

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
DECEMBER 19, 2017
11:00 A.M.

Members of the Executive Committee Present:

John A. Fagg, MD, Chairman
Joseph D. Crocker, Vice-Chairman
Robert E. Schaaf, MD
Devdutta G. Sangvai, MD

Members of the Executive Committee Absent:

Charles H. Hauser
Eileen C. Kugler

Members of Staff Present:

S. Mark Payne, Director, DHSR/Secretary, MCC
Geary W. Knapp, JD, CPA
Crystal Watson-Abbott, Auditor
Kathy C. Larrison, Auditor
Alice S. Creech, Executive Assistant

Others Present:

Alice Adams, Robinson, Bradshaw & Hinson, P.A.
Bruce Bell, Carolina Village
Kevin Dougherty, McGuire Woods, LLP
John Franklin, BB&T Capital Markets
Thomas Johnson, Southeastern Regional Medical Center
Richard Marvin, Public Financial Management
Patty Moscatello, Ponder & Co.
Kevin Parries, Carolina Village
Allen Robertson, Robinson, Bradshaw & Hinson, P.A.

1. **Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to Southeastern Regional Medical Center and Carolina Village, Inc.

2. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$42,160,000 North Carolina Medical Care Commission Hospital Revenue Bonds (Southeastern Regional Medical Center), Series 2017A**

Remarks were made about the project by Mr. Geary Knapp and Mr. Kevin Dougherty.

Executive Committee Action: Motion was made by Dr. Devdutta Sangvai, seconded by Dr. Robert Schaaf, and unanimously approved with the recusal of Dr. John Fagg.

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, Southeastern Regional Medical Center (the "Corporation") is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Corporation owns and operates health care facilities located in Lumberton, North Carolina;

WHEREAS, the Corporation has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) finance the cost of the Project (as defined in the hereinafter-mentioned Loan Agreement), (ii) refinance certain interim indebtedness incurred by the Corporation, the proceeds of which were used to pay certain costs of the Project prior to the issuance of the Bonds (as hereinafter defined), and (iii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds;

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 November 3, 2017, 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;

WHEREAS, there have been presented to the officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(a) the Contract of Purchase, to be dated the date of sale of the Bonds (the "Contract of Purchase"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and BB&T Community Holdings Co. (the "Purchaser"), and approved by the Commission and the Corporation;

(b) the Supplemental Indenture for Obligation No. 8, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto ("Supplemental Indenture No. 8"), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as successor master trustee (the "Master Trustee"), supplementing the Amended and Restated Master Trust Indenture, dated as of June 1, 2006 (the "Master Indenture"), by and among the Corporation, Health Horizons, Inc. ("Horizons"), Southeastern Regional Medical Center Foundation ("SRMC Foundation"), Executive Credit Collections ("ECC") and Southeastern Regional Physician Services ("Physician Services" and, together with the Corporation, Horizons, SRMC Foundation and ECC, the "Members of the Obligated Group");

(c) the Trust Agreement, to be dated as of December 1, 2017 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"), the provisions of which relate to the issuance of and security for the Bonds;

(d) the Loan Agreement, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto (the "Loan Agreement"), by and between the Corporation and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(e) Obligation No. 8 of the Corporation, to be dated the date of its delivery ("Obligation No. 8"), to be issued by the Corporation to the Commission;

(f) the Continuing Covenants Agreement, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto (the "Continuing Covenants Agreement"), by and between the Members of the Obligated Group and the Purchaser;

(g) the Supplemental Indenture for Obligation No. 9, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto ("Supplemental Indenture No. 9"), by and between the Corporation and the Master Trustee, supplementing the Master Indenture; and

(h) Obligation No. 9 of the Corporation, to be dated the date of its delivery ("Obligation No. 9"), to be issued by the Corporation to the Purchaser;

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Obligation No. 8, Supplemental Indenture No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9; 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 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 the North Carolina Medical Care Commission Hospital Revenue Bonds (Southeastern Regional Medical Center), Series 2017A in the aggregate principal amount of \$42,160,000 (the "Bonds") dated as of their original date of issuance and having a final stated maturity date of October 1, 2047.

