

SAMPLE BID FORM FOR FULL FLEX REPURCHASE AGREEMENT

REQUEST FOR BIDS

To: Repurchase Agreement Providers

From: Christopher B. Taylor, CPA

Date: August ____, 2005

Re: \$20,000,000 North Carolina Medical Care Commission
Variable Rate Demand Hospital Revenue Bonds
(Southeastern Regional Medical Center Project) Series 2005

The North Carolina Medical Care Commission (the "Commission"), on behalf of Southeastern Regional Medical Center (the "Corporation"), will be soliciting bids for a ***Full-Flex Repurchase Agreement*** (the "Agreement") for the investment of the bond proceeds arising from the issuance by the Commission of its Variable Rate Demand Hospital Revenue Bonds (Southeastern Regional Medical Center), Series 2005 (the "Bonds"). The Agreement will be used for the investment of proceeds of the Bonds held in the Construction Account (the "Construction Account") and the Capitalized Interest Account (the "Capitalized Interest Account") to be used to pay project costs and interest on the bonds during the construction period.

All items contained within this Request for Bids are to be reviewed and understood by the bidders prior to submitting a bid. Any questions regarding the Bonds or the Agreement should be directed to Christopher B. Taylor at (919) 855-3750.

The bids are to be submitted verbally to Christopher B. Taylor at (919) 855-3750 and immediately followed by a signed copy of Exhibit A sent via fax to Christopher B. Taylor at (919) 733-2757. Any exceptions to the terms and conditions specified in the attached term sheet or any additional terms and conditions of the bid must be specified in writing on Exhibit A. No bid will be accepted that is not confirmed via fax sent directly to Mr. Taylor. Bids will be taken on ____, 2005 at 11:00 a.m., New York time, and the award made by 11:45 a.m., New York time, on the same day. The settlement date is expected to be Thursday, September 14, 2005, at 11:00 a.m. subject to satisfactory documentation of the transaction by that date.

General Term Sheet

1. Form of Agreement: Collateralized Repurchase Agreement
2. Parties: The parties to the Agreement shall be solely the Trustee, the Provider and the Custodian. The Commission and the Corporation shall not be parties to the Agreement.
3. Date/Time of Bid: _____, 2005 at 11:00 a.m., New York time
4. Date/Time of Award: _____, 2005 at 11:45 a.m., New York time
5. Settlement Date: September 15, 2005 at 11:00 a.m. New York time, subject to satisfactory documentation.
6. Trustee: Wachovia Bank, National Association (the "Trustee")
7. Bond Ratings: "Aa3/VMIG1" by Moody's "contingent on issuance of letter of credit by Branch Banking and Trust Company and –[Note: should we include underlying rating?]"
8. Fund: Construction Account and Capitalized Interest Account of the Series 2005 Bonds
9. Initial Deposit (appx.): \$ _____ (approximate)
10. Withdrawals: Fully flexible pursuant to the Trust Agreements. Estimated draw down schedule is attached as Exhibit C.
11. Replenishment: None
12. Maturity: _____ 2006
13. Fixed Interest Rate: To be bid and calculated on a 30/360 day count basis and payable monthly beginning October 1, 2005.
14. Notification for Draws: Two (2) Business Days.
15. Qualified Providers: Any commercial bank, trust company or national banking association, the deposits of which are insured by FDIC (including the Trustee and its affiliates) or any broker-dealer which is recognized as a primary dealer by the Federal Reserve Bank, both of which have capital, surplus and undivided profits in excess of \$10,000,000 (the "Provider").

In addition, the Provider must have a long-term credit rating of at least "A2" by Moody's Investors Service, Inc. ("Moody's") and at least "A" by Standard & Poor's Ratings Services ("S&P") on the day of the bid.

16. Collateral Criteria:
- a) Collateral is limited to direct obligations of the United States Government, obligations the principal of and the interest on which are guaranteed by the United States Government, or bonds, debentures or other notes or other evidence of indebtedness issued by the Government National Mortgage Association ("GNMA").
 - b) Collateral must be delivered to a third-party custodian acceptable to the Commission and the Corporation.
 - c) The margin levels for collateral must be maintained at a minimum of **102%** of the repurchase price, including principal and interest.
 - d) The collateral must be marked to market **daily** and cured within 24 hours.
 - e) Collateral substitution is permitted; substitution costs to be paid by the Provider.
 - f) Valid perfected first priority lien on the securities is required.
 - g) Delivered securities must be free and clear of any third-party claims or liens.

