

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

**The North Carolina Medical Care Commission  
809 Ruggles Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING  
FROM THE COMMISSION'S OFFICE  
November 15, 2012  
11:00 A.M.**

**Members of the Executive Committee Present:**

Lucy Hancock Bode, Chairman  
Joseph D. Crocker, Vice-Chairman  
Dr. George Binder  
George H.V. Cecil  
Albert F. Lockamy  
Mary L. Piepenbring  
Dr. Carl K. Rust

**Members of the Executive Committee Absent:**

None

**Members of Staff Present:**

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

**Others Present:**

Kevin Dougherty, McGuire Woods, LLP  
John Franklin, BB &T Capital Markets

**1. Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to Lutheran Services for the Aging.

**2. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$44,790,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES FIRST MORTGAGE REVENUE REFUNDING BONDS (LUTHERAN SERVICES FOR THE AGING), SERIES 2012A – Remarks were made by Kevin Dougherty and John Franklin.**

**Executive Committee Action:** A motion was made by Mr. Joe Crocker, seconded by Mr. Al Lockamy and unanimously approved with Dr. Rust abstaining from the vote.

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

**WHEREAS**, each of Lutheran Services for the Aging, Inc. (the “Parent Corporation”), Lutheran Home Wilmington Property, Inc., Lutheran Home-Wilmington, Inc., LSA Elms Property, Inc., LSA Elms at Tanglewood, Inc., Lutheran Home Winston-Salem Property, Inc., Lutheran Home-Winston-Salem, Inc., Lutheran Home - Forsyth County, Inc., Lutheran Home Hickory West Property, Inc. and Lutheran Home-Hickory West, Inc. (collectively with the Parent Corporation, the “Borrowers”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “non-profit agency” within the meaning and intent of the Act; and

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

**WHEREAS**, the Commission has heretofore issued its Health Care Facility Revenue Bonds (Lutheran Services for the Aging), Series 2009, in the original principal amount of up to \$27,364,250, of which \$25,088,844.60 is currently outstanding (the “Series 2009 Bonds”); and

**WHEREAS**, the Commission has heretofore issued its Health Care Facility Revenue Bonds (Lutheran Services for the Aging), Series 2010, in the original principal amount of up to \$8,300,000, of which \$8,099,833.51 is currently outstanding (the “Series 2010 Bonds” and, together with the Series 2009 Bonds, the “Prior Bonds”); and

**WHEREAS**, Branch Banking and Trust Company and the Initial Members of the Obligated Group have heretofore entered into a Loan Agreement, dated December 15, 2011, pursuant to which Branch Banking and Trust Company has made available to the Initial Members of the Obligated Group a taxable term loan in the original principal amount of up to \$15,525,775, of which \$7,115,890.55 is currently outstanding (the “Bank Loan”), to (i) finance the construction and equipping of a replacement skilled nursing facility in Hickory, Catawba County, North Carolina to be known as “Trinity Ridge”, (ii) finance capitalized interest for the Bank Loan, (iii) redeem a portion of the Series 2009 Bonds then outstanding and (iv) finance the cost of making the Bank Loan; and

**WHEREAS**, the Parent Corporation has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refund the Prior Bonds, (ii) refinance the Bank Loan, (iii) pay a portion of the interest accruing on a portion of the Bonds (as hereinafter defined), (iv) fund the Debt Service Reserve Fund (as defined in the hereinafter-mentioned Trust Agreement) in an amount equal to the Debt Service Reserve Fund Requirement (as defined in the hereinafter-mentioned Trust Agreement) and (v) pay certain expenses incurred in connection with the authorization and issuance of the Bonds; and

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing described above, and, by resolution adopted on August 10, 2012, has approved the issuance of the Bonds, subject to compliance by the Initial Members of the Obligated Group with the conditions set forth in such resolution, and the Initial Members of the Obligated Group have complied with such conditions to the satisfaction of the Commission; and

**WHEREAS**, there have been presented at this meeting the Preliminary Official Statement, dated October 25, 2012 (the “Preliminary Official Statement”), and draft copies of the following documents relating to the issuance of the Bonds:

(a) the Contract of Purchase for the Bonds, dated November 15, 2012 (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and Scott & Stringfellow, LLC, t/a BB&T Capital Markets, and Davenport & Company LLC (the “Underwriters”), and approved by the Commission and the Initial Members of the Obligated Group;

(b) the Master Trust Indenture, dated as of December 1, 2012 (the “Master Indenture”), by and between the Initial Members of the Obligated Group and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”);

