

**NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**The North Carolina Medical Care Commission  
701 Barbour Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING FROM THE  
COMMISSION'S OFFICE  
DECEMBER 8, 2009  
11:00 A.M.**

**Members of the Executive Committee Present:**

Lucy Hancock Bode, Chairman  
Joseph D. Crocker, Vice-Chairman  
George H.V. Cecil  
Gerald P. Cox  
Charles T. Frock  
Dr. Robert E. Schaaf

**Members of the Executive Committee Absent:**

Mary L. Piepenbring

**Members of Staff Present:**

Christopher B. Taylor, CPA, Assistant Secretary  
Alice S. Creech, Bond Program Assistant

**Others Present:**

Kevin Dougherty, McGuire Woods, LLP  
Jeff Poley, Parker Poe Adams and Bernstein  
Allen K. Robertson, Robinson Bradshaw & Hinson, PA  
Genia Weeks, BB & T Capital Markets

1. **Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to FirstHealth of the Carolinas, Inc., (2) Series Resolution authorizing the issuance of up to \$27,364,250 North Carolina Medical Care Commission Health Care Facility Revenue Bonds (Lutheran Services for the Aging), Series 2009, (3) Series Resolution authorizing the issuance of \$30,000,000 North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2009, and (4) To authorize the sale of bonds, the proceeds of which are to be loaned to Lutheran Retirement Ministries (Twin Lakes) of Alamance County.

2. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$40,830,000 North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2009D (the “Bonds”).**- Remarks were made by Allen Robertson

**Executive Committee Action:** Motion was made by Mr. Gerald Cox, seconded by Mr. George Cecil and unanimously approved with Mr. Charles Frock abstaining from the vote.

WHEREAS, the North Carolina Medical Care Commission (the “Commission”) is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the “Act”), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities and to refund bonds previously issued by the Commission; and

WHEREAS, FirstHealth of the Carolinas, Inc. (the “Corporation”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “non-profit agency” within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds to (1) refund \$40,640,000 of the outstanding principal amount of the Commission’s Variable Rate Demand Health Care Facilities Revenue Bonds (FirstHealth of the Carolinas Project), Series 2009B (the “Refunded Bonds”) and (2) pay, or reimburse the Corporation for paying, certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed refunding and, by resolutions adopted by the Commission on October 7, 2009 and November 13, 2009, has approved the issuance of the Bonds (as defined below), subject to compliance by the Corporation with the conditions set forth in such resolutions, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

(a) a Contract of Purchase, dated December 9, 2009 (the "Purchase Agreement"), between the Local Government Commission of North Carolina and Branch Banking and Trust Company (the "Bank") and approved by the Commission and the Corporation, pursuant to which the Bank has agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement (as defined below);

(b) a Trust Agreement, dated as of December 1, 2009 (the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

(c) a Loan Agreement, dated as of December 1, 2009 (the "Loan Agreement"), between the Commission and the Corporation pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(d) a Supplemental Master Trust Indenture No. 17, dated as of December 1, 2009 ("Supplement No. 17"), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee") under the Second Amended and Restated Master Trust Indenture, dated as of February 1, 1998, between the Corporation and First Union National Bank, succeeded by The Bank of New York Mellon Trust Company, N.A., as master trustee, which includes the form of Master Obligation, Series 2009D, to be dated as of the date of delivery of the Bonds, to be issued by the Corporation to the Commission ("Master Obligation, Series 2009D"); and

(e) a Supplemental Master Trust Indenture No. 18, dated as of December 1, 2009 ("Supplement No. 18" and together with Supplement No. 17, the "Supplements"), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2009D-2, to be dated as of the date of delivery of the Bonds, to be issued by the Corporation to the Bank ("Master Obligation, Series 2009D-2" and together with Master Obligation, Series 2009D, the "Master Obligations"); and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, the Supplements and the Master Obligations; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

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

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2009D (the “Bonds”), in the aggregate principal amount of \$40,830,000. The Bonds shall mature on October 1, 2039 and shall bear interest at such rates determined in accordance with the Trust Agreement. The Bonds shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

The Bonds shall be issued as fully registered bonds in (i) denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any Weekly Interest Rate Period, Daily Interest Rate Period, Short-Term Interest Rate Period or Bank-Bought Rate Period and (ii) denominations of \$5,000 or any integral multiples thereof during any Long-Term Interest Rate Period. While bearing interest at any rate other than the Bank-Bought Rate, the Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to (i) optional, mandatory and extraordinary redemption, (ii) during any Daily Interest Rate Period or Weekly Interest Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, at all times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund the Refunded Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as

they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Supplements and the Master Obligations are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Bank at the purchase price of \$40,830,000.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Bank against payment therefor.

Section 11. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustee for the Bonds.

Section 12. If the Bonds are ever converted to an interest rate other than the Bank-Bought Rate, the Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and registered owner of the Bonds.

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

Section 14. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, and the Purchase Agreement.

Section 15. All references in this Resolution to the Secretary of the Commission include any Acting Secretary of the Commission.

Section 16. This Series Resolution shall take effect immediately upon its passage.

3. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$29,535,000 North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2010 (the "Bonds").**

**Executive Committee Action:** Motion was made by Mr. Gerald Cox, seconded by Mr. George Cecil and unanimously approved with Mr. Charles Frock abstaining from the vote.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities and to refund bonds previously issued by the Commission; and

WHEREAS, FirstHealth of the Carolinas, Inc. (the "Corporation") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "non-profit agency" within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds to (1) refund \$29,400,000 of the outstanding principal amount of the Commission's Variable Rate Demand Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2008A (the "Refunded Bonds") and (2) pay, or reimburse the Corporation for paying, certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed refunding and, by resolutions adopted by the Commission on October 7, 2009 and November 13, 2009, has approved the issuance of the Bonds (as defined below), subject to compliance by the Corporation with the conditions set forth in such resolutions, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

(f) a Contract of Purchase, dated January 6, 2010 (the "Purchase Agreement"), between the Local Government Commission of North Carolina and Branch Banking and Trust Company (the "Bank") and approved by the Commission and the Corporation, pursuant to which the Bank has agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement (as defined below);

(g) a Trust Agreement, dated as of January 1, 2010 (the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

(h) a Loan Agreement, dated as of January 1, 2010 (the "Loan Agreement"), between the Commission and the Corporation pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(i) a Supplemental Master Trust Indenture No. 19, dated as of January 1, 2010 ("Supplement No. 19"), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee") under the Second Amended and Restated Master Trust Indenture, dated as of February 1, 1998, between the Corporation and First Union National Bank, succeeded by The Bank of New York Mellon Trust Company, N.A., as master trustee, which includes the form of Master Obligation, Series 2010A, to be dated as of the date of delivery of the Bonds, to be issued by the Corporation to the Commission ("Master Obligation, Series 2010A"); and

