of credit issued by Branch Banking and Trust Company. The Bonds are rated Aa2/VMIG1 by Moody's based on the letter of credit. The Bonds are subject to mandatory sinking fund redemption in the years 2010-2033. Hunton & Williams, LLP served as bond counsel. BB&T Capital Markets served as underwriter for the issue and serves as remarketing agent for the Bonds. Branch Banking and Trust Company serves as bond trustee for the issue.

#### **North Carolina Baptist Hospital - \$77,000,000, \$40,000,000 and \$40,000,000**

On January 29, 2009, the Commission issued its North Carolina Medical Care Commission Hospital Revenue Refunding Bonds (North Carolina Baptist Hospital) \$77,000,000 Series 2009A, \$40,000,000 Series 2009B and \$40,000,000 Series 2009C dated as of the date of delivery, January 29, 2009. The \$157,000,000 in proceeds will be used to refund the outstanding North Carolina Medical Care Commission Hospital Revenue Bonds Series 2002, of which \$157,000,000

is currently outstanding. The Series 2002 Bonds are being refunded as a result of the illiquidity in the auction rate securities market.

North Carolina Baptist Hospital (the "Corporation") is a North Carolina nonprofit corporation which was incorporated in December 1922. The Corporation owns and operates North Carolina Baptist Hospital (the "Hospital") located in Winston-Salem, North Carolina, and is affiliated with Wake Forest University Health Sciences ("WFUHS") a private nonprofit corporation which sole member is Wake Forest University (the "University") which owns and operates the University's School of Medicine (the "School of Medicine"). In 1975, the Corporation and the University established the Wake Forest University Baptist Medical Center, a North Carolina nonprofit corporation (the "Medical Center"), for the purpose of coordinating the activities of the Corporation and the School of Medicine through the formulation of joint general policies, fundraising activities, strategic planning, program development, marketing and community communications.

The Hospital was created as a result of efforts begun in the early 1920s by the Baptist State Convention of North Carolina to establish a hospital through which its ministry could be extended by serving the sick. The City of Winston-Salem was selected as the site and construction of an 80-bed hospital was started on Hawthorne Hill. The Hospital had its formal opening on May 26, 1923. The Hospital currently is licensed for 872 beds and has grown into a tertiary and quaternary acute care regional referral center with a service area population of almost 2,200,000. During the Fiscal Year ended June 30, 2008, approximately 36,000 patients were admitted to the Hospital. In the same period, approximately 728,000 ambulatory patient visits were recorded, of which approximately 547,000 were visits to the Wake Forest University Physicians' Clinics, approximately 90,000 were visits to the Hospital's Emergency Room and approximately 91,000 were visits to the Hospital's Outpatient Department, all of which are staffed by full-time faculty of WFUHS. These patients came from nearly all of North Carolina's 100 counties and from surrounding states. Approximately 11% of the patients in the Fiscal Year ended June 30, 2008 were from outside the Hospital's defined primary service area (9 North Carolina counties) and secondary service area (15 counties in North Carolina and Virginia).

The three series of Bonds are subject to mandatory sinking fund redemption in the years 2009-2034. The Bonds initially bear interest in the weekly mode. Payment of purchase price of the bonds tendered or deemed tendered for purchase and not remarketed is to be made for each Series of Bonds by a separate liquidity facility. Wachovia Bank National Association provides the Standby Bond Purchase Agreement (the liquidity facility) for the Series 2009A Bonds. RBC Bank (USA) provides the liquidity facility for the Series 2009B Bonds. Branch Banking and Trust Company provides the liquidity facility for the Series 2009C Bonds. The Series 2009A Bonds, the Series 2009B Bonds and the 2009C Bonds are rated Aa3/VMIG1 by Moody's. The Series 2009A and 2009C Bonds are rated AA-/A-1+ by Standard & Poor's. The Series 2009B Bonds are rated AA-/A-1 by Standard & Poor's. The long term ratings are based on the credit worthiness of the North Carolina Baptist Hospital. The short term ratings are based on the liquidity facility provider for each series of bonds.