(c) Supplemental Indenture for Obligation No. 1, dated as of December 1, 2012 (“Supplemental Indenture No. 1”), by and between the Initial Members of the Obligated Group and the Master Trustee, supplementing the Master Indenture;

(d) the Trust Agreement, dated as of December 1, 2012 (the “Trust Agreement”), by and 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;

(e) the Loan Agreement, dated as of December 1, 2012 (the “Loan Agreement”), by and between the Commission and the Initial Members of the Obligated Group, pursuant to which the Commission will lend the proceeds of the Bonds to the Borrowers;

(f) Obligation No. 1, dated the date of its delivery (“Obligation No. 1”), to be issued by the Initial Members of the Obligated Group to the Commission and assigned to the Bond Trustee; and

(g) the form of nine Deeds of Trust, each dated as of December 1, 2012 (collectively, the “Initial Obligated Group Deeds of Trust”), from the Initial Members of the Obligated Group named therein, to the deed of trust trustee named therein, for the benefit of the Master Trustee; and

**WHEREAS**, the Commission has determined that, taking into account the historical financial performance of the Initial Members of the Obligated Group and financial forecasts internally generated by the Parent Corporation, the Initial Members of the Obligated Group are financially responsible and capable of fulfilling their respective obligations under the Loan Agreement, Obligation No. 1, Supplemental Indenture No. 1, the Master Indenture and the Initial Obligated Group Deeds of Trust; and

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

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

**Section 1.** 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 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 its Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2012A in the aggregate principal amount of \$44,790,000 (the “Bonds”). 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 and made a part hereof.

The Bonds shall be issued as fully-registered bonds in denominations of \$5,000 or any whole multiple thereof. The Bonds shall be initially issued in book-entry form only as described in the Trust Agreement. Interest on the Bonds shall be payable on each March 1 and September 1, beginning March 1, 2013, until the Bonds are fully paid. Payments of principal and interest on the Bonds shall be forwarded by the Bond Trustee 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 mandatory, extraordinary optional and optional redemption 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 2.08 of the Trust Agreement.

The Commission hereby finds that the use of the proceeds of the Bonds for a loan to the Borrowers for the purposes described in the preamble to this Series Resolution 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, the Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose 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 to this meeting, together with such changes, modifications and deletions, as they, with the advice of counsel, may deem necessary and appropriate, including, but not limited to, changes, modifications and deletions necessary to incorporate the final terms of the Bonds as shall be set forth in the Contract of Purchase; 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 Contract of Purchase are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Contract of Purchase in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, the Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 7.** The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented to 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; 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 Supplemental Indenture No. 1, Obligation No. 1, the Master Indenture and the Initial Obligated Group Deeds of Trust are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission, with the advice of counsel, may deem necessary and appropriate; the execution and delivery of the Trust Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval of Supplemental Indenture No. 1, Obligation No. 1, the Master Indenture and the Initial Obligated Group Deeds of Trust 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 price of \$43,884,802.00 (representing the principal amount of the Bonds, less an Underwriters' discount of \$783,825.00 and less net original issue discount of \$121,373.00).

**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 due and valid execution of the Contract of Purchase, the Trust Agreement, the Master Indenture, Supplemental Indenture No. 1, Obligation No. 1, the Loan Agreement and the Initial Obligated Group Deeds of Trust by the proper parties thereto, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor, subject to the provisions of Section 2.08 of the Trust Agreement.

**Section 11.** The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the sale of the Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the maturities, redemption provisions and interest rates of the Bonds, is hereby approved, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized to execute, on behalf of the Commission, the Official Statement; and 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, Supplemental Indenture No. 1, Obligation No. 1 and the Initial Obligated Group Deeds of Trust by the Underwriters in connection with such sale.

**Section 12.** The Depository Trust Company ("DTC"), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

**Section 13.** Drexal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison, Auditor to the

Commission, are each hereby appointed a Commission Representative as that term is defined in the Trust Agreement and the Loan Agreement, with full power to carry out the duties set forth therein.

**Section 14.** The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Bond Trustee under the Trust Agreement.

**Section 15.** The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission, the Secretary and any Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, consents, agreements or other instruments, as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions, including the redemption of the Prior Bonds and the refinancing of the Bank Loan, contemplated by the Trust Agreement, the Loan Agreement, the Master Indenture, Supplemental Indenture No. 1, Obligation No. 1, the Initial Obligated Group Deeds of Trust, the Contract of Purchase and the Official Statement.

**Section 16.** A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is set forth in Schedule 2 attached hereto and made a part hereof.

