

NORTH CAROLINA MEDICAL CARE COMMISSION
HEALTH CARE FACILITIES REVENUE BOND
(WAKE FOREST BAPTIST OBLIGATED GROUP)
SERIES 2012D

No. R-1

\$80,000,000

INTEREST RATE

MATURITY DATE

Bank-Bought Rate

December 1, 2042

The North Carolina Medical Care Commission (the "Commission") of the Department of Health and Human Services of the State of North Carolina, for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to JPMorgan Chase Bank, N.A., or registered assigns (the "Bank Holder"), EIGHTY MILLION DOLLARS (\$80,000,000), or such lesser aggregate principal amount of Bonds (as hereinafter defined) issued to and purchased by the Bank Holder and evidenced by this Bond certificate, as set forth on the books and records of the Bank Holder, on the Maturity Date set forth above (subject to the right of prior redemption). The Commission also promises to pay, solely from such sources, interest on this Bond on (i) the first Business Day (as defined below) of each month, commencing January 2, 2013, and (ii) each Conversion Date (each, an "Interest Payment Date"), which shall be computed, on the basis of a year of 360 days for the actual number of days elapsed, from the Interest Payment Date next preceding the date on which it is authenticated, unless it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date, or it is authenticated prior to January 2, 2013 in which event it shall bear interest from its date; provided, however, the principal amount of this Bond evidenced by this Bond certificate from time to time shall bear interest from the date it is issued to and purchased by the Bank Holder as set forth on the books and records of the Bank Holder and written notice thereof is given by the Bank Holder to the hereinafter-mentioned Bond Trustee. The interest so payable and punctually paid, or duly provided for, on any Interest Payment Date, will, as provided in the Trust Agreement hereinafter referred to, be paid to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be at the close of business one Business Day prior to such Interest Payment Date. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Bond is one of a duly authorized series of health care facilities revenue bonds of the Commission, designated "North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2012D" (the "Bonds"), issued under a Trust Agreement, dated as of December 1, 2012 (said Trust Agreement, together with all supplements thereto as therein permitted, being hereinafter referred to as the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as trustee (said bank and any bank or trust company becoming

successor bond trustee under the Trust Agreement being hereinafter referred to as the "Bond Trustee"). The Bonds are being issued for the purpose of providing funds, together with other available funds, to (a) pay the cost of the Project (as defined in the Agreement hereinafter mentioned) and (b) pay certain expenses incurred in connection with the issuance of the Bonds. Capitalized terms used in this Bond and not otherwise defined herein have the meanings given to them in the Trust Agreement.

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

The Commission has entered into a Loan Agreement, dated as of December 1, 2012 (said Loan Agreement, together with all amendments thereto as therein permitted, being hereinafter referred to as the "Agreement"), with North Carolina Baptist Hospital (the "Borrower") under which the Commission has agreed to lend to the Borrower the proceeds of the Bonds and in consideration and as evidence of the loan the Borrower has agreed to make payments to the Bond Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds. The Agreement further obligates the Borrower to perform, observe and comply, or cause the performance, observance and compliance, with certain covenants, conditions and agreements set forth in the Master Trust Indenture, dated as of March 1, 2010 (said Master Trust Indenture, together with all supplements and amendments thereto as therein permitted, including without limitation the Joinder Agreements hereinafter mentioned, being herein called the "Master Indenture"), by and between the Borrower and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), including covenants, conditions and agreements with respect to the operations of the Members of the Obligated Group (as defined in the Master Indenture) and any Designated Members (as defined in the Master Indenture). In March 2011, Wake Forest University Health Sciences ("Health Sciences") and Wake Forest University Baptist Medical Center (the "Medical Center"), each a North Carolina nonprofit corporation, were admitted to the Obligated Group established under the Master Indenture, by virtue of the execution and delivery of the Joinder Agreements, each dated as of March 1, 2011 (the "Joinder Agreements"), by and between the Borrower and, respectively, Health Sciences and the Medical Center. As of the date hereof, the Borrower, Health Sciences and the Medical Center are the only Members of the Obligated Group.