(j) a Supplemental Master Trust Indenture No. 20, dated as of January 1, 2010 ("Supplement No. 20" and together with Supplement No. 19, the "Supplements"), between the Corporation and the Master Trustee, which includes the form of Master Obligation, Series 2010B, to be dated as of the date of delivery of the Bonds, to be issued by the Corporation to the Bank ("Master Obligation, Series 2010B" and together with Master Obligation, Series 2010A, the "Master Obligations"); and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, the Supplements and the Master Obligations; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

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

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Variable Rate Health Care Facilities Revenue Refunding Bonds (FirstHealth of the Carolinas Project), Series 2010 (the “Bonds”), in the aggregate principal amount of \$29,535,000. The Bonds shall mature on October 1, 2028 and shall bear interest at such rates determined in accordance with the Trust Agreement. The Bonds shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

The Bonds shall be issued as fully registered bonds in (i) denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any Weekly Interest Rate Period, Daily Interest Rate Period, Short-Term Interest Rate Period or Bank-Bought Rate Period and (ii) denominations of \$5,000 or any integral multiples thereof during any Long-Term Interest Rate Period. While bearing interest at any rate other than the Bank-Bought Rate, the Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to (i) optional, mandatory and extraordinary redemption, (ii) during any Daily Interest Rate Period or Weekly Interest Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, at all times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund the Refunded Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as



they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Supplements and the Master Obligations are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Bank at the purchase price of \$29,535,000.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Bank against payment therefor.

Section 11. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustee for the Bonds.

Section 12. If the Bonds are ever converted to an interest rate other than the Bank-Bought Rate, the Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and registered owner of the Bonds.

Section 13. The Secretary of the Commission and Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 14. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, and the Purchase Agreement.

Section 15. All references in this Resolution to the Secretary of the Commission include any Acting Secretary of the Commission.

Section 16. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Required Redemption of the FirstHealth 2009D Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$175,000	2033	\$4,955,000
2026	165,000	2034	5,195,000
2027	145,000	2035	5,440,000
2028	165,000	2036	5,705,000
2029	25,000	2037	5,975,000
2030	25,000	2038	6,265,000
2031	25,000	2039*	6,550,000
2032	20,000		

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\*Maturity

Required Redemption of the FirstHealth 2010 Bonds

<u>Year</u>	<u>Amount</u>
2024	\$ 520,000
2025	6,810,000
2026	7,100,000
2027	7,395,000
2028*	7,710,000

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\*Maturity

Professional Fees Comparison for  
FirstHealth 2009C Bonds (\$54,500,000 fixed rate refunding bonds),  
FirstHealth 2009D Bonds (\$48,830,000 2% de minimus bank-bought bonds)  
and FirstHealth 2010 Bonds (\$29,535,000 bank-qualified bonds)

<u>Professional</u>	<u>Fees Estimated In Preliminary Approval Resolution</u>	<u>Actual Fees</u>
Underwriters' discount (2009C)	\$1,000,000	\$482,200
Accountants (2009C)	25,000	25,000
Corporation counsel (2009C; 2009D; 2010)	75,000	75,000 (2009C, 32,652; 2009D, 25,000; 2010, 17,348)
Bond counsel (2009C; 2009D; 2010)	100,000	100,000 (2009C, 45,000; 2009D, 35,000; 2010, 20,000)
Underwriters counsel (2009C)	80,000	40,000
Financial advisor (2009C; 2009D; 2010)	125,000	103,500 (2009C, 45,060; 2009D, 34,000; 2010, 24,440)
Bank loan origination fee (2009D; 2010)	200,000	105,547 (2009D, 61,245; 2010, 44,302.50)
Bank counsel (2009D; 2010)	130,000	40,000 (2009D, 23,325; 2010, 16,675)

4. Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of up to \$38,000,000 North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (Lutheran Retirement Ministries), Series 2009 and Series 2010-Remarks were made by Genia Weeks and Jeff Poley.

**Executive Committee Action:** Motion was made by Mr. Gerald Cox, seconded by Mr. Charles Frock and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, Lutheran Retirement Ministries of Alamance County (the "Corporation") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "nonprofit agency" within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) refund the Refunded Bonds (as defined in the Trust Agreements) and (b) pay certain fees and expenses incurred in connection with the issuance and sale of the Bonds (as defined below) by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed refunding and, by a resolution adopted on November 9, 2009, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

(a) Loan Agreement dated as of December 1, 2009 between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the 2009 Bonds (as defined below) to the Corporation;

(b) Loan Agreement dated as of January 1, 2010 between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the 2010 Bonds (as defined below) to the Corporation;

(c) Trust Agreement dated as of December 1, 2009 between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Bond Trustee"), pursuant to which the 2009 Bonds will be issued;

(d) Trust Agreement dated as of December 1, 2009 between the Commission and the Bond Trustee, pursuant to which the 2010 Bonds will be issued;

(e) a Contract of Purchase, to be dated on or about December 29, 2009 (the "2009 Purchase Agreement"), between the Local Government Commission of North Carolina (the "LGC") and Branch Banking and Trust Company (the "Bank Purchaser") and approved by the Corporation and the Commission, pursuant to which the Bank Purchaser will offer to purchase the 2009 Bonds;

(f) a Contract of Purchase, to be dated on or about January 14, 2010 (the "2010 Purchase Agreement" and, together with the 2009 Purchase Agreement, the "Purchase Agreements"), between the LGC and the Bank Purchaser and approved by the Corporation and the Commission, pursuant to which the Bank Purchaser will offer to purchase the 2010 Bonds;

(g) a Master Trust Indenture dated as of October 1, 2007 (the "Master Indenture") between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee");

(h) a Supplemental Indenture for Obligation No. 5 dated as of December 1, 2009 ("Supplement No. 5") between the Corporation and the Master Trustee;

(i) Obligation No. 5 dated as of the date of delivery thereof ("Obligation No. 5") from the Corporation to the Commission in connection with the 2009 Bonds;

(j) a Supplemental Indenture for Obligation No. 6 dated as of December 1, 2009 ("Supplement No. 6") between the Corporation and the Master Trustee;

(k) Obligation No. 6 dated as of the date of delivery thereof (“Obligation No. 6”) from the Corporation to the Bank Purchaser in connection with the 2009 Bonds;

(l) a Supplemental Indenture for Obligation No. 7 dated as of January 1, 2010 (“Supplement No. 7”) between the Corporation and the Master Trustee;

(m) Obligation No. 7 dated as of the date of delivery thereof (“Obligation No. 7”) from the Corporation to the Medical Care Commission in connection with the 2010 Bonds;

(n) a Supplemental Indenture for Obligation No. 8 dated as of January 1, 2010 (“Supplement No. 8” collectively with Supplement No. 5, Supplement No. 6 and Supplement No. 7, the “Supplemental Indentures”) between the Corporation and the Master Trustee; and

