

February __, 2019

Wake County Board of Commissioners
c/o Scott Warren, County Attorney
301 S. McDowell Street
Raleigh, North Carolina 27601

Re: TEFRA Approval for WakeMed

Ladies and Gentlemen:

Parker Poe Adams & Bernstein LLP is serving as bond counsel to the Public Finance Authority (the "Authority") in connection with the proposed issuance by the Authority of its tax-exempt and or taxable hospital bonds in one or more series to benefit WakeMed, a North Carolina nonprofit corporation (the "Corporation"), in an aggregate principal amount not to exceed \$480,000,000 (the "Bonds"). The proceeds of the Bonds will be loaned to the Corporation to (1) fund an expansion at WakeMed Cary; (2) fund capital improvements and equipment purchases throughout the Corporation's health system (the "Health System"); (3) refund certain outstanding indebtedness of the Corporation related to earlier improvements to the Health System; and (4) pay certain costs of issuance of the Bonds. All Health System improvements have or will be made in Wake County and multiple municipalities therein.

Under the federal tax code, in order for the Bonds to be tax-exempt, the elected legislative body of the governmental unit which controls the issuer of the Bonds and that has jurisdiction over the area in which a bond financed project is located must approve in principle the issuance of the Bonds after a public hearing.

Since all the Health System improvements have or will be made in Wake County and multiple municipalities therein, the Bonds must receive the approval of the Wake County Board of Commissioners or the respective municipalities in order to be tax-exempt. Before they are issued, the Bonds will also be approved by the governing board of the Authority. We are requesting approval of the Wake County Board of Commissioners in order avoid going to the multiple municipalities. In addition, since the Wake County Board of Commissioners appoints the majority of the Board of WakeMed, it seems appropriate for the Wake County Board of Commissioners to give such approval.

The Bonds will be limited obligations of the Authority payable solely from the loan repayments to be made by the Corporation to the Authority. **The Bonds shall not be deemed to constitute a debt of the County or a pledge of the faith and credit of the County, and neither the faith and credit nor the taxing power of the County is pledged to the payment of the principal of or the interest on such Bonds.** The Bonds will not affect the County's debt ratios or legal debt limit. Approval in principle of the Bonds by the Wake County Board of Commissioners following a public hearing is simply necessary in order to comply with the requirements of Section 147(f) of the federal tax code.

Please find the following information attached as Exhibits A through E hereto:

A. Financing Calendar

- B. Proposed Debt Structure
- C. Description of TEFRA Approval
- D. Notice of Public Hearing
- E. Draft Approving Resolution
- F. Draft Agenda Item

I will attend the Board of Commissioners meeting on March 18, 2019, and be available to answer any questions.

Sincerely,

Jeffrey A. Poley

Enclosures

DRAFT

Tentative Financing Calendar



WakeMed Health & Hospitals
Financing Calendar
As of February 22, 2019
Page 1 of 3

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
6	7	8	9	10	11	12	3	4	5	6	7	8	9	3	4	5	6	7	8	9	7	8	9	10	11	12	13
13	14	15	16	17	18	19	10	11	12	13	14	15	16	10	11	12	13	14	15	16	14	15	16	17	18	19	20
20	21	22	23	24	25	26	17	18	19	20	21	22	23	17	18	19	20	21	22	23	21	22	23	24	25	26	27
27	28	29	30	31			24	25	26	27	28			24	25	26	27	28	29	30	28	29	30				