17. Downgrade Provisions: In the event the Provider is downgraded below A3/A- by Moody's or S&P, respectively, the Provider must either: (a) deliver additional collateral to 105% using direct obligations of the United States Government or 107% using GNMA's; or (b) assign the Agreement to another qualifying institution acceptable to the Commission, the Corporation, and the Trustee. The Provider must act within seven (7) business days from the notice of ratings downgrade. Any costs associated with a Provider's downgrade shall be borne by the Provider.

18. Events of Default: Events of Default under the Agreement will include:
- a) Failure to make a payment when due (including failure to deliver collateral);
 - b) Failure to observe any other covenant or condition of the Agreement, including failure to adhere to the Downgrade Provisions set forth above;
 - c) The Provider admits its inability to pay or a petition in bankruptcy is filed by or against the Provider; or
 - d) Any representation of or warranty furnished in connection with the Agreement is false or misleading.

Remedies upon an Event of Default shall be acceptable to the Commission, the Corporation, and the Trustee.

19. Basis of Award: The investment will be awarded to the bidder who provides the highest fixed rate for the term of the Agreement. Bids shall be quoted net of all fees and expenses incurred by the Provider in connection with the Agreement.

The Commission and the Corporation reserve the right in their sole discretion to reject any / or all bids, to disregard any defect in a bid and to accept the bid deemed to be in the best interest of the

Commission and the Corporation.

20. Documentation: (a) Repurchase Agreement in the form of a BMA Master with Annex (or Purchase and Resale Agreement), (b) enforceability and perfected first security interest opinions and (c) custodial agreement in forms acceptable to the Commission, the Corporation, the Trustee, and Bond Counsel. The Provider will be required to submit a first draft of the documents within five (5) business days of the award date. The Provider will receive forms of the Trust Agreements the Loan Agreements and the Official Statements relating to the sale of the Bonds and the distribution list shortly after the award.
21. Governing Law: North Carolina or New York.
22. Provider Certificate: The winning provider will be required to sign and deliver on or prior to settlement date an executed copy of the certificate attached hereto as Exhibit B or such other form acceptable to Bond Counsel.
23. Provider Representation: Submission of a bid includes the following representation of the Provider:
- We hereby represent that we did not consult with any other potential bidder about our bid, that our bid was determined without regard to any other formal or informal agreement that we have with the Commission, the Corporation or any other person (whether or not in connection with the Bonds) and that the offer is not being submitted solely as a courtesy to the Commission, the Corporation or any other person for the purposes of satisfying the “three bid” requirements set forth in Treasury Regulation Section 1.148-5(d)(6)(iii)(B)(1) or (2).
24. Reporting: The Provider will be responsible for supplying a monthly report to the Commission, the Corporation and the Trustee specifying the outstanding balance, withdrawals, accrued interest and interest paid during each reporting period.
25. Bidding Agent’s Fee: No broker or bidding agent fee is allowed in connection with this transaction.
26. Comments: Any additional or non-conforming provisions to your bid must be stated in writing. If no additional or non-conforming provisions are declared, the offer shall be constrained to the conditions set forth herein. Neither the Commission, the Corporation, the Trustee, nor Bond Counsel shall be liable for any losses incurred or damages sustained by any party as a result of a failure to close on the Agreement solicited herein. All losses and expenses incurred as a result of a failure to execute any proposed Agreement or to submit or deliver documents under any circumstances will be solely the responsibility of the bidding institution.

All expenses associated with the Provider’s performance of the

Agreement, including, but not limited to, the Provider's legal fees, custodian fees, electronic funds transfer charges, etc. are the responsibility of the Provider. All bids shall be net of all fees and expenses, including but not limited to any legal fees incurred by the Provider.

All legal documents and opinions must be acceptable to the Commission, the Corporation, the Trustee, and Bond Counsel (McGuire Woods, LLP).

**Exhibit A
to Request for Bids**

BID FORM

**FLEXIBLE REPURCHASE AGREEMENT FOR THE CONSTRUCTION ACCOUNT AND
CAPITALIZED INTEREST ACCOUNT OF THE
\$20,000,000 NORTH CAROLINA MEDICAL CARE COMMISSION
VARIABLE RATE DEMAND HOSPITAL REVENUE BONDS
(SOUTHEASTERN REGIONAL MEDICAL CENTER)
SERIES 2005**

_____, 2005

Mr. Christopher B. Taylor
North Carolina Medical Care Commission
Phone: 919-855 3750
Fax: 919-733-2757

Dear Sir:

We hereby confirm our bid and commit to deliver the Agreement at a fair market price subject to all the terms and conditions stated in the attached Request for Bids to which this bid form is attached as Exhibit A (the "Request for Bids").