As evidence of its indebtedness under the Agreement, the Borrower has executed and delivered to the Commission its Obligation No. 15 ("Obligation No. 15"). Obligation No. 15 is issued under and secured by the Master Indenture which provides that the Borrower, as a Member of the Obligated Group, and any other Members of the Obligated Group may incur additional indebtedness, including the issuance of additional Obligations, under the terms and conditions and to the extent described in the Master Indenture.

As provided in the Master Indenture, Obligations, including Obligation No. 15, are direct, general, unsecured, joint and several obligations of the Members of the Obligated Group and not of any of the Designated Members. However, in the Master Indenture, each Member of the Obligated Group has covenanted to exercise such control as it may have over its Designated Members to cause such Designated Members to advance moneys to such Member of the Obligated Group sufficient for such Member of the Obligated Group to meet all its obligations under the Master Indenture, including the payment of the principal of, redemption premium, if any, and interest on all Obligations, including Obligation No. 15.

Pursuant to the Trust Agreement the Commission has assigned the Commission's rights under the Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the Commission, including its rights to notices, payment of certain expenses and indemnity) under the Master Indenture and Obligation No. 15 and to any and all moneys and securities held by the Bond Trustee in the funds and accounts established under the Trust Agreement, to the Bond Trustee in trust for the benefit of the registered owners of the Bonds.

Subject to the satisfaction of certain conditions set forth in the Master Indenture, the Bond Trustee is required to surrender Obligation No. 15 to the Master Trustee in the event that an original replacement note or similar obligation is issued under and secured by an existing or new master trust indenture by which the parties purported to be obligated thereby have agreed to be bound.

Reference is hereby made to the Trust Agreement, the Agreement, the Master Indenture, and Obligation No. 15 for a more complete statement of the provisions thereof and of the rights and duties of the Commission, the Borrower, the Bond Trustee, the Master Trustee and the Holders of the Bonds. Copies of such documents are on file and may be inspected at the corporate trust office of the Bond Trustee in Jacksonville, Florida. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Master Indenture, the Agreement and the Trust Agreement.

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

The Bonds are issuable as fully registered Bonds in Authorized Denominations. Bonds may be exchanged at the designated corporate trust office of the Bond Trustee, in the manner and subject to the limitations and conditions provided in the Trust Agreement and described below, for an equal aggregate principal amount of Bonds of the same maturity, of other authorized denominations and bearing interest at the same rate.

The transfer of this Bond is registrable by the registered owner hereof in person or by such registered owner's attorney or legal representative at the designated corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Trust Agreement described below and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Commission shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

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

If requested by the Bond Trustee in connection with any exchange or registration of transfer of this Bond, the Bank Holder agrees to certify in writing to the Bond Trustee the aggregate principal amount of Bonds issued to and purchased by the Bank Holder and evidenced by this certificate, as set forth on the books and records of the Bank Holder.

Interest - General

Each Bond shall bear interest from the Interest Payment Date next preceding its date of authentication unless such authentication date (i) is prior to the first Interest Payment Date following the date of the initial delivery of the Bonds and the initial payment therefor (the "Closing Date"), in which event interest shall accrue from the Closing Date, (ii) is after a Regular Record Date and before the subsequent Interest Payment Date, in which event interest shall accrue from such subsequent Interest Payment Date, or (iii) is an Interest Payment Date, in which event interest shall accrue from such authentication date; provided, that if interest on the Bonds is in default, Bonds shall bear interest from the last date to which interest has been paid; provided, further, that the principal amount of the Bond evidenced by this certificate from time to time shall bear interest from the date it is issued to and purchased by the Bank Holder as set forth on the books and records of the Bank Holder and written notice thereof is given by the Bank Holder to the Bond Trustee. The Bonds shall bear interest until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions of the Trust Agreement, whether at maturity, upon redemption or otherwise.

Bank-Bought Rate

This Bond shall bear interest at the Bank-Bought Rate described in Exhibit 1.

The determination of the Bank-Bought Rate by the Majority Bank Holders shall be conclusive and binding upon the Commission, the Borrower and the Bond Trustee.