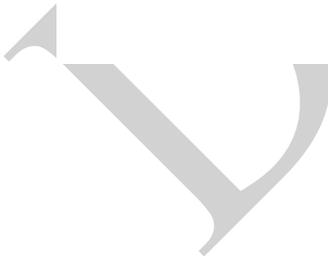
■ Federal Holidays ■ Key Dates

Week of	Activity
January 28	<ul style="list-style-type: none"> ○ Begin drafting POS and Legal Documents ○ Continue drafting Appendix A ○ Distribute due diligence list ○ Set up data room ○ Finalize Rating Agency presentation
February 4	<ul style="list-style-type: none"> ○ Key Date: Moody's Rating Agency Call (Thursday, February 7th @ 10:00 am ET)
February 11	<ul style="list-style-type: none"> ○ Key Date: Fitch Rating Agency Call (Tuesday, February 12th @ 2:00 pm ET) ○ Key Date: Working Group Kickoff Call (Thursday, February 14th @ 2:00 pm ET; Dial-in: 212-257-4530, Code: 1344#) ○ Continue drafting the Appendix A, POS, and Legal Documents
February 18	<ul style="list-style-type: none"> ○ Weekly Working Group Call (Thursday, February 21st @ 10:00 am ET; Dial-in: 212-257-4530, Code: 1344#) ○ Key Date: Publish Wisconsin TEFRA Notice in the Wisconsin State Journal (Wednesday, February 20th) ○ Distribute first draft of the Appendix A, POS, and Legal Documents ○ Auditors continue work on AUP letter and Appendix A
February 25	<ul style="list-style-type: none"> ○ Weekly Working Group Call (Thursday, February 28th @ 10:00 am ET; Dial-in: 919-350-4488 ID: 2024# Code: 9162#) ○ Auditors continue work on AUP letter and Appendix A ○ Continue drafting the Appendix A, POS, and Legal Documents ○ Key Date: Submit materials to newspaper for the Wake County TEFRA Notice (Wednesday, February 27th)
March 4	<ul style="list-style-type: none"> ○ Weekly Working Group Call (Thursday, March 7th @ 10:00 am ET; Dial-in: 919-350-4488 ID: 2024# Code: 9162#) ○ Key Date: Publish Wake County TEFRA Notice (Monday, March 4th) ○ Key Date: Local Wisconsin TEFRA Hearing (Wednesday, March 6th) ○ Key Date: Provide 30-day notice to call the variable rate bonds (Friday, March 8th) ○ Auditors continue work on AUP letter and Appendix A ○ Continue drafting the Appendix A, POS, and Legal Documents ○ Submit bond documents to Moody's and Fitch for short-term ratings

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5					1	2					1	2		1	2	3	4	5	6		
6	7	8	9	10	11	12	3	4	5	6	7	8	9	3	4	5	6	7	8	9	7	8	9	10	11	12	13
13	14	15	16	17	18	19	10	11	12	13	14	15	16	10	11	12	13	14	15	16	14	15	16	17	18	19	20
20	21	22	23	24	25	26	17	18	19	20	21	22	23	17	18	19	20	21	22	23	21	22	23	24	25	26	27
27	28	29	30	31			24	25	26	27	28			24	25	26	27	28	29	30	28	29	30				
														31													

 Federal Holidays  Key Dates

Week of	Activity
March 11	<ul style="list-style-type: none"> Weekly Working Group Call (Thursday, March 14th @ 10:00 am ET; Dial-in: 919-350-4488 ID: 2024# Code: 9162#) Key Date: Submit near-final documents to the PFA (Thursday, March 14th) Key Date: Record Investor Call (Thursday, March 14th or Friday, March 15th) Key Date: Due Diligence Call (Thursday, March 14th or Friday, March 15th) Auditors confirm circle-ups in Appendix A and POS in preparation for POS posting Receive ratings from Moody's and S&P Finalize due diligence Finalize Appendix A, POS, and Legal Documents
March 18	<ul style="list-style-type: none"> Weekly Working Group Call (Thursday, March 21st @ 10:00 am ET; Dial-in: 919-350-4488 ID: 2024# Code: 9162#) Key Date: Wake County TEFRA Hearing (Monday, March 18th) Key Date: Wisconsin PFA Issuer Approval (Wednesday, March 20th) Key Date: WakeMed Finance Committee Meeting (Thursday, March 21st) Key Date: Post POS and release investor presentation and recorded call (Monday, March 21st)
March 25	<ul style="list-style-type: none"> Weekly Working Group Call (Thursday, March 28th @ 10:00 am ET; Dial-in: 919-350-4488 ID: 2024# Code: 9162#) Key Date: [Pre-Pricing (Tuesday, March 26th)] Key Date: [Pricing (Wednesday, March 27th)] Sign Bond Purchase Agreement Auditors deliver signed AUP letter and executed consent letter to include audit in final OS (TBD)
April 1	<ul style="list-style-type: none"> Weekly Working Group Call (Thursday, April 4th @ 10:00 am ET; Dial-in: 919-350-4488 ID: 2024# Code: 9162#) Receive short-term ratings for the VRDBs (Monday, April 1st) Key Date: Post the POS for the VRDBs (Tuesday, April 2nd) Print and mail Official Statement for the fixed rate bonds



