

THE
NORTH CAROLINA
MEDICAL CARE COMMISSION

THE
HEALTH CARE
FACILITIES FINANCE ACT
ANNUAL REPORT

JUNE 30, 2008

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

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

THE NORTH CAROLINA MEDICAL CARE COMMISSION

ROLE OF THE COMMISSION

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

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

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

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

Pursuant to the Executive Organization Act of 1973, the 17-member Commission was incorporated into the Department of Health and Human Services. Three members of the Commission are nominated by the North Carolina Medical Society, one by the North Carolina Pharmaceutical Association, one by the North Carolina State Nurses' Association, one by the North Carolina Hospital Association, and one by the Duke Endowment. Each nomination is subject to the Governor's approval. In addition, ten members, one of whom must be a dentist, are appointed by the Governor. Each member is appointed to a four-year term and memberships are staggered. The Commission is attached organizationally to the Department of Health and Human Services, Division of Health Service Regulation (formerly Division of Facility Services), and is staffed by that Agency. Since its inception the

Commission has been assigned new responsibilities, while some of the original activities are either no longer needed or are carried out elsewhere. Today the Commission is responsible for the development of rules for:

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

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

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

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

While several states have health care finance authorities, which issue tax-exempt bonds, the organization and authority of the North Carolina Medical Care Commission make it unique. First, it is not a quasi-independent authority. It is an operational agency of the executive branch of North Carolina State Government, located in the Department of Health and Human Services. Second, it has an affiliation that covers all the major steps

involved in a construction project, either directly or through the Division of Health Service Regulation which staffs the Commission. The Division of Health Service Regulation develops the State Medical Facilities Plan, issues Certificates of Need, assists in project development, approves construction plans, monitors the construction process, and finally licenses the facility.

OUTSTANDING DEBT

As of June 30, 2008, the Commission had issued revenue bonds or notes for 338 projects. The total authorized principal amount of all such financings was \$12,746,942,802 and the total outstanding principal amount of all such financings as of June 30, 2008, was \$6,361,795,591 excluding financings that have been refunded. Each issue is payable solely from revenues derived from each corporate entity financed, is separately secured, and is separate and independent from all other series of bonds as to source of payment and security.

MEMBERSHIP

As of June 30, 2008 the Commission consisted of the following 15 members with two vacancies:

Name	Term	Principal Occupation	Residence
Lucy Hancock Bode Chairperson	1993-2005 *	Housewife/Health Consultant	Raleigh
Joseph D. Crocker Vice-Chairperson	1988-2008	Director of Operations Z. Smith Reynolds Foundation	Winston-Salem
Martha Barham, RN MSN, CNAA	2005-2010	Registered Nurse	High Point
George A. Binder, MD	2004-2011	Physician	Fayetteville
Robert F. Burgin	2000-2008	Retired Hospital Administrator	Asheville
George H. V. Cecil	1987-2007*	Chairman, Biltmore Dairy Farms, Inc.	Asheville
Gerald P. Cox	2002-2010	Health Care Executive	Rocky Mount
John A. Fagg, MD	2004-2011	Physician	Winston-Salem
Clifford B. Jones, Jr., DDS	1995-2011	Dentist	Elizabeth City
Albert F. Lockamy, RPh	1986-2010	Pharmacist	Raleigh
Mary L. Piepenbring	2005-2009	Director, Health Care Division The Duke Endowment	Charlotte
Carl K. Rust, II, MD	2002-2009	Physician	Wilmington
Robert E. Schaaf, MD	2005-2010	Physician	Raleigh
Henry A. Unger, MD	1998-2009	Physician	Cary
Margaret Weller-Stargell	2006-2009	President/CEO Coastal Horizons Center	Wilmington

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

STAFF OF THE COMMISSION

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

ADMINISTRATIVE PERSONNEL

William J. Horton, Acting Director, Division of Health Service Regulation
Christopher B. Taylor, CPA, Assistant Secretary, NC Medical Care Commission
William L. Warren, Chief of Construction, Division of Health Service Regulation
Kathy C. Larrison, Auditor, NC Medical Care Commission
Diana Barbry, Administrative Assistant, Division of Health Service Regulation
Alice S. Creech, Bond Program Assistant, NC Medical Care Commission

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Presbyterian Hospital Charlotte, North Carolina	12/21/1977	\$20,000,000	\$0 (a)
Lexington Memorial Hospital Lexington, North Carolina	3/1/1978	6,510,000	0 (ss)
Rex Hospital Raleigh, North Carolina	6/1/1978	31,535,000	0 (y)
Duke University Hospital Durham, North Carolina	7/1/1978	79,000,000	0 (b)
Cape Fear Memorial Hospital Wilmington, North Carolina	7/1/1978	3,600,000	0
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	1/1/1979	35,100,000	0 (c)
Duke University Hospital Durham, North Carolina	1/1/1979	6,650,000	0 (b)
Annie Penn Memorial Hospital Reidsville, North Carolina	5/1/1979	7,650,000	0 (t)
Stanly Memorial Hospital Albemarle, North Carolina	5/1/1979	7,535,000	0 (p)
Moore Regional Healthcare Corporation Pinehurst, North Carolina	8/23/1979	10,710,000	0 (d)
Duke University Hospital Durham, North Carolina	6/25/1980	6,736,000	0
	Series B	7/1/1980	7,930,000
0 (b)			
Carolinas Hospital and Health Services Charlotte, North Carolina	7/22/1980	200,000	0
Mercy Hospital Charlotte, North Carolina	1/1/1981	8,275,000	0 (e)
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina	3/1/1981	2,500,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Memorial Hospital of Alamance County Burlington, North Carolina	4/1/1981	\$7,000,000	\$0 (u)
Carolinas Hospital and Health Services (Sun Health) Charlotte, North Carolina	4/8/1981	500,000	0
Scotland Memorial Hospital Laurinburg, North Carolina	6/1/1981	10,800,000	0 (m)
Rex Hospital Raleigh, North Carolina	12/15/1981	760,000	0
Morehead Memorial Hospital Eden, North Carolina	2/1/1982	6,000,000	0 (z)
Chatham Hospital Siler City, North Carolina	6/16/1982	355,000	0
Grace Hospital Morganton, North Carolina	8/1/1982	9,465,000	0 (f)
Carolinas Hospital and Health Services (Sun Health) Charlotte, North Carolina	8/4/1982	600,000	0
Southeastern General Hospital Lumberton, North Carolina	9/1/1982	14,100,000	0 (g)
Community General Hospital Thomasville, North Carolina	12/1/1982	3,100,000	0 (q)
Grace Hospital Morganton, North Carolina	7/1/1983	10,855,000	0 (j)
High Point Regional Hospital High Point, North Carolina	9/1/1983	29,820,000	0 (k)
Grace Hospital Morganton, North Carolina	11/1/1983	8,870,000	0 (j)
Mercy Hospital Charlotte, North Carolina	11/10/1983	2,205,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Rowan Memorial Hospital Salisbury, North Carolina	3/16/1984	\$1,833,000	\$0
High Point Regional Hospital High Point, North Carolina	4/16/1984	915,000	0
The Episcopal Home for the Ageing in the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	5/1/1984	6,200,000	0 (h)
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	5/2/1984	1,475,000	0
St. Joseph's Hospital Asheville, North Carolina	6/15/1984	30,330,000	0 (n)
The Moses H. Cone Memorial Hospital Greensboro, North Carolina	8/1/1984	29,330,000	0 (aa)
Alamance County Hospital Burlington, North Carolina	2/22/1985	2,504,000	0 (u)
Wesley Long Community Hospital Greensboro, North Carolina	4/1/1985	10,670,000	0 (ee)
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina	4/24/1985	845,000	0
Carolina Medicorp, Inc. Winston-Salem, North Carolina	5/1/1985	36,550,000	0 (l)
Presbyterian Hospital Charlotte, North Carolina	5/24/1985	8,700,000	0 (i)
Southeastern General Hospital Lumberton, North Carolina	7/1/1985	16,345,000	0 (v)
Duke University Hospital Durham, North Carolina	7/1/1985	48,245,000	0 (mm)
North Carolina Baptist Hospitals, Inc. Winston Salem, North Carolina	7/15/1985	86,000,000	0 (w)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Bowman Gray School of Medicine of Wake Forest University Winston Salem, North Carolina	7/15/1985	\$42,000,000	\$0
Mercy Hospital Charlotte, North Carolina	8/1/1985	29,980,000	0 (bb)
The Episcopal Home for the Ageing in the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	8/1/1985	8,180,000	0 (ff)
The United Church Retirement Home, Inc. Thomasville, North Carolina	8/1/1985	6,400,000	0 (nn)
Duke University Hospital Durham, North Carolina	10/2/1985	43,500,000	0
Presbyterian Hospital Charlotte, North Carolina	12/1/1985	24,000,000	0 (r)
Southminster, Inc. Charlotte, North Carolina	12/1/1985	23,825,000	0 (oo)
Pooled Equipment Financing Project, Series 1985 Raleigh, North Carolina	12/1/1985	100,000,000	52,400,000
The Moses H. Cone Memorial Hospital Greensboro, North Carolina	12/1/1985	15,000,000	0 (aa)
Moore Memorial Hospital Pinehurst, North Carolina	12/1/1985	10,980,000	0
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	12/1/1985	25,855,000	0
Duke University Hospital Durham, North Carolina	12/18/1985	34,415,000	0
The McDowell Hospital Marion, North Carolina	6/1/1986	8,935,000	0 (x)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Pooled Financing Project Series 1986 Raleigh, North Carolina	7/1/1986	\$100,000,000	\$0
Cornelia Nixon Davis Nursing Home Wilmington, North Carolina	10/16/1986	980,980	0
Grace Hospital Morganton, North Carolina	2/1/1987	23,450,000	0 (tt)
High Point Regional Hospital Greensboro, North Carolina	2/1/1987	34,280,000	0 (xx)
Blumenthal Jewish Home Clemmons, North Carolina	3/25/1987	6,600,000	0 (o)
Carolina Medicorp, Inc. Winston-Salem, North Carolina	8/1/1987	53,142,316	0 (cc)
Wesley Long Community Hospital Greensboro, North Carolina	8/15/1987	25,715,000	0 (ee)
The Methodist Home, Inc. Charlotte, North Carolina	2/1/1988	13,500,000	0
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina	6/1/1988	2,750,000	0
Memorial Mission Hospital of Western North Carolina Asheville, North Carolina	6/15/1988	21,337,717	0 (gg)
Scotland Memorial Hospital Laurinburg, North Carolina	6/1/1988	14,087,969	0 (hh)
Davidson Retirement Community, Inc. Davidson, North Carolina	9/15/1988	24,210,000	0 (ii)
St. Joseph's Hospital Asheville, North Carolina	11/1/1988	34,553,639	0 (jj)
Blumenthal Jewish Home Clemmons, North Carolina	11/1/1988	6,350,000	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Fletcher Hospital, Incorporated dba Park Ridge Hospital Fletcher, North Carolina	12/1/1988	\$20,300,000	\$0 (eeee)
Gaston Health Care Support, Inc. Gastonia, North Carolina	5/1/1989	42,472,967	0 (pp)
Roanoke-Chowan Hospital Ahoskie, North Carolina	7/1/1989	12,165,000	0 (ddd)
Transylvania Community Hospital Brevard, North Carolina	9/1/1989	4,060,000	0 (yy)
Stanly Memorial Hospital Albemarle, North Carolina	11/1/1989	17,285,000	0 (qq)
The Forest at Duke, Inc. Durham, North Carolina	4/16/1990	3,150,000	0 (s)
Angel Community Hospital Franklin, North Carolina	5/1/1990	7,050,000	0 (zz)
Presbyterian Hospital Charlotte, North Carolina	10/1/1990	101,108,090	0 (dd)
Community General Hospital Thomasville, North Carolina	10/1/1990	6,860,000	0 (aaa)
The Greater Carolinas Chapter of the American National Red Cross Charlotte, North Carolina	11/1/1990	5,150,000	0
The Forest at Duke, Inc. Durham, North Carolina	Series A 11/1/1990 Series B 11/15/1990	53,630,000 965,000	0 (kk) 0
Wilson Memorial Hospital Wilson, North Carolina	12/1/1990	53,658,422	0 (uu)
St. Joseph of the Pines, Inc. Southern Pines, North Carolina	1/1/1991	3,350,000	0 (eee)
Memorial Mission Hospital, Inc. Asheville, North Carolina	2/5/1991	2,055,870	0