Conversion of Interest Rate

The Borrower shall have the option to convert the rate of interest payable on the Bonds from the Bank-Bought Rate to the Weekly Rate, the Daily Rate, the Long Term Rate, the Window Rate, the RTV Rate, the Index Floating Rate or the Commercial Paper Rate or from a Bank-Bought Rate to a new Bank-Bought Rate (each, a "Conversion Date"), upon the terms and conditions set forth in the Trust Agreement. The Borrower is required to give written notice of the exercise of such option (a "Conversion Notice") by first-class mail, postage prepaid, to the registered owner of this Bond not less than 15 days prior to the proposed Conversion Date. All Bonds shall be subject to mandatory purchase on the proposed Conversion Date by the Bond Trustee, but only from proceeds of remarketing of the Bonds, at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. If this Bond is not tendered by 10:00 A.M., Local Time, on the proposed Conversion Date, this Bond will be deemed tendered, and to the extent there shall be on deposit with the Bond Trustee on the proposed Conversion Date an amount sufficient to pay the purchase price thereof, this Bond shall cease to be Outstanding, no further interest thereon shall thereafter accrue and such Bond shall constitute and represent only the right to the payment of the purchase price that was payable on the proposed Conversion Date. If sufficient remarketing proceeds are not available to pay the purchase price of the Bonds on the proposed Conversion Date, the Conversion Notice shall be deemed to be rescinded and the Bonds shall not be tendered for purchase or purchased on the proposed Conversion Date.

Mandatory Purchase Dates

The Bonds, while bearing interest at the Bank-Bought Rate, are subject to mandatory purchase on the following dates (each, a "Mandatory Purchase Date") at a purchase price equal to 100% of the principal amount thereof plus interest accrued to but not including the date of purchase:

- (a) each proposed Conversion Date;
- (b) on the first Business Day that is at least 180 days after the Bond Trustee receives written notice from the Majority Bank Holders directing a mandatory purchase of the Bonds, but in any event not before December 13, 2019; and
- (c) on the Business Day specified in a written notice from the Majority Bank Holders to the Bond Trustee stating that an "Event of Default" or a "Trigger Event" has occurred and is continuing under the Covenants Agreement and directing a mandatory purchase of the Bonds.

By purchasing this Bond, the Bank Holder agrees to respond to a written request from the Borrower for extension of the date set forth in (b) above within ninety (90) days after receipt of

such request; provided, however, if the Bank Holder fails to respond in writing to such request within ninety (90) days, the Bank Holder shall be deemed to refused such request.

Notice of mandatory purchase shall be given promptly by the Bond Trustee by first-class mail to all registered owners of the Bonds.

Redemption of Bonds Before Maturity

The Bonds are subject to redemption prior to maturity as follows:

Optional Redemption – Bank-Bought Rate. While the Bonds bear interest at the Bank-Bought Rate, the Bonds shall be subject to optional redemption prior to maturity as described in Exhibit 1.

Mandatory Sinking Fund Redemption. If not optionally redeemed, the Bonds are required to be redeemed on December 1 in the following years and in the following amounts (a “Sinking Fund Requirement”) at a Redemption Price equal to 100% of the principal amount of Bonds to be redeemed plus accrued interest to, but not including, the redemption date:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2034	\$14,075,000	2039	\$6,300,000
2035	14,370,000	2040	100,000
2036	14,675,000	2041	100,000
2037	14,985,000	2042*	100,000
2038	15,295,000		

* Maturity

Extraordinary Optional Redemption. The Bonds are also subject to redemption by the Commission, at the direction of the Borrower Representative, in whole or in part, provided that the principal amount of Bonds to be redeemed may not be less than \$100,000, on any date at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the redemption date, as a result of damage to or destruction of all or any part of the Combined Group Property (as defined in the Master Indenture) constituting land, buildings or equipment by fire or casualty, or loss of title to or use of all or any part of the Combined Group Property constituting land, buildings or equipment, as a result of the failure of title or Eminent Domain (as defined in the Agreement) proceedings or similar proceedings, provided that such damage, destruction, loss of title or loss of use causes such Combined Group Property to be impracticable to operate. The Bonds are also subject to redemption by the Commission, at the direction of the Borrower Representative, in whole on any date at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, upon the occurrence of any changes in the Constitution of the United States of America or of the State of North Carolina, legislation or administrative action or failure of administrative action by the United States or the State of North Carolina or any agency or political subdivision of either thereof, or any judicial decision, to the extent that, in the opinion of the Board of Trustees of the Borrower and in the opinion of an independent architect, engineer or management consultant (as may be appropriate for the particular event)

either (i) the Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities are imposed on the Borrower which were not imposed on the Borrower as of the date of the Agreement.