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

**Schedule 1**  
**Maturity Schedule**

**Serial Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2013	\$220,000	2.000%
2014	300,000	2.125
2015	325,000	2.250
2016	350,000	2.375
2017	445,000	2.500

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2024	\$7,625,000	4.250%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2018	\$ 960,000
2019	1,000,000
2020	1,040,000
2021	1,085,000
2022	1,130,000
2023	1,180,000
2024	1,230,000



**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2032	\$ 12,145,000	4.750%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2025	\$1,285,000
2026	1,345,000
2027	1,405,000
2028	1,475,000
2029	1,545,000
2030	1,620,000
2031	1,695,000
2032	1,775,000

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2037	\$10,270,000	5.000%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2033	\$1,860,000
2034	1,950,000
2035	2,050,000
2036	2,150,000
2037	2,260,000

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2042	\$13,110,000	5.000%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2038	\$2,375,000
2039	2,490,000
2040	2,615,000
2041	2,745,000
2042	2,885,000

**Schedule 2**

**Professional Fees**

<b><u>Professional</u></b>	<b><u>Preliminary Approval</u></b>	<b><u>Actual</u></b>
Underwriters' Counsel	\$ 70,000	\$ 85,000
Corporation Counsel	30,000	47,285
Bond Counsel	100,000	90,000

3. **SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$26,254,401.12 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES FIRST MORTGAGE REVENUE BONDS (LUTHERAN SERVICES FOR THE AGING), SERIES 2012B** – Remarks were made by Kevin Dougherty.

**Executive Committee Action:** A motion was made by Mr. George Cecil, seconded by Mr. Joe Crocker and unanimously approved with Dr. Carl Rust abstaining from the vote.

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

**WHEREAS**, each of Lutheran Services for the Aging, Inc. (the “Parent Corporation”), Lutheran Home Hickory West Property, Inc., Lutheran Home-Hickory West, Inc., Lutheran Home Winston-Salem Property, Inc., Lutheran Home-Forsyth County, Inc., Lutheran Home-Hickory, Inc., Lutheran Home Hickory Property, Inc., Lutheran Home-Albemarle, Inc., Lutheran Home Albemarle Property, Inc., LSA Elms at Tanglewood, Inc., LSA Elms Property, Inc., Lutheran Home at Trinity Oaks, Inc., Lutheran Home at Trinity Oaks Property, Inc., Lutheran Retirement Center-Salisbury Inc., Lutheran Retirement Center at Lutheridge, Inc., LSA Management, Inc., Lutheran Services Property, Inc., LSA Pharmacy, Inc., Lutheran Home-Wilmington, Inc., Lutheran Home Wilmington Property, Inc. and Lutheran Home-Winston-Salem, Inc. (collectively with the Parent Corporation, the “Borrowers”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “non-profit agency” within the meaning and intent of the Act; and

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

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

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 10, 2012, has approved the issuance of the Bonds, subject to compliance by the Initial Members of the Obligated Group with the conditions set forth in such resolution, and the Initial Members of the Obligated Group have 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) the Contract of Purchase, to be dated December 5, 2012 or such other date as shall be agreed upon by the parties thereto (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and Branch Banking and Trust Company, as Purchaser (the “Purchaser”), and approved by the Commission and the Initial Members of the Obligated Group;

(b) the Loan Agreement, to be dated as of December 1, 2012 or such other date as shall be agreed upon by the parties thereto (the “Loan Agreement”), by and between the Initial Members of the Obligated Group and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Borrowers;

(c) the Trust Agreement, to be dated as of December 1, 2012 or such other date as shall be agreed upon by the parties thereto (the “Trust Agreement”), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”), securing the Bonds;

(d) the Master Trust Indenture, to be dated as of December 1, 2012 or such date as shall be agreed upon by the parties thereto (the “Master Indenture”), by and between the Initial Members of the Obligated Group and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”);

(e) Supplemental Indenture for Obligation No. 2, to be dated as of December 1, 2012 or such other date as shall be agreed upon by the parties thereto (“Supplement No. 2”), by and between the Initial Members of the Obligated Group and the Master Trustee;

(f) Obligation No. 2, to be dated the date of its issuance (“Obligation No. 2”), to be issued by the Initial Members of the Obligated Group to the Commission and assigned by the Commission to the Bond Trustee;

(g) Supplemental Indenture for Obligation No. 3, to be dated as of December 1, 2012 or such other date as shall be agreed upon by the parties thereto (“Supplement No. 3”), by and between the Initial Members of the Obligated Group and the Master Trustee;

(h) Obligation No. 3, to be dated the date of its issuance (“Obligation No. 3”), to be issued by the Initial Members of the Obligated Group to the Purchaser;