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Pooled Financing Project Series 1991 A Raleigh, North Carolina	3/1/1991	\$54,300,000	\$0
Carolina Medicorp, Inc. Winston Salem, North Carolina	4/1/1991	50,152,471	0 (aaa)
Chapel Hill Residential Retirement Center DBA Carol Woods Chapel Hill, North Carolina	4/1/1991	25,900,000	0 (nnn)
Wayne Memorial Hospital Goldsboro, North Carolina	5/1/1991	41,016,323	0 (fff)
Valdese General Hospital Valdese, North Carolina	5/15/1991	11,390,000	0 (ggg)
Pooled Financing Project Series 1991 B Raleigh, North Carolina	6/1/1991	22,500,000	2,500,000
Duke University Hospital Durham, North Carolina	6/1/1991	14,872,987	0 (mm)
C. J. Harris Community Hospital Sylva, North Carolina	7/26/1991	1,384,246	0 (ll)
Glenaire, Inc. Cary, North Carolina	10/1/1991	27,565,000	0 (rr)
Annie Penn Memorial Hospital Reidsville, North Carolina	11/1/1991	13,140,000	0 (bbb)
Well Spring Retirement Community, Inc. Greensboro, North Carolina	11/1/1991	44,495,000	0 (ww)
Southeastern General Hospital Lumberton, North Carolina	11/1/1991	27,835,626	0
The McDowell Hospital Marion, North Carolina	11/1/1991	8,780,000	0 (lll)
North Carolina Baptist Hospitals, Inc. Winston Salem, North Carolina	1/1/1992	87,456,982	0 (fff)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Friends Home, Inc. Greensboro, North Carolina	2/1/1992	\$34,405,000	\$0 (vv)
Alamance Health Service, Inc. Burlington, North Carolina	2/15/1992	18,315,000	0 (hhh)
Halifax Memorial Hospital Roanoke Rapids, North Carolina	6/15/1992	21,995,000	0 (iii)
Memorial Mission Hospital Asheville, North Carolina	7/1/1992	40,794,261	0 (jjj)
Carolina Medicorp, Inc. Winston-Salem, North Carolina	8/1/1992	57,100,495	0 (vvv)
Presbyterian Health Services Corp. Charlotte, North Carolina	10/1/1992	70,385,000	0 (aaa)
North Carolina Baptist Hospitals Winston Salem, North Carolina	10/29/1992	55,000,000	55,000,000
Mercy Hospital Charlotte, North Carolina	11/1/1992	34,335,000	0
The Moses H. Cone Memorial Hospital Greensboro, North Carolina	1/28/1993	61,600,000	61,600,000
Rex Hospital Raleigh, North Carolina	1/1/1993	68,060,075	0 (ccc)
Alamance Health Services, Inc. Burlington, North Carolina	3/1/1993	53,000,000	39,385,000
Morehead Memorial Hospital Eden, North Carolina	5/1/1993	11,010,000	0 (gggg)
Presbyterian Health Services Corp. Charlotte, North Carolina	6/1/1993	114,595,000	0 (vvv)
Duke University Hospital Durham, North Carolina	8/12/1993	28,650,000	28,650,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

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Memorial Mission Hospital Asheville, North Carolina		7/15/1993	\$24,245,000	\$0 (www)
The Episcopal Home for the Ageing in the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	Series A Series B	10/1/1993 10/1/1993	8,000,000 290,000	0 (xxx) 0
Moore Regional Hospital Pinehurst, North Carolina		10/1/1993	50,150,373	0 (ppp)
Wesley Long Community Hospital Greensboro, North Carolina		11/15/1993	39,065,000	0 (hhh)
Scotland Memorial Hospital Laurinburg, North Carolina		12/1/1993	20,905,000	6,410,000
St. Joseph's Hospital Asheville, North Carolina		1/1/1994	35,970,000	0 (jjj)
Davidson Retirement Community, Inc. Davidson, North Carolina		1/1/1994	17,090,000	100,000 (ddddd)
The Forest at Duke, Inc. Durham, North Carolina		3/1/1994	35,685,000	300,000 (yyy)
C. J. Harris Community Hospital Sylva, North Carolina		3/15/1994	15,000,000	0 (qqq)
Pooled Financing Project Series 1994 Raleigh, North Carolina		5/12/1994	16,100,000	0
Southminster, Inc. Charlotte, North Carolina		7/1/1994	19,500,000	0 (rrr)
United Church Retirement Home Newton, North Carolina		9/15/1994	19,065,000	0 (kkk)
The Moses H. Cone Memorial Hospital Greensboro, North Carolina		6/15/1995	15,000,000	0
Gaston Memorial Hospital Gastonia, North Carolina		10/15/1995	62,580,000	0 (eeee)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Pavillon International (Michigan nonprofit corporation)		12/14/1995	\$5,100,000	\$0
Glenaire, Inc. Cary, North Carolina		2/15/1996	22,120,000	0 (iii)
Pooled Financing Project Series 1996 Raleigh, North Carolina		5/8/1996	45,100,000	0
Stanly Memorial Hospital Albemarle, North Carolina		5/1/1996	28,990,000	14,910,000
North Carolina Baptist Hospitals, Inc. Winston-Salem, North Carolina		6/27/1996	50,000,000	19,500,000 (mmm)
Grace Hospital Morganton, North Carolina		8/15/1996	26,240,000	16,160,000
Saint Joseph of the Pines Pinehurst, North Carolina		9/24/1996	10,000,000	0 (eee)
Duke University Durham, North Carolina		10/1/1996	121,379,383	5,071,867 (jjjj)
Lincoln Health System Lincolnton, North Carolina	Series A	11/20/1996	12,800,000	8,500,000
Southminster, Inc. Charlotte, North Carolina		11/1/1996	5,055,000	5,055,000
Carolina Medicorp, Inc. Winston-Salem, North Carolina		11/1/1996	104,428,199	78,763,199
Friends Home Greensboro, North Carolina		12/1/1996	25,715,000	0 (zzz)
Lincoln Health System Lincolnton, North Carolina	Series B	12/12/1996	2,500,000	0
Cypress Glen Durham, North Carolina		12/11/1996	20,130,000	0 (aaaa)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
ACTS West Point, Pennsylvania	12/19/1996	\$37,655,000	\$0 (sss)
Wilson Memorial Hospital Wilson, North Carolina	2/1/1997	50,953,361	5,723,361 (ffff)
Well Spring Retirement Community, Inc. Greensboro, North Carolina	2/15/1997	40,060,000	4,630,000 (bbbb)
Wake County Hospital System, Inc. Raleigh, North Carolina	3/1/1997	108,550,000	85,715,000
Cabarrus Memorial Hospital Concord, North Carolina	3/13/1997	20,175,000	0 (ttt)
Lexington Memorial Hospital Lexington, North Carolina	4/9/1997	16,500,000	2,900,000
Spruce Pine Community Hospital (Blue Ridge Hospital System Inc.) Spruce Pine, North Carolina	7/17/1997	2,935,000	2,135,000
Deerfield Episcopal Retirement Community Asheville, North Carolina	11/1/1997	73,780,000	50,000 (cccc)
Transylvania Community Hospital Brevard, North Carolina	11/1/1997	4,855,000	3,310,000
High Point Regional Health System High Point, North Carolina	11/1/1997	29,880,000	11,000,000
Givens Estates, Inc. Asheville, North Carolina	11/18/1997	12,000,000	0 (dddd)
Angel Medical Center Franklin, North Carolina	11/21/1997	13,475,000	0 (uuuu)
Glenaire, Inc. Cary, North Carolina	12/1/1997	14,395,000	12,390,000
Pungo District Hospital Belhaven, North Carolina	12/23/1997	4,000,000	2,200,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
DePaul Community Facilities Rochester, New York		1/28/1998	\$4,645,000	\$0 (ggggg)
First Health of the Carolinas Pinehurst, North Carolina		2/1/1998	88,335,000	74,195,000
Annie Penn Memorial Hospital Reidsville, North Carolina		3/15/1998	13,460,000	0
Rex Healthcare Raleigh, North Carolina		3/15/1998	124,215,000	86,160,000
Mission-Thoms-St. Joseph's Health Services Asheville, North Carolina		3/17/1998	4,670,000	0
Novant Health Winston-Salem, North Carolina		4/1/1998	121,425,000	92,160,000
Lutheran Services for the Aging Salisbury, North Carolina		4/2/1998	23,625,000	21,065,000
Stanley Total Living Center Stanley, North Carolina		4/23/1998	4,210,000	2,410,000
Cornelia Nixon Davis Health Care Center Wilmington, North Carolina		6/17/1998	7,500,000	6,035,000
Carolina Meadows Chapel Hill, North Carolina		6/23/1998	5,000,000	0 (kkkk)
Catholic Health East (St. Joseph of the Pines) Pinehurst, North Carolina	Series C Series D	6/15/1998 7/15/1998	41,945,000 30,000,000	35,370,000 0 (hhhhh)
United Church Retirement Homes Newton, North Carolina		7/1/1998	19,705,000	0 (lll)
Alamance Regional Medical Center Burlington, North Carolina		7/1/1998	16,575,000	11,710,000
The Presbyterian Home at Charlotte (Sharon Towers) Charlotte, North Carolina		8/25/1998	8,500,000	0 (ooo)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Gaston Health Care Gastonia, North Carolina	8/1/1998	\$82,935,000	\$47,440,000 (uuu)
Duke University Health System Durham, North Carolina	8/1/1998	83,235,000	4,690,000 (jjjj)
Valdese General Hospital Valdese, North Carolina	9/3/1998	11,030,000	0 (mmmm)
Pitt County Memorial Hospital Greenville, North Carolina	9/1/1998	207,170,000	17,640,000 (pppp)
Halifax Regional Medical Center Roanoke Rapids, North Carolina	9/1/1998	33,670,000	19,425,000
Wayne Memorial Hospital Goldsboro, North Carolina	9/15/1998	41,310,000	0
Duke University Health System Durham, North Carolina	10/1/1998	199,300,000	10,945,000 (jjjj)
Carolina Village Hendersonville, North Carolina	10/21/1998	7,700,000	6,000,000
Novant Health Winston-Salem, North Carolina	10/1/1998	57,925,000	51,885,000
Pitt County Memorial Hospital Greenville, North Carolina	10/1/1998	84,000,000	9,435,000
J. Arthur Doshier Memorial Hospital Southport, North Carolina	11/12/1998	5,000,000	3,400,000
Moses Cone Health System Greensboro, North Carolina	11/12/1998	15,000,000	0
Cabarrus Memorial Hospital (NorthEast Medical Center) Concord, North Carolina	11/1/1998	15,405,000	0
Mission-St. Joseph's Health System Asheville, North Carolina	11/1/1998	114,650,000	36,055,000 (vvvv)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

	DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Lutheran Retirement Ministries of Alamance County (Twin Lakes) Burlington, North Carolina	1/14/1999	\$20,465,000	\$0 (iiii)
The Cross Road Rest and Retirement Center Asheboro, North Carolina	3/11/1999	5,700,000	0 (www)
Randolph Hospital Asheboro, North Carolina	3/18/1999	25,970,000	0 (xxxx)
WakeMed Raleigh, North Carolina	4/22/1999	36,265,000	0
High Point Regional Health System High Point, North Carolina	4/1/1999	61,070,000	43,660,000
Transylvania Community Hospital Brevard, North Carolina	8/1/1999	1,000,000	0
North Carolina Cancer Institute Lumberton, North Carolina	8/1/1999	1,500,000	0
Scotland Memorial Hospital Laurinburg, North Carolina	7/15/1999	13,500,000	8,655,000
Moravian Home, Incorporated (Salem towne) Winston-Salem, North Carolina	10/1/1999	15,595,000	0 (yyyy)
Stanly Memorial Hospital Albemarle, North Carolina	10/15/1999	15,000,000	13,195,000
Southeastern Regional Medical Center Lumberton, North Carolina	10/15/1999	25,270,000	16,790,000
DePaul Community Facilities Rochester, New York	12/7/1999	14,315,000	0 (ggggg)
The McDowell Hospital Marion, North Carolina	12/16/1999	6,765,000	4,040,000
North Carolina Housing Foundation Winston-Salem, North Carolina	2/1/2000	11,970,000	10,880,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Grace Hospital, Inc. Morganton, North Carolina		3/16/2000	\$20,700,000	\$0 (mmmm)
North Carolina Baptist Hospitals, Inc. Winston-Salem, North Carolina		6/15/2000	150,800,000	110,900,000
United Methodist Retirement Homes Croasdaile Village Durham, North Carolina		9/28/2000	46,465,000	0 (qqqq)
United Methodist Retirement Homes Croasdaile Village Durham, North Carolina	Series A	9/28/2000	15,795,000	0 (nnnn)
NorthEast Medical Center Concord, North Carolina		10/27/2000	32,290,000	0
Mission-St. Joseph's Asheville, North Carolina		12/12/2000	4,775,000	0
Presbyterian Homes Jamestown, North Carolina		2/21/2001	91,885,000	0 (zzzz)
Providence Place High Point, North Carolina	Series A Series B	4/29/2001 4/29/2001	11,235,000 175,000	10,950,000 0
WakeMed Raleigh, North Carolina		4/5/2001	150,000,000	147,965,000
Moravian Home (Salem towne) Winston-Salem, North Carolina		4/26/2001	24,215,000	0 (yyyy)
Cleveland Regional Medical Center Shelby, North Carolina		5/10/2001	30,000,000	0 (oooo)
Chapel Hill Residential Retirement Center dba Carol Woods Retirement Community Chapel Hill, North Carolina		7/2/2001	33,030,000	0 (jjjj)
Moses Cone Health System Greensboro, North Carolina	Series A Series B	7/11/2001 7/11/2001	42,600,000 42,600,000	42,600,000 42,600,000
Aldersgate United Methodist Retirement Community, Inc. Charlotte, North Carolina		7/12/2001	40,835,000	35,510,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Rutherford Hospital Rutherfordton, North Carolina		8/1/2001	\$16,800,000	\$10,360,000
Mission-St. Joseph's Health System Asheville, North Carolina		9/1/2001	109,720,000	0 (vvvv)
Duke University Health System, Inc. Durham, North Carolina		9/21/2001	42,000,000	1,038,832
Presbyterian Home at Charlotte (Sharon Towers) Charlotte, North Carolina		9/25/2001	23,500,000	13,000,000
Baptist Retirement Homes of North Carolina, Inc. (Taylor Glen) Winston-Salem, North Carolina	Series A	10/11/2001	40,285,000	38,270,000
	Series B	10/17/2001	8,100,000	5,720,000
	Series C	10/17/2001	5,900,000	0
Alamance Extended Care, Inc. (Village at Brookwood) Burlington, North Carolina	Series A	11/1/2001	32,560,000	16,330,000 (aaaaa)
	Series B	11/28/2001	8,500,000	0 (aaaaa)
	Series C	11/28/2001	17,000,000	0
Aston Park Health Care Center, Inc. Asheville, North Carolina		2/14/2002	4,100,000	3,100,000
FirstHealth of the Carolinas Pinehurst, North Carolina		2/27/2002	29,400,000	0
		2/27/2002	50,000,000	50,000,000
Arbor Acres United Methodist Retirement Community, Inc. Winston-Salem, North Carolina		3/1/2002	23,105,000	1,480,000 (bbbbbb)
The Forest at Duke, Inc. Durham, North Carolina		3/15/2002	23,495,000	0 (kkkkk)
Senior Care Group of McDowell, LLC Nebo, North Carolina	Series A	6/1/2002	7,210,000	6,750,000
	Series B	6/1/2002	800,000	800,000
Union Regional Medical Center Monroe, North Carolina	Series A	7/11/2002	25,000,000	20,810,000
	Series B	7/11/2002	15,000,000	15,000,000
Southeastern Regional Medical Center Lumberton, North Carolina		8/14/2002	48,980,000	43,600,000
Wake Forest University Health Sciences Winston-Salem, North Carolina		8/22/2002	198,800,000	0 (rrr)

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
NorthEast Medical Center	Series A	9/10/2002	\$30,000,000	\$0
Concord, North Carolina	Series B	9/10/2002	30,000,000	0
Southminster, Inc.		10/1/2002	13,320,000	8,775,000
Charlotte, North Carolina				
North Carolina Baptist Hospitals		10/31/2002	162,400,000	0 (ssss)
Winston-Salem, North Carolina				
WestCare Health System	Series A	11/14/2002	26,860,000	22,435,000
Sylva, North Carolina	Series B	11/14/2002	880,000	755,000
ACTS Retirement-Life Communities, Inc.		12/18/2002	27,255,000	6,680,000
West Point, Pennsylvania				
CaroMont Health		1/23/2003	120,000,000	0 (tttt)
Gastonia, North Carolina				
Cornelia Nixon Davis Nursing Home		1/23/2003	7,000,000	6,040,000
Wilmington, North Carolina				
FirstHealth of the Carolinas		4/10/2003	45,750,000	34,000,000
Pinehurst, North Carolina				
Hugh Chatham Memorial Hospital		4/23/2003	40,000,000	37,110,000
Elkin, North Carolina				
Memorial Mission Hospital, Inc.		5/29/2003	25,000,000	4,811,942
Asheville, North Carolina				
Novant Health		7/1/2003	164,325,000	136,520,000
Winston-Salem, North Carolina				
Givens Estates, Inc.	Series A	7/15/2003	63,385,000	8,775,000 (ccccc)
Asheville, North Carolina	Series B	7/15/2003	7,000,000	0 (ccccc)
	Series C	8/14/2003	39,000,000	0 (ccccc)
Maria Parham Medical Center		8/1/2003	50,835,000	48,825,000
Henderson, North Carolina				
Betsy Johnson Regional Hospital		9/24/2003	24,770,000	23,690,000
Dunn, North Carolina				