McGuire Woods, LLP served as bond counsel for the Bonds. Bode Call & Stroupe, LLP served as counsel for the underwriters. Morgan Stanley and Merrill Lynch served as underwriters for the Bonds. First Citizens Bank & Trust Company serves as bond trustee.

## WakeMed - \$169,750,000 and \$75,000,000

On February 10, 2009, the Commission issued its \$169,750,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (WakeMed), Series 2009A dated as of the date of delivery, February 10, 2009. The proceeds of the Bonds are to be used, together with other available funds, to (1) fund a portion of the cost of the Project, (2) fund a debt service reserve fund for the 2009A Bonds, (3) pay the premium on a financial guaranty insurance policy for the 2009A Bonds and (4) pay certain expenses incurred in connection with the issuance and sale of the 2009A Bonds.

WakeMed, a North Carolina private nonprofit corporation without members, was established in 1965 to operate and maintain county-owned hospital facilities. In 1967, WakeMed was determined by the Internal Revenue Service to be exempt from federal income taxation and was further defined under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c) (3) of the Code. Ownership of certain hospital facilities and related property was transferred from the County of Wake, North Carolina (the "County") to WakeMed in 1997, pursuant to a Transfer Agreement dated April 1, 1997, converting the hospital facilities to a private, nonprofit status.

WakeMed and its affiliates operate a multi-facility health care system (the "System"). The System consists of two acute care hospitals: a 515-bed acute care tertiary hospital in Raleigh ("WakeMed Raleigh") and a 156-bed full service community hospital in Cary ("WakeMed Cary"). Other inpatient facilities include a 78-bed physical rehabilitation hospital in Raleigh ("WakeMed Rehab"), a 36-bed skilled nursing facility in Fuquay-Varina ("WakeMed Fuquay-Varina"), and a 19-bed orthopaedic skilled nursing facility in Zebulon ("WakeMed Zebulon-Wendell"). Ambulatory facilities are located throughout Wake County and Johnston County and include two Healthplexes that offer full-service, stand-alone, 24/7 EDs that are backed by radiology and laboratory services. They are located in North Raleigh ("WakeMed North") and Apex ("WakeMed Apex"). WakeMed North also offers day surgery services. Other outpatient facilities offer physical rehabilitation, imaging, laboratory and physician offices in Raleigh (Brier Creek Medical Park) and Clayton in Johnston County (Clayton Medical Park). Rehabilitation services are also offered at WakeMed outpatient locations in Raleigh and at four YMCA facilities within Wake County.

### The Project

The total cost of the Project, except for equipment as discussed below, is expected to be approximately \$159 million. The Corporation will use a portion of the proceeds of the 2009B Bonds, to finance those costs of the Project plus approximately \$66 million for the acquisition of equipment.

The Project is as follows:

#### WakeMed Cary.

--Inpatient Bed Expansion/Replacement. Construction of two additional floors consisting of 94,000 square feet on the existing surgery wing to accommodate 42 newly licensed inpatient beds and 40

replacement beds, increasing the total licensed bed count to 156 acute care beds. Construction has been completed and the new floors are occupied.

--10-bed LDR Expansion. Construction of 8,250 square feet and renovation of 6,500 square feet to add 10 labor/delivery/recovery beds in the Women's Pavilion and Birthplace. Construction has begun with occupancy expected in February 2009.

--Parking Deck Expansion. Expansion of current employee/staff parking deck by 220 spaces to comply with local parking ordinance. Construction has been completed and the new parking spaces are being utilized.

#### WakeMed Raleigh.

--Inpatient Bed Expansion. Construction of a stand-alone four-story bed tower consisting of 125,320 square feet to add 32 acute care beds and 28 intensive care beds, increasing the total bed count to 575 acute care beds. The new tower will be connected to the main hospital and the Heart Center. Construction has begun with occupancy expected in February 2010.