January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5				6	7	8	9					1	2		1	2	3	4	5	6	
6	7	8	9	10	11	12	10	11	12	13	14	15	16	3	4	5	6	7	8	9	7	8	9	10	11	12	13
13	14	15	16	17	18	19	17	18	19	20	21	22	23	10	11	12	13	14	15	16	14	15	16	17	18	19	20
20	21	22	23	24	25	26	24	25	26	27	28			17	18	19	20	21	22	23	21	22	23	24	25	26	27
27	28	29	30	31										24	25	26	27	28	29	30	28	29	30				
														31													

 Federal Holidays  Key Dates

Week of	Activity
April 8	<ul style="list-style-type: none">  Auditors provide bring-down letter to the AUP (Tuesday, April 9th, but dated Wednesday, April 10th)  Key Date: Print and mail Official Statement for the VRDBs (Tuesday, April 9th)  Key Date: Price the VRDBs (Tuesday, April 9th)  Key Date: Pre-Closing (Tuesday, April 9th)  Key Date: Closing (Wednesday, April 10th)
April 15	<ul style="list-style-type: none">  Key Date: Post redacted reimbursement agreements no later than 5 days after closing (Tuesday, April 16th)

DRAFT

Proposed Debt Structure

The Bonds are currently expected to be sold in a public sale as follows:

- Approximately \$200MM in fixed rate bonds
- Approximately \$160MM in variable rate demand bonds to be backed by a letter of credit from Barclays

Barclays will lead the underwriting syndicate for all the bonds. The \$480,000,000 overall approval number contains “cushions” in case rates drop to a point more bonds make sense.

DRAFT

TEFRA Approval

Under Section 147(f) of the Internal Revenue Code of 1986, as amended, in order for the Bonds to be tax-exempt, the elected legislative body of the governmental unit that has jurisdiction over the area in which the Bond-financed project is located must approve in principle the issuance of the Bonds after a public hearing.

All the improvements being financed and refinanced are within the jurisdiction of Wake County. As a result, the Board of Commissioners of Wake County is one of the governing bodies of the governmental unit having jurisdiction over the areas in which the improvements are located.

DRAFT

Form of Notice of Public Hearing

[Attached]

DRAFT

**NOTICE OF PUBLIC HEARING
WITH RESPECT TO THE PROPOSED ISSUANCE OF
NOT TO EXCEED \$480,000,000 PUBLIC FINANCE AUTHORITY
REVENUE AND REVENUE REFUNDING BONDS**

Notice is hereby given that on March 18, 2019, a public hearing, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the “*Code*”), will be held by the Board of Commissioners (the “*Board of Commissioners*”) of Wake County, North Carolina (the “*County*”) with respect to the proposed issuance by the Public Finance Authority (the “*Authority*”) of its Revenue and Revenue Refunding Bonds, in one or more series or issues (the “*Bonds*”), in an aggregate principal amount not to exceed \$480,000,000. The hearing will commence at 2:00 p.m., or as soon thereafter as the matter can be heard, and will be held in the Commissioner’s Meeting Room (Room 2700), Wake County Justice Center, 301 S. McDowell Street, Raleigh, North Carolina.