(o) Obligation No. 8 dated as of the date of delivery thereof (“Obligation No. 8” and, collectively with Obligation No. 5, Obligation No. 6 and Obligation No. 7, the “Obligations”) from the Corporation to the Bank Purchaser in connection with the 2010 Bonds; and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreements, the Master Indenture, the Supplemental Indentures, the Obligations, and the Deed of Trust (as defined in the Master Indenture); and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

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

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Master Indenture, the Trust Agreements and the Loan Agreements.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (Lutheran Retirement Ministries), Series 2009 (the “2009 Bonds”) and 2010 (the “2010 Bonds”), in an aggregate principal amount not to exceed \$38,000,000 (collectively, the “Bonds”). The Bonds shall mature no later than January 31, 2037 and shall bear interest at such rates determined in accordance with the Trust Agreements and shall be subject to the Sinking Fund Requirements set forth in the Trust Agreements (which requirements are currently set forth in Exhibit A).

The Bonds shall be issued as fully registered bonds in (i) denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 during any Bank-Bought Rate Period or Weekly Rate Period and (ii) denominations of \$5,000 and any integral multiples thereof during any Long-Term Rate Period or Adjustable Rate Period. While bearing interest at the Weekly Rate, Long-Term Rate or Adjustable Rate, the Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid at the times and at the rates

determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreements.

Section 3. The Bonds shall be subject to (i) optional, extraordinary and mandatory redemption, (ii) during any Weekly Rate Period or Adjustable Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreements.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.10 of the Trust Agreements. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund the Refunded Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreements and the Loan Agreements are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreements and the Loan Agreements in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreements are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreements in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Bonds set forth in the Trust Agreements are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreements, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Supplemental Indentures and the Obligations are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any

member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreements as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the Bonds to the Bank in accordance with the Purchase Agreements at the purchase price of 100% of the principal amount thereof.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreements, the Bonds shall be deposited with the Bond Trustees for authentication, and the Bond Trustees is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.10 of the Trust Agreements, the Bond Trustee shall deliver the Bonds to the Bank against payment therefor.

Section 11. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustees for the Bonds.

Section 12. If the Bonds are converted to the Weekly Rate, a Long-Term Rate or an Adjustable Rate, The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository of the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 13. Lucy H. Bode, Chairman of the Commission, the Secretary of the Commission (currently William J. Horton, Acting Secretary), and Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreements, with full power to carry out the duties set forth therein.

Section 14. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreements and the Loan Agreements.

Section 15. All references in this Resolution to the Secretary of the Commission include any Acting Secretary of the Commission.

Section 16. The Commission hereby recommends that the Governor of the State of North Carolina approve the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, and hereby requests such approval.

Section 17. This Series Resolution shall take effect immediately upon its passage.

**Sinking Fund Schedules**2009 Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2014	1,965,000	2026	1,005,000
2015	2,035,000	2027	1,040,000
2016	2,100,000	2028	1,085,000
2017	2,185,000	2029	1,015,000
2018	2,290,000	2030	1,150,000
2019	2,355,000	2031	1,195,000
2020	815,000	2032	1,235,000
2021	840,000	2033	1,275,000
2022	870,000	2034	575,000
2023	910,000	2035	595,000
2024	940,000	2036	615,000
2025	970,000	2037*	570,000

\* Maturity

2010 Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$1,790,000	2013*	\$1,880,000
2012	1,825,000		

\* Maturity

**Professional Fees Comparison for Twin Lakes 2009 Bonds and 2010 Bonds**

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Accountants	\$10,000	\$10,000
Corporation counsel	20,000	18,000
Bond counsel	40,000	46,000
Bank Commitment Fee	53,025	52,673
Bank Counsel	30,000	35,000
Placement Fee	30,000	30,000
LGC Fee	3,500	3,500
Miscellaneous	3,475	3,475



**5. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$29,995,000 NORTH CAROLINA MEDICAL CARE COMMISSION RETIREMENT FACILITIES REVENUE REFUNDING BONDS (ALDERSGATE), SERIES 2009 -**  
Remarks were made by Jeff Poley and Genia Weeks.

**Executive Committee Action:** Motion was made by Mr. Gerald Cox, seconded by Dr. Robert Schaaf, and unanimously approved.

**WHEREAS**, the North Carolina Medical Care Commission (the “Commission”) is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the “Act”), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities;

**WHEREAS**, Aldersgate United Methodist Retirement Community, Inc. (the “Borrower”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

**WHEREAS**, the Borrower has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refund a portion of the Commission’s outstanding North Carolina Medical Care Commission Variable Rate Demand Retirement Facilities Revenue Bonds (Aldersgate Project), Series 2001 (the “Prior Bonds”) and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined);

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on October 7, 2009, has approved the issuance of the Bonds, subject to compliance by the Borrower with the conditions set forth in such resolution, and the Borrower has complied with such conditions to the satisfaction of the Commission;

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

(a) the Bond Purchase Agreement, to be dated the date of sale of the Bonds (the “Bond Purchase Agreement”), by and between the Local Government Commission of North Carolina (the “Local Government Commission” or the “LGC”) and Branch Banking and Trust Company (the “Bond Purchaser”), and approved by the Commission and the Borrower;

(b) the Loan Agreement, to be dated as of December 1, 2009 or such other date as shall be agreed upon by the parties thereto (the “Loan Agreement”), by and between the Borrower and the Commission, pursuant to which the Commission will lend the proceeds of the Bond to the Borrower;

(c) the Master Trust Indenture, dated July 1, 2001 (the “Master Indenture”), by and between the Borrower, Aldersgate United Methodist Retirement Community Foundation, Inc. and The Bank of New York, as master trustee (the “Master Trustee”);

(d) the Supplemental Indenture for Obligation No. 3, to be dated as of December 1, 2009 or such other date as shall be agreed upon by the parties thereto (the “Supplement No. 3”), by and between the Borrower and the Master Trustee, and Obligation No. 3 to be issued to the Commission thereunder (“Obligation No. 3”);

(e) the Supplemental Indenture for Obligation No. 4, to be dated as of December 1, 2009 or such other date as shall be agreed upon by the parties thereto (the “Supplement No. 4”), by and between the Borrower and the Master Trustee, and Obligation No. 4 to be issued to the Bond Purchaser thereunder (“Obligation No. 4”);

(f) the Assignment, to be dated the date of issuance of the Bonds, from the Commission to the Bond Purchaser and consented to by the Borrower;

(g) the Deed of Trust and Security Agreement, dated as of July 1, 2001, from the Borrower for the benefit of the Bond Purchaser, and the amendment thereto (collectively, the “Deed of Trust”); and

(h) the Letter of Instructions, to be dated the issuance of the Bonds (the “Letter of Instructions”), to be delivered to The Bank of New York, as trustee for the Prior Bonds (the “Prior Trustee”);

**WHEREAS**, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Borrower, the Borrower is financially responsible and capable of fulfilling their obligations under the Loan Agreement, Supplement No. 3, Supplement No. 4, Obligation No. 3 and Obligation N. 3; and

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

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

**Section 1. Defined Terms.** Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Loan Agreement.

**Section 2. Authorization of Bonds.** Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2009 in the aggregate principal amount of \$29,955,000 (the “Bonds”) dated as of their original date of issuance and having a final stated maturity date of January 1, 2031.