--WakeMed Rehabilitation Hospital. Renovation of 5,000 square feet to add 16 beds to the inpatient rehabilitation hospital, increasing the total bed count to 84 beds. Construction has begun with occupancy expected in February 2010.

--Central Plant Replacement. Phased replacement of the central utilities plant for the Raleigh campus. Phase I will be 38,000 square feet to support the existing Heart Tower. Construction has begun with occupancy expected in February 2010.

--Parking Deck Replacement. Construction of a 1,200 car parking garage to replace an existing parking facility used primarily for patients and visitors. Construction has begun with occupancy expected in April 2009.

--Parking Deck Expansion. Expansion of the existing employee parking deck to provide 710 additional spaces. Construction has been completed and the new parking spaces are being utilized.

--Observation Unit. Renovation of 18,070 square feet on the first floor of the main hospital to provide a 25-bed observation unit for patients staying less than 24 hours. Construction has been completed and the new unit is occupied.

Equipment. Acquisition and installation of various items of equipment needed over a three year period for use by the Corporation.

The Bonds are rated Aa2/A1 by Moody's and AAA/AA- by Fitch. The Aa2 and AAA ratings are based on the issuance by Assured Guaranty of a financial guaranty insurance policy guaranteeing scheduled payment of principal of and interest on the 2009A Bonds when due. The A1 and AA- ratings are based on the credit worthiness of WakeMed (the underlying ratings). The \$39,970,000 Serial 2009A Bonds mature October 1 in the years 2010-2019 and carry stated interest rates of

3.00% to 4.25% and yield 2.40% to 4.37%. The \$53,850,000 5.625% Term 2009A Bonds due October 1, 2029 yield 5.625%. The \$59,125,000 5.875% Term 2009A Bonds due October 1, 2038 yield 5.875%. The \$22,805,000 5.6257% Term 2009A Bonds due October 1, 2038 yield 5.875%.

Citigroup served as senior manager for the issue with BB&T Capital Markets, Merrill Lynch & Co., Edward Jones and Wachovia Bank, National Association as co-managers. Womble Carlyle Sandridge & Rice, PLLC served as bond counsel and Parker Poe Adams & Bernstein, LLP served as counsel to the underwriters. US Bank, National Association serves as trustee for the bond issue. Kaufman Hall & Associates served as financial advisor to WakeMed.

On February 26, 2009, the Commission issued its \$75,000,000 North Carolina Medical Care Commission Health Care Revenue Bonds (WakeMed), Series 2009B Bonds, dated as of the date of delivery, February 26, 2009. The proceeds of the Bonds are being used, together with the proceeds of the Series 2009A Bonds to fund the project as described above.

The Bonds will initially bear interest at the weekly rate. The payment of the principal and tender price of and interest on the Series 2009B Bonds is secured by an irrevocable, direct pay letter of credit issued by Wachovia Bank, National Association, a subsidiary of Wells Fargo and Company. The Bonds are rated Aaa/VMIG1 by Moody's and AA/F1+ by Fitch based on the letter of credit securing the Bonds.

The Series 2009 B Bonds are subject to mandatory sinking fund redemption in the fiscal years of the Corporation 2034-2039 (October 1, 2033-October 1, 2038). Citigroup Global Markets served as underwriter for the issue and Wachovia Bank, National Association serves as remarketing agent for the Bonds. Womble Carlyle Sandridge & Rice, PLLC served as bond counsel. Parker Poe Adams & Bernstein, LLP served as counsel to the underwriters.

### **Transylvania Regional Hospital - \$13,240,000**

On March 9, 2009, the Commission issued its \$13,240,000 North Carolina Medical Care Commission Variable Rate Demand Hospital Revenue Bonds (Transylvania Regional Hospital) Series 2009 dated as of the date of issuance, March 9, 2009. The proceeds of the Bonds are being used together, with other available funds, to (1) refinance a taxable loan from First Citizens Bank & Trust Company that financed a portion of the cost of the Project and (2) pay certain expenses incurred in connection with the issuance of the Bonds.