The Bonds are expected to be issued pursuant to the provisions of Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended, and the proceeds from the sale of the Bonds will be loaned to WakeMed (the “*Borrower*”), a North Carolina nonprofit corporation and an organization described in section 501(c)(3) of the Code, to be used to (1) as more particularly described below, finance and refinance the construction, acquisition and equipping of capital improvements for a hospital facility using qualified 501(c)(3) bonds as defined in section 145 of the Code, and (2) pay certain costs incurred in connection with the issuance of the Bonds.

2019 Project. A portion of the Bonds in an aggregate principal amount not to exceed \$150,000,000 will be issued to finance the acquisition, construction, rehabilitation and equipping of capital improvements located at (a) 3000 New Bern Avenue, Raleigh, NC 27610 (the “*Raleigh Campus*”), (b) 23 Sunnybrook Road, Raleigh, NC 27610 (the “*Raleigh Medical Park*”), (c) 1900 Kildaire Farm Road, Cary, NC 27518 (the “*Cary Campus*”), (d) 8001 T.W. Alexander Drive, Raleigh, NC 27617 (the “*Brier Creek Healthplex*”) and (e) 10000 Falls of Neuse Road, Raleigh, NC 27614 (the “*North Hospital Campus*”) and together with the Raleigh Campus, the Raleigh Medical Park, the Cary Campus and the Brier Creek Healthplex, the “*2019 Project*”).

A portion of the Bonds in an aggregate amount not to exceed \$380,000,000 will be issued to refinance (1) \$75,000,000 aggregate principal amount of the North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (WakeMed), Series 2009B Bonds (the “*2009B Bonds*”), (2) \$75,000,000 aggregate principal amount of the North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (WakeMed), Series 2009C (the “*2009C Bonds*”), (3) \$20,000,000 aggregate principal amount of the North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (WakeMed), Series 2012A (the “*2012A Bonds*”), (4) a \$100,000,000 loan made by Branch Banking and Trust Company on September 24, 2015 (the “*2015 Loan*”), and (5) a \$57,000,000 loan made by Wells Fargo Bank, N.A. on August 17, 2017 (the “*2017 Loan*”).

2009B Project. The 2009B Bonds were issued on February 26, 2009, in an aggregate principal amount of \$75,000,000 to finance the cost of acquiring, constructing and equipping various improvements to the hospital facilities of the Borrower, including (1) the construction and equipping of an expansion to the surgery wing of the Borrower’s WakeMed Cary Hospital on the Cary Campus, (2) the construction and equipping of new space and renovation, and equipping of existing space, at the WakeMed Cary’s Women’s Pavilion and Birthplace, located on the Cary Campus, (3) the expansion of an existing parking lot at the Cary Campus, (4) the construction and equipping of a new tower at the WakeMed Raleigh Hospital on the Raleigh Campus, (5) the renovation and equipping of the Rehabilitation Hospital and the Main Hospital located on the Raleigh Campus, (6) the replacement of the central utilities plant serving the Borrower’s Raleigh Campus, (7) the expansion of a parking deck and the

construction of a parking garage at the Borrower's Raleigh Campus, and (8) the acquisition of certain hospital equipment, including moveable medical equipment and information services equipment (collectively, the **"2009B Project"**).

2009C Project. The 2009C Bonds were issued on July 16, 2009, in an aggregate principal amount of \$81,780,000 to refund the then-outstanding North Carolina Medical Care Commission Hospital Revenue Bonds (Wake County Hospital System), Series 1997 (the **"1997 Bonds"**). The 1997 Bonds were issued on April 1, 1997, in an aggregate principal amount of \$108,550,000 to finance (1) the acquisition and construction of an approximately 844,000 square foot, 515-bed acute care tertiary hospital, including a 6-story main building and a 4-story approximately 119,000 square foot connecting building located on the Raleigh Campus, (2) the acquisition and construction of a 2-story approximately 44,000 square foot 56-bed inpatient physical rehabilitation hospital located on the Raleigh Campus, and (3) the acquisition and construction of a 3-story approximately 105,600 square foot 80-bed full service community hospital, together with a 1-story approximately 10,500 square foot connecting building and parking facilities located on the Cary Campus (collectively, the facilities refinanced by the 2009C Bonds, the **"2009C Project"**).