The Bonds shall be issued as fully registered Bonds in authorized denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, shall be registered in the name of Branch Banking and Trust Company, as the initial purchaser of the Bonds, and shall be numbered R-1. Commencing on the date of original delivery of the Bonds, the Bonds shall bear interest at the variable rate of interest provided for in the Bonds. Interest on the Bonds shall be

payable in installments on the first day of each month, commencing on January 1, 2010, as provided for in the Bonds (except as may be waived by the Bond Purchaser). Principal of the Bonds shall be payable in installments on the first day of each January, commencing January 1, 2013, as provided for in the Bonds. The Commission has determined that the Bonds shall be substantially in the form attached hereto as Exhibit A, with such variations, omissions and insertions as are consistent with the terms and provisions of this Series Resolution.

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

**Section 4. Mandatory Tender for Purchase.** The Bonds shall be subject to mandatory tender for purchase at the times, upon the terms and conditions, and at the price set forth in the Bonds.

**Section 5. Application of Bond Proceeds.** The proceeds of the Bonds shall be applied at Closing as follows:

(a) \$29,675,000 shall be transferred to the Prior Trustee to refund the Prior Bonds; and

(b) the balance of \$320,000 shall be transferred to the Borrower and shall be applied to pay, or reimburse the Borrower for paying, issuance costs, within the meaning of Section 147(g) of the Code, incurred in connection with the issuance of the Bonds; and

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

**Section 6. Authorization of Loan Agreement, Letter of Instructions and Assignment.** The forms, terms and provisions of the Loan Agreement, the Letter of Instructions and the Assignment are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement, the Letter of Instructions and the Assignment in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission. The Commission hereby acknowledges that the Loan Agreement, by its terms, supercedes certain of the reporting requirements Borrower has previously made in a prior loan agreement with the Commission.

**Section 7. Authorization of Bond Purchase Agreement.** The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem

necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 8. Form of Bonds.** The form of the Bonds attached hereto as Exhibit A is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, the Bonds in definitive form, which shall be in substantially the form presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with this Series Resolution; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such person had remained in office until such delivery, and also the Bonds may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of the Bonds shall be the proper officers to sign the Bonds although at the date of the Bonds such persons may not have been such officers.

The form of the Bonds attached hereto as Exhibit A may be modified between the date of this Series Resolution and the date the Bonds are delivered to conform with any requirements imposed by the Commission relating to privately placed bank qualified debt and in order to reduce any risks relating to “reissuance” of the Bonds at the end of any holding periods. In addition, the various interest rates set forth in the Bonds may be changed prior to the delivery thereof if agreed by the Borrower and Bank Purchaser.

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

**Section 9. Approval of Other Financing Documents.** The forms, terms and provisions of the Master Indenture, Supplement No. 3, Supplement No. 4, Obligation No. 3 and Obligation No. 4 are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Loan Agreement pursuant to Section 6 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 9.

**Section 10. Purchase Price of Bonds.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Bond Purchaser at a purchase price of \$29,995,000, the same being the principal amount of the Bonds.

**Section 11. Registration of Bonds.** The Commission shall keep the register of the record owners of the Bonds (the “Register”) for the registration and registration of transfer of the Bonds. The transfer of the Bonds may be registered only upon the Register upon surrender thereof to the Commission together with an assignment duly executed by the registered owner or such owner’s attorney or legal representative in such form as shall be satisfactory to the Commission. Upon any such registration of transfer the Commission shall execute and deliver in exchange for such Bonds a new registered Bonds, registered in the name of the transferee, in the aggregate principal amount equal to the principal amount of such Bonds surrendered or exchanged, of the same series and maturity and bearing interest at the same rate. Registrations of transfer or exchanges of the Bonds shall be without charge to the registered owners of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege.

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

**Section 12. Ownership of Bonds.** The Commission and any agent of the Commission may treat the person in whose name the Bonds are registered as the owner of such Bonds for the purpose of receiving payment of principal of and premium, if any, and interest on, such Bonds, and for all other purposes whatsoever, whether or not such Bonds be overdue, and, to the extent permitted by law, neither the Commission nor any such agent shall be affected by notice to the contrary.

**Section 13. Mutilated, Lost, Stolen or Destroyed Bonds.** In case any Bond shall become mutilated or be destroyed, stolen or lost, the Commission shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the registered owner shall pay the reasonable expenses and charges of the Commission in connection therewith and, in case of a Bond destroyed or lost, the registered owner shall file with the Commission evidence satisfactory to it that such Bond was destroyed or lost, and of such registered owner’s ownership thereof, and shall furnish the Commission indemnity satisfactory to it.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Commission, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof. The Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of a mutilated, destroyed, lost or stolen

Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

**Section 14. Covenant to Pay Bonds; Bonds Are Limited Obligations of Commission.** The Commission shall cause to be paid when due the principal of (whether at maturity, by acceleration, by call for redemption or otherwise), the premium, if any, interest and any other amount on, the Bonds at the places, on the dates and in the manner provided in this Series Resolution and in said Bonds according to the true intent and meaning thereof; provided, that it is understood that the Bonds are not general obligations of the Commission but are limited obligations and are payable solely from the revenues and receipts derived in respect of Obligation No. 3 and the money attributable to proceeds of the Bonds and, under certain circumstances, proceeds of insurance, condemnation awards and proceeds derived from the exercise of remedies, and not from any other fund or source. The Bonds issued under this Series Resolution shall not be secured by a pledge of the full faith and credit of the State or of any political subdivision thereof, including the Commission, or be deemed to create an indebtedness of the State or any political subdivision thereof, including the Commission, but shall be payable solely from the revenues and other funds provided for their payment under Obligation No. 3 and the Loan Agreement.

The Commission covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Series Resolution, in the Bonds executed and delivered hereunder and in all proceedings of the Commission pertaining thereto and will faithfully observe and perform at all times any and all covenants, undertakings, stipulations and provisions of the Loan Agreement on its part to be observed or performed. The Commission covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to assign the Loan Agreement and Obligation No. 3 as security for the Bonds; and that all action on its part for the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the Holder thereof are, and will be the valid and binding obligation of the Commission according to its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and usual equitable principles.