Transylvania Regional Hospital, Inc. (the "Corporation") is a private, non-profit corporation organized under the non-profit corporation laws of the State of North Carolina. Its income is exempt from federal taxation under the provisions of 501(a) of the Internal Revenue Code by virtue of being an organization described in 501(c)(3).

The Corporation owns 33 acres on Hospital Drive approximately one-half mile from Highway 64 in Transylvania County, Brevard, North Carolina. The Hospital's main facility consists of a one-story building of approximately 73,000 square feet. The structures and facilities discussed below are located on the Hospital Campus.

The Corporation provides general and acute-care services consistent with its role as a community health care facility in its service area. The Corporation primarily serves residents of the County, but it also serves residents living in the adjacent counties of Buncombe and Henderson which lie north and east of the County, respectively. Facilities and services provided at the Hospital include: a full-service surgical suite with two operating rooms, one special procedure room and a recovery room; a four-bed intensive care unit; inpatient and outpatient medical/surgical services; a transitional care unit; detoxification and chemical dependency treatment; a pharmacy, diagnostic radiology facilities services, including ultrasound and nuclear medicine; mobile magnetic resonance imaging; a complete clinical and pathology laboratory; including chemistry, hematology, histology, a blood bank and bacteriology; respiratory therapy; physical therapy; an emergency room; labor, delivery, recovery, post-partum service; home health; and hospice services.

The proceeds of the Bonds will be used to refinance an interim taxable loan from First Citizens Bank & Trust Company that was used for the acquisition, construction and equipping of a new 25,000 square foot inpatient hospital wing.

The \$13,240,000 Series 2009 Bonds will initially bear interest at the Weekly Rate. The payment of the principal and purchase price of and interest on the Bonds is secured by an irrevocable, direct-pay letter of credit issued by First Citizens Bank & Trust Company. In the event of nonpayment by First Citizens Bank & Trust Company the trustee will be entitled to draw on the irrevocable letter of credit issued by Wells Fargo Bank, N.A. The Bonds are rated AA+/A-1+ by Standard & Poor's based on the letter of credit from First Citizens Bank & Trust Company and the confirmation by Wells Fargo Bank, National Association. The Bonds are subject to mandatory sinking fund redemption in the years 2010-2029. Parker Poe Adams & Bernstein, LLP served as bond counsel with Hunton & Williams, LLP as counsel to the underwriters. Wells Fargo Brokerage Services, LLC served as underwriter and serves as remarketing agent for the Issue. First Citizens Bank & Trust serves as bond trustee.

#### **Wayne Memorial Hospital - \$35,720,000**

On March 19, 2009, the Commission issued its \$35,720,000 North Carolina Medical Care Commission Variable Rate Demand Hospital Revenue Refunding Bonds (Wayne Memorial Hospital) Series 2009 dated as of the date of delivery (March 19, 2009). The proceeds of the issue are being used to provide funds to Wayne Health Corporation and Wayne Memorial Hospital, Inc. to be used together with other available funds to (1) refinance a \$35,000,000 taxable loan from Branch Banking and Trust Company, the proceeds of which were used to redeem the Commission's Hospital Revenue Bonds (Wayne Memorial Hospital), Series 2006 and (2) pay certain expenses incurred in connection with the issuance of the Bonds and certain expenses incurred by the Corporation and the Hospital in connection with the incurrence of the taxable loan.

The payment of the principal and purchase price of and interest on the bonds is secured by an irrevocable direct pay letter of credit issued by Branch Banking and Trust Company. The Bonds will initially bear interest in the weekly rate mode. The Bonds are rated Aa2/VMIG1 by Moody's based on the BB&T letter of credit. The Bonds are subject to mandatory sinking fund redemption in the years 2022-2030.



The Obligated Group currently consists of the Corporation and the Hospital. The Corporation and the Hospital are North Carolina nonprofit corporations and have been determined by the Internal Revenue Service to be exempt from federal income taxation pursuant to Section 501 (c) (3) of the Internal Revenue Code (the "Code") and are not private foundations as defined in Section 509 (a) (3) of the Code.