2012A Project. The 2012A Bonds were issued on July 11, 2012, in an aggregate principal amount of \$294,840,000 to (1) refund the then-outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (WakeMed Project), Series 2001 (the **"2001 Bonds"**), and (2) refund the then-outstanding North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (WakeMed), Series 2009A (the **"2009A Bonds"**).

The 2001 Bonds were issued in the aggregate principal amount of \$150,000,000 to (1) finance the costs, or to reimburse the Borrower for paying the costs, of (a) constructing and equipping an approximately 23,645 square foot addition for a new, larger emergency department and renovating approximately 7,864 square feet for the expansion of the radiology and operating room areas and the relocation and expansion of the medical records department at The Borrower's Cary Hospital campus (the **"Cary Hospital Phase I Project"**), (b) constructing and equipping an approximately 105,000 square foot addition to The Borrower's surgery, endoscopy, cardiovascular testing, neurodiagnostic, pulmonary and laboratory services areas and constructing and equipping an approximately 25,400 square foot addition to, and renovating approximately 2,600 square feet of the existing area of, the central power plant at The Borrower's Cary Hospital campus (the **"Cary Hospital Phase II Project"**), (3) constructing and equipping an approximately 80,000 square foot addition for an education center and women's diagnostic center and renovating the OB/GYN services areas for the expansion from 8 beds to 26 beds at The Borrower's Cary Hospital campus (the **"Cary Hospital Women's Health Expansion Project"**), (4) constructing and equipping an approximately 4,000 square foot cardiac catheterization laboratory at The Borrower's Cary Hospital campus (the **"Cary Hospital Cardiac Catheterization Project"**), (5) constructing and equipping an approximately 39,174 square foot addition to existing rehabilitation facilities, including an aquatic center with a therapy pool, a therapy gym, a general store and an open air park to assist patients with community living skills and a separate dining room for therapy patients at The Borrower's Wake Medical Center campus (the **"WakeMed Rehab Expansion Project"**), (6) constructing and equipping approximately 41,170 square feet of an approximately 104,000 square foot four-story outpatient center, including an approximately 17,000 square foot ambulatory surgery center, a radiology center, a laboratory and a rehabilitation center at the Borrower's northern Wake County campus (the **"WakeMed North Project"**), (7) constructing a parking deck to include 450 spaces for employees at the Borrower's Cary Hospital campus (the **"Cary Hospital Parking Project"**), (8) constructing a parking deck to include 600 spaces to supplement the current employee parking lots at the Borrower's Wake Medical Center campus (the **"WakeMed Parking Project"**), (9) acquiring cardiac catheterization equipment to replace the existing equipment at the Borrower's Wake Medical Center campus (the **"WakeMed Cardiac Catheterization Project"**), (10) renovating, expanding and equipping the intensive care nursery from 28 to 36 beds at the Borrower's Wake Medical Center campus (the **"WakeMed**

