

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

**The North Carolina Medical Care Commission  
801 Biggs Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE OF THE COMMISSION  
APRIL 19, 2016  
10:00 A.M.**

**Members of the Commission Present:**

John A. Fagg, MD, Chairman  
Joseph D. Crocker, Vice-Chairman  
Charles T. Frock  
Charles H. Hauser  
Paul A. McGill, DDS  
Carl K. Rust, II, MD  
Robert E. Schaaf, MD

**Members of the Commission Absent:**

None

**Members of Staff Present:**

S. Mark Payne, Assistant Secretary for Audit & Health Service Regulation  
Christopher B. Taylor, CPA, Assistant Secretary  
Crystal Watson-Abbott, Auditor  
Alice Creech, Executive Assistant

**Others Present:**

Alice Adams, Robinson Bradshaw & Hinson, P.A.  
Tommy Brewer, Ziegler  
Gina Cockelreece, BB&T Capital Markets  
Stacy Dobson, United Methodist Retirement Homes  
Jonathan Erickson, United Methodist Retirement Homes  
Julia Hanover, Presbyterian Homes  
Chris McCann, JP Morgan  
Tad Melton, Ziegler  
Jeff Poley, Parker Poe Adams & Bernstein, LLP  
Tim Webster, Presbyterian Homes  
Robert Willis, Duke University Health System

1. **Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to The Presbyterian Homes, Inc. and Glenaire, Inc. and to correct and amend the amortization schedule for the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (The Presbyterian Homes Obligated Group), Series 2015. To rescind a preliminary approval for a transaction for Duke University Health System, Inc. dated March 22, 2016 and to consider preliminary approval to refund the outstanding balance of the North Carolina Medical Care Commission \$180,000,000 Health Care Facilities Revenue Refunding Bonds for Duke University Health System System, Inc. Series 2005, outstanding in the amount of \$322,140,000. Resolution authorizing the sale of bonds, the proceeds of which are to be loaned to United Methodist Retirement Homes (UMRH) with a copy of the pricing summary.

2. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$20,000,000 North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (The Presbyterian Homes Obligated Group), Series 2016A – Remarks were made by Tad Melton and Jeff Poley.**

**Executive Committee Action:** Motion was made by Dr. Schaaf, seconded by Dr. McGill and unanimously approved with Dr. Fagg and 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 (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, The Presbyterian Homes, Inc. (the “Parent”), is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates continuing care facilities for the elderly in Colfax, North Carolina and Laurinburg, North Carolina; and

WHEREAS, Glenaire, Inc. (“Glenaire” and, together with the Parent, the “Corporations”), is a North Carolina nonprofit corporation and a “non-profit agency” within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in Cary, North Carolina; and

WHEREAS, the Corporations have made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) finance the Project (as defined in the hereinafter mentioned Loan Agreement) and (b) pay certain fees and expenses incurred in connection with the issuance and sale of the Bonds (as defined below) by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed Project and, by a resolution adopted on November 15, 2015, has approved the issuance of the Bonds, subject to compliance by the Corporations with the conditions set forth in such resolution, and the Corporations have complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been made available draft copies of the following documents relating to the issuance of the Bonds:

- (a) a Trust Agreement, to be dated as of April 1, 2016 (the "Trust Agreement"), by and between the Commission and U.S. Bank National Association, as bond trustee (the "Bond Trustee");
- (b) a Contract of Purchase, to be dated on or about April 14, 2016 (the "Purchase Agreement"), between the Local Government Commission of North Carolina (the "LGC") and BB&T Community Holdings Co. (the "Purchaser") and approved by the Corporations and the Commission, pursuant to which the Purchaser will offer to purchase the Bonds on the terms and conditions set forth therein;
- (c) a Loan Agreement dated as of April 1, 2016 between the Commission and the Corporations, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporations;
- (d) a Master Trust Indenture, dated as of February 15, 1996, between Glenaire and First-Citizens Bank & Trust Company, succeeded by U.S. Bank National Association, as master trustee (the "Master Trustee"), including all amendments or supplements thereto. The Parent became obligated under the Master Indenture by virtue of a Joinder Agreement, dated February 1, 2001, between Glenaire and the Parent;
- (e) a Supplemental Indenture for Obligation No. 11 dated as of April 1, 2016 among the Corporations and the Master Trustee ("Supplement No. 11");
- (f) Obligation No. 11 dated as of the date of delivery thereof from the Corporations to the Medical Care Commission in connection with the Bonds ("Obligation No. 11");
- (g) a Supplemental Indenture for Obligation No. 12 dated as of April 1, 2016 among the Corporations and the Master Trustee (together with Supplement No. 11, the "Supplements");
- (h) Obligation No. 12, dated as of the date of delivery thereof from the Corporations to the Purchaser in connection with the Bonds (together with Obligation No. 11, the "Obligations");
- (i) certain Amendatory Deeds of Trust (as defined in the Trust Agreement); and
- (j) a Continuing Covenants Agreement, dated as of April 1, 2016, among the Corporations and the Purchaser; and