Not less than ten (10) days before the redemption date of any Bonds, whether such redemption is in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be mailed, first-class, postage prepaid, to all registered owners owning Bonds to be redeemed in whole or in part, but failure so to mail any such notice to any registered owner or any defect in any notice so mailed shall not affect the validity of the proceedings for the redemption of the Bonds of any other registered owner as to which notice shall have been properly given. On the date fixed for redemption, notice having been mailed in the manner provided in the Trust Agreement, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If there has been delivered to the Bond Trustee, and the Bond Trustee is then holding in trust, money or Defeasance Obligations (as defined in the Trust Agreement) or a combination of both, sufficient to pay the redemption price of the Bonds to be redeemed plus accrued interest to the date of redemption, interest on the Bonds called for redemption shall cease to accrue; such Bonds or portions thereof shall cease to be entitled to any benefits or security under the Trust Agreement or to be deemed Outstanding (as defined in the Trust Agreement); and the registered owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

Any notice of redemption (other than a mandatory sinking fund redemption) may state that the redemption to be effected is conditioned upon the receipt by the Bond Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds are not received by the Bond Trustee on or prior to the redemption date, the redemption shall not be made and the Bond Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Taxable Loan

By purchasing this Bond, the Bank Holder unconditionally agrees that it shall be deemed to make a taxable loan (the "Taxable Take-Out Loan") to the Borrower in the following amounts under the following circumstances:

- (1) if the Bonds are required to be tendered for purchase at the direction of the Majority Bank Holders as described in (b) or (c) under "Mandatory Purchase Dates" above, and sufficient remarketing proceeds are not available to purchase the Bonds when so tendered, in an amount equal to the purchase price of this Bond;
- (2) if a Determination of Taxability as defined in Exhibit 1 shall have occurred, in an amount equal to the principal of and accrued interest on this Bond; or

- (3) in an amount equal to the principal of and accrued interest on this Bond if (i) an Event of Default under the Trust Agreement shall have occurred, (ii) the Majority Bank Holders direct the Bond Trustee to accelerate the Bonds and (iii) the Majority Bank Holders notify the Bond Trustee, the Commission and the Borrower in writing that the Bonds will be repaid with the Taxable Take-Out Loan.

As evidence of its obligations to repay the Taxable Take-Out Loan, the Borrower has executed and delivered to the Bank Holder its Obligation No. 16, dated as of December 13, 2012 ("Obligation No. 16"). Obligation No. 16 is issued under and secured by the Master Indenture. Upon making the Taxable Take-Out Loan, the Bank Holder shall surrender this Bond to the Bond Trustee for cancellation.

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement and except that any registered owner may institute action to enforce the payment of the principal of or the interest on such registered owner's Bond.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Trust Agreement, the principal of all Bonds then Outstanding under the Trust Agreement may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon.

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

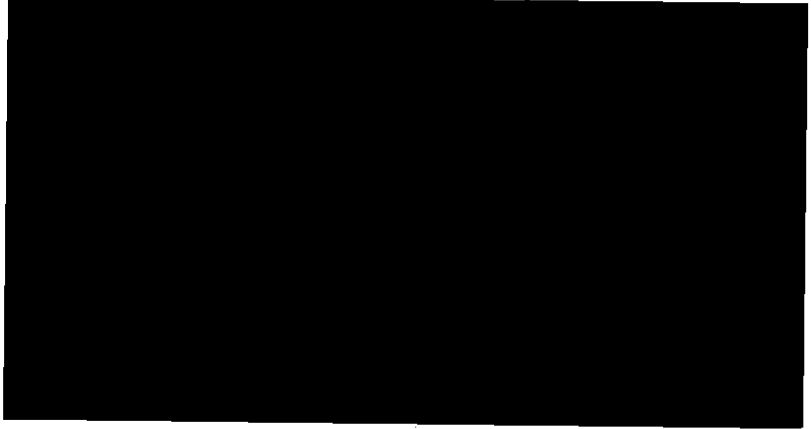
This Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be and shall be understood to be an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina.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

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

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Trustee of the certificate of authentication hereon.