Intensive Care Nursery Project”), and (11) renovating and equipping the administrative space within the pediatric area at the Borrower’s Wake Medical Center campus (the “*WakeMed Fourth Floor Renovation Project*”), and (2) to pay the costs of acquiring routine capital equipment and information technology equipment for use in the Borrower’s hospital and healthcare facilities during the Hospital’s fiscal years 2001 and 2002, including the costs of the ongoing acquisition of medical, nonmedical and information technology equipment and software, together with renovation and construction required in connection with the installation of such equipment (the “*Equipment Project*” and, together with the Cary Hospital Phase I Project, the Cary Hospital Phase II Project, the Cary Hospital Women’s Health Expansion Project, the Cary Hospital Cardiac Catheterization Project, the WakeMed Rehab Expansion Project, the WakeMed North Project, the Cary Hospital Parking Project, the WakeMed Parking Project, the WakeMed Cardiac Catheterization Project, the WakeMed Intensive Care Nursery Project and the WakeMed Fourth Floor Renovation Project, the “*2001 Project*”). The Cary Hospital Phase I Project, the Cary Hospital Phase II Project, the Cary Hospital Women’s Health Expansion Project, the Cary Hospital Cardiac Catheterization Project and a portion of the Equipment Project is located on the Cary Campus. The WakeMed Rehab Expansion Project, the WakeMed Parking Project, the WakeMed Cardiac Catheterization Project, the WakeMed Intensive Care Nursery Project, the WakeMed Fourth Floor Renovation Project and a portion of the Equipment Project is located on the Borrower’s Raleigh Campus, and contiguous building at 3004 New Bern Avenue, Raleigh, North Carolina 27610. The WakeMed North Project and a portion of the Equipment Project is located at the North Hospital Campus.

The 2009A Bonds were issued in the aggregate principal amount of \$169,750,000 to finance (1) the construction and equipping of an expansion to the existing surgery wing of WakeMed Cary Hospital located on the Cary Campus, (2) the construction and equipping of new space and renovation and equipping of existing space at WakeMed Cary’s Women’s Pavilion and Birthplace located on the Cary Campus, (3) the expansion of an existing parking deck located on the Cary Campus, (4) the construction and equipping of a new tower at WakeMed Raleigh Hospital located on the Raleigh Campus, (5) the renovation and equipping of the existing Rehabilitation Hospital and the Main Hospital on the Raleigh Campus, (6) the replacement of the central utilities plant serving the Raleigh Campus, (7) the expansion of a parking deck and the construction of a new parking garage located on the Raleigh Campus, and (8) the acquisition of certain hospital equipment, including, but not limited to, moveable medical equipment and information services equipment (collectively with the 2001 Project, the “*2012A Project*”).

Proceeds of the 2015 Loan were applied to finance the acquisition, construction and equipping of the North Hospital Campus, including the expansion of the existing structure and a new central plant (collectively, the “*2015 Project*”).

Proceeds of the 2017 Loan were applied to finance the acquisition of the Brier Creek Healthplex and Raleigh Medical Park (collectively, the “*2017 Project*” and together with the 2019 Project, 2009B Project, 2009C Project, 2012A Project and 2015 Project, the “*Project*”).

The Project will be owned and operated by the Borrower. The Bonds will be special limited obligations of the Authority payable solely from the loan repayments to be made by the Borrower to the Authority, and certain funds and accounts established by the financing documents under which the Bonds will be issued.

The hearing will provide a reasonable opportunity to be heard for persons wishing to express their views on the merits of the Project, its location, the issuance of the Bonds or related matters. A person wishing to speak at the hearing will be asked to provide his or her name, address and the person(s) or entity(ies) he or she represents, if any, prior to speaking. Any person wishing to comment in writing on the merits of the Project, its location, the issuance of the Bonds or related matters should do so, within fourteen 14 days after the publication of this notice to the Board of Commissioners of Wake County,

North Carolina, P.O. Box 550, Raleigh, North Carolina 27602, Attention: Clerk to the Board of Commissioners.