The Commission covenants that it will fulfill its obligations and that it will require the Borrower to perform its duties and obligations under Obligation No. 3 and the Loan Agreement. The Commission shall not execute or agree to any change, amendment, modification or supplement of or to the Loan Agreement, except as is provided in the Loan Agreement. The Commission shall administer the Loan Agreement in accordance with its terms and shall not agree to any reduction, abrogation, waiver, diminution or other modification in any manner and to any extent whatsoever of the obligation of the Borrower to make the Total Required Payments as provided in the Loan Agreement.

**Section 15. Further Instruments and Actions.** At the request of the Group Representative, the Commission shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Series Resolution, the Loan Agreement and the Assignment.

**Section 16. No Recourse Against Members, Officers or Employees of Commission or LGC.** No recourse under, or upon, any statement, obligation, covenant, or agreements contained in this Series Resolution, or in the Bonds, or in the Loan Agreement, or in any document or certification whatsoever, or under any judgment obtained against the Commission or the LGC or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Commission or the LGC, either directly or through the Commission or the LGC, respectively, or otherwise, for the payment for or to the Commission or the LGC or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Commission or the LGC or any receiver of either of them, or for, any Holder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby issued, is hereby expressly waived and released as an express condition of, and in consideration for, the issuance of the Bonds.

**Section 17. Expenses Payable Under Series Resolution.** All expenses incurred in carrying out this Series Resolution shall be payable solely from funds derived by the Commission from its loan of the proceeds of the Bonds to the Borrower. Anything in this Series Resolution or the Loan Agreement to the contrary notwithstanding, the performance by the Commission of all duties and obligations imposed upon it hereby and thereby, the exercise by it of all powers granted to it hereunder and thereunder, the carrying out of all covenants, agreements and promises made by it hereunder and thereunder, and the liability of the Commission for all warranties and other covenants herein and therein shall be limited solely to the money and revenues received from the payments by the Borrower in respect to Obligation No. 3 and under the Loan Agreement, and from money attributable to the proceeds of Bonds, or the income from the investment thereof, if any, and, to the extent herein or in the Loan Agreement provided, the proceeds of insurance, sale and condemnation awards, and the Commission shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds and payments.

**Section 18. Commission Representatives.** Christopher B. Taylor, C.P.A., Assistant Secretary to the Commission, Kathy C. Larrison, Auditor to the Commission, and William L. Warren, Chief of the Construction Section of the Division of Health Service Regulation, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

**Section 19. Designation of Bonds as Qualified Tax-exempt Obligations.** The Commission hereby designates the Bonds as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

**Section 20. Ancillary Actions.** The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they,

with the advice of counsel, may deem necessary or appropriate to effect the transactions, including the refunding of the Prior Bonds, contemplated by the Loan Agreement, the Bond Purchase Agreement, the Assignment, Letter of Instructions, the Master Indenture, Supplement No. 3, Supplement No. 4, Obligation No. 3 and Obligation No. 4.

**Section 21. Effective Date.** This Series Resolution shall take effect immediately upon its passage.

**EXHIBIT A**

**[FORM OF BOND]**

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

**NORTH CAROLINA MEDICAL CARE COMMISSION  
RETIREMENT FACILITIES REVENUE REFUNDING BONDS  
(ALDERSGATE)  
SERIES 2009**

R-1

\$29,995,000

FINAL  
MATURITY DATE

January 1, 2031

ORIGINAL  
ISSUANCE DATE

December 30, 2009

For value received, the North Carolina Medical Care Commission (the "Commission") of the Department of Health and Human Services promises to pay, but solely from the sources and in the manner hereinafter provided, to the Bondholder (hereinafter defined), or to its registered assigns, the principal sum of TWENTY-NINE MILLION NINE HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$29,995,000), in consecutive yearly principal installments due and payable on the first day of each January, commencing January 1, 2013, and continuing to January 1, 2031, in the amounts set forth on Schedule 1 hereto, and to pay, solely from such sources, accrued interest on the unpaid principal amount of this Bond, from the Original Issuance Date set forth above until the principal amount hereof and interest hereon is paid in full, in monthly interest installments on the first day of each month, the first such payment becoming due on January 1, 2010, at the rate per annum equal to either the Adjusted LIBOR Rate or the Taxable Adjusted LIBOR Rate (both as hereinafter defined), as applicable, which rate shall be computed on the basis of a 360-day year for the actual number of days elapsed. The determination by the Bondholder of the interest rate borne by this Bond shall be conclusive and binding on (i) the Commission and (ii) Aldersgate United Methodist Retirement Community, Inc. (the "Borrower").

The principal sum payable under this Bond shall be equal to the amount indicated on the face of this Bond, less the aggregate amount of principal payments which have been made on this Bond (whether upon principal installment dates, by redemption or otherwise). No notation is required to be made hereon as to the payment of any installment of principal or interest on this Bond. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL



SUM REMAINING OUTSTANDING AND DUE HEREUNDER. The Bondholder, by its acceptance hereof, agrees that before any sale, assignment or transfer of this Bond, it shall note hereon in the certificate at the foot of this Bond the aggregate amount of all payments and prepayments of principal of which have been made on this Bond and the last date to which interest has been paid hereon.

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

If at any time after the Original Issuance Date set forth above there shall be any decline in the combined rate of federal and North Carolina income tax applicable to the taxable income in excess of \$100,000 of the Bondholder, its successors or assigns (the “Bank 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 Tax Rate, by multiplying the Adjusted LIBOR Rate by a fraction, the denominator of which is one hundred percent (100%) minus the Bank Tax Rate in effect upon the Original Issuance Date set forth above, and the numerator of which is one hundred percent (100%) minus the Bank Tax Rate after giving effect to such change.

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

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

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

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

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

“Adjusted LIBOR Rate” means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16th of 1.00% (if swap involved, use 1/100th)) by adding (i) the product of (x) 68% and (y) One-Month LIBOR plus (ii) 1.4625% per annum. The Adjusted LIBOR Rate shall be adjusted (i) monthly on the first day of each LIBOR Interest Period and (ii) for any change in the LIBOR Reserve Percentage so that Bank shall receive the same yield.

“Adjusted Non-BQ LIBOR Rate” means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16th of 1.00%) by adding (i) the product of (x) 78% and (y) One-Month LIBOR plus (ii) 1.4625% per annum. The Adjusted Non-BQ LIBOR Rate shall be adjusted (i) monthly on the first day of each LIBOR Interest Period and (ii) for any change in the LIBOR Reserve Percentage so that Bondholder shall receive the same yield.