IN WITNESS WHEREOF, the North Carolina Medical Care Commission has caused this Bond to be executed with the manual signatures of its Vice Chairman and its Assistant Secretary and its official seal to be impressed hereon and this Bond to be dated the 13th day of December, 2012.

NORTH CAROLINA MEDICAL CARE COMMISSION



CERTIFICATE OF AUTHENTICATION

Date of authentication: December 13, 2012

This Bond is a Bond issued under the provisions of the within-mentioned Trust Agreement.

The Bank of New York Mellon
Trust Company, N.A., as Bond Trustee,



ASSIGNMENT

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

[Please Print or Typewrite Name and Address of Transferee] the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed:

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

Exhibit 1

BANK-BOUGHT RATE PROVISIONS

Notwithstanding any provision of the Trust Agreement to the contrary, during the Bank-Bought Rate Period beginning on the date of Closing, the following provisions shall apply to the Bonds:

Definitions.

"Adjusted LIBOR Rate" means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/100th of 1.00%) by adding (i) the product of (x) [REDACTED] and (y) the LIBOR Rate plus (ii) the Spread. The Adjusted LIBOR Rate shall be adjusted monthly on each Interest Rate Change Date.

"Base Rate" means [REDACTED]

"Business Day" means any day of the year, other than a Saturday or a Sunday, on which the office of the Majority Bank Holder at which payments on the Bonds are to be made and banks located in the city in which the designated corporate trust office of the Bond Trustee is located are not authorized or required to remain closed, and, in respect of any determination relevant to the determination of the LIBOR Rate, any such day that is a London Business Day.

"Date of Taxability" means the earliest date as of which interest on the Bonds shall have been determined to be includable in the gross income of the Bank Holder pursuant to a Determination of Taxability.

"Default Rate" means the Base Rate plus [REDACTED] per annum.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

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

(ii) on the date when any Holder or prior Holder notifies the Commission and the Borrower that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability has occurred unless, within 180 days after receipt by the Commission and the Borrower of such notification from such Holder or prior Holder, the Commission or the Borrower shall deliver to each Holder and prior Holder (A) a ruling or determination letter issued to or on behalf of the Commission or the Borrower by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) or (B) a

written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

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

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

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Commission and the Borrower have been afforded the opportunity, at the sole expense of the Borrower, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from any Holder or prior Holder, the Borrower shall immediately reimburse such Holder or prior Holder for any payments such Holder or prior Holder shall be obligated to make as a result of the Determination of Taxability during any such contest.

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

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Interest Accrual Date” means the first day of the Bank-Bought Rate Period and, thereafter, each Interest Payment Date.

“Interest Rate Change Date” means the date the Bonds are first issued and the first day of each calendar month.

“LIBOR Rate” means the independent index which is the London Interbank Offered Rate of interest for an interest period of one (1) month, which appears on Bloomberg page BBAM under the column heading “USD” on the day that is two London Business Days preceding each Interest Rate Change Date.

“London Business Day” means any day on which commercial lenders in London, England are open for general business.

“Prime Rate” means the interest rate announced by JPMorgan Chase Bank, N.A. from time to time as its prime rate. Any change in the Prime Rate shall be effective as of the date such change is announced by JPMorgan Chase Bank, N.A.

“Spread”



“Standard Rate” means that rate of interest per annum that shall apply in lieu of the Adjusted LIBOR Rate in the event that the LIBOR Rate shall not be ascertainable or illegal or unlawful with respect to the Bank Holder. The Standard Rate shall be computed, for any day, as a rate per annum (rounded upwards, if necessary to the next 1/16th of 1.00%) equal to the Prime Rate per annum and each change in the Standard Rate shall be effective on the date any change in the Prime Rate is publicly announced as being effective.