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Mission St. Joseph's Health System Asheville, North Carolina		10/1/2003	\$18,530,000	\$14,590,000
Friends Homes, Inc. Greensboro, North Carolina		10/16/2003	45,165,000	41,710,000
The Forest at Duke, Inc. Durham, North Carolina	Series A Series B	11/1/2003 11/1/2003	25,990,000 5,210,000	20,870,000 5,210,000
Northern Hospital District of Surry County Mount Airy, North Carolina		12/1/2003	2,422,050	703,016
Well Spring Retirement Community Greensboro, North Carolina	Series A Series B Series C	12/1/2003 12/1/2003 12/23/2003	15,450,000 2,000,000 10,000,000	12,395,000 2,000,000 8,525,000
Lutheran Retirement Ministries Elon, North Carolina		12/11/2003	13,030,000	0 (iiii)
The Episcopal Home for the Ageing In the Diocese of North Carolina (Penick Village) Southern Pines, North Carolina	Series A Series B	2/1/2004 2/1/2004	3,185,000 2,470,000	2,110,000 2,470,000
Deerfield Episcopal Retirement Community Asheville, North Carolina	Series A Series B Series C	3/1/2004 3/1/2004 3/1/2004	37,505,000 5,000,000 10,000,000	31,950,000 5,000,000 10,000,000
Cypress Glen Retirement Community Greenville, North Carolina	Series A Series B	3/15/2004 3/15/2004	15,410,000 5,000,000	12,995,000 5,000,000
Cleveland County Healthcare System Shelby, North Carolina	Series A	6/30/2004	38,600,000	38,600,000
Cleveland County Healthcare System Shelby, North Carolina		7/15/2004	29,475,000	29,475,000
Stanly Memorial Hospital Albemarle, North Carolina		7/22/2004	5,000,000	2,402,790
NorthEast Medical Center Concord, North Carolina		8/5/2004	30,000,000	0
Rowan Regional Medical Center Salisbury, North Carolina		8/18/2004	87,125,000	83,000,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Cypress Glen Retirement Community Greenville, North Carolina	Series C	8/19/2004	\$12,960,000	\$7,960,000
	Series D	8/19/2004	2,500,000	2,500,000
Moses Cone Health System Greensboro, North Carolina	Series A	10/19/2004	47,500,000	47,500,000
	Series B	10/19/2004	47,500,000	0 (mmmmm)
The ARC of North Carolina Raleigh, North Carolina	Series A	10/21/2004	34,650,000	34,210,000
	Series B	10/21/2004	1,270,000	0
Carolina Meadows Chapel Hill, North Carolina		11/7/2004	20,110,000	18,775,000
Novant Health Winston-Salem, North Carolina		11/8/2004	135,000,000	135,000,000
Fletcher Hospital dba Park Ridge Hospital Fletcher, North Carolina		1/13/2005	14,000,000	0
United Methodist Retirement Homes Durham, North Carolina	Series A	2/16/2005	20,790,000	20,790,000
	Series B	2/16/2005	24,250,000	24,250,000
United Church Homes and Services Newton, North Carolina	Series A	4/21/2005	13,755,000	12,230,000
	Series B	4/21/2005	5,000,000	5,000,000
Presbyterian Homes Jamestown, North Carolina	Series A	5/4/2005	13,465,000	13,265,000
	Series B	5/4/2005	4,090,000	4,090,000
Duke University Health System Durham, North Carolina	Series A	5/19/2005	107,380,000	107,380,000
	Series B	5/19/2005	107,380,000	107,380,000
	Series C	5/19/2005	107,380,000	107,380,000
Blue Ridge Health System Morganton, North Carolina	Series A	6/19/2005	35,000,000	35,000,000
	Series B	6/19/2005	43,075,000	40,025,000
Watauga Medical Center Boone, North Carolina		6/14/2005	31,350,000	30,615,000
Morehead Memorial Hospital Eden, North Carolina		6/15/2005	47,675,000	46,632,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Alamance Regional Medical Center Burlington, NC		8/1/2005	\$10,000,000	\$7,633,759
Duke University Health System Durham, North Carolina		8/12/2005	40,000,000	15,336,380
United Methodist Retirement Homes Durham, North Carolina	Series C	9/8/2005	47,835,000	47,380,000
Mission Hospitals, Inc. Asheville, North Carolina		9/13/2005	25,000,000	21,122,458
Southeastern Regional Medical Center Lumberton, North Carolina		9/15/2005	20,000,000	20,000,000
Lenoir Memorial Hospital Kinston, North Carolina		9/22/2005	22,000,000	20,560,000
Novant Health Winston-Salem, North Carolina		12/12/2005	50,000,000	16,882,504
Rex Hospital Raleigh, North Carolina		12/12/2005	30,000,000	\$15,628,864
Transylvania Community Hospital Brevard, North Carolina		12/15/2005	1,700,000	889,620
Person Memorial Hospital Roxboro, North Carolina		12/15/2005	18,000,000	17,385,000
Pennybyrn at Maryfield High Point, North Carolina		12/29/2005	94,315,000	94,315,000
University Health Systems of Eastern Carolina Greenville, North Carolina	Series A & B	2/16/2006	227,970,000	225,810,000
	Series C & D	2/16/2006	246,025,000	245,185,000
Wake Forest University Health Sciences Winston-Salem, North Carolina		4/6/2006	196,050,000	190,100,000
North Carolina Baptist Hospital Winston-Salem, North Carolina		5/3/2006	162,400,000	157,000,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Cumberland County Hospital System	Series A	5/4/2006	\$37,020,000	\$28,900,000
DBA Cape Fear Valley Health Fayetteville, North Carolina	Series B	5/4/2006	262,650,000	261,100,000
Caromont Health Gastonia, North Carolina		5/9/2006	119,800,000	119,600,000
NorthEast Medical Concord, North Carolina		6/27/2006	50,000,000	0
The Pines at Davidson Davidson, North Carolina		7/7/2006	30,980,000	29,925,000
Presbyterian Homes, Inc. Jamestown, North Carolina	Series B	7/13/2006 8/9/2006	79,235,000 33,290,000	79,235,000 31,735,000
Wayne Memorial Hospital Goldsboro, North Carolina		9/21/2006	35,000,000	0
The Cross Road Rest and Retirement Center, Inc. Asheboro, North Carolina		10/19/2006	8,300,000	8,300,000
Moravian Homes, Inc. DBA Salemtowne Winston-Salem, North Carolina		11/14/2006	35,225,000	34,780,000
Duke University Health System Durham, North Carolina	Series A Series B Series C	11/15/2006 11/15/2006 11/15/2006	65,355,000 65,360,000 20,000,000	65,355,000 65,360,000 20,000,000
Novant Health Winston-Salem, North Carolina		12/14/2006	250,000,000	250,000,000
Mission Health Asheville, North Carolina		1/31/2007	260,430,000	257,620,000
Chatham Hospital Siler City, North Carolina		2/8/2007	30,540,000	30,540,000
Iredell Memorial Hospital Statesville, North Carolina		3/15/2007	39,465,000	39,465,000
Arbor Acres United Methodist Retirement Community Winston-Salem, North Carolina		3/21/2007	17,765,000	17,765,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
Angel Medical Center Franklin, North Carolina		3/22/2007	\$18,500,000	\$18,280,000
Givens Estates Asheville, North Carolina		4/4/2007	66,900,000	66,795,000
United Church Homes and Services Newton, North Carolina		4/18/2007	15,780,000	15,780,000
Alamance Extended Care, Inc. (The Village at Brookwood) Burlington, North Carolina		5/18/2007	29,280,000	29,125,000
Randolph Hospital Asheboro, North Carolina		6/14/2007	49,230,000	49,230,000
The Forest at Duke Durham, North Carolina		7/12/2007	28,200,000	\$28,200,000
Wilson Medical Center Wilson, North Carolina		8/7/2007	33,825,000	33,825,000
Sisters of Mercy Services Corporation Asheville, North Carolina		9/13/2007	4,400,000	4,400,000
Lutheran Retirement Ministries DBA Twin Lakes Alamance County Elon, North Carolina		10/10/2007	39,800,000	38,490,000
DePaul Community Facilities, Inc. Rochester, New York	Series A	10/25/2007	30,125,000	30,125,000
	Series B	10/25/2007	1,765,000	1,765,000
Lower Cape Fear Hospice Wilmington, North Carolina		11/15/2007	4,000,000	4,000,000
Southminster, Inc. Charlotte, North Carolina	Series A & B	11/15/2007	64,180,000	64,180,000
	Series C	11/15/2007	25,500,000	25,500,000
Carol Woods Residential Retirement Center Chapel Hill, North Carolina		11/28/2007	29,510,000	28,815,000

SCHEDULE OF BOND ISSUES AND OUTSTANDING DEBT

		DATE OF ISSUE	AUTHORIZED PRINCIPAL AMOUNT	PRINCIPAL AMOUNT OUTSTANDING AS OF 30-Jun-08
CaroMont Health Gastonia, North Carolina		1/31/2008	\$118,400,000	\$118,400,000
Carolina Village Hendersonville, North Carolina	Series A	2/28/2008	19,575,000	19,575,000
	Series B	2/28/2008	10,000,000	10,000,000
	Series C	2/28/2008	15,000,000	15,000,000
Catholic Health East Newtown Square, Pennsylvania		4/24/2008	30,475,000	30,475,000
Moses Cone Health System Greensboro, North Carolina		4/30/2008	48,140,000	48,140,000
Transylvania Community Hospital Brevard, North Carolina		6/6/2008	5,000,000	5,000,000
Totals			<u>\$12,746,942,802</u>	<u>\$6,361,795,591</u>

- (a) Defeased by 5/24/85 Presbyterian Hospital Bond Issue
- (b) Defeased by 7/1/85 Duke University Hospital Refunding Bond Issue
- (c) Defeased by 12/1/85 Memorial Mission Bond Issue
- (d) Defeased by 12/1/85 Moore Memorial Bond Issue
- (e) Defeased by 8/1/85 Mercy Hospital Bond Issue
- (f) Defeased by 7/1/83 Grace Hospital Bond Issue
- (g) Defeased by 7/1/85 Southeastern General Hospital Bond Issue
- (h) Defeased by 8/1/85 The Episcopal Home for the Aging in the Diocese of North Carolina Bond Issue
- (i) Defeased by 12/1/85 Presbyterian Hospital Bond Issue
- (j) Defeased by 2/1/87 Grace Hospital Bond Issue
- (k) Defeased by 2/1/87 High Point Regional Hospital Bond Issue
- (l) Defeased by 8/1/87 Carolina Medicorp Bond Issue
- (m) Defeased by 6/1/88 Scotland Memorial Hospital Bond Issue
- (n) Defeased by 11/1/88 St. Joseph's Hospital Bond Issue
- (o) Defeased by 11/1/88 Blumenthal Jewish Home Bond Issue
- (p) Defeased by 11/1/89 Stanly Memorial Hospital Bond Issue
- (q) Defeased by 10/1/90 Community General Hospital Bond Issue
- (r) Defeased by 10/1/90 Presbyterian Hospital Bond Issue
- (s) Defeased by 11/1/90 Forest at Duke Bond Issue
- (t) Defeased by 11/1/91 Annie Penn Memorial Hospital Bond Issue
- (u) Defeased by 2/15/92 Alamance Health Services Bond Issue
- (v) Defeased by 11/1/91 Southeastern General Hospital Bond Issue
- (w) Defeased by 1/1/92 North Carolina Baptist Hospitals Bond Issue
- (x) Defeased by 11/1/91 McDowell Hospital Bond Issue
- (y) Defeased by 1/1/93 Rex Hospital Bond Issue
- (z) Defeased by 5/1/93 Morehead Memorial Hospital Bond Issue
- (aa) Defeased by 1/29/93 The Moses H. Cone Memorial Hospital Bond Issue
- (bb) Defeased by 11/1/92 Mercy Hospital Bond Issue
- (cc) Defeased by 8/1/92 Carolina Medicorp, Inc. Bond Issue
- (dd) Defeased by 6/1/93 Presbyterian Health Services Corp. Bond Issue
- (ee) Defeased by 11/15/93 Wesley Long Community Hospital, Series 1993 Bond Issue
- (ff) Defeased by 10/1/93 Penick Memorial Home Series 1993A Bond Issue
- (gg) Defeased by 7/15/93 Memorial Mission Hospital Series 1993 Bond Issue
- (hh) Defeased by 12/1/93 Scotland Memorial Hospital Series 1993 Bond Issue
- (ii) Defeased in part by 1/1/94 The Pines at Davidson Series 1994 Bond Issue
- (jj) Defeased by 1/1/94 St. Joseph's Hospital Series 1994 Bond Issue
- (kk) Defeased in part by 3/1/94 The Forest at Duke Series 1994 Bond Issue
- (ll) Defeased by 3/15/94 C.J. Harris Community Hospital Series 1994 Bond Issue
- (mm) Defeased in part by 8/12/93 Duke University Hospital Series 1993A Bond Issue
- (nn) Defeased by 9/15/94 United Church Retirement Homes Series 1994 Bond Issue
- (oo) Defeased by 7/1/94 Southminster Series 1994 Bond Issue
- (pp) Defeased by 10/15/95 Gaston Memorial Hospital Series 1995 Bond Issue
- (qq) Defeased by 5/1/96 Stanly Memorial Hospital Series 1996 Bond Issue
- (rr) Defeased by 2/15/96 Glenaire Project Series 1996 Bond Issue
- (ss) Defeased by 4/9/97 Lexington Memorial Hospital Series 1997 Bond Issue
- (tt) Defeased by 8/15/96 Grace Hospital Series 1996 Bond Issue
- (uu) Defeased by 2/1/97 Wilson Memorial Hospital Series 1997 Bond Issue
- (vv) Defeased by 12/1/96 Friends Home West Series 1996 Bond Issue
- (ww) Defeased by 2/15/97 Well Spring Retirement Community Series 1997 Bond Issue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(qqq) Defeased by 2002 WestCare Bond Issue