WHEREAS, the Commission has determined that the Corporations are financially responsible and capable of fulfilling their obligations under the Loan Agreement, the Master Indenture, the Supplements, the Obligations, and the Deeds of Trust (as defined in the Master Indenture); and

WHEREAS, the Purchaser has offered to purchase the Bonds at a variable interest rate equal to 68% of One-Month LIBOR plus 0.8125% (which is 1.1117% as of April 6, 2016) and hold the Bonds until maturity; 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 Health Care Facilities First Mortgage Revenue Bonds (The Presbyterian Homes Obligation Group), Series 2016A (the "Bonds"), in an aggregate principal amount not to exceed \$20,000,000. The Bonds shall mature no later than July 1, 2027 and shall bear interest at such rates determined in accordance with the Trust Agreement and shall be subject to the principal payment schedule set forth in the Trust Agreement (which requirements are currently set forth in Exhibit A).

The Bonds shall be issued as fully registered bonds in denominations of \$1. 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 optional and extraordinary 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 2.10 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to finance the Project 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 Letter of Instructions are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Letter of Instructions 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 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 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 Supplements, Obligations and Amendatory Deeds of Trust 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 any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreements as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the Bonds to the Purchaser 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 2.10 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

Section 11. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the Bonds.

Section 12. John A. Fagg, M.D., Chairman, Joseph D. Crocker, Vice-Chairman, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Steven C. Lewis, Chief, Construction Section, Kathy C. Larrison, Auditor of the Commission, Crystal Watson-Abbott, Auditor of 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. The Assistant Secretary of the Commission is authorized to execute and deliver the Tax Certificate and Form 8038 in such form as he, 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 13. The Chairman, Vice Chairman 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 and the Loan Agreement.

Section 14. A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the current estimate of professional fees incurred in connection with the financing is set forth in Exhibit B attached hereto and made a part hereof. Final professional fees will be submitted to Commission within 30 days after issuance of the Bonds.

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

3. **Resolution of the North Carolina Medical Care Commission Authorizing the Revision of the Amortization Schedule of the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (The Presbyterian Homes Obligated Group), Series 2015 - Remarks were made by Gina Cockelreece and Jeff Poley.**

**Executive Committee Action:** Motion was made by Mr. Frock, seconded by Dr. Schaaf and unanimously approved with Dr. Fagg and 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 (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, The Presbyterian Homes, Inc. (the "Parent"), is a North Carolina nonprofit corporation and a "non-profit agency" within the meaning and intent of the Act, which owns and operates a continuing care facilities for the elderly in Colfax, North Carolina and Laurinburg, North Carolina; and

WHEREAS, Glenaire, Inc. ("Glenaire" and, together with the Parent, the "Corporations"), is a North Carolina nonprofit corporation and a "non-profit agency" within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in Cary, North Carolina; and

WHEREAS, the Commission issued its North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (The Presbyterian Homes Obligated Group), Series 2015 (the "2015 Bonds") on July 15, 2015 for the benefit of the Corporations; and

WHEREAS, the 2015 Bonds were privately purchased by BB&T Community Holdings Co. (the "Purchaser"), bear a fixed rate of 2.81% as offered by the Purchaser and the Purchaser plans to hold the 2015 Bonds to maturity; and

WHEREAS, the amortization schedule attached to the 2015 Bonds contains a monthly interest payment schedule, which schedule deviates slightly from the monthly interest computed by the Purchaser; and

WHEREAS, the Corporations and the Purchasers have requested the Commission to eliminate the interest payment schedule from the amortization schedule attached to the 2015 Bonds; and

WHEREAS, the principal amortization schedule of the 2015 Bonds will not be changed; and

WHEREAS, a short memo regarding this change has been attached to this Resolution.