The Bonds shall be issued as fully registered bonds 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. The Bank-Bought Minimum Holding Period shall commence on the date of Closing and shall end on December 21, 2029. During the Bank-Bought Minimum Holding Period, the Bonds shall bear interest at the rate of 2.78% per annum. Interest on the Bonds shall be calculated in accordance with the Trust Agreement and shall be payable on each Interest Payment Date as provided in the Trust Agreement. 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. The Interest Rate Determination Method for the Bonds may be converted in accordance with the provisions of the Trust Agreement.

Section 3. The Bonds shall be subject to mandatory, extraordinary and optional redemption at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The mandatory sinking fund requirements for the Bonds are set forth in Schedule 1 attached to this Series Resolution.

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 4. The proceeds of the Bonds shall be applied as set forth in Section 2.10 of the Trust Agreement.

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

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan 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 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; 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 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 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver 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; 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 Supplemental Indenture No. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9 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 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of Supplemental Indenture No. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a purchase price of \$42,160,000 (representing the aggregate principal amount of the Bonds).

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, Supplemental Indenture No. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9, Obligation No. 9 and the Loan Agreement by the proper parties thereto, 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. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Crystal M. Watson-Abbott, Auditor to the Commission, are

each hereby appointed a Commission Representative, with full power to carry out the duties set forth therein.

Section 12. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Bond Trustee under the Trust Agreement.

Section 13. 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 Contract of Purchase, the Master Indenture, Supplemental Indenture No. 8, Obligation No. 8, the Continuing Covenants Agreement, Supplemental Indenture No. 9 and Obligation No. 9.

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 actual professional fees incurred in connection with this financing is attached to this Series Resolution as Schedule 2.

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

Schedule 1

Sinking Fund Requirements

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2018	\$ 50,000	2033	\$ 1,150,000
2019	300,000	2034	1,190,000
2020	370,000	2035	1,230,000
2021	380,000	2036	1,275,000
2022	390,000	2037	2,370,000
2023	400,000	2038	2,445,000
2024	415,000	2039	2,520,000
2025	425,000	2040	2,600,000
2026	450,000	2041	2,685,000
2027	460,000	2042	2,765,000
2028	470,000	2043	2,855,000
2029	490,000	2044	2,945,000
2030	500,000	2045	3,035,000
2031	520,000	2046	3,130,000
2032	1,115,000	2047*	3,230,000

* Maturity

Schedule 2

Professional Fees¹

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Corporation Counsel	\$ 45,000	\$ 30,000
Bond Counsel	107,866	88,500
Trustee and Trustee's Counsel	12,000	13,000
Bank Purchaser Counsel	60,000	56,000
AUP Report Consultant	50,000	35,000
Financial Advisor	93,913	93,913

¹ Concurrently with the issuance of the Series 2017A Bonds, the Commission is issuing its \$15,780,000 Hospital Revenue Refunding Bonds (Southeastern Regional Medical Center), Series 2017B (the "Series 2017B Bonds"). This Schedule 2 of Professional Fees reflects the combined fees for the Series 2017A Bonds and the Series 2017B Bonds.

3. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$15,780,000 North Carolina Medical Care Commission Hospital Revenue Refunding Bonds (Southeastern Regional Medical Center), Series 2017B**

Remarks were made about the project by Mr. Joe Crocker, Mr. Kevin Dougherty, and Mr. Thomas Johnson.

Executive Committee Action: Motion was made by Dr. Robert Schaaf, seconded by Dr. Devdutta Sangvai, and unanimously approved with the recusal of Dr. John Fagg.

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, Southeastern Regional Medical Center (the “Corporation”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina;

WHEREAS, the Corporation owns and operates health care facilities located in Lumberton, North Carolina;

WHEREAS, the 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 Commission’s outstanding Variable Rate Demand Hospital Revenue Bonds (Southeastern Regional Medical Center), Series 2005 (the “Prior Bonds”) and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined);

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on November 3, 2017, 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;

WHEREAS, there have been presented to the officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(a) the Contract of Purchase, to be dated the date of sale of the Bonds (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and BB&T Community Holdings Co. (the “Purchaser”), and approved by the Commission and the Corporation;

(b) the Supplemental Indenture for Obligation No. 10, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto (“Supplemental Indenture No. 10”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as successor master trustee (the “Master Trustee”), supplementing the Amended and