“Bank Bought Period” means the period from the Closing until January 1, 2015 (unless extended as set forth in Obligation No. 4) and each three year period thereafter (or such three year period after such extension, if any). The Bank Bought Period may be a period less than or greater than three years, if, at least 75 days prior to the first day of the new Bank Bought Period, the Borrower, causes, at its expense, an opinion of a nationally recognized bond counsel to the effect that changing the term of the Bank Bought Period will not have an adverse effect on any exemption from federal income taxation to which interest on the Bonds would otherwise be entitled is delivered to the Bondholder and the Commission.

“Bank Bought Rate” means, collectively, the various rates of interest that may apply during any Bank Bought Period.

“Bondholder” means, for the first Bank Bought Period, Branch Banking and Trust Company, its successors and assigns, and then for each other Bank Bought Period, the holder of the Bond during such Bank Bought Period.

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

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

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

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

(i) on that date when the 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 the Bondholder or any former Bondholder 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 shall have occurred unless, within 180 days after receipt by the Borrower of such notification from the Bondholder or any former Bondholder, the Borrower shall deliver to the Bondholder and any former Bondholder a ruling or determination letter issued to or on behalf of the Commission or the Borrower by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

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

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

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Borrower has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if

made, has been finally determined; provided further, however, that upon demand from the Bondholder or former Bondholder, the Commission shall promptly reimburse, but solely from payments made by the Borrower, such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

“Event of Taxability” shall mean a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Borrower, or the failure to take any action by the Borrower, or the making by 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 the Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes.

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

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

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

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

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

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

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

“Taxable Adjusted LIBOR Rate” shall mean a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16th of 1.00% (if swap involved, use 1/100th)), by adding (i) One-Month LIBOR plus (ii) 2.25% per annum. The Taxable Adjusted LIBOR Rate shall be adjusted monthly on the first day of each LIBOR Interest Period. The Taxable Adjusted LIBOR Rate shall be adjusted for any change in the LIBOR Reserve Percentage so that the Bank Holder shall receive the same yield.

The Commission has designated the Bonds as “qualified tax exempt obligations” for the purpose of Section 265(b)(3) of the Code.

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

This Bond is one of a duly authorized series of revenue bonds of the Commission, designated “North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2009” (the “Bonds”), issued pursuant to a Series Resolution adopted by the Executive Committee of the Commission on December 8, 2009 (the “Series Resolution”). The Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) refund the Prior Bonds (as defined in the Series Resolution) and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds.

The Bonds are limited obligations of the Commission. The Commission is not obligated to pay the principal of, the premium, if any, or the interest on the Bonds except from the revenues and other funds pledged or assigned to the Bondholder, and neither the faith and credit nor the taxing power of the State of North Carolina or of any political subdivision thereof is pledged as security for the payment of the principal of, premium, if any, or the interest on the Bonds. 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, 2009 (herein called the “Loan Agreement”), with 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 Bondholder (the “Loan Repayments”) in such amounts and at such times as are required to provide for timely payment of the principal of, premium, if any, and interest on the Bonds.

As evidence of their indebtedness under the Loan Agreement, the Borrower has executed and delivered to the Commission its Obligation No. 3. Obligation No. 3 is being issued pursuant to a Master Trust Indenture, dated as of July 1, 2001 (the “Master Indenture), between the Borrower, Aldersgate United Methodist Retirement Community Foundation, Inc and The Bank of New York, as master trustee (the “Master Trustee”) and Supplemental Indenture for Obligation No. 3, to be dated as of December 1, 2009 or such other date as shall be agreed upon by the parties thereto (the “Supplement No. 3”), by and between the Borrower and the Master Trustee.

Pursuant to an Assignment the Commission has, for the benefit of the owner of the Bonds, assigned Obligation No. 3 and the Commission’s rights under the Loan Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the Commission, including its rights to notices, payment of certain expenses and indemnity).

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

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

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

The Borrower shall have the option to convert the rate of interest payable on the Bonds from the Bank Bought Rate to a new Bank Bought Rate at the end of each Bank Bought Period (each, a “Conversion Date”). 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 Commission or the Borrower, 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. on the proposed Conversion Date, this Bond will be deemed tendered, and to the extent there shall be on deposit with Commissioner or the Borrower 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.

During any Bank Bought Period, the Bonds will bear interest at the Bank Bought Rate. The Bonds shall bear interest during the Bank Bought Period beginning on the date of initial delivery of this Bonds. On any Conversion Date to the Bank Bought Rate or to a new Bank Bought Rate, the Bonds shall bear interest during the Bank Bought Period beginning on the Conversion Date at the Bank Bought Rate described in the Conversion Notice. The determination of the Bank Bought Rate by the Bondholder shall be conclusive and binding upon the Commission and the Borrower.

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

The Bonds shall be subject to optional redemption by the Commission, at the direction of the Group Representative, in whole or in part 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, provided that any such redemption in part shall be in an aggregate principal amount not less than \$100,000.

The Bonds shall be subject to optional redemption by the Commission, at the direction of the Group Representative, at a redemption price equal to 100% of the principal amount of the Bond to be redeemed, plus accrued interest to the redemption date, (i) in whole or in part on any date from amounts received by the Borrower as insurance proceeds with respect to any casualty loss or failure of title or as condemnation awards, upon the occurrence of damage to or destruction of all or any part of the Property and Equipment (as defined in the Loan Agreement) by fire or casualty, or loss of title to or use of all or any part of the Property and Equipment as a

result of the failure of title or as a result of eminent domain proceedings or proceedings in lieu thereof (if such damage, destruction, loss of title or loss of use causes such Property and Equipment to be impracticable to operate, as evidenced by an Officer's Certificate filed with the Commission and the Bondholder); provided, however, that any redemption in part shall be in an aggregate principal amount not less than \$100,000, or in whole at such price on any date if there are changes in the Constitution of the United States of America or of the State of North Carolina or legislation or administrative action or failure of administrative action, by the United States of America or the State of North Carolina or any agency or political subdivision of either thereof, or by reason of any judicial decision, to the extent that in the opinion of the board of trustees of the Borrower (expressed in a resolution) and in the opinion of an independent management consultant, both filed with the Commission and the Bondholder, (A) the Loan Agreement is impossible to perform without unreasonable delay or (B) unreasonable burdens or excessive liabilities not being imposed on the date of the Agreement are imposed on the Borrower.

Not less than thirty (30) days but not more than sixty (60) days before the redemption date, whether such redemption is in whole or in part, the Group Representative shall cause a notice of any such redemption to be mailed, first-class, postage prepaid, to the Bondholder. Such notice shall specify the aggregate principal amount of the Bonds to be purchased, redeemed or paid at maturity and the date or dates on which the purchaser, redemption or payment is to occur. On the date fixed for redemption, notice having been mailed in the manner herein provided, 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.

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

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

The Bonds shall be subject to mandatory tender for purchase on the first Business Day that is at least 180 days after the Borrower receives written notice from the Bondholder directing a mandatory purchase of the Bonds, but in any event not before the last day of the Bank Bought Period, at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the date of purchase.