In making this bid, we hereby represent as follows:

1. We are a reasonably competitive provider of repurchase agreements of the type described in the Request for Bids.
2. Neither the Commission nor the Corporation have provided us any information that induced us to bid a yield lower than the yield induced by the Request for Bids.
3. The yield bid is at least equal to the yield which we would offer for investment agreements comparable to that set forth in the Request for Bids to other persons from a source of funds other than the gross proceeds of an issue of tax-exempt bonds.
4. We did not consult with any other potential provider about our bid.
5. The yield bid was determined without regard to any other formal or informal agreement that we have with the Commission, the Corporation or any other person (whether or not in connection with the bond issue).
6. Our bid is not being submitted solely as a courtesy to the issuer or any other person for purposes of satisfying the requirements of the applicable Treasury Regulations.
7. We received the Request for Bids in a timely manner.
8. Check one of the following:
 - We do not have a material financial interest in the above-captioned bonds.
 - We do have a material financial interest in the above-captioned bonds within the meaning of Treasury Regulation Section 1.148-5(d)(6)(iii)(B)(1).

I acknowledge, on behalf of the below referenced institution that I have read, understand and agreed to the terms and conditions of the Request for Bids. Our bid is as follows:

Fixed Rate of: _____% (Net)

Institution: _____ Name/Title: _____

Telephone: _____ Facsimile: _____

Specific Entity Providing the Agreement (if different than above): _____

S&P Rating: _____ Moody's Rating: _____

Will any Entity Guarantee the Agreement? Yes: _____ No: _____

If so, Name of Guarantor: _____

S&P Rating: _____ Moody's Rating: _____

Additional or Non-Conforming Provisions (must be specified, if any):

Exhibit B
to Request for Bids

CERTIFICATE OF PROVIDER

I, the undersigned, do hereby certify that I am an officer of _____ (the "Provider") and as such am authorized to execute and deliver this certificate on behalf of the Provider in connection with the execution of the Agreement (as defined below). As such officer, I do further certify as follows:

1. This certification is being made by the Provider in connection with the execution and delivery of a [Repurchase Agreement], dated _____, 2005 (the "Agreement"), between the Provider and Wachovia Bank, National Association, as trustee, relating to the North Carolina Medical Care Commission Variable Rate Demand Hospital Revenue Bonds (Southeastern Regional Medical Center) Series 2005.

2. The Provider was not given the opportunity to review other bids (i.e., a last look) before providing its bid to provide the Agreement.

3. The determination of the terms of the Agreement takes into account as a significant factor the reasonably expected deposits and draw down schedule for the amounts to be invested.

4. No administrative costs, such as brokerage or selling commissions, are being paid to third parties in connection with the Agreement.

5. The Provider believes that it is a reasonably competitive provider of investment contracts such as the Agreement and believes that it has an established industry reputation as a competitive provider of the type of investments similar to the Agreement.

6. The Provider acknowledges that this submission of its bid to provide the Agreement was a representation that the Provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the Provider has with the North Carolina Medical Care Commission, Southeastern Regional Medical Center or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the issuer or any other person for purposes of satisfying applicable statutory or regulatory requirements.

7. The yield on the Agreement is not less than the yield available from the Provider on the date the Agreement was priced on reasonably comparable agreements, if any, offered to other persons relating to a source of funds other than the proceeds of tax-exempt obligations and is the highest yield the Provider is willing to pay on the Agreement.

8. We had sufficient time to formulate a bid and received the bidding specifications in a timely manner.

9. The Commission and its bond counsel will rely upon such representations in rendering certifications or opinions with respect to the tax-exempt status of interest on the Bonds.

WITNESS my hand on behalf of the Provider this ___ day of _____, 2005.

[NAME OF PROVIDER]

By: _____
Title: _____

The following is a summary of bids received by The North Carolina Medical Care Commission on August____, 2005 at 11:00 a.m. EST for the investment of certain proceeds of the following bond issue in the Construction Account:

Construction Account and Capitalized Interest Account of the
\$20,000,000 North Carolina Medical Care Commission
Variable Rate Demand Hospital Revenue Bonds
(Southeastern Regional Medical Center) Series 2005

Bidder

Fixed Rate Bid