The Corporation serves as the parent Corporation of a healthcare system located in Wayne County, North Carolina (the "County") comprised of the Hospital and even other direct or indirect affiliates. The Corporation is not involved in any activities other than serving as the sole member of the Hospital, holding title to and leasing certain assets to the Hospital, and directly or indirectly controlling the seven other affiliates.

The Hospital operates a 316 licensed bed hospital facility (the "Hospital Facility"), originally constructed in 1970. The Hospital provides a range of general acute care, ambulatory and ancillary services to patients, principally in the County.

Prior to 1985, the Hospital Facility was owned by the County. On October 1, 1985, ownership of the land, buildings and equipment then constituting the Hospital Facility was conveyed to the Corporation pursuant to Chapter 131E-8 of the General Statutes of North Carolina pursuant to a Transfer Agreement, dated as of October 1, 1985 (the "Transfer Agreement"), between the County and the Corporation. The Transfer Agreement and the deed from the County to the Corporation require the Corporation to continue to operate the Hospital Facility as a community general hospital open to the general public, free of discrimination based upon race, creed, color, sex or national origin, and to continue to furnish care to indigent patients, and the Transfer Agreement and the deed include a right to reversion to the County in the event that the Corporation fails to operate the Hospital facility as required in the Transfer Agreement.

McGuire Woods, LLP served as bond counsel and Hunton & Williams, LLP served as counsel to the underwriters. Kaufman Hall served as financial advisor to the Corporation. Branch Banking and Trust Company serves as Trustee for the bond issue. BB & T Capital Markets served as underwriter for the issue and serves as remarketing agent for the Bonds.

### **FirstHealth of the Carolinas - \$45,505,000 Series 2009A and \$45,505,000 Series 2009B**

On April 15, 2009, the Commission issued its North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (FirstHealth of the Carolinas Project) \$45,505,000 Series 2009A and \$45,505,000 Series 2009B, both dated as of the date of delivery, April 15, 2009. The proceeds of both issues are being used to (1) finance the costs of additional health care facilities, (2) finance a portion of the interest on the A&B bonds during the period of construction and (3) pay certain expenses of issuing the A & B Bonds.

FirstHealth of the Carolinas Inc. ("FirstHealth") is a private North Carolina nonprofit health care system headquartered in Pinehurst, North Carolina. FirstHealth and its affiliates own and operate a health care delivery system (the "Health System") that provides health care services to the patients throughout a 15 county service area in North Carolina and South Carolina. The Total Service Area is composed of a smaller 5 county primary service area (the "Primary Service Area")

and larger 10-county secondary service area (the "Secondary Service Area"). There are three acute care hospitals in the Health System: FirstHealth Moore Regional Hospital ("FirstHealth Moore Regional"), FirstHealth Richmond Memorial Hospital ("FirstHealth Richmond Memorial") and FirstHealth Montgomery Memorial Hospital ("FirstHealth Montgomery Memorial"). The Health System also provides in-home hospice services, primary care services at five medical clinics, specialty services at three medical clinics (neurosurgery, cardiothoracic surgery, and medical oncology), home health services, health and fitness centers, dental clinics, inpatient and outpatient behavioral programs, occupational health programs, mobile health services, inpatient and outpatient rehabilitation, and transport services.

The Health System was created in 1995 upon the consolidation of Moore Regional Hospital, Inc, and Montgomery Memorial Hospital, Inc., resulting in a new entity, FirstHealth. Moore County Hospital, Inc. Predecessor of Moore Regional Hospital, Inc., was organized as a North Carolina nonprofit corporation in 1929 to operate a short-term acute care hospital in Pinehurst, North Carolina. Montgomery Memorial Hospital, Inc., was founded in 1944, and began serving the residents of Montgomery County, North Carolina, in 1950. In March of 2001, FirstHealth acquired Richmond Memorial Hospital. Richmond Memorial Hospital opened in November 1952, and serves patients in Richmond County, North Carolina, and surrounding communities.