By purchasing this Bond, the Bondholder 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 Bondholder as described in the immediately preceding paragraph, 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 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 Loan Agreement shall have occurred, (ii) the Bondholder directs the acceleration of the Bonds and (iii) the Bondholder notifies the Commission and the Borrower in writing that the Bonds will be repaid with the Taxable Take-Out Loan.
- (4) Upon making the Taxable Take-Out Loan, the Bondholder shall surrender this Bond to the Commission for cancellation.

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

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

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

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

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

NORTH CAROLINA MEDICAL CARE  
COMMISSION

[SEAL]

By \_\_\_\_\_  
Chairman

By \_\_\_\_\_  
Assistant Secretary

ASSIGNMENT

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

[Please Print or Typewrite Name and Address of Transferee]

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

Date: \_\_\_\_\_

Signature Guaranteed:

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

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

SCHEDULE 1

January 1	Amount
2013	\$ 420,000
2014	1,435,000
2015	1,525,000
2016	1,615,000
2017	1,715,000
2018	1,815,000
2019	1,135,000
2020	1,200,000
2021	1,275,000
2022	1,355,000
2023	1,435,000
2024	1,525,000
2025	1,615,000
2026	1,710,000
2027	1,810,000
2028	1,925,000
2029	2,035,000
2030	2,160,000
2031*	2,290,000

\* Maturity.

Certificate of Principal Payments

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

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Certificate of Prepayments

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

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

Transfer of Bond

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

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

**EXHIBIT B**

**Fee Comparison as Required Under NCMCC Policy**

	<u>NCMCC APPLICATION</u>	<u>CURRENT</u>	<u>DIFFERENCE</u>
Accounting (AUP)	\$ 15,000	\$ 20,000	\$ 5,000
Corporate Counsel	30,000	28,000	(2,000)
Bond Counsel	55,000	55,000	-
Bank Commitment Fee	150,000	202,550	52,550
Bank Counsel	30,000	45,000	15,000
Placement Fee	75,000	57,855	(17,145)
LGC Fee	3,500	3,500	-
Misc	41,500	40,000	(1,500)
Total	400,000	451,905	51,905

Fees are for both 2009 and 2010 transactions

**6. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$27,364,250 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITY REVENUE BONDS (LUTHERAN SERVICES FOR THE AGING), SERIES 2009-**

Remarks were made by Kevin Dougherty

**Executive Committee Action:** Motion was made by Mr. George Cecil, seconded by Mr. Gerald Cox and unanimously approved.

**WHEREAS**, the North Carolina Medical Care Commission (the “Commission”) is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the “Act”), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities;

**WHEREAS**, each of Lutheran Services for the Aging, Inc. (the “Parent”), Lutheran Home Wilmington Property, Inc., Lutheran Home-Wilmington, Inc., Lutheran Retirement Center - Wilmington, Inc., LSA Elms Property, Inc., LSA Elms at Tangle wood, Inc., Lutheran Home Winston-Salem Property, Inc., Lutheran Home - Forsyth County, Inc., Lutheran Home Hickory West Property, Inc. and Lutheran Home-Hickory West, Inc. (collectively with the Parent, the “Borrowers”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

**WHEREAS**, each of Lutheran Home Wilmington Property, Inc., Lutheran Home - Wilmington, Inc., LSA Elms Property, Inc., LSA Elms at Tangle wood, Inc., Lutheran Home Winston-Salem Property, Inc., Lutheran Home - Forsyth County, Inc., Lutheran Home Hickory West Property, Inc., Lutheran Home - Hickory West, Inc., LSA Management, Inc., LSA Pharmacy, Inc., Lutheran Home - Albemarle, Inc., Lutheran Home - Hickory, Inc., Lutheran Home at Trinity Oaks, Inc., Lutheran Home - Winston-Salem, Inc., Lutheran Home Albemarle Property, Inc., Lutheran Home Hickory Property, Inc., Lutheran Home at Trinity Oaks Property, Inc., Lutheran Services Property, Inc., Lutheran Retirement Center - Salisbury, Inc., Lutheran Retirement Center - Wilmington, Inc., Lutheran Retirement Center at Lathering, Inc., Lutheran Services for the Aging Foundation, Inc. and Abundant Living Adult Day Services, Inc. is an affiliate of the Parent (collectively with the Parent, the “Obligors”);

**WHEREAS**, the Parent has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) pay, or reimburse the Borrowers for paying, the cost of the Project (as defined in the hereinafter-mentioned Loan Agreement), (ii) retire the Existing Indebtedness (as defined in the Loan Agreement) and (iii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined);

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on November 13, 2009, has approved the issuance of the Bonds, subject to compliance by the Obligors with the conditions set forth in such resolution, and the Obligors have complied with such conditions to the satisfaction of the Commission;

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

(a) the Bond Purchase Agreement, to be dated as of December 1, 2009 (the “Bond Purchase Agreement”), by and among the Local Government Commission of North Carolina (the “Local Government Commission” or the “LGC”), Branch Banking and Trust Company, as purchaser (the “Bond Purchaser”) and depository (the “Depository”), the Commission and the Obligors;

(b) the Loan Agreement, to be dated as of December 1, 2009 or such other date as shall be agreed upon by the parties thereto (the “Loan Agreement”), by and between the Obligors and the Commission, pursuant to which the Commission will lend the proceeds of the Bond to the Borrowers;

(c) the Promissory Note of the Obligors, to be dated the date of its delivery (the “Note”), to be issued by the Obligors to the Commission;

(d) the Assignment, to be dated the date of issuance of the Bonds (the “Assignment”), from the Commission to the Bond Purchaser and consented to by the Obligors;

(e) the Guaranty Agreement, to be dated as of December 1, 2009 or such other date as shall be agreed upon by the parties thereto (the “Guaranty Agreement”), by and between the Obligors and the Bond Purchaser;

(f) the Security Agreement, to be dated as of December 1, 2009 or such other date as shall be agreed upon by the parties thereto (the “Security Agreement”), by and between the Obligors and the Bond Purchaser, securing the obligations of the Borrowers under the Guaranty Agreement;

(g) the Deed of Trust, Assignment of Rents and Security Agreement, to be dated as of December 1, 2009 (“Deed of Trust No. 1”), from Lutheran Home Winston–Salem Property, Inc. to BB&T Collateral Service Corporation, as Deed of Trust Trustee, for the benefit of the Bond Purchaser;

(h) the Deed of Trust, Assignment of Rents and Security Agreement, to be dated as of December 1, 2009 (“Deed of Trust No. 2”), from LSA Elms Property, Inc. to BB&T Collateral Service Corporation, as Deed of Trust Trustee, for the benefit of the Bond Purchaser;