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

(sss) Defeased by 2002 ACTS Bond Issue

(ttt) Defeased by 2002 NorthEast Medical Bond Issue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(uuuu) Defeased by March 22, 2007 Angel Medical Center Bond Issue
 (vvvv) Defeased in part by January 31, 2007 Mission Health Bond Issue
 (wwwww) Defeased by October 19, 2006 CrossRoad Rest and Retirement Bond Issue
 (xxxx) Defeased by June 14, 2007 Randolph Hospital Bond Issue
 (yyyy) Defeased by November 14, 2006 Moravian Homes, Inc. (Salemtowne) Bond Issue
 (zzzz) Defeased by July 13, 2006 Presbyterian Homes, Inc. Bond Issue
 (aaaaa) Defeased in part by May 18, 2007 Alamance Extended Care, Inc. Bond Issue
 (bbbbb) Defeased by March 21, 2007 Arbor Acres (United Methodist Retirement Community) Bond Issue
 (ccccc) Defeased in part by April 4, 2007 Givens Estates Bond Issue
 (dddd) Defeased in part by July 7, 2006 The Pines at Davidson Bond Issue
 (eeee) Defeased by January 31, 2008 CaroMont Health Bond Issue
 (ffff) Defeased in part by August 7, 2007 Wilson Medical Center Bond Issue
 (ggggg) Defeased by October 25, 2007 DePaul Community Facilites, Inc. Bond Issue
 (hhhhh) Defeased by April 24, 2008 Catholic Health East Bond Issue
 (iiii) Defeased by October 10, 2007 Lutheran Retirement Ministries in Alamance County Bond Issue
 (jjjj) Reissued for tax purposes on November 28, 2007
 (kkkkk) Defeased by July 12, 2007 The Forest at Duke Bond Issue
 (mmmmm) Defeased by April 30, 2008 Moses Cone Bond Issue

REVENUE BOND AND NOTE ISSUES

July 1, 2007-June 30, 2008

The Forest at Duke - \$28,200,000

On July 12, 2007, the Commission issued its \$28,200,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (The Forest at Duke) Series 2007 dated as of the date of delivery (July 12, 2007). The proceeds of the Issue will be used together with other available funds to refund the 2002 Bonds and the 2003B Bonds and to pay certain expenses incurred in connection with the issuance of the Bonds.

The Forest at Duke, Inc. (the "Corporation"), was chartered on October 21, 1998, as a non-stock, nonprofit North Carolina corporation. The Corporation was formed to develop, own and manage a retirement community located in the City of Durham, North Carolina known as The Forest at Duke. The Corporation has been granted tax-exempt status as an organization described in Section 501 (C) (3) of the Internal Revenue Code of 1986, as amended.

The Retirement Facility is located on approximately 47 acres just south of Duke University in the City of Durham, North Carolina, in a region commonly known as the Research Triangle or the Triangle. The initial construction of the Retirement Facility was completed in August of 1992, and residents first began occupying independent living units in September of 1992. The Retirement Facility consists of 160 apartments in serial interconnected three-and four-story buildings, 80 one-story cottages, a community center of approximately 40,000 square feet (the "Community Center") and a health and wellness center of approximately 98,365 square feet (the "Health and Wellness Center"). The Community Center houses a formal dining room, café, living and social lounge, billiards room, arts and crafts studio, an auditorium, classroom, bank, beauty and barber shop, swimming pool and gift shop. The Health and Wellness Center consists of a primary care outpatient clinic, 58 licensed skilled nursing care beds and 34 assisted living beds licensed as "adult care" beds.

An expansion and renovation of the Retirement Facility was recently completed and included the construction of the new 34 bed adult care addition totaling approximately 60,212 square feet, renovation and reconfiguration of the Community Center, dining room and common areas, redecoration of existing adult care and skilled nursing areas, and the phased reclassification of existing adult care beds to skilled nursing beds.

The Bonds are rated BBB+ by Fitch, Inc. based on the credit worthiness of the Forest at Duke, Inc. The \$6,920,000 Serial Bonds mature on September 1 in the years 2008-2018 and carry stated interest rates ranging from 4.05% to 4.70% with yields ranging from 4.0% to 4.70%. The \$14,225,000 5.125% Term Bonds due September 1, 2027 yield 5.04%. The \$7,055,000 5.125% Term Bonds due September 1, 2032 yield 5.09%.

Hunton & Williams, LLP served as bond counsel. Womble Carlyle Sandridge & Rice, PLLC served as counsel to the underwriters. Ziegler Capital Markets served as senior manager

for the Issue with Wachovia Securities as co-manager. US Bank National Association serves as bond trustee.

Wilson Medical Center - \$33,825,000

On August 7, 2007, the Commission issued its \$33,825,000 North Carolina Medical Care Commission Hospital Revenue Bonds (Wilson Medical Center) Series 2007 dated as of the date of delivery (August 7, 2007). The proceeds of the Bonds are being used together with other available funds to: (1) refund outstanding Hospital Revenue Refunding Bonds (Wilson Memorial Hospital Project) Series 1997, (2) pay costs of acquiring certain hospital equipment to be used by the Corporation and (3) pay certain expenses incurred in connection with the issuance of the Series 2007 Bonds.

WilMed Healthcare (“WilMed Healthcare” or the “Holding Company”) is a private, non-profit parent corporation for a multi-entity health care system (the “Health Care System”) dedicated to providing healthcare and related services to Wilson County, North Carolina (the “County”) and the surrounding areas. The Holding Company is organized under the laws of the State of North Carolina and is exempt from taxation as an organization described in Section 501 (C) (3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Holding Company’s primary affiliate is Wilson Medical Center (the “Corporation”), which operates a general acute care community hospital known as Wilson Medical Center located on South Tarboro Street in the City of Wilson, North Carolina (the “Hospital”). The Corporation’s mission is “to provide and promote the delivery of quality healthcare for the people of Wilson County and neighboring communities with competitive prices.”

Wilson Memorial Hospital opened at its current location on September 1, 1964 and changed its name to Wilson Medical Center in 2000. The idea to form a county-owned community hospital in the County was conceived of in 1959 as a means of consolidating three outdated privately –owned hospitals already operating in the County. Eventually, all three hospitals merged into a single hospital in 1964. Today, the hospital continues to serve as the only hospital in the county providing for the needs of all of the community’s patients regardless of ability to pay.

In the mid-1980’s, the healthcare industry became much more competitive, fueling the development of freestanding surgery clinics, outpatient therapy, diagnostic and urgent care centers, preferred provider organizations, health maintenance organizations and other innovative approaches. As a result of the inability of county-owned hospitals in North Carolina to participate effectively in many of these changes, private providers had a competitive advantage. As a result, ownership of the Hospital property was transferred from the County to the Corporation in 1986.

The Hospital has continued to grow and expand services to meet community needs and to address technological change. Major facility renovations and improvements were completed in 1971, 1978, 1985, 1987, and 1989. In 1990, the Corporation embarked on a major project to modernize and to expand its facilities. The project, which increased the Hospital facility by approximately 49,000 square feet, was completed in 1994 and was financed by the proceeds of the North Carolina Medical Care Commission Hospital Revenue Bonds (Wilson Medical Hospital Project), Series 1990 (the “Series1990 Bonds”). In

1997, the Series 1990 Bonds were refinanced with the Series 1997 Bonds, a portion of which will be refunded by the Series 2007 Bonds.

The Corporation more recently has embarked on additional renovations and improvements to the Hospital. Major components include a newly expanded and renovated Emergency Department; two updated operating suites; a "Birth Place," consisting of labor, delivery, recovery and operating room theatre for caesarian sections; adult voluntary psychiatric unit; catherzation laboratory; an imaging department specializing in interventional radiology; the cancer care/oncology unit, joint replacement center, specializing in minimally invasive procedures; intensive care unit; cardiac telemetry monitoring unit; and palliative care unit. Some of the patient services offered by the Hospital include: general inpatient and outpatient surgery, orthopedic surgery, gastroenterology procedures, cardiology interpretations, neurodiagnostic laboratory interpretations, neurodiagnostic sleep laboratory, radiation therapy, cardiac catherization laboratory procedures, MRI and CT services.

The proceeds of the Series 2007 Bonds will be used, together with other available funds, to refund all or a portion of the Series 1997 Bonds maturing on November 1, 2008 through 2011, inclusive through 2018 and 2020.

The moneys to be used to effect the refunding of the Refunded Bonds will be held irrevocably in trust for the registered owners of the Refunded Bonds pursuant to an Escrow Deposit Agreement, dated as of August 1, 2007, among the Commission, the Corporation and Branch Banking and Trust Company, as escrow agent (the "Escrow Agent"), and, except for any portion held uninvested by the Escrow Agent, will be invested by the Escrow Agent in a portfolio of United States Treasury Securities that will bear interest at such rates and mature at such times and in such amounts as will provide, together with the uninvested moneys, amounts sufficient to pay the redemption price of the Refunded Bonds plus accrued interest to the redemption date. The Refunded Bonds will be redeemed on November 1, 2007.

The proceeds will also be used to fund the Project which consists of the acquisition and installation of certain hospital equipment to be used by the Corporation, including, but not limited to, a linear accelerator and other radiology equipment, a CT scanner, upgrades to the information technology systems and an automatic dispensing and packaging system for the pharmacy.

The \$29,400,000 Serial Bonds mature November 1 in the years 2008-2020 and carry stated interest rates ranging from 4.500% to 5.00% with yields ranging from 4.00% to 4.710%. The \$1,000,000 4.75% Term Bonds due November 1, 2027 were priced to yield 4.870%. The \$3,425,000 5.000% Term Bonds due November 1, 2027 were priced to yield 4.870%.

The Bonds are rated A- by Standard & Poor's. Womble Carlyle Sandridge & Rice, PLLC served as bond counsel. McGuire Woods, LLP served as counsel to the underwriters. BB&T Capital Markets served as senior manager for the issue with Merrill Lynch as co-manager. Branch Banking and Trust serves as bond trustee.

Sisters of Mercy Services Corporation - \$4,400,000

On September 13, 2007, the Commission issued its \$4,400,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Sisters of Mercy Services Corporation) Series 2007 dated the date of delivery (September 13, 2007). The proceeds of the issue are being used, together with other available funds, to: (1) pay a portion of the costs of the project and (2) pay certain expenses incurred in connection with the issuance of the Bonds. Branch Banking and Trust Company is providing a letter of credit as a substitute for a surety bond for the construction.

The Sisters of Mercy Services Corporation, Asheville, North Carolina supports the endeavors of the Sisters of Mercy in Western North Carolina. The Corporation operates the following:

- **Urgent Care** which provides Buncombe and surrounding counties with minor emergency care at the facilities.
- **Health Designs**, the occupational division of Sisters of Mercy Urgent Care provides onsite healthcare to business, industries and schools.
- **Mountain Health Services** is a for profit entity which provides real estate services to the Corporation and general contracting services to medical and business establishments.
- **McAuley Foundation** is a separately incorporated 501 (C) (3) that supports the mission and ministry of the Sisters of Mercy in Western North Carolina.
- **ARP/ Phoenix** provides an array of substance abuse assessment, treatment and prevention services to the counties of Western North Carolina.