Restated Master Trust Indenture, dated as of June 1, 2006 (the "Master Indenture"), by and among the Corporation, Health Horizons, Inc. ("Horizons"), Southeastern Regional Medical Center Foundation ("SRMC Foundation"), Executive Credit Collections ("ECC") and Southeastern Regional Physician Services ("Physician Services" and, together with the Corporation, Horizons, SRMC Foundation and ECC, the "Members of the Obligated Group");

(c) the Trust Agreement, to be dated as of December 1, 2017 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"), the provisions of which relate to the issuance of and security for the Bonds;

(d) the Loan Agreement, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto (the "Loan Agreement"), by and between the Corporation and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(e) Obligation No. 10 of the Corporation, to be dated the date of its delivery ("Obligation No. 10"), to be issued by the Corporation to the Commission;

(f) the Continuing Covenants Agreement, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto (the "Continuing Covenants Agreement"), by and between the Members of the Obligated Group and the Purchaser;

(g) the Supplemental Indenture for Obligation No. 11, to be dated as of December 1, 2017 or such other date as shall be agreed upon by the parties thereto ("Supplemental Indenture No. 11"), by and between the Corporation and the Master Trustee, supplementing the Master Indenture; and

(h) Obligation No. 11 of the Corporation, to be dated the date of its delivery ("Obligation No. 11"), to be issued by the Corporation to the Purchaser;

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Corporation, the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Obligation No. 10, Supplemental Indenture No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11; 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 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 the North Carolina Medical Care Commission Hospital Revenue Refunding Bonds (Southeastern Regional Medical Center), Series 2017B in the aggregate principal amount of \$15,780,000 (the "Bonds") dated as of their original date of issuance and having a final stated maturity date of June 1, 2037.

The Bonds shall be issued as fully registered bonds 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. The Bank-Bought Minimum Holding Period shall commence on the date of Closing and shall end on December 21, 2027. During the Bank-Bought Minimum Holding Period, the Bonds shall bear interest at a rate equal to the sum obtained by adding (i) the product of (x) 68% and (y) One-Month LIBOR plus (ii) 0.585% per annum. Interest on the Bonds shall be calculated in accordance with the Trust Agreement and shall be payable on each Interest Payment Date as provided in the Trust Agreement. 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. The Interest Rate Determination Method for the Bonds may be converted in accordance with the provisions of the Trust Agreement.

Section 3. The Bonds shall be subject to mandatory, extraordinary and optional redemption at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The mandatory sinking fund requirements for the Bonds are set forth in Schedule 1 attached to this Series Resolution.

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 4. The proceeds of the Bonds shall be applied as set forth in Section 2.10 of the Trust Agreement.

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

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan 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 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; 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 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 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver 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; 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 Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11 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 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a purchase price of \$15,780,000 (representing the aggregate principal amount of the Bonds).

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, Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11, Obligation No. 11 and the Loan Agreement by the proper parties thereto, 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. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Crystal M. Watson-Abbott, Auditor to the Commission, are each hereby appointed a Commission Representative, with full power to carry out the duties set forth therein.

Section 12. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Bond Trustee under the Trust Agreement.

Section 13. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions, including the refunding of the Prior Bonds, contemplated by the Trust Agreement, the Loan Agreement, the Contract of Purchase, the Master Indenture, Supplemental Indenture No. 10, Obligation No. 10, the Continuing Covenants Agreement, Supplemental Indenture No. 11 and Obligation No. 11.

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 actual professional fees incurred in connection with this financing is attached to this Series Resolution as Schedule 2.

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

Schedule 1

Sinking Fund Requirements

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2018	\$ 605,000	2028	\$ 790,000
2019	620,000	2029	810,000
2020	630,000	2030	835,000
2021	655,000	2031	855,000
2022	680,000	2032	875,000
2023	690,000	2033	905,000
2024	710,000	2034	930,000
2025	730,000	2035	955,000
2026	750,000	2036	980,000
2027	770,000	2037*	1,005,000

* Maturity

Schedule 2

Professional Fees[†]

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Corporation Counsel	\$ 45,000	\$ 30,000
Bond Counsel	107,866	88,500
Trustee and Trustee's Counsel	12,000	13,000
Bank Purchaser Counsel	60,000	56,000
AUP Report Consultant	50,000	35,000
Financial Advisor	93,913	93,913

[†] Concurrently with the issuance of the Series 2017B Bonds, the Commission is issuing its \$42,160,000 Hospital Revenue Bonds (Southeastern Regional Medical Center), Series 2017A (the "Series 2017A Bonds"). This Schedule 2 of Professional Fees reflects the combined fees for the Series 2017A Bonds and the Series 2017B Bonds.