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

Section 1. The Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature and to deliver to the Bond Trustee for the 2015 Bonds for authentication on behalf of the Commission, substitute 2015 Bonds containing a corrected amortization schedule with the same principal payments but without interest payments, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the trust agreement for the 2015 Bonds, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 2. If permitted by the Bond Trustee for the 2015 Bonds, the Assistant Secretary is authorized to sign, initial or otherwise authorize a change to the amortization schedule consistent with Section 1 above to the existing 2015 Bonds, such action shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 3. 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 above.

Section 4. This Resolution shall take effect immediately upon its passage.

## EXHIBIT A

### PRINCIPAL PAYMENT SCHEDULE

Date	Principal	Date	Principal	Date	Principal
06/01/16	\$ -	03/01/20	\$ 151,019	12/01/23	\$ 162,483
07/01/16	-	04/01/20	151,019	01/01/24	162,483
08/01/16	-	05/01/20	153,858	02/01/24	162,483
09/01/16	-	06/01/20	153,858	03/01/24	162,483
10/01/16	-	07/01/20	153,858	04/01/24	162,483
11/01/16	-	08/01/20	153,858	05/01/24	165,501
12/01/16	-	09/01/20	153,858	06/01/24	165,501
01/01/17	-	10/01/20	153,858	07/01/24	165,501
02/01/17	-	11/01/20	153,858	08/01/24	165,501
03/01/17	-	12/01/20	153,858	09/01/24	165,501
04/01/17	1,000,000	01/01/21	153,858	10/01/24	165,501
05/01/17	145,667	02/01/21	153,858	11/01/24	165,501
06/01/17	145,667	03/01/21	153,858	12/01/24	165,501
07/01/17	145,667	04/01/21	153,858	01/01/25	165,501
08/01/17	145,667	05/01/21	156,689	02/01/25	165,501
09/01/17	145,667	06/01/21	156,689	03/01/25	165,501
10/01/17	145,667	07/01/21	156,689	04/01/25	165,501
11/01/17	145,667	08/01/21	156,689	05/01/25	168,546
12/01/17	145,667	09/01/21	156,689	06/01/25	168,546
01/01/18	145,667	10/01/21	156,689	07/01/25	168,546
02/01/18	145,667	11/01/21	156,689	08/01/25	168,546
03/01/18	145,667	12/01/21	156,689	09/01/25	168,546
04/01/18	145,667	01/01/22	156,689	10/01/25	168,546
05/01/18	148,348	02/01/22	156,689	11/01/25	168,546
06/01/18	148,348	03/01/22	156,689	12/01/25	168,546
07/01/18	148,348	04/01/22	156,689	01/01/26	168,546
08/01/18	148,348	05/01/22	159,573	02/01/26	168,546
09/01/18	148,348	06/01/22	159,573	03/01/26	168,546
10/01/18	148,348	07/01/22	159,573	04/01/26	168,546
11/01/18	148,348	08/01/22	159,573	05/01/26	171,649
12/01/18	148,348	09/01/22	159,573	06/01/26	171,649
01/01/19	148,348	10/01/22	159,573	07/01/26	171,649
02/01/19	148,348	11/01/22	159,573	08/01/26	171,649
03/01/19	148,348	12/01/22	159,573	09/01/26	171,649
04/01/19	148,348	01/01/23	159,573	10/01/26	171,649
05/01/19	151,019	02/01/23	159,573	11/01/26	171,649
06/01/19	151,019	03/01/23	159,573	12/01/26	171,649



07/01/19	151,019	04/01/23	159,573	01/01/27	171,649
08/01/19	151,019	05/01/23	162,483	02/01/27	171,649
09/01/19	151,019	06/01/23	162,483	03/01/27	171,649
10/01/19	151,019	07/01/23	162,483	04/01/27	171,653
11/01/19	151,019	08/01/23	162,483	<b>Total</b>	<b>\$ 20,000,000</b>
12/01/19	151,019	09/01/23	162,483		
01/01/20	151,019	10/01/23	162,483		
02/01/20	151,019	11/01/23	162,483		

**EXHIBIT B**

**PROFESSIONAL FEES COMPARISON FOR THE PRESBYTERIAN HOMES, INC.  
AND GLENAIRE, INC.**

<b>PROFESSIONAL</b>	<b>FEES ESTIMATED IN PRELIMINARY APPROVAL RESOLUTION</b>	<b>ACTUAL FEES</b>
Accountants	\$4,000	\$ 1,500
Corporation Counsel	20,000	14,000
Bond Counsel	50,000	40,000
Placement/Advisor Fee	20,000	20,000
Bank Counsel	30,000	30,000
Bank Commitment Fee	30,000	20,000
Trustee Counsel	4,500	4,500
Trustee Fee	2,500	2,500