FirstHealth has five affiliates: The Foundation of FirstHealth, Inc. (the "Foundation"), a North Carolina nonprofit corporation of which FirstHealth is the sole member; Montgomery County Primary Care Corp. ("MCPC"), a North Carolina nonprofit corporation of which FirstHealth is the sole member; FirstHealth Professional Services, Inc. ("FPS"), a North Carolina for-profit corporation, which is a wholly owned subsidiary of FirstHealth; FirstCarolinaCare Insurance, Inc. (FirstCarolinaCare Insurance"), a North Carolina for-profit corporation; and StarFirst, LLC, a taxable nonprofit captive insurance company. Three of the affiliates, FirstHealth, the Foundation, and MCPC, are exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), by virtue of being organizations described in Section 501 (c) (3) of the Code. FirstHealth also has an ownership interest in several joint ventures.

There is a growing national trend for hospitals to organize and integrate cardiovascular services to provide efficient cost-effective care through efficiencies such as cross-training staff to perform duties in two or three cardiovascular areas. Management structures in the form of service lines and centers of excellence have evolved into institute and heart hospital organizational structures and facilities. FirstHealth Moore Regional plans to construct a Heart Hospital (the "Project" or the "Heart Institute") with the physical plant adjacent and connected to the main hospital facility with some reliance on the main hospital for core services.

The Heart Institute will have four stories and 180,750 square feet of state-of-the-art technology and patient accommodations. The project is expected to cost \$84 million and will be primarily funded by proceeds of the Series 2009A and Series 2009B Bonds. The Heart Institute will centralize and streamline FirstHealth Moore Regional's heart services to improve accessibility for patients and dedicated staff in one highly coordinated facility specifically designed to increase patient convenience and physician effectiveness. FirstHealth's patients will benefit from the increased number of cardiac-dedicated beds and enhanced accommodations. With the consolidation of the cardiovascular/thoracic unit, the critical care unit and the intermediate step-down unit into one area, heart services will be centrally housed, allowing patients to receive the care they need without

changing rooms or units. The more spacious rooms will better accommodate in-room treatment equipment and will provide comfortable areas for family members who want to remain close to their loved one during critical periods in their recovery. The key components of the Heart Hospital include:

- 57 cardiac rooms
- Six dedicated operating rooms, (including 2 hybrid rooms)
- Five advanced catheterization labs, 2 EP labs
- Six larger family waiting rooms
- A small bistro for patient/family convenience for heart healthy foods
- 25,000 sq.ft. office space available for heart surgeons, medical cardiology, vascular and neurosurgery, etc.

The \$45,505,000 Series 2009A Bonds are rated Aa3 by Moody's, AA- by Standard & Poor's and AA by Fitch. The Series 2009A Bonds consists of \$45,505,000 6.125% term bonds are due October 1, 2039 and are priced at par. The \$45,505,000 Variable Rate Demand Health Care Facilities Revenue Bonds (FirstHealth of the Carolinas Project) Series 2009B Bonds are rated Aa3/VMIG1 by Moody's. AA-/A-1+ by Standard and Poor's and AA/F1+ by Fitch. The 2009B Bonds initially bear interest in the Weekly Rate Mode and mature October 1, 2039 with sinking fund redemption in the years 2033-2039. Branch Banking and Trust Company provides the liquidity for the 2009B Bonds.

Robinson Bradshaw and Hinson, PA served as bond counsel and Parker Poe Adams & Bernstein, LLP served as underwriter's counsel. The Bank of New York Mellon Trust Company serves as bond trustee. Citigroup served as senior underwriter for the 2009A Bonds with BB&T Capital Markets. Edward Jones and Wachovia Bank, National Association served as co-managers. Citigroup served as sole underwriter for the 2009B Bonds and serves as remarketing agent for the Bonds.

*"The North Carolina Department of Health and Human Services does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services."*

*Seventeen copies of this report were printed internally for members of the North Carolina Medical Care Commission at an immaterial cost.*