North Carolina Medical Care Commission
 Southeastern Regional Medical Center (SRMC)
 Series 2017A&B Bonds
 NC Medical Care Commission Bond Sale Approval Policy

	Time of Preliminary Approval Series 2017A	Time of Final Approval Series 2017A	Variance Series 2017A	Time of Preliminary Approval Series 2017B	Time of Final Approval Series 2017B	Variance Series 2017B
Par Amount of Bonds	\$42,160,000	\$42,160,000	None	\$15,780,000	\$15,780,000	None
Bond Trustee-held Funds	None	None	None	\$1,337,740	\$1,341,160	\$3,420
SRMC Contribution	\$0	\$0	None	\$0	\$0	None
Est. Earnings on Project Fund	\$59,351	\$59,351	\$0	None - Refunding	None - Refunding	None
Estimated Interest Rate	2.82% (Fixed) ¹	2.78% (Fixed) ²	-0.04%	1.43% (Variable) ³	1.54% (Variable) ⁴	0.11%
All-in Interest Cost ⁵	2.90%	2.86%	-0.04%	1.45%	1.56%	0.11%
- Bond Interest Payments	2/1/2018 - 10/1/2047	Same	None	2/1/2018 - 6/1/2037	Same	None
- Bond Principal Payments	10/1/2032 - 10/1/2047	10/1/2018 - 10/1/2047	Accelerated Principal	6/1/2018 - 6/1/2037	Same	None
- Bank Holding Period	12 years (12/20/2029)	Same	None	10 years (12/20/2027)	Same	None
- Estimated NPV Savings (\$)	N/A - Project Bonds	N/A - Project Bonds	None	None - Extends Hold Period	None - Extends Hold Period	None

Notes:

Bank-bought fixed rate Series 2017A Bonds will finance SRMC's various capital projects with an estimated total cost of \$41,460,607. BB&T has agreed to purchase the Series 2017A Bonds.
 Bank-bought variable rate Series 2017B Bonds will refund the publicly-traded NCMCC Series 2005 weekly adjustable variable rate demand bonds supported by a BB&T letter of credit that expires on 2/28/2018.
 Series 2017A&B Bonds will not be rated. SRMC maintains a *Standard & Poor's* rating of "A" with stable outlook and *FitchRatings* rating of "A" with stable outlook.

Footnotes:

Estimated fixed interest rate for Series 2017A Bonds for initial 12-year bank holding period at time of estimated preliminary approval and proposed by the bank purchaser = BB&T or a designated affiliate.

Final fixed rate of 2.78% for 12-year bank hold period set by BB&T on December 6, 2017

Estimated variable rate for Series 2017B Bonds is 68% of one-month Libor (1.23%) plus 0.585% = 1.43%, estimated as of November 8, 2017, the estimated time of NCMCC preliminary approval.

Estimated variable rate for Series 2017B Bonds is 68% of one-month Libor (1.40%) plus 0.585% = 1.54%, estimated as of December 8, 2017 and prior to bond sale approval on December 19, 2017.

All-in True Interest Cost takes into account the interest rate on the bonds and the bond issuance expenses amortized over the 12-year initial bond holding period for the Series 2017A Bonds and 10-year initial period for the Series 2017B Bonds. SRMC will not enter into an interest rate swap agreement for the Series 2017A or Series 2017B Bonds.