**Presbyterian Homes of North Carolina  
NC Med Care Commission – Request for Approval**

- Presbyterian Homes of NC closed a \$14,712,108 Bank-Held Refunding Bond on July 15, 2015, which was issued through the NCMCC.
- In finalizing the documents at closing, the total debt service schedule (principal plus interest) was inserted into the documents instead of the principal-only schedule.
- The Trustee has taken the position that, if provided, they must collect and pay interest exactly per the document, instead of allowing interest to be paid per the Bank's invoice.
- Since closing in July 2015, each monthly interest payment has been off by a small amount (a total of \$23 over 8 months). The Bank's system will post the funds to interest first, then to principal. This has resulted in small amounts of past due principal, which require manual adjustments each month.
- We simply request a change to correct this situation by replacing the existing DBC debt service schedule with a principal only schedule. **There will be no change in the principal amortization schedule, just the elimination of interest calculations.**
- This will allow the Trustee to accept the Bank's interest calculation, and post-closing operations can flow smoothly.

4. Duke University Health System, Inc., Durham - Christopher B. Taylor

**Remarks were made Chris McCann and Robert Willis.**

**Executive Committee Action:** Motion was made by Dr. Rust, seconded by Mr. Crocker and unanimously approved with Dr. Schaaf abstaining from the vote.

**Resolution:** The Commission rescinds its preliminary approval for a transaction for Duke University Health System, Inc. dated March 22, 2016 (a copy of which is attached as Exhibit A) and grants preliminary approval to a transaction for Duke University Health System, Inc. to provide funds, to be used together with other available funds, to refund (1) the outstanding balance of North Carolina Medical Care Commission \$180,000,000 Health Care Facilities Revenue Bonds (Duke University Health System) Series 2009A (\$180,000,000) and (2) \$180,000,000 of the North Carolina Medical Care Commission \$322,140,000 Health Care Facilities Revenue Refunding Bonds (Duke University Health System) Series 2005 outstanding in the amount of \$322,140,000. Although the exact amount of each of the Series of 2005B and 2005C Bonds to be refunded is to be determined, it is currently anticipated that approximately \$107 million of the Series 2005C Bonds (i.e., full amount) and \$73 million of the Series 2005B Bonds will be refunded. The proposed 2016 Bond Issue is projected to consist of approximately \$170 million in fixed rate bonds and \$182 in variable rate bonds. The refunding is projected to result in a net present value savings of approximately \$49 million or about 14% of the refunded bonds. The transaction is in accordance with an application received as follows:

### ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	\$352,040,000
Original issue premium	<u>32,772,152</u>
<b>Total Sources</b>	<b>\$384,812,152</b>

### ESTIMATED USES OF FUNDS

Escrow to refund Series 2009A and 2005 B & C Bonds	\$381,289,495
Underwriters discount	2,370,157
Accountants fees	70,000
Corporation counsel	115,000
Bond counsel	170,000
Underwriters counsel	150,000
Financial advisors fee	250,000
Trustee fees and counsel	9,000
Rating agency fee	371,250
Local Government Commission	8,750
Printing	<u>8,500</u>
<b>Total Uses</b>	<b>\$384,812,152</b>

Tentative approval is given with the understanding that the governing board of Duke University Health System, Inc. accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance of the bonds.
4. The project must, in all respects, meet requirements of §G.S. 131A (Health Care Facilities Finance Act).
5. The Executive Committee of the Commission is delegated the authority to approve the issuance/conversion of bonds of this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).
6. The bonds or notes shall be sold/converted in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.
7. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North

Carolina Hospital Association (NCHA) in accordance with a resolution passed by the Commission on February 9, 2007 adopting the NCHA Community Benefits reporting format and methodology for hospitals reporting to the Commission.

8. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.
  
9. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

Based on information furnished by applicant, the project is:

- |  |                   |                  |                   |
|--|-------------------|------------------|-------------------|
| 1. Financially feasible                          | <u>  ✓  </u> Yes  | <u>      </u> No | <u>      </u> N/A |
| 2. Construction and related costs are reasonable | <u>      </u> Yes | <u>      </u> No | <u>  ✓  </u> N/A  |

**Notes:**

- 1) **Information from audit of Duke University Health System, Inc. and Affiliates year ended June 30, 2015.**

<b>Operating Income</b>	<b>\$354,927,000</b>
<b>Increases in unrestricted net assets</b>	<b>\$171,630,000</b>
<b>Increase in net assets</b>	<b>\$170,126,000</b>
<b>Net cash provided by operating activities</b>	<b>\$493,887,000</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$267,146,000</b>

- 2) **Ratings**

<b>Moody's</b>	<b>Aa2</b>
<b>S &amp; P</b>	<b>AA</b>
<b>Fitch</b>	<b>AA</b>

3) **Community Benefits per ANDI Form for FYE 2015**

	<b>Community Benefits</b>	<b>Bad Debts</b>
Duke University Hospital	\$ 266,569,618	\$14,946,153
Duke Raleigh Hospital	\$75,667,730	\$2,864,654
Duke Regional	\$45,288,926	\$3,647,619

4) **Long Term Debt Service Coverage Ratio**

<b>Actual FYE</b>	<b>6/30/2015</b>	<b>8.50</b>
<b>Forecasted</b>	<b>6/30/2016</b>	<b>6.75</b>
<b>Forecasted</b>	<b>6/30/2017</b>	<b>6.23</b>
<b>Forecasted</b>	<b>6/30/2018</b>	<b>6.23</b>

5) **Transaction Participants**

<b>Underwriter</b>	<b>J. P. Morgan Securities, LLC</b>
<b>Bond counsel</b>	<b>Robinson Bradshaw &amp; Hinson, PA</b>
<b>Underwriter counsel</b>	<b>Parker Poe Adams &amp; Bernstein, LLP</b>
<b>Corporation counsel</b>	<b>Sutherland Asbill &amp; Brennan, LLP</b>
<b>Trustee</b>	<b>Bank of New York Mellon Trust Company</b>
<b>Trustee counsel</b>	<b>McGuire Woods, LLP</b>
<b>Financial advisor</b>	<b>Kaufman Hall &amp; Associates, Inc.</b>

6) **Attachments**

(a) **Board diversity**

Of the 22 Board members, 4 are female, and the other 18 are male. 2 of the 22 are African-Americans, and the remaining 20 are Caucasians.

(b) **Compliance update**

Duke University Health System had one covenant violation for FYE 2013. Upon completion of the fiscal year end 2013 compliance examination, it was noted that during the annual post issuance compliance policies and procedures review conducted by DUHS staff, equipment in the amount of \$105,836 funded with the 2006 Series Bonds was improperly disposed of during 2007 and 2010, thereby violating the 2006 Tax Certificate & Agreement. To remedy the covenant violation, DUHS entered into an agreement with the IRS by using the IRS VCAP Program whereby the amount improperly disposed of was refunded and therefore, bringing DUHS back into compliance.

The examination of the required document filings for FYE 2014, 2015 and 2016 found no instances of failure to file as required under the various bond documents. It should be noted the information reviewed relates only to the routine annual and quarterly bond document filings. A more extensive review of the bond documents will be completed during the annual compliance examinations and may result in findings not discovered during this review.

5. **Exhibit A - Executive Committee Minutes from March 22, 2016 that is being rescinded**

**Duke University Health System, Inc., Durham - Christopher B. Taylor, Robert Willis, Chris McCann, and Crystal Watson-Abbott**

**Executive Committee Action:** Motion was made by Dr. Fagg, seconded by Mr. Hauser and unanimously with Dr. Schaaf abstaining from the vote.

**Resolution:** The Commission grants preliminary approval to a project for Duke University Health System, Inc. to provide funds, to be used together with other available funds, to advance refund the outstanding balance of (1) North Carolina Medical Care Commission \$180,000,000 Health Care Facilities Revenue Bonds (Duke University Health System) Series 2009A (\$180,000,000) and (2) North Carolina Medical Care Commission \$120,000,000 Health Care Facilities Revenue Bonds (Duke University Health System) Series 2010A (\$120,000,00). The proposed 2016A Bond Issue will be a fixed rated bond issue projected to generate net present value savings of \$13,608,835 or 4.53% of the refunded bonds. The project is in accordance with an application received as follows.