The Project consists of the acquisition of land and the acquisition of, construction, furnishings and equipping of a new approximately 15,000 square foot two story building, consisting of an urgent care facility and administrative offices for the Corporation to be located at 1201 Patton Avenue, Asheville.

The Bonds are rated Aa2 /VMIG1 by Moody's based on the issuance of an irrevocable letter of credit by Branch Banking and Trust Company. The Bonds will initially bear interest at the weekly rate. The Bonds mature in the years 2010-2028. Hunton and Williams, LLP served as bond counsel. Robinson, Bradshaw & Hinson, P.A. served as counsel to the underwriters. Branch Banking and Trust Company serves as remarketing agent for the bonds, letter of credit provider for the bond issue and trustee for the bond issue.

Lutheran Retirement Ministries of Alamance County DBA Twin Lakes Community - \$39,800,000

On October 10, 2007, the Commission issued its \$39,800,000 North Carolina Medical Care Commission Health Care Facilities Revenue and Revenue Refunding Bonds (Lutheran Retirement Ministries Project) Series 2007 dated as of the date of initial delivery (October 10, 2007). The proceeds of the Series 2007 Bonds will be used to finance and refinance: (1) the construction, equipping and furnishing of a memory care facility and other infrastructure improvements, including road improvements and the implementation of a campus wide wireless emergency call system, and (2) the renovation and improvement of a health care facility owned and operated by the Corporation, including a loading dock

and ambulance entrance. The Proceeds of the Bonds will also be used to currently refund the Series 1999 and Flex Cap Variable Rate Demand Revenue Bonds, Series 2003 and to fund certain costs associated with the issuance of the Series 2007 Bonds.

Lutheran Retirement Ministries of Alamance County, North Carolina (the "Corporation") was incorporated in the State of North Carolina in April 1980, as a non-profit corporation. The Corporation operates a continuing-care retirement community known as Twin Lakes Community (the "Community").

The Community is located on approximately 170 acres of land primarily in the town of Elon in Alamance County, North Carolina, bordering the City of Burlington. The Community presently consists of 359 independent living units, 36 units of multi-unit housing with services (serving those who need minimal assistance), 100 healthcare beds, licensed for skilled nursing, and four adult care home beds. The independent living facilities, which are the subject of Twin Lakes continuing care contracts, consists of 248 cluster homes, 30 one-bedroom apartments, 42 two-bedroom apartments, and 39 garden homes, with construction beginning on 11 additional garden homes.

The Bonds are rated A+ (long term rating) and F1+ (short-term rating) by Fitch Ratings based on the issuance of the irrevocable direct-pay letter of credit by SunTrust Bank, which secures the payment of principal of and interest on and the purchase price of the Series 2007 Bonds. In addition, Fitch has assigned an underlying rating of BBB+ to the Series 2007 Bonds without regard to the Letter of Credit and based on the credit worthiness of the Corporation. The Series 2007 Bonds initially will bear interest at the Variable Rate with interest payable on the first business day of each month. The Corporation has entered into an interest rate swap agreement with Wachovia Bank National Association in order to hedge against rises in the interest rate on a portion of the Series 2007 Bonds.

The Series 2007 Bonds are subject to mandatory redemption on January 1 in the years 2008-2037. Parker Poe Adams & Bernstein, LLP served as bond counsel. McKennon Shelton & Henn, LLP served as counsel for the underwriters. Raymond James served as underwriter for the issue and also serves as remarketing agent for the Bonds. The Bank of New York Trust Company, NA serves as bond trustee.

DePaul Community Facilities, Inc. - \$30,125,000 and \$1,765,000

On October 25, 2007, the Commission issued its \$30,125,000 North Carolina Medical Care Commission Health Facilities First Mortgage Revenue Bonds (Community Facilities Project), Series 2007A and \$1,765,000 North Carolina Medical Care Commission Taxable Health Care Facilities First Mortgage Revenue Bonds (Community Facilities Project), Series 2007B. The Series 2007A Bonds are dated as of the date of issuance (October 25, 2007). The proceeds of the Series 2007A Bonds are being used, together with other available funds, to: (1) refund the Commission's Health Care Facilities First Mortgage Revenue Bonds (DePaul Community Facilities Project), Series 1998 currently outstanding in the amount of \$3,985,000, (2) refund the Commission's Health Care Facilities First Mortgage Revenue Bonds (DePaul Community Facilities Project), Series 1999 currently outstanding in the amount of \$13,555,000, (3) refund the mortgage notes, dated January 12, 1998 insured by the Federal Housing Administration, (4) retire other existing indebtedness of the Corporation, the proceeds of which were used to finance acquisition of various adult care

home locations in North Carolina, (5) pay or reimburse the Corporation for paying a portion of the costs of the Project and (6) pay certain expenses incurred in connection with the authorization and issuance of the Bonds. Community Facilities, Inc., formerly known as DePaul Community Facilities, Inc. and originally incorporated as Facilities for Group Homes of Rochester, Incorporated, is a not-for-profit corporation established in 1970, organized and existing under the laws of the State of New York. The Corporation is an affiliate of The DePaul Group, Inc. (the "Corporate Guarantor"), a New York not-for-profit corporation established in 1992, organized and existing under the laws of the State of New York.

The Corporate Guarantor for the Series 2007 Bonds is the umbrella organization for several affiliated not-for-profit corporations that provide treatment, rehabilitation, and residential care services to the elderly, persons with a mental illness in recovery, and those with a history of homelessness. The Corporate Guarantor, through its subsidiaries, provides these services in nine facilities located in the State of North Carolina and in 47 facilities located in the State of New York to some 5,000 individuals each year. The Corporation is a real estate holding corporation that acquires suitable facilities in which the Corporate Guarantor through its affiliate, DePaul Adult Care Communities, Inc. ("DePaul Adult Care"), provides the aforesaid services. The Corporation owns adult care facilities known as Walden House, Cambridge House, Southfork, Heath House, Wexford House, Twelve Oaks, Chatham Creek House, and East Towne House. Currently, Woodridge House is owned by another of the Corporate Guarantor's affiliates, DePaul Woodridge, Inc. a New York not-for-profit corporation ("DePaul Woodridge"). In addition, the Corporation owns five adult care homes in New York.

DePaul Adult Care is a not-for-profit corporation established in 1984, and is organized and existing under the laws of the State of New York. An affiliate of the Corporate Guarantor, DePaul Adult Care Provides temporary and long-term residential care to adults over the age of 18 who are unable to live independently and do not require continuous medical or nursing care. DePaul Adult Care operates adult care homes known as Walden House, Cambridge House, Southfork, Heath House, Wexford House, Woodridge House, Twelve Oaks, Chatham Creech House and East Towne House. DePaul Adult Care operates five adult care homes in the State of New York, four of which are owned by the Corporation, one of which is owned by DePaul Properties, Inc. an affiliate of the Corporate Guarantor and one of which DePaul Adult Care presently leases from an unaffiliated entity.

DePaul Adult Care will lease the existing Facilities from the Corporation pursuant to the Facility Leases, and DePaul Adult Care will lease Woodridge House from the Corporation pursuant to the Woodridge House Lease commencing on or about February 1, 2009. DePaul Adult Care will operate the Existing Facilities and Woodridge House as adult care homes under the laws of the State of North Carolina.

A portion of the proceeds of the Series 2007A Bonds will be used to pay or reimburse costs related to (1) the acquisition of Chatham Creek House, (2) the acquisition and installation of furnishings and equipment for use in each of Cambridge House, Chatham Creek House, East Towne House, Southfork, Heath House, Wexford House, Twelve Oaks, and Woodridge House, and (3) the construction of routine capital improvements and renovations at each of Cambridge House, East Towne House, Southfork, Heath House, Wexford House, Twelve Oaks, and Woodridge House.

On the date of delivery of the Series 2007B Bonds, the proceeds of the Series 2007B Bonds will be used to (a) pay, or reimburse the Corporation for paying, a portion of the cost of the (i) acquisition of East Towne House and Woodridge House, (ii) the acquisition and installation of furnishings and equipment for use in each of Twelve Oaks and Woodridge House, and (iii) the construction of routine capital improvements and renovations at each of Twelve Oaks and Woodridge House, and (b) pay certain expenses incurred in connection with the authorization and issuance of the Series 2007B Bonds.

The Series 2007A Bonds are rated Aaa/VMIG1 by Moody's Investors Services based upon the irrevocable, direct-pay letter of credit by Citizens Bank which secures the payment of the principal and purchase price of and interest of the Bonds. The Series 2007A Bonds are subject to mandatory sinking fund redemption in the years 2008-2037. The Series 2007B Bonds are subject to mandatory sinking fund redemption in the years 2008-2017. The Bonds initially bear interest at the weekly rate.

McGuire Woods, LLP served as bond counsel. Fulbright & Jaworski, LLP served as counsel to the underwriters. The Bank of New York Company, N.A. serves as bond trustee. Prager, Sealy & Co., LLC served as underwriter for the Bonds and serves as remarketing agent for the Bonds.

Lower Cape Fear Hospice - \$4,000,000

On November 15, 2007, the Commission issued its \$4,000,000 North Carolina Medical Care Commission Healthcare Facilities Revenue Bonds (Lower Cape Fear Hospice, Incorporated), Series 2007 dated as of the date of delivery (November 15, 2007), the proceeds of which will be used, together with other available funds, to: (1) pay a portion of the costs of the project and (2) pay certain expenses incurred in connection with the issuance of the Bonds.

Lower Cape Fear Hospice, Incorporated located in Wilmington, North Carolina, is a non-stock, nonprofit, North Carolina corporation formed in 1978. The Corporation is governed by a 20 person volunteer board of directors and is an affiliate of New Hanover Health Network. The Corporation is approved by the Accreditation Commission for Healthcare, Inc. and is a member of the National Hospice and Palliative Care Organization, the Carolina Center for Hospice and End of Life Care and The Hospice Provider Network.

The Corporation was formed to provide palliative and supportive care for terminally ill patients under the direction of a licensed physician, as well as education to the general public regarding the availability of palliative and supportive care for terminally ill patients. The Corporation seeks to increase communications between health professionals, the clergy and members of the community regarding the care of the terminally on an out-patient and inpatient basis.

The Corporation's Hospice Care Center is southeastern North Carolina's only hospice inpatient facility. Patients receive short-term medical and respite care in a homelike setting in twelve private patient and family suites, with separate living areas and courtyard gardens. More than 4,200 patients have been cared for at the Hospice Care Center since its opening in 1997.

The project consists of acquiring, constructing and equipping a new, two-story, approximately 22,000 foot building to house the Corporation's administrative offices and certain services (including grief counseling) provided by the Corporation.

Monteith Construction Corporation is the general contractor for the Project. Construction of the Project is expected to begin on or around November 1, 2007, with an anticipated completion date of October 31, 2008.

The Bonds are rated Aa2/VMIG1 based on the issuance of the irrevocable direct pay letter of credit by Branch Banking and Trust Company which secures the payment of the principal and interest and purchase price of the Bonds. The Bonds will initially bear interest at the weekly rate. The Bonds are subject to mandatory sinking fund redemption in the years 2009-2027.