North Carolina Medical Care Commission
Southeastern Regional Medical Center (SRMC)
Series 2017 A&B Bonds
NC Medical Care Commission Bond Sale Approval Policy

	Time of Preliminary Approval Series 2017A	Time of Preliminary Approval Series 2017B	Time of Final Approval Series 2017
- Par Amount of Bonds	\$42,160,000	\$15,780,000	\$42,160,000
- Bond Trustee-held Funds	\$0	\$1,337,470	\$0
- Est. Earnings on Project Fund	\$59,351	None - Refunding	\$59,351
- Estimated Interest Rate	2.82% (Fixed) ¹	1.43% ²	2.82% (Fixed) ¹
- All-In Interest Cost ³	2.90%	1.45%	2.90%
- Bond Interest Payments	1/1/2018 - 10/1/2047	1/1/2018 - 6/1/2037	1/1/2018 - 10/1/2047
- Bond Principal Payments	10/1/2032 - 10/1/2047	6/1/2018 - 6/1/2037	10/1/2032 - 10/1/2047
- Bank Holding Period	12 years (12/20/2029)	10 years (12/20/2027)	12 years (12/20/2029)
- Estimated NPV Savings (\$)	N/A - Project Bonds	None - Extends Hold Period	N/A - Project Bonds

Notes:

Bank-bought fixed rate Series 2017A Bonds will finance SRMC's various capital projects with an estimated total cost of \$41,460,607. BB&T has agreed to purchase the Series 2017A Bonds.

Bank-bought variable rate Series 2017B Bonds will refund the publicly-traded NCMCC Series 2005 weekly adjustable variable rate demand bonds supported by a BB&T letter of credit that expires on 2/28/2018. BB&T has agreed to purchase the Series 2017B Bonds. Primary purpose of the refunding is to extend the debt issue for 10 years. Some interest cost savings may be achieved during the BB&T 10-year holding period.

Series 2017A&B Bonds will not be rated. SRMC maintains a *Standard & Poor's* rating of "A" with stable outlook and *FitchRatings* rating of "A" with stable outlook.

Footnotes:

Estimated fixed interest rate for Series 2017A Bonds for initial 12-year bank holding period at time of estimated preliminary approval and proposed by the bank purchaser = BB&T or a designated affiliate.

Estimated variable rate for Series 2017B Bonds is 68% of one-month Libor (1.23%) plus 0.585% = 1.43%, as of November 3, 2017, the estimated time of NCMCC preliminary approval.

All-in True Interest Cost takes into account the interest rate on the bonds and the bond issuance expenses amortized over the 12-year initial bond holding period for the Series 2017A Bonds and initial 10-year period for the Series 2017B Bonds. SRMC will not enter into an interest rate swap agreement for the Series 2017A or Series 2017B Bonds.

4. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$39,885,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Carolina Village), Series 2017A, \$18,945,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project), Series 2017B and \$25,000,000 North Carolina Medical Care Commission Variable Rate Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project), Series 2017C**

Remarks were by about the project by Dr. John Fagg, Mr. Geary Knapp, Ms. Alice Adams, Mr. Richard Marvin, and Mr. Bruce Bell.

Executive Committee Action: Motion was made by Dr. Robert Schaaf, seconded by Dr. Devdutta G. Sangvai, and unanimously approved with the recusal of Dr. John Fagg.

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

WHEREAS, the Corporation has made application to the Commission for one or more loans, which will be used for the purpose of providing funds, together with other available funds, to (1) advance refund \$17,460,000 of the Medical Care Commission's outstanding Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project) Series 2008A (the "2008A Bonds"); (2) refund all of the Medical Care Commission's outstanding Variable Rate Retirement Facilities First Mortgage Revenue Refunding Bonds (Carolina Village) Series 2013A (the "2013A Bonds"); (3) refund a taxable bank loan (the "2012 Loan," and collectively with the 2008A Bonds and the 2013A Bonds, the "Prior Debt"); (4) pay, or reimburse the Corporation for paying, all or a portion of the cost of acquiring, improving, constructing and equipping health care facilities at the Corporation's continuing care retirement community (the "Community"), including (a) construction and equipping of a four-story independent living apartment building, containing 36 apartments, (b) construction and equipping of various sixplexes and duplexes resulting in 54 new independent living units and (c) renovating and improving common areas and grounds of the Community, including "Main Street" facilities, parking and maintenance facilities and entrance road improvements (collectively, the "2017 Project"); (5) refund existing taxable indebtedness of the Corporation, the proceeds of which were used to pay a portion of the costs of the 2017 Project; (6) pay a portion of the interest accruing on the 2017B Bonds (as defined below) and the 2017C Bonds (as defined below); (7) fund a debt service reserve fund for the 2017B Bonds; (8) pay the termination payment due in connection with terminating the swap relating to the 2013A Bonds (the "Swap Termination Payment"); and (9) pay certain expenses

incurred in connection with the issuance of the Bonds (as defined below) by the Commission; and