**ESTIMATED SOURCES OF FUNDS**

Principal amount of bonds to be issued	\$300,000,000
Original issue premium	<u>48,677,138</u>
<b>Total Sources</b>	<b>\$348,677,138</b>

**ESTIMATED USES OF FUNDS**

Escrow to refund Series 2009A and 2010A Bonds	\$345,672,199
Underwriters discount	2,007,439
Accountants fees	70,000
Corporation counsel	75,000
Bond counsel	130,000
Underwriters counsel	100,000
Financial advisors fee	225,000
Trustee fees and counsel	9,000
Rating agency fee	371,250
Local Government Commission	8,750
Printing	<u>8,500</u>
<b>Total Uses</b>	<b>\$348,677,138</b>

Tentative approval is given with the understanding that the governing board of Duke University Health System, Inc. accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance of the bonds.
6. The project must, in all respects, meet requirements of §G.S. 131A (Health Care Facilities Finance Act).
7. The Executive Committee of the Commission is delegated the authority to approve the issuance/conversion of bonds of this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).
6. The bonds or notes shall be sold/converted in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.
7. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North Carolina Hospital Association (NCHA) in accordance with a resolution passed by the Commission on February 9, 2007 adopting the NCHA Community Benefits reporting format and methodology for hospitals reporting to the Commission.
8. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.
9. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

Based on information furnished by applicant, the project is:

- |  |               |     |               |    |               |     |
|--|---------------|-----|---------------|----|---------------|-----|
| 1. Financially feasible                          | <u>  ✓  </u>  | Yes | <u>      </u> | No | <u>      </u> | N/A |
| 2. Construction and related costs are reasonable | <u>      </u> | Yes | <u>      </u> | No | <u>  ✓  </u>  | N/A |

Notes:

1) Information from audit of Duke University Health System, Inc. and Affiliates year ended June 30, 2015.

Operating Income	\$354,927,000
Increases in unrestricted net assets	\$171,630,000
Increase in net assets	\$170,126,000
Net cash provided by operating activities	\$493,887,000
Net increase (decrease) in cash and cash equivalents	\$267,146,000

2) Ratings

Moody's	Aa2
S & P	AA
Fitch	AA

3) Community Benefits per ANDI Form for FYE 2015

	Community Benefits	Bad Debts
Duke University Hospital	\$ 266,569,618	\$14,946,153
Duke Raleigh Hospital	\$75,667,730	\$2,864,654
Duke Regional //	\$45,288,926	\$3,647,619

4) Long Term Debt Service Coverage Ratio

Actual FYE	6/30/2015	8.50
Forecasted	6/30/2016	6.75
Forecasted	6/30/2017	6.23
Forecasted	6/30/2018	6.23

5) Transaction Participants

Underwriter	J. P. Morgan Securities, LLC
Bond counsel	Robinson Bradshaw & Hinson, PA
Underwriter counsel	Parker Poe Adams & Bernstein, LLP
Corporation counsel	Sutherland Asbill & Brennan, LLP
Trustee	Bank of New York Mellon Trust Company
Trustee counsel	McGuire Woods, LLP
Financial advisor	Kaufman Hall & Associates, Inc.



6) **Attachments**

(a) **Board diversity**

Of the 22 Board members, 4 are female, and the other 18 are male. 2 of the 22 are African-Americans, and the remaining 20 are Caucasians.

(b) **Compliance update**

Duke University Health System had one covenant violation for FYE 2013. Upon completion of the fiscal year end 2013 compliance examination, it was noted that during the annual post issuance compliance policies and procedures review conducted by DUHS staff, equipment in the amount of \$105,836 funded with the 2006 Series Bonds was improperly disposed of during 2007 and 2010, thereby violating the 2006 Tax Certificate & Agreement. To remedy the covenant violation, DUHS entered into an agreement with the IRS by using the IRS VCAP Program whereby the amount improperly disposed of was refunded and therefore, bringing DUHS back into compliance.

The examination of the required document filings for FYE 2014, 2015 and 2016 found no instances of failure to file as required under the various bond documents. It should be noted the information reviewed relates only to the routine annual and quarterly bond document filings. A more extensive review of the bond documents will be completed during the annual compliance examinations and may result in findings not discovered during this review.

6. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$34,485,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (The United Methodist Retirement Homes), Series 2016A** – Remarks were made by Alice Adams, Tommy Brewer and Jonathan Erickson.