BB & T Capital Markets served as underwriter for the issue. Robinson Bradshaw & Hinson, P.A. served as bond counsel. Hunton & Williams, LLP served as counsel for the underwriters. BB&T serves as remarketing agent for the issue. Branch Banking & Trust serves as bond trustee.

Southminster, Inc. - \$89,680,000

On November 15, 2007, the Commission issued its \$89,680,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Southminster Project) Series 2007 consisting of \$62,180,000 Series 2007A (Fixed Rate), \$2,000,000 Series 2007B Extendable Rate Adjustable Securities and \$25,500,000 Series 2007C (Variable Rate Bonds. The proceeds of the Bonds will be used to: (1) pay costs of the project, (2) pay interest accruing on the Bonds for approximately 19 months, (3) fund a debt service reserve fund for each series of the Bonds and (4) pay certain expenses incurred in connection with the issuance of the Bonds.

Southminster, Inc. (the "Corporation") is a North Carolina nonprofit corporation that was organized in 1984. The Corporation owns and operates a continuing care retirement community known as "Southminster", which is located at 8919 Park Road, Charlotte, Mecklenburg County, North Carolina. The Corporation has been determined by the Internal Revenue Service to be exempt from federal income taxation as an organization described in Section 501 (C) (3) of the Internal Revenue Code.

Southminster accepted its first resident in 1987. Upon opening, the Southminster campus consisted of: (1) a main building containing 173 independent living apartments and common and dining facilities, and a licensed health care facility that included 60 nursing beds and 20 assisted living units, and (2) 22 duplex cottage units. Over the next eight years, the number of cottage units was expanded to 47. In 1996, a major renovation of the common and dining facilities was completed, and in 1998, a new wing containing a 20-bed memory impaired unit and 8 additional independent living apartments was added to the main building. Over the years, some of the independent living apartments have been combined to create larger units, reducing the total number of independent living apartments to 140.

The Corporation is affiliated with its original sponsors; Christ Episcopal Church and Myers Park Baptist Church, both of which are located in Charlotte, North Carolina. The Corporation is the direct product of the interest of these two churches in providing a retirement alternative for their members and other senior citizens in the Charlotte area. The initial funds used for start-up and related costs were raised primarily from the membership of the churches. The Corporation's bylaws provide that the senior clergy of these two churches serve ex-officio as voting members of the Corporation's board of directors and that the governing bodies of the churches nominate the individuals elected as directors (although, historically, not all of the Corporation's directors have been members of the churches).

The Project includes (1) construction of 89 new independent living apartments, (2) construction of a new wellness/aqua center, (3) enhancements to and expansions of commons and administrative areas, and (4) modest renovations to the Health Center. To prepare for the Construction of the Project, eight independent living cottage units have been demolished, two of which will be rebuilt upon completion of the Project. The floor plans with respect to the 89 independent living apartments vary in design and include one-to-two bedroom configurations ranging from approximately 1,080 to 2,630 square feet. Each new independent living apartment features a living room, one or two bathrooms, storage areas, a patio/balcony, carpeting and a fully-equipped kitchen. New independent living apartments will have individually controlled heating and air conditioning, cable television and telephone hook-ups, washer and dryers and 24 hour fire, safety and medical emergency call system. The new construction also will include approximately 125 underground parking spaces. The new wellness/aquatic center will include a four-lap exercise pool therapy/whirlpool, locker rooms, a fully-equipped exercise/fitness facility and therapy rooms. Renovations to the common administrative space will include new administrative offices, a new multipurpose theatre, a new bistro-style dining facility at a separate lounge. The existing dining facility, great room and independent living corridors will be extensively renovated. The Project also includes modest renovations to the Health Center, the exact nature and extent of which will be determined at a later date. The Project commenced in January 2007 and is expected to be completed by December 2008.

The \$4,900,000 Serial Bonds, Series 2007A maturing in the years 2016-2020 carry stated interest rates ranging from 5.10%-5.35% with yields ranging from 5.10% to 5.35%. The Series 2007A \$4,305,000 Term Bonds due October 1, 2022 were priced at 100% to yield 5.450%. The Series 2007A \$13,040,000 5.625% Term Bonds due October 1, 2027 were priced to yield 5.625%. The \$39,935,000 Series 2007A Term Bonds due October 1, 2039 were priced to yield 5.820% with a stated interest rate of 5.820%.

The \$2,000,000 Series 2007B Bonds mature October 1, 2020 and carry an interest rate of 4.75% and were sold at par.

The \$25,500,000 Series 2007C Term Bonds mature October 1, 2014 and bear interest at the weekly rate. Sovereign Bank issued an irrevocable direct pay letter of credit for the 2007 C Bonds. In addition, Banco Santander, S.A. issued a confirmation of the credit facility. If Sovereign Bank failed to honor a draw on the letter of credit the confirmation bank will honor the draw.

The Series 2007A and 2007B Bonds are not rated. The Series 2007 C Bonds are rated AA/A-1+ by Standard and Poor's. Larson Allen served as feasibility consultant for the project. The Bank of New York Trust Company serves as bond trustee. Ziegler Capital Markets served as senior manager with Wachovia Securities and Ferris Baker Watts Incorporated as co-managers. Womble Carlyle Sandridge & Rice, PLLC served as bond counsel. Squire, Sanders & Dempsey, LLP served as counsel to the underwriter.

The Chapel Hill Residential Retirement Center, Inc. (Carol Woods) - \$29,510,000

On November 28, 2007, the Series 2001 North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities First Mortgage Revenue Bonds (Carol Woods Project) was reissued for tax purposes. The original amount of the Bonds was \$33,030,000 with \$29,510,000 outstanding as of the date of reissuance. The Bonds are rated by Standard & Poor's with a long term bond rating of AA and short term bond rating of A-1+ based on the insurance policy, the letter of credit (the credit facility) and the standby bond purchase agreement. The 2001 Bonds were originally issued with the payment of the principal of and interest on the Bonds guaranteed by Asset Guaranty Issuance Company now known as Radian Asset Assurance, Inc. The Bonds carried a Standard & Poor's rating of AA/A-1. Concurrently with the remarketing of the Bonds on November 28, 2007 the Bonds will have the additional security of a direct pay letter of credit issued by BB&T.

The addition of the BB&T letter of credit results in a lower daily interest rate than the Bonds would carry if only secured by the bond insurance. McGuire Woods, LLP served as bond counsel for the transaction. The Bank of New York continues to serve as bond trustee. Wachovia Bank, National Association serves as the remarketing agent for the issue.

CaroMont Health, Inc. - \$118,400,000

On January 31, 2008, the Commission issued its \$118,400,000 North Carolina Medical Care Commission Hospital Revenue Bonds (CaroMont Health) Series 2008 dated as of January 31, 2008, the date of delivery of the Bonds. The proceeds of the Bonds will be used, together with other available funds, to pay the costs of the project, refund the Commission's outstanding Series 1995 and 1998 Bonds, pay a portion of the interest accruing on the Bonds and pay certain expenses incurred in connection with the sale of the Bonds.

The Project consists of the acquisition, construction and equipping of additional facilities at Gaston Memorial Hospital, including, without limitation, (1) renovation of two patient floors of the main hospital building, including areas for the day-of-surgery unit and ancillary facilities, (2) acquisition and installation of a sprinkler system covering a portion of the main hospital building, and (3) improvement of the hospital facilities' power distribution system.

That portion of the proceeds of the Bonds to be used to refund the Series 1995 outstanding Bonds in the amount of \$41,210,000 will be deposited in the Redemption Fund held by the trustee for the Series 1995 Bonds (the "Series 1995 Trustee") pursuant to a Letter of Instructions, dated as of January 1, 2008, from the Commission and the Borrowers to the Series 1995 Trustee. The Series 1995 Bonds have been called for prior redemption in whole

on February 15, 2008 at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date. The amount of proceeds deposited with the Series 1995 Trustee will be sufficient, without investment, to pay, when due, the principal of, and interest on, the Series 1995 Bonds through the redemption date.

That portion of the proceeds of the Bonds to be used to refund the Series 1998 Bonds will be deposited in the Redemption Fund held by the trustee for the Series 1998 Bonds (the "Series 1998 Trustee") pursuant to a Letter of Instructions, dated as of January 1, 2008, from the Commission and the Borrowers to the Series 1998 Trustee. The Series 1998 Bonds have been called for redemption in whole on February 15, 2008 at a redemption price at 101% of the principal amount thereof plus accrued interest to the redemption date. The amount of proceeds deposited with the Series 1998 Trustee will be sufficient, without investment, to pay, when due, the principal of, and interest on, the Series 1998 Bonds through the redemption date.

CaroMont Health is a diversified health care system consisting of Gaston Memorial Hospital the ("Hospital"), physician office practices, imaging centers, an ambulatory surgery center, a nursing home, occupational medicine, and a hospice, all of which are principally located in Gastonia, North Carolina and surrounding communities. The Health Care System was formed in 1984 through the creation of CaroMont Health, Inc.

In 2007, the Hospital celebrated its 61st year of providing health care to residents of Gaston County and the surrounding area. Founded in 1946, the Hospital opened as a 70-bed acute care medical facility. The Hospital grew steadily at its original location with an addition of a new wing in the early 1950's and another addition in 1957. In 1967, the citizens of Gaston County approved a \$15 million bond referendum to build a new 479-acute care bed facility at the Hospital's present location and construction was completed in 1973.

The Parent and Gaston Memorial Hospital, Incorporated ("GMH") lease the land and buildings on the Hospital's 83-acre medical campus from Gaston County pursuant to a lease agreement that is effective until April 29, 2035. The Lease is renewable upon agreement of the parties.

The Health Care System offers a number of key services and programs and has been the recipient of multiple quality awards and designations. The Health Care System is governed by the Board of Directors of the Parent, which consists of 14 members and has identical membership with GMH's Board of Directors. As of September 30, 2007, there were 320 active physicians on the medical staff of the Hospital and 2,958 full-time equivalent employees in the Health Care System.

The four Members of the Obligated Group are the Parent, GMH, CaroMont Health Services, Inc. ("CHS"), and CaroMont Ambulatory Services, LLC.

The original Hospital was constructed in 1973 with patient rooms located on the 3rd through 7th floors. The Project includes the renovation of two patient floors encompassing approximately 77,000 square feet. The Hospital is also renovating the other three patient floors encompassing approximately 101,000 square feet. Patient rooms will be refurbished to meet current life and safety codes along with patient care standards, and support

space will be sized to meet projected program requirements. Most of the existing patient rooms and patient floors will have similar general renovation performed, including:

- Installation of a hand-washing station in each patient room
- Removal of carpeting in patient rooms
- Fire protection system in patient rooms and floors
- Three electrical branches of service in patient rooms
- Upgraded patient room lighting
- Upgraded patient room finishes

Not only will these renovations offer a more aesthetically pleasing environment for patients, these changes will help improve infection control. In addition, current safety codes were not enacted until after the patient tower was constructed. The patient tower's construction has restricted the Hospital's ability to bring the patient tower into compliance with existing safety codes. After the renovation is complete on the patient tower, it is expected to be in compliance with these codes.