Bank-Bought Rate.

The Bonds shall bear interest at the Adjusted LIBOR Rate unless:

(i) The LIBOR Rate shall not be ascertainable, for any reason, or for any reason it shall be illegal or unlawful for the Bank Holder to collect interest based on the LIBOR Rate, in which case the Bonds shall bear interest at the Standard Rate;

(ii) a Determination of Taxability shall have occurred, in which case the Bonds shall be deemed to have been redeemed with the proceeds of a taxable loan made by the Bank Holder to the Borrower and the Bank Holder shall surrender the Bonds to the Bond Trustee for immediate cancellation. Such taxable loan shall be deemed to have been made as of the Date of Taxability and shall be

evidenced by Obligation No. 16 and shall bear interest from the Date of Taxability at the Default Rate;

(iii) at any time after the date of Closing there should be any decline in the maximum marginal rate of Federal income tax applicable to the taxable income of the Bank Holder (the "Bank Holder Tax Rate"), then the Adjusted LIBOR Rate in effect hereunder from time to time as herein provided, for so long as there shall not have occurred a Determination of Taxability, shall be adjusted, effective as of the effective date of any such change in the Bank Holder Tax Rate, by multiplying the Adjusted LIBOR Rate by a fraction, the denominator of which is one hundred percent (100%) minus the Bank Holder Tax Rate in effect upon the date hereof, and the numerator of which is one hundred percent (100%) minus the Bank Holder Tax Rate after giving effect to such change; or

(iv) an Event of Default shall have occurred and be continuing, in which case the Bonds shall bear interest at the Default Rate.

Interest shall be paid on the first Business Day of each calendar month, commencing January 2, 2013, and shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Optional Redemption.

The Bonds shall be subject to optional redemption by the Commission, at the direction of the Borrower Representative, in whole on any Business Day or in part (in Authorized Denominations) on any Interest Payment Date, at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date; provided, however, that any redemption on a date other than any Interest Payment Date or a date that the Bonds are subject to mandatory tender for purchase in accordance with the Trust Agreement is subject to a redemption premium equal to the product of

Additional Required Payments under the Agreement.

The following shall be additional Required Payments under the Agreement:

(a) Upon an Event of Taxability, the Borrower shall pay to the Bank Holder any amounts that may be necessary to reimburse the Bank Holder for any interest, penalties or other charges assessed against the Bank Holder by reason of the Bank Holder not including interest on the Bonds in its federal gross income during the period following the Event of Taxability. The Borrower shall make reasonable arrangements satisfactory to the Commission and the Bank Holder for the payment of their reasonable expenses, including, but not limited to, reasonable legal expenses incurred in connection with any Event of Taxability. Notwithstanding any other provision of the Trust Agreement or the Agreement, the obligations of the Borrower pursuant to this paragraph shall continue following the expiration of the term of the Agreement; and

(b) (i) If any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration thereof after the date of issuance of the Bonds shall either (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against the Bonds or Obligation No. 15 or (ii) impose on the Bank Holder any other condition relating, directly or indirectly, to the Trust Agreement, the Bonds or Obligation No. 15, and the result of any event referred to in the preceding clause (i) or (ii) shall be to increase the cost to the Bank Holder of owning the Bonds, then, upon demand by the Bank Holder and beginning on the date that is two hundred and seventy (270) days after the date of such demand by the Bank Holder, the Bank Holder will charge the Borrower such additional amounts as shall be sufficient to compensate the Bank Holder for such increased cost; and

(c) If the Bank Holder shall determine that the adoption or implementation of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof after the date of issuance of the Bonds, or compliance by the Bank Holder with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bank Holder's capital, on the Bonds or otherwise, as a consequence of its ownership of the Bonds to a level below that which the Bank Holder could have achieved but for such adoption, change or compliance (taking into consideration the Bank Holder's policies with respect to capital adequacy) by an amount deemed by the Bank Holder to be material, then from time to time, upon demand by the Bank Holder and beginning on the date that is two hundred and seventy (270) days after the date of such demand by the Bank Holder, the Bank Holder will charge the Borrower such additional amounts as shall be sufficient to compensate the Bank Holder for such reduction.

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