(i) the Guaranty and Credit Agreement, to be dated as of December 1, 2012 or such other date as shall be agreed upon by the parties thereto (the “Guaranty Agreement”), by and between the Initial Members of the Obligated Group and the Purchaser; and

(j) the form of nine Deeds of Trust, each to be dated as of December 1, 2012 or such other date as shall be agreed upon by the parties thereto (collectively, the “Initial Obligated Group Deeds of Trust”), from the Initial Members of the Obligated Group named therein, to the deed of trust trustee named therein, for the benefit of the Master Trustee; and

**WHEREAS**, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Parent Corporation, the Initial Members of the Obligated Group are financially responsible and capable of fulfilling their obligations under the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 2, Obligation No. 2, Supplement No. 3, Obligation No. 3, the Guaranty Agreement and the Initial Obligated Group Deeds of Trust; and

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

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

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

**Section 2. Authorization of Bonds.** Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of a series of revenue bonds consisting of up to \$26,254,401.12 aggregate principal amount of North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2012B (the "Bonds"), dated the date of Closing, and having a final stated maturity date of March 1, 2039.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, provided that the Bonds may be initially issued to, and purchased by, the Purchaser in any principal amount, and thereafter in denominations authorized by the provisions of the Trust Agreement. Commencing on the date of Closing, the Bonds shall bear interest at the Bank-Bought Rate, calculated as provided in the Trust Agreement. The Bank-Bought Rate shall be equal to the sum obtained by adding (i) the product of (x) 78% and (y) One-Month LIBOR plus (ii) 1.60% per annum. The Bank-Bought Minimum Holding Period shall commence on the date of Closing and shall end on December 5, 2019. Thereafter the Bonds shall bear interest as provided in the Trust Agreement. Interest on the Bonds shall be payable on each Interest Payment Date on so much of the principal amount of the Bonds as shall be advanced from time to time pursuant to the Contract of Purchase, the Trust Agreement and the Loan Agreement.

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

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

**Section 5. Use of Bond Proceeds.** The Commission hereby finds that the use of the proceeds of the Bonds for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act. The proceeds of the Bonds shall be advanced as set forth in Section 2.10 of the Trust Agreement.

**Section 6. Authorization of Loan Agreement and Trust Agreement.** The forms, terms and provisions of the Loan Agreement and the Trust Agreement are hereby approved in all

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

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

**Section 8. Forms of Bonds.** The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such 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 to 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 9. Approval of Other Financing Documents.** The forms, terms and provisions of the Master Indenture, Supplement No. 2, Obligation No. 2, Supplement No. 3, Obligation No. 3, the Guaranty Agreement and the Initial Obligated Group Deeds of Trust are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 6 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 9.

**Section 10. Purchase of Bonds.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a price not exceeding \$26,254,401.12 (representing the maximum principal amount of the Bonds). Payment for the Bonds by the Purchaser from time to time shall be made at the purchase price of 100% of so much of the principal amount of the Bonds as shall be advanced from time to time pursuant to the Contract of Purchase. The Initial Members of the Obligated Group will separately pay, on the date of Closing, the Purchaser a fee of \$65,636.00 in consideration for such purchase.

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 upon the due and valid execution of the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 2, Obligation No. 2, Supplement No. 3, Obligation No. 3, the Contract of Purchase, the Guaranty Agreement and the Initial Obligated Group Deeds of Trust by the parties thereto and thereafter the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor in accordance with and subject to the provisions of the Contract of Purchase.

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

**Section 12. Ancillary Actions.** The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 2, Obligation No. 2, Supplement No. 3, Obligation No. 3, the Contract of Purchase, the Guaranty Agreement and the Initial Obligated Group Deeds of Trust.

**Section 13. Professional Fees.** A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is attached to this Series Resolution as Schedule 1 and made a part hereof.

**Section 14. Effective Date.** This Series Resolution shall take effect immediately upon its passage.

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

<u>Professional</u>	<u>Preliminary Approval</u> <sup>1</sup>	<u>Actual</u>
Corporate Counsel	\$30,000	\$27,717
Bank Counsel	–	40,000
Bond Counsel	100,000	35,000

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<sup>1</sup> At the time of preliminary approval of this project, it was contemplated that one series of fixed rate bonds would be issued. The financing of this project now contemplates the issuance of the Series 2012A Bonds (fixed rates) pursuant to a separate Series Resolution and the issuance of the Series 2012B Bonds (bank direct placement) pursuant to this Series Resolution.

**4. Adjournment**

There being no further business, the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

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Christopher B. Taylor, CPA  
Assistant Secretary