

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

MINUTES

**CALLED MEETING OF THE EXECUTIVE COMMITTEE
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE COMMISSION'S OFFICE
SEPTEMBER 30, 2010
2:00 P.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Joseph D. Crocker, Vice-Chairman
George H. V. Cecil
Gerald P. Cox
Mary L. Piepenbring

Members of the Executive Committee Absent:

Charles T. Frock
Dr. Robert E. Schaaf

Members of Staff Present:

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

Others Present:

John Franklin, BB&T Capital Markets
Allen Robertson, Robinson, Bradshaw & Hinson, P.A.

1. **Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to Galloway Ridge, Inc.

2. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$61,180,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Galloway Ridge Project), Series 2010A and \$15,000,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Galloway Ridge Project), Series 2010B.** – Remarks were made by John Franklin and Allen Robertson.

Executive Committee Action: A motion was made by Mr. Joe Crocker, seconded by Ms. Mary Piepenbring and unanimously approved with Mr. Gerald Cox abstaining from the vote due to shares of BB&T Stock.

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

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

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) refund a portion of existing taxable bank loans, the proceeds of which were used to refinance a portion of the costs of acquiring, constructing and equipping a continuing care retirement community known as Galloway Ridge located at 3000 Galloway Ridge, Pittsboro, Chatham County, North Carolina (the “Community”), which includes (i) 234 independent living units (183 apartments and 51 villas), (ii) 22 assisted living units, (iii) 16 skilled nursing beds, and (iv) various common area amenities (collectively, the “Existing Facilities”), (b) pay a portion of the cost of an expansion of the Community, including (i) the construction and equipping of 66 new independent living apartment units and one independent living villa, (ii) the construction and equipping of 29 assisted living units (15 of which are designated for dementia care and 14 of which are designated as multi-unit assisted housing with services), (iii) the construction and equipping of 24 skilled nursing beds, and (iv) the addition and renovation of common areas (collectively, the “2010 Project”), (c) pay interest on the new money portion of the Bonds (as defined below) for approximately 24 months, (d) fund a debt service reserve fund, and (e) pay certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 13, 2010, has approved the issuance

of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

(a) a Contract of Purchase, dated September 30, 2010 (the "Purchase Agreement"), between BB&T Capital Markets, a division of Scott and Stringfellow, LLC, and Ziegler Capital Markets, a division of B.C. Ziegler and Company (the "Underwriters") and the Local Government Commission of North Carolina (the "LGC"), and approved by the Commission and the Corporation, pursuant to which the Underwriters have agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement (as defined below);

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

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

(d) a Master Trust Indenture, dated as of October 1, 2010 (the "Master Indenture") between the Corporation and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as master trustee (the "Master Trustee");

(e) a Supplemental Indenture for Obligation No. 1, dated as of October 1, 2010 ("Supplement No. 1"), between the Corporation and the Master Trustee;

(f) Obligation No. 1, to be dated the date of delivery of the Bonds ("Obligation No. 1"), to be issued by the Corporation to the Commission;

(g) a Deed of Trust, dated as of October 1, 2010 (the "Corporation Deed of Trust"), from the Corporation to the deed of trust trustee named therein for the benefit of the Master Trustee;

(h) an Assignment of Contracts, dated as of October 1, 2010 (the "Assignment of Contracts"), by the Corporation to the Master Trustee;

(i) a Remarketing Agreement, dated as of October 1, 2010, among the Commission, the Corporation and BB&T Capital Markets, a division of Scott and Stringfellow, LLC, as remarketing agent (the "Remarketing Agent") relating to the 2010B Bonds (as defined below); and

(j) a Preliminary Official Statement, dated September 13, 2010, relating to the Bonds (the "Preliminary Official Statement"); and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Supplement No. 1 and Obligation No. 1; and

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

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of (i) North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Galloway Ridge Project), Series 2010A (the "2010A Bonds"), in the aggregate principal amount of \$61,180,000, and (ii) North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Galloway Ridge Project), Series 2010B (the "2010B Bonds" and collectively with the 2010A Bonds, the "Bonds"), in the aggregate principal amount of \$15,000,000. The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in Schedule 1 attached hereto. 2010A Bonds designated as Term Bonds and the 2010B Bonds shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

The Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or any whole multiple thereof. The Bonds shall be issued in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each January 1 and July 1, in each case beginning January 1, 2011. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory redemption and the Series 2010B Bonds shall be subject to optional tender for purchase, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.11 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund a portion of the existing taxable bank loans, finance a portion of the costs of the Project, pay a portion of the interest accruing on the Bonds, fund a debt service reserve fund and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement, the Loan Agreement and the Remarketing Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Remarketing Agreement in

substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

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

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

Section 8. The forms, terms and provisions of the Master Indenture, Supplement No. 1, Obligation No. 1, the Corporation Deed of Trust and the Assignment of Contracts are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the purchase price of \$74,456,704.80 (representing the principal amount of the Bonds less original issue discount of \$190,268.60 less underwriters' discount of \$1,533,026.60).

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.11 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "Official Statement"), both in connection with the sale of the Bonds. The Chairman, Vice Chairman, Secretary or any Assistant Secretary (or any member of the Commission designated by the Chairman) is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 1, Obligation No. 1, the Corporation Deed of Trust, the Assignment of Contracts and the Remarketing Agreement by the Underwriters in connection with such sale.

Section 12. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Bond Trustee for the Bonds. BB&T Capital Markets, a division of Scott & Stringfellow, LLC, is hereby appointed as the initial Remarketing Agent for the 2010B Bonds.

Section 13. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 14. Drexal Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Steven Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison, Auditor of the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 15. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, and the Purchase Agreement.