Dated: [_____,] 2019

DRAFT

Draft Resolution of Wake County Board of Commissioners

[Attached]

DRAFT

RESOLUTION APPROVING IN PRINCIPLE THE ISSUANCE OF NOT TO EXCEED \$480,000,000 OF HOSPITAL REVENUE BONDS FOR THE BENEFIT OF WAKEMED

WHEREAS, the Board of Commissioners (the “Board of Commissioners”) of Wake County, North Carolina (the “County”) met in Raleigh, North Carolina, at 2:00 p.m. on the 18th day of March, 2019; and

WHEREAS, WakeMed, a North Carolina nonprofit corporation (the “Corporation”), has requested the Public Financing Authority of Wisconsin (the “Authority”) to issue taxable and/or tax-exempt bonds in one or more series in an aggregate principal amount not to exceed \$480,000,000 (the “Bonds”). The proceeds of the Bonds will be loaned to the Corporation to (1) fund an expansion at WakeMed Cary; (2) fund capital improvements and equipment purchases throughout the Corporation’s health system (the “Health System”); (3) refund certain outstanding indebtedness of the Corporation related to earlier improvements to the Health System; and (4) pay certain costs of issuance of the Bonds. All Health System improvements have or will be made in Wake County and multiple municipalities therein; and

WHEREAS, the Corporation will agree to repay the principal, premium, if any, and interest on the Bonds and the County will have no liability whatsoever for the payment of principal of, premium, if any, or interest on the Bonds, and the Bonds will not affect the County’s debt ratios or legal debt limit and the County will not incur any liability for repayment of the Bonds by approving the Bonds for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, Section 147(f) of the Code requires that any bonds issued by the Authority for the improvements to be financed and refinanced thereby may only be issued after approval of the plan of financing by the Board of Commissioners of the County following a public hearing with respect to such plan; and

WHEREAS, the Board of Commissioners has today held a public hearing with respect to the issuance of the Bonds to finance, in part, the improvements set forth above and in the notice of public hearing attached hereto as Exhibit A, as evidenced by the Certificate and Summary of Public Hearing attached hereto as Exhibit B; and

WHEREAS, the Bonds shall not be deemed to constitute a debt of the County or a pledge of the faith and credit of the County, but shall be limited obligations of the Authority payable solely from the loan repayments to be made by the Corporation to the Authority, and shall contain on the face thereof a statement to the effect that neither the faith and credit nor the taxing power of the County is pledged to the payment of the principal of or interest on the Bonds; and

WHEREAS, because no taxes or other revenues of the County are pledged to pay the Bonds, the staff of the County has made no financial analysis of the Bonds, the Corporation or the improvements; and

WHEREAS, the Board of Commissioners has determined that approval of the issuance of the Bonds is solely to satisfy the requirements of Section 147(f) of the Code and shall in no event constitute an endorsement of the Bonds, the Corporation or the Improvements or the creditworthiness of the Corporation, nor shall such approval in any event be construed to obligate the County for the payment of the principal of or premium or interest on the Bonds or for the performance of any pledge, mortgage or obligation or agreement of any kind whatsoever which may be undertaken by the Authority, or to

constitute the Bonds or any of the agreements or obligations of the Authority an indebtedness of the County, within the meaning of any constitutional or statutory provision whatsoever;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS FOR WAKE COUNTY:

1. The (a) improvements to be financed and refinanced by the Bonds and (b) the issuance of the Authority's hospital bonds in one or more series in an amount not to exceed \$480,000,000 are hereby approved for purposes of Section 147(f) of the Code.

2. This resolution shall take effect immediately.

* * * * *

I, DENISE HOGAN, Clerk to the Board of Commissioners for the County of Wake, North Carolina DO HEREBY CERTIFY that the foregoing is a true and complete copy of so much of the proceedings of the Board of Commissioners for the County at a regular meeting duly called and held March 18, 2019, as it relates in any way to the resolution hereinabove set forth, and that said proceedings are recorded in Minute Book of the minutes of the Board. Pursuant to N.C.G.S. § 143-318.12, a current copy of a schedule of regular meetings of the Board is on file in my office.

WITNESS my hand and the common seal of said County, this 18th day of March, 2019.