**Executive Committee Action:** Motion was made by Dr. Fagg, seconded by Dr. McGill 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 (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, The United Methodist Retirement Homes, Incorporated, successor by merger to Cypress Glen Retirement Community (the “Corporation”), is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “non-profit agency” within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (1) refund all of the Commission’s outstanding \$16,960,000 Retirement Facilities First Mortgage Revenue Bonds (The United Methodist Retirement

Homes Project), Series 2005A (the "2005A Bonds"), (2) refund all of the Commission's outstanding \$22,715,000 Retirement Facilities First Mortgage Revenue Refunding Bonds (The United Methodist Retirement Homes Project), Series 2005C (the "2005C Bonds"), and (3) pay certain expenses incurred in connection with the sale and issuance of the Bonds (as defined below) by the Commission; and

WHEREAS, the proceeds of the 2005A Bonds were used, together with other funds, to (1) pay a portion of the cost of the 2005 Project described below, (2) pay a portion of the interest on the 2005A Bonds, (3) fund a debt service reserve fund, and (4) pay certain expenses incurred in connection with the issuance of the 2005A Bonds by the Commission. The 2005 Project consisted of improvements to a continuing care retirement community known as Croasdaile Village ("Croasdaile Village") that is located on an approximately 110-acre tract of land in Durham County, North Carolina, including (a) the construction and equipping of 59 new independent living apartment units and nine new independent living duplex cottages containing 18 units and the sitework for six future independent living duplex cottages containing 12 units, (b) the renovation of approximately 5,400 square feet in the then existing dining room, and an approximately 5,700 square foot expansion of the then existing dining room, (c) the renovation of approximately 3,850 square feet in the then existing kitchen, an approximately 1,900 square foot expansion of the then existing kitchen and an upgrade of kitchen facilities and equipment, (d) the construction of a new, approximately 1,050 square foot library and conversion of the then existing library to a resident activity room, (e) the expansion of administrative areas, (f) the construction of a new, approximately 1,750 square foot laundry facility, (g) other facility and land improvements, and (h) working capital expenses (collectively, the "2005 Project"); and

WHEREAS, the proceeds of the 2005C Bonds were used, together with other funds, to (1) refund a portion of the Commission's then outstanding Retirement Facilities First Mortgage Revenue Bonds (The United Methodist Retirement Homes Project) Series 2000 (the "2000 Bonds"), (2) fund an account within the parity debt service reserve fund, and (3) pay certain expenses incurred in connection with the issuance of the 2005C Bonds by the Commission; and

WHEREAS, the proceeds of the 2000 Bonds were used for the purpose of (a) refunding a portion of outstanding taxable indebtedness, the proceeds of which were used to finance or refinance the costs of acquiring, constructing, equipping and furnishing Croasdaile Village (the "2000 Project," and together with the 2005 Project, the "Project"), (b) funding a debt service reserve fund, and (c) paying certain expenses incurred in connection with the issuance of the 2000 Bonds by the Medical Care Commission. The 2000 Project included (i) 186 independent living apartments located in a central building, (ii) an approximately 35,000 square foot activity building offering dining services and other various amenities and services, (iii) 71 cottages and homes, (iv) 56 residential assisted living units, (v) 15 licensed assisted living units, (vi) 99 licensed skilled nursing units and (vii) 30 licensed special care units for dementia patients; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on March 22, 2016, 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 to officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(a) a Contract of Purchase, dated April 19, 2016 (the "Purchase Agreement"), between the Local Government Commission of North Carolina and B.C. Ziegler and Company, as representative of the other underwriters named therein (collectively, the "Underwriters"), 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 May 1, 2016 (the "Trust Agreement"), between the Commission and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Bonds and includes the form of the Bonds;

(c) a Loan Agreement, dated as of May 1, 2016 (the "Loan Agreement"), between the Commission and the Corporation pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(d) a Supplemental Indenture for Obligation No. 22, dated as of May 1, 2016 (the "Supplement"), by and between the Corporation, The United Methodist Retirement Homes Foundation (the "Foundation") and U.S. Bank National Association, successor to First-Citizens Bank & Trust Company, as master trustee (the "Master Trustee") under the Amended and Restated Master Trust Indenture, dated as of February 1, 2005 (the "Master Indenture"), between the Corporation, the Foundation and the Master Trustee;

(e) Obligation No. 22, dated as of the date of issuance of the Bonds (the "Obligation"), to be issued by the Corporation to the Commission;