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

3. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$19,930,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Galloway Ridge Project), Series 2010C.** – Remarks were made by John Franklin and Allen Robertson.

Executive Committee Action: A motion was made by Mr. Joe Crocker, seconded by Ms. Mary Piepenbring and unanimously approved with Mr. Gerald Cox abstaining from the vote due to shares of BB&T Stock.

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

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

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) pay a portion of the cost of an expansion of the Corporation’s existing continuing care retirement community known as Galloway Ridge located at 3000 Galloway Ridge, Pittsboro, Chatham County, North Carolina, including (i) the construction and equipping of 66 new independent living apartment units and one independent living villa, (ii) the construction and equipping of 29 assisted living units (15 of which are designated for dementia care and 14 of which are designated as multi-unit assisted housing with services), (iii) the construction and equipping of 24 skilled nursing beds, and (iv) the addition and renovation of common areas (collectively, the “2010 Project”), (b) pay interest on the Bonds (as defined below) for approximately 24 months, and (c) pay certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 13, 2010, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

- (a) a Contract of Purchase, to be dated the date of delivery of the Bonds (the “Purchase Agreement”) between the Local Government Commission of North Carolina (the “LGC”) and Branch Banking and Trust Company, as the initial purchaser of the Bonds (the “Bank”), and approved by the Commission and the Corporation;

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

(c) a Loan Agreement, dated as of October 1, 2010 (the “Loan Agreement”), between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(d) a Master Trust Indenture, dated as of October 1, 2010 (as supplemented, the “Master Indenture”), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”);

(e) a Supplemental Indenture for Obligation No. 2, to be dated the date of delivery of the Bonds (“Supplement No. 2”), between the Corporation and the Master Trustee;

(f) Obligation No. 2, to be dated the date of delivery of the Bonds (“Obligation No. 2”), from the Corporation to the Commission;

(g) a Supplemental Indenture for Obligation No. 3, dated as of October 1, 2010 (“Supplement No. 3,” and together with Supplement No. 2, the “Supplemental Indentures”), between the Corporation and the Master Trustee;

(h) Obligation No. 3, to be dated the date of delivery of the Bonds (“Obligation No. 3,” and together with Obligation No. 2, the “Obligations”) from the Corporation to the Bank;

(i) a Deed of Trust, dated as of October 1, 2010 (the “Corporation Deed of Trust”), from the Corporation to the deed of trust trustee named therein for the benefit of the Master Trustee; and

(j) an Assignment of Contracts, dated as of October 1, 2010 (the “Assignment of Contracts”), between the Corporation and the Master Trustee; and

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

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

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Galloway Ridge Project), Series 2010C (the "Bonds"), in the aggregate principal amount of \$19,930,000. The Bonds shall mature on October 21, 2013 and shall bear interest at such rates determined in accordance with the Trust Agreement. During the initial Bank-Bought Rate Period, the Bonds will bear interest at 68% of one-month LIBOR plus 2.44%, subject to adjustment under certain circumstances.

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

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

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.10 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to finance a portion of the costs of the 2010 Project, pay interest accruing on the Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

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

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

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

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

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

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

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

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

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

Section 14. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby

authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement and the Purchase Agreement.

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

4. Adjournment

There being no further business, the meeting was adjourned at 2:23 p.m.

Respectfully submitted,

Christopher B. Taylor, C.P.A.
Assistant Secretary

Schedule 1

2010A Bonds

\$14,950,000 2010A Serial Bonds

<u>Due January 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$ 400,000	2.900%
2013	815,000	3.150
2014	960,000	3.400
2015	1,325,000	3.700
2016	1,370,000	3.875
2017	1,425,000	4.125
2018	1,485,000	4.300
2019	1,545,000	4.500
2020	1,615,000	4.625
2021	1,690,000	4.750
2022	1,770,000	5.000
2023	550,000	5.000

\$20,675,000 5.875% 2010A Term Bonds due January 1, 2031

<u>Due January 1</u>	<u>Sinking Fund Requirement</u>
2023	\$1,310,000
2024	1,965,000
2025	2,080,000
2026	2,205,000
2027	2,330,000
2028	2,470,000
2029	2,615,000
2030	2,770,000
2031	2,930,000

\$25,555,000 6.000% 2010A Term Bonds due January 1, 2039

<u>Due January 1</u>	<u>Sinking Fund Requirement</u>
2032	\$3,100,000
2033	3,290,000
2034	3,485,000
2035	3,695,000
2036	3,915,000
2037	4,150,000
2038	1,475,000
2039	2,445,000

2010B Bonds

<u>Due January 1</u>	<u>Principal Amount</u>	<u>Initial Interest Rate</u>	<u>Initial Reset Date</u>
2041	\$15,000,000	4.25%	July 1, 2015

From and after the Initial Reset Date the 2010B Bonds shall bear interest at the rates as determined upon the application of the procedures set forth in the Trust Agreement for the 2010B Bonds.

Sinking Fund Requirements for Series 2010B Bonds:

<u>Due January 1</u>	<u>Sinking Fund Requirement</u>
2038	\$2,925,000
2039	2,170,000
2040	4,850,000
2041	5,055,000

**Professional Fees Comparison for
Galloway Ridge, Inc.**

<u>Professional</u>	<u>Fees Estimated In Preliminary Approval Resolution</u>	<u>Actual Fees</u>
Underwriters' discount/placement fee (includes Underwriters' counsel)	\$1,662,500 (Underwriters' counsel, \$75,000)	\$1,726,752 (Underwriters' counsel, \$75,000)
Feasibility Consultant	125,000	163,000
Accountant	25,000	25,000
Corporation Counsel	125,000	125,000
Bond Counsel	127,500	127,500
Bank Commitment Fee	412,500	322,875
Bank Counsel	50,000	50,000