(i) the Deed of Trust, Assignment of Rents and Security Agreement, to be dated as of December 1, 2009 (“Deed of Trust No. 3”), from Lutheran Home Hickory West Property, Inc. to BB&T Collateral Service Corporation, as Deed of Trust Trustee, for the benefit of the Bond Purchaser;

(j) the Deed of Trust, Assignment of Rents and Security Agreement, to be dated as of December 1, 2009 (“Deed of Trust No. 4”), from the Parent to BB&T Collateral Service Corporation, as Deed of Trust Trustee, for the benefit of the Bond Purchaser;

(k) the Deed of Trust, Assignment of Rents and Security Agreement, to be dated as of December 1, 2009 (“Deed of Trust No. 5”), from Lutheran Home Wilmington Property, Inc. to BB&T Collateral Service Corporation, as Deed of Trust Trustee, for the benefit of the Bond Purchaser; and

(l) the Deed of Trust, Assignment of Rents and Security Agreement, to be dated as of December 1, 2009 (“Deed of Trust No. 6” and, together with Deed of Trust Nos. 1 to 5, the “Deeds of Trust”), from the Parent and Lutheran Retirement Center – Wilmington, Inc. to BB&T Collateral Service Corporation, as Deed of Trust Trustee, for the benefit of the Bond Purchaser;

**WHEREAS**, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Parent, the Obligors are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the Note, the Guaranty Agreement, the Security Agreement and the Deeds of Trust; and

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

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

**Section 1. Defined Terms.** Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Loan Agreement or the Bond Purchase Agreement.

**Section 2. Authorization of Bonds.** Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of a series of revenue bonds consisting of up to \$27,364,250 aggregate principal amount of North Carolina Medical Care Commission Health Care Facility Revenue Bonds (Lutheran Services for the Aging), Series 2009 (the “Bonds”), dated December 17, 2009, and having a final stated maturity date of December 1, 2036.

The Bonds shall be issued as a fully registered bond in the authorized denomination of \$27,364,250, shall be registered in the name of Branch Banking and Trust Company, as the initial purchaser of the Bonds, and shall be numbered R-1. Notwithstanding the denomination of the Bonds, the principal amount payable on the Bonds shall be so much of the \$27,364,250 as shall have been advanced to the Borrowers from time to time pursuant to the Loan Agreement and payable as provided in the Bond Purchase Agreement. Principal of the Bonds shall be payable in installments on the first day of each month, commencing on January 1, 2012, until paid, in such amounts as set forth in Schedule 1 to the form of the Bonds attached as Annex I to the Bond Purchase Agreement. The Bonds shall bear interest on the outstanding principal amount of the Bonds, which shall be so much of the denomination of the Bonds as shall have been advanced to the Borrowers from time to time pursuant to the Loan Agreement and as set forth on the Certificate of Disbursement endorsed on the Bonds from the date of delivery as shown on said Certificate of Disbursement, at a variable rate of interest provided for in the Bond

Purchase Agreement and the Bonds, and shall be computed on the basis of a 360-day year for the actual number of days elapsed. Interest shall be payable in installments on the first calendar day of each month, commencing on January 1, 2010, until principal of the Bonds is paid in full. The Commission has determined that the Bonds shall be substantially in the form attached as Annex I to the Bond Purchase Agreement, with such variations, omissions and insertions as are consistent with the terms and provisions of the Bond Purchase Agreement.

**Section 3. Redemption.** The Bonds shall be subject to extraordinary, optional and mandatory redemption at the times, upon the terms and conditions, and at the price set forth in the Bond Purchase Agreement.

**Section 4. Mandatory Tender for Purchase.** The Bonds shall be subject to mandatory tender for purchase at the times, upon the terms and conditions, and at the price set forth in the Bond Purchase Agreement.

**Section 5. Use of Bond Proceeds.** The Commission hereby finds that the use of the proceeds of the Bonds for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act. The proceeds of the Bonds shall be advanced as set forth in the Bond Purchase Agreement and the Loan Agreement.

**Section 6. Authorization of Loan Agreement and Assignment.** The forms, terms and provisions of the Loan Agreement and the Assignment are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement and the Assignment in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 7. Authorization of Bond Purchase Agreement.** The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 8. Form of Bonds.** The form of the Bonds set forth in Annex I to the Bond Purchase Agreement is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver the Bonds to the Depository in definitive form, which shall be in substantially the



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

**Section 9. Approval of Other Financing Documents.** The forms, terms and provisions of the Note, the Guaranty Agreement, the Deeds of Trust and the Security Agreement are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Loan Agreement pursuant to Section 6 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 9.

**Section 10. Purchase of Bonds.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Bond Purchaser, in the principal amount and at the variable interest rate set forth in Section 2 of this Series Resolution, at a price not exceeding \$27,364,250 (representing the maximum principal amount of the Bonds). Payment for the Bonds by the Bond Purchaser from time to time shall be made at the purchase price of 100% of the principal amount of the Bonds or such lesser amount as shall be advanced to the Borrowers from time to time pursuant to the Loan Agreement.

Upon their execution in the form and manner set forth in the Bond Purchase Agreement, the Bonds shall be deposited with the Depository for completion of the Certificate of Disbursement, and the Depository is hereby authorized and directed to so certify after and upon due and valid execution of the Bond Purchase Agreement, the Loan Agreement, the Note, the Deeds of Trust, the Security Agreement and the Guaranty Agreement by the proper parties thereto and thereafter the Commission shall cause the Depository to deliver the Bonds to the Bond Purchaser against payment therefor in accordance with and subject to the provisions of the Bond Purchase Agreement.

**Section 11. Commission Representatives.** Christopher B. Taylor, C.P.A., Assistant Secretary to the Commission, Kathy C. Larrison, Auditor to the Commission, and William L. Warren, Chief of the Construction Section of the Division of Health Service Regulation, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

**Section 12. Designation of Bonds as Qualified Tax-exempt Obligations.** The Commission hereby designates the Bonds as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

**Section 13. Ancillary Actions.** The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions, including the retirement of the Existing Indebtedness, contemplated by the Loan Agreement, the Bond Purchase Agreement, the Assignment, the Note, the Deeds of Trust, the Security Agreement and the Guaranty Agreement.

**Section 14. Professional Fees.** A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is attached to this Series Resolution as Schedule 1.

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

**Schedule 1**  
**Professional Fees**

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Placement Fee	\$300,000	\$273,643
Accountant Fees	15,000	4,000
Legal Fees for Corporate Counsel	25,000	55,500
Bond Counsel	50,000	60,000
Bank Commitment Fee	150,000	79,000
Local Government Commission	3,500	3,500
Bank Counsel	30,000	45,000

7 **Adjournment**

There being no further business, the meeting was adjourned at 11:30.a.m.

Respectfully submitted,

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Christopher B. Taylor, CPA  
Assistant Secretary