(f) a Third Amendment to Amended and Restated/Supplemental Deed of Trust, dated as of May 1, 2016 (the "Third Amendment"), between the Corporation and the Master Trustee, amending and supplementing an Amended and Restated/Supplemental Deed of Trust, dated as of April 1, 2013 (as amended, the "Pitt County Deed of Trust"), from the Corporation to the trustee named therein for the benefit of the Master Trustee;

(g) two Seventh Amendments to Amended and Restated/Supplemental Deed of Trust, each dated as of May 1, 2016 (the "Seventh Amendments"), between UMRH and the Master Trustee, which amend each of the Amended and Restated/Supplemental Deeds of Trust, each dated as of February 1, 2005 (as amended, the "Durham and Robeson Deeds of Trust" and, together with the Pitt County Deed of Trust, the "Corporation Deeds of Trust"), from the Corporation to the trustee named therein for the benefit of the Master Trustee; and

(h) a Preliminary Official Statement of the Commission 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, the Supplement and the Obligation; 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 Refunding Bonds (The United Methodist Retirement Homes), Series 2016A (the "Bonds"), in the aggregate principal amount of \$34,485,000. 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. The Bonds designated as Term Bonds shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto; provided, however, that the Term Bond maturing October 1, 2031 has no Sinking Fund Requirement.

The Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or any whole multiple thereof. The Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each April 1 and October 1, beginning October 1, 2016, to and including October 1, 2035. Payments of principal of 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 optional, extraordinary and mandatory redemption, 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 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to (a) refund all of aggregate principal amount of outstanding 2005A Bonds and 2005C Bonds and (b) pay certain 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 form of the Bonds set forth in the Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Supplement, the Obligation, the Third Amendment and the Seventh Amendments 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 \$38,179,495.20 (representing the principal amount of the Bonds, plus net original issue premium of \$4,125,557.70 and less underwriters' discount of \$431,062.50).

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 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, the Supplement, the Obligation, and the Corporation Deeds of Trust by the Underwriters in connection with such sale.

Section 12. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the 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. S. Mark Payne, 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 and Crystal Watson-Abbott, Auditors for 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, the Purchase Agreement and the Official Statement.

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

## Maturity Schedule

Series 2016A Bonds

\$4,845,000 Serial Bonds

<u>Due October 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$2,395,000	2.50 %
2026	2,450,000	2.625

\$8,250,000 5.00% Term Bonds due October 1, 2030

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2027	\$1,935,000
2028	2,015,000
2029	2,105,000
2030	2,195,000

\$2,500,000 3.125% Term Bonds due October 1, 2030

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2027	\$580,000
2028	610,000
2029	640,000
2030	670,000

\$3,000,000 5.00% Term Bond due October 1, 2031

\$13,390,000 5.00% Term Bonds due October 1, 2035

<u>Due October 1</u>	<u>Sinking Fund Requirement</u>
2032	\$3,105,000
2033	3,270,000
2034	3,425,000

2035

3,590,000

\$2,500,000 3.50% Term Bonds due October 1, 2035

Due October 1

Sinking Fund Requirement

2031

\$ 50,000

2032

50,000

2033

760,000

2034

800,000

2035

840,000

Professional Fees Comparison for  
United Methodist Retirement Homes

<u>Professional</u>	Fees Estimated In <u>Preliminary Approval Resolution</u>	<u>Actual Fees</u>
Underwriters' discount	\$647,760	\$431,062.50
Accountants	25,000	35,000.00
Bond counsel	70,000	70,000.00
Corporation counsel	40,000	40,000.00
Underwriters' counsel	50,000	50,000.00

7. The United Methodist Retirement Homes - Pricing Summary Analysis

*North Carolina Medical Care Commission  
Retirement Facilities First Mortgage Revenue Refund Bonds - Series 2016A*

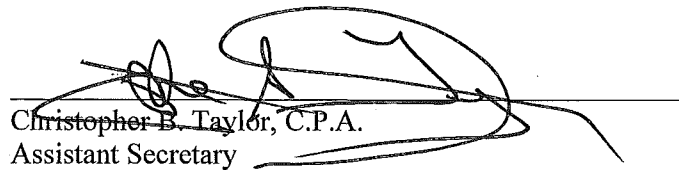
	Final Pricing BBB Rated	Estimated Non - Rated
All-In Cost of Borrowing	3.63%	4.25%
NPV Savings (\$)	\$ 8,914,521	\$ 5,644,009
NPV Savings (%)	22.47%	14.22%



**8. Adjournment**

There being no further business, the meeting was adjourned at 10:41 a.m.

Respectfully submitted,

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