Denise Hogan, Clerk to the Board
Wake County Board of Commissioners

(SEAL)

CERTIFICATE AND SUMMARY OF PUBLIC HEARING

The undersigned Clerk to the Board of Commissioners for the County of Wake, North Carolina hereby certifies:

1. Notice of a public hearing (the “Hearing”) to be held on March 18, 2019, with respect to the issuance of bonds by the Public Finance Authority (the “Authority”) for the benefit of WakeMed was published on March __, 2019, in the *News & Observer*.

2. The presiding officer of the Hearing was Jessica Holmes, Chair.

3. The following is a list of the names and addresses of all persons who spoke at the Hearing:

4. The following is a summary of the oral comments made at the Hearing:

WITNESS my hand and the common seal of the County of Wake, this 18th day of March, 2019.

Denise Hogan, Clerk to the Board
Wake County Board of Commissioners

(SEAL)

DRAFT

Draft Agenda Item

[Attached]

DRAFT

Item Title:

Public Hearing under Internal Revenue Code and Approval under Internal Revenue Code of proposed issuance by the Public Finance Authority (Wisconsin) of not to exceed \$480,000,000 in hospital revenue bonds to benefit WakeMed.

Specific Action Requested:

That the Board of Commissioners, at the conclusion of a public hearing regarding the same, adopt a resolution approving for purposes of meeting the requirements of the Internal Revenue Code of 1986, as amended, the issuance by the Public Finance Authority (Wisconsin) (the “Authority”) of not to exceed \$480,000,000 in hospital revenue bonds to benefit WakeMed.

Item Summary:

Federal tax laws and the laws governing the Authority require that the elected legislative body (or highest elected representative) of the governmental unit that has jurisdiction over the area in which the facilities to be financed with tax-exempt bonds issued by the Authority is located approve the issuance of the bonds by the Authority and the financing of the facility. Prior to this approval, a public hearing must be held so that the public is given the opportunity to comment on the bonds and the facilities. The Authority and the WakeMed have requested the County to approve the issuance of the Bonds for purposes of Section 147(f) of the Code.

The Bonds are expected to be issued in April 2019, and to be publicly sold by an underwriting syndicate led by Barclays. WakeMed will agree to repay the principal, premium, if any, and interest on the Bonds. Neither the Authority nor the County will have any liability whatsoever for the payment of principal or interest on the Bonds, and the Bonds will not affect the County’s debt ratios or legal debt limit. Because no taxes or other revenues of the County are pledged to pay these Bonds, the staff of the County has made no financial analysis of the Bonds, the WakeMed or any affiliate thereof or the facilities to be financed.

The notice of public hearing (attached) was published in The News & Observer as required by law. The form of the resolution to be adopted by the County is also attached.

Comments from WakeMed

The decision to ask for the County’s approval is two-fold: 1) given WakeMed is located in multiple municipalities in the County, it is much more efficient to get approval from Wake County than each subject municipality and 2) since the County appoint member’s to WakeMed’s board, it seems appropriate to have the County approve on the bonds.

Likewise, the decision to utilize the Authority rather than the North Carolina Medical Care Commission is two-fold:

- Due to North Carolina Medical Care Commission policies, WakeMed would only be able to sell the bonds for the new projects in September (at the earliest). Since rates are low right now, WakeMed would like sell earlier.
- Due to the Local Government Commission policies, we would not be able to reamortize and restructure WakeMed’s debt profile as desired by WakeMed and approved by financial markets and federal tax law.

WakeMed and its bond counsel has talked extensively with the staff at the North Carolina Medical Care Commission regarding this financing and the North Carolina Medical Care Commission has been officially notified of this decision. In addition, WakeMed CEO/President Don Gintzig personally called the State Treasurer regarding the decision to go through the Authority. Accordingly, we believe that both the North Carolina Medical Care Commission and the State Treasurer have been appropriately briefed and notified. WakeMed is not the first North Carolina nonprofit hospital to use the Authority. Approximately 100 North Carolina projects (health care; education; housing; etc.) have been financed by the Authority.

Attachment:

1. Approval Resolution

DRAFT