Other components of the Project include the following:

- Sprinkler - The Project includes the addition of sprinklers to approximately 206,000 square feet of the Hospital that are not currently sprinkled and not included the patient tower renovation project.
- Life Safety & Critical Power Upgrade – Because of the age of the Hospital facilities, the Hospital does not have three distinctive branches for the power distribution as required by the current Life Safety code. The Project impacts approximately 419,000 square feet and adds an additional Life Safety branch to each floor where it had not existed and provides the relocation of circuits to this branch as needed.
- Day of Surgery Unit Renovations (“DOSU”) - The Project includes the relocation of the DOSU from the 5th floor to the 1st floor adjacent to the surgery department and the renovation of approximately 6,500 square feet. This relocation is designed to free up much needed space on the 5th floor for inpatient care, provide easier access to surgical services for patients and their families, and increase the efficiency of surgical staff.
- 2nd Floor Renovation – The Project includes renovation of approximately 4,700 square feet on the 2nd floor of the Hospital to facilitate office space, meeting rooms and lounge for the Hospitalists and Intensivists; relocates care management staff from the patient floors to a centralized office area, and expands office space for medical staff.

Finally, the Hospital and CaroMont Health System will reimburse themselves for certain past capital expenditures and pay for future capital expenditures for routine equipment.

The Bonds are rated Aaa/VMIG1 by Moody's and AAA/A-1 by Standard & Poor's based on the issuance of a financial guaranty issuance policy by Assured Guaranty which guarantees the payment of principal and interest on the Bonds when due. The Bonds carry an underlying rating based on the credit worthiness of the Obligated Group of A1 by Moody's and A+ by Standard & Poor's. Regions Bank is providing a Standby Bond Purchase Agreement to provide payment, under certain conditions of the purchase price of any Bonds tendered and not timely remarketed.

The Bonds are subject to sinking fund redemption in the years 2009-2035. The Bonds initially bear interest in the weekly mode.

Merrill Lynch & Company served as underwriter for the Issue and serves as remarketing agent for the Bonds. Kilpatrick Stockton, LLP served as bond counsel and McGuire Woods, LLP served as counsel to the underwriters. The Bank of New York serves as bond trustee.

Carolina Village, Inc. - \$19,575,000, \$10,000,000 and \$15,000,000

On February 28, 2008, the Commission issued its (1) \$19,575,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project) Series 2008A, (2) \$10,000,000 North Carolina Medical Care Commission Variable Rate Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project) Series 2008B and (3) \$15,000,000 North Carolina Medical Care Commission Variable Rate Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project) Series 2008C. The Series 2008A, B and C Bonds are dated as of the date of delivery (February 28, 2008).

The proceeds of the Series A, B, and C Bonds will be used together with other available funds, to (1) fund a portion of the Project, (2) refund interim taxable loans that financed a portion of the costs of the Project, (3) pay a portion of the interest accruing on the Series 2008A, B, and C Bonds, (4) fund the debt service reserve fund and (5) pay certain expenses incurred in connection with the issuance and sale of the Bonds.

The Project consists of the construction and equipping of (1) a new three story independent living apartment building with 63 units, (2) a new assisted living building containing 60 beds which will replace the existing living center, (3) the construction of additional laundry facilities and (4) certain improvements to the facade of the existing facilities.

The Corporation entered into an interim line of credit and a bridge loan to finance certain components of the project. The refunding of the line of credit and bridge loan is part of the bond issue included as a use of proceeds of the bonds.

Carolina Village, Inc., a non-profit North Carolina corporation incorporated in 1972, operates a continuing care retirement community known as Carolina Village located on approximately 91 acres in Hendersonville, North Carolina.

In the early 1970s, a group of local business, civic and religious leaders recognized the need for a continuing care retirement facility in the Hendersonville area. Toward that end, the Corporation commenced operations at Carolina Village in June 1974 with 210 apartments and 27 cottages. Twenty-seven additional cottages were built in 1993 with twenty-seven more following in 2004. Carolina Village currently consists of 204 apartments and 81 cottages. In 2000, a state-of-the-art, all private-room skilled nursing facility with 58 beds was added to the Carolina Village campus. At that time, the previous medical center was renovated and turned into a 28 private bed assisted living building care center, which opened in December 2000.

The Corporation is exempt from income tax as an entity described in Section 501 (C) (3) of the Internal Revenue Code of 1986.

The 2008A Bonds are not rated. The \$2,115,000 serial bonds mature in the years 2011-2018 and carry stated interest rates ranging from 3.375% to 4.875%. The \$17,460,000 6.00% term bonds due April 1, 2038 yield 6.09%. The \$10,000,000 Series 2008B Bonds are rated Aaa/VMIG1 by Moody's based on the irrevocable letter of credit issued by First Citizens bank and Trust Company with a confirming letter of credit issued by Wells Fargo Bank, National Association. The 2008B Bonds will initially bear interest at the weekly rate. The 2008B Bonds mature in 2010.

The Series 2008C Bonds are rated Aa1/VMIG1 based on the letter of credit securing the bonds by Wachovia Bank, National Association. The 2008C Bonds will initially bear interest at the weekly rate. The 2008C Bonds are subject to mandatory sinking fund redemption in years 2018-2030.

Robinson, Bradshaw, & Hinson, P.A. served as bond counsel for the issue with Parker, Poe, Adams, & Bernstein, LLP serving as counsel to the underwriters. Dixon-Hughes, PLLC served as feasibility consultant for the issue. First Citizens Bank serves as bond trustee.

Catholic Health East/St. Joseph of the Pines - \$30,475,000

On April 24, 2008, the Commission issued its \$30,475,000 North Carolina Medical Care Commission Health System Revenue Bonds Catholic Health East, Series 2008 dated as of the date of delivery (April 24, 2008). The proceeds of the Bonds, together with other available funds, will be used to refund North Carolina Medical Care Commission Health System Revenue Bonds, Catholic Health East Issue, Series 1998D outstanding in the amount of \$30,000,000. The redemption is to occur on May 7, 2008.

Catholic Health East, or CHE, is a Pennsylvania nonprofit corporation that controls, directly or indirectly, various nonprofit and business corporations and other organizations that own and operate health care facilities and provide health care or related services in eleven states.

CHE and certain entities affiliated with CHE are Members of an Obligated Group created under and pursuant to the Amended and Restated Master Trust Indenture dated as of January 1, 1998 and amended and restated as of September 30, 2006, between CHE, as the Obligated Group Agent, the other Members of the Obligated Group specified therein, and The Bank of New York Trust Company, N.A., as Master Trustee, as supplemented and amended from time to time.

The Bonds are being offered primarily on the basis of the Letter of Credit and the financial strength of the Letter of Credit Provider.

Moody's and Standard & Poor's assigned a rating of Aaa/P-1 and AA/A-1+ based on the issuance of the letter of credit by JP Morgan Chase Bank National Association. The Bonds will initially bear interest in the weekly mode. The Bonds are subject to mandatory sinking fund redemption in the years 2008-2028. Hawkins Delafield & Wood, LLP served as bond counsel. Foley and Lardner served as counsel to the underwriters. Merrill Lynch served as

underwriter. The Bank of New York Trust Company, National Association serves as bond trustee. The proceeds of the 1998 D Bonds were used to fund the cost of constructing and equipping a retirement facility known as Belle Meade for St. Joseph of the Pines, Inc.

Moses Cone Health System - \$48, 140,000

On April 30, 2008, the Commission issued its \$48,140,000 North Carolina Medical Care Commission Hospital Revenue Bonds (Moses Cone Health System) Series 2008 dated as of the date of delivery (April 30, 2008). The proceeds of the Bonds, together with other available funds, will be used to (1) redeem the outstanding North Carolina Medical Care Commission Hospital Revenue Bonds (Moses Cone Health System) Series 2004B Auction Rate Securities, of which \$47,500,000 principal amount is outstanding and (2) pay certain expenses incurred in connection with the authorization and issuance of the Bonds by the Commission.

The 2004B Auction Rate Securities are being refunded as a result of the lack of liquidity in the auction rate market.

The Moses Cone Parent Corporation was founded through a Trust established by Bertha Lindau Cone as a memorial to her late husband, Moses H. Cone. The hospital opened with 30 beds in 1953 in Greensboro, North Carolina. The Parent Corporation is now the parent corporation for a multi entity health care delivery system serving the Greensboro area with a fully integrated health care delivery system. The Parent Corporation's principal operating affiliate is the Operating Corporation which operates four inpatient acute care hospitals in Greensboro, North Carolina and one inpatient acute care hospital in Reidsville, North Carolina. These five hospitals have a total of 1,057 licensed acute care beds. The Parent Corporation created the Foundation as a charitable, tax exempt foundation to broaden the agenda of the Moses Cone Health System with respect to the health status of the community. Currently, the Parent Corporation and the Foundation are the only Members of the Obligated Group.

The Master Indenture created a Combined Group consisting of Members of the Obligated Group and Designated Members. The Parent Corporation, the Operating Corporation and the Foundation are currently the only Members of the Obligated Group. Other persons may become Members of the Obligated Group in the future, subject to the terms and conditions contained in the Master Indenture. Each Member of the Obligated Group may designate Persons as Designated Members of such Member of the Obligated Group.

The Operating Corporation operates inpatient acute care hospital facilities on five campuses. Four are located in Greensboro, North Carolina with the fifth being located in Reidsville, North Carolina. The four Greensboro locations are: The Moses H. Cone Memorial Hospital, the Women's Hospital of Greensboro, Wesley Long Hospital and the Behavioral Health Center. The Reidsville location is Annie Penn Hospital. The Operating Corporation has a 1,057 licensed acute care bed complement as follows: (1) 928 general care beds, (2) 80 psychiatric care beds and (3) 49 rehabilitation beds. The Operating Corporation currently has 929 acute care beds staffed and in service. The Operating Corporation has 82 nursing and 10 home-for-the-aged beds.

The Bonds are rated by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. Standard & Poor's gave the Bonds a long term rating of AA and a short term rating of A-1+. The Bonds mature in the years 2016 through 2035. The Bonds initially bear interest at the Daily Rate. Wachovia Bank, National Association is providing a liquidity facility, which provides for payment of purchase price of Bonds for Bonds bearing interest in daily or weekly mode, tendered or deemed tendered and not remarketed. McGuire Woods, LLP served as bond counsel. Bode Call & Stroupe, LLP served as counsel to Morgan Stanley the underwriter. The Bank of New York, National Association serves as bond trustee.

Transylvania Community Hospital, Inc. - \$5,000,000

On June 6, 2008 the Commission closed a \$5,000,000 Lease Obligation for Transylvania Community Hospital, Inc. to be used for the acquisition of equipment prior to September 30, 2009. The lease will be treated as a capital lease for accounting purposes with the assets and debt being reflected on the financial statements of Transylvania Community Hospital, Inc. Banc of America Leasing & Capital, LLC served as lessor, the Commission served as lessee and Transylvania Community Hospital, Inc. as sub lessee. McGuire Woods, LLP served as bond counsel for the transaction. Transylvania Community Hospital opened in 1933 and is located in Brevard, North Carolina and is licensed for 94 beds.

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

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