WHEREAS, the proceeds of the Prior Debt were used to finance and refinance improvements to the Community, including (i) a new 58-bed skilled nursing facility (the "1998 Project"), (ii) (a) the construction and equipping of a three-story independent living apartment building, with 63 one- and two-bedroom apartments, (b) the construction and equipping of a 60-bed assisted living building to replace the existing assisted living center at the Community, (c) the renovation, construction and equipping of laundry facilities and (d) the renovation of building façades and the replacement of windows (collectively, the "2008 Project"), and (iii) (a) renovating the kitchen and the dining room and (b) construction of a multipurpose area of the Community known as "Main Street," including the construction and equipping of an aquatic center containing a lap pool, a therapy pool, fitness room and locker rooms, as well as a theatre, on-site pharmacy, mail center, education center and business office, staff support offices and space to provide specialty services (collectively, the "2012 Project");

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 11, 2017, 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 relating to the Commission's Retirement Facilities First Mortgage Revenue Refunding Bonds (Carolina Village), Series 2017A (the "2017A Bonds") dated December 27, 2017 (the "2017A Purchase Contract") between the Local Government Commission of North Carolina (the "Local Government Commission") and First-Citizens Bank & Trust Company (the "Bank") and approved by the Corporation and the Commission, pursuant to which the Bank will purchase the 2017A Bonds on the terms and conditions set forth therein;

(b) a Trust Agreement dated as of December 1, 2017 (the "2017A Trust Agreement") between the Commission and U.S. Bank National Association (the "Bond Trustee");

(c) a Loan Agreement dated as of December 1, 2017 (the "2017A Loan Agreement") between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the 2017A Bonds to the Corporation;

(d) a Supplemental Indenture for Obligation No. 15 dated as of December 1, 2017 ("Supplemental Indenture No. 15") between the Corporation and U.S. Bank National Association, as successor master trustee (the "Master Trustee") under the Master Trust Indenture, dated as of February 1, 2008 (as supplemented and amended, the "Master Indenture"), between the Corporation and First-Citizens Bank & Trust Company, as master trustee;

(e) Obligation No. 15 dated as of December 27, 2017 (“Obligation No. 15”) from the Corporation to the Commission;

(f) a Credit Agreement dated as of December 1, 2017 (the “2017A Credit Agreement”) between the Corporation and the Bank;

(g) a Supplemental Indenture for Obligation No. 16 dated as of December 1, 2017 (“Supplemental Indenture No. 16”) between the Corporation and the Master Trustee;

(h) Obligation No. 16 dated as of December 27, 2017 (“Obligation No. 16”) from the Corporation to the Bank;

(i) an Escrow Deposit Agreement dated as of December 1, 2017 (the “Escrow Agreement”) among the Commission, the Corporation and U.S. Bank National Association, as bond trustee for the 2008A Bonds (the “Escrow Agent”);

(j) a Contract of Purchase relating to the Commission’s Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project), Series 2017B (the “2017B Bonds”) dated December 19, 2017 (the “2017B Purchase Contract”), between BB&T Capital Markets, a division of BB&T Securities LLC (the “Underwriter”), and the Local Government Commission and approved by the Commission and the Corporation;

(k) a Trust Agreement dated as of December 1, 2017 (the “2017B Trust Agreement”) between the Commission and the Bond Trustee;

(l) a Loan Agreement dated as of December 1, 2017 (the “2017B Loan Agreement”) between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the 2017B Bonds to the Corporation;

(m) a Supplemental Indenture for Obligation No. 17 dated as of December 1, 2017 (“Supplemental Indenture No. 17”) between the Corporation and the Master Trustee;

(n) Obligation No. 17 dated as of December 27, 2017 (“Obligation No. 17”) from the Corporation to the Commission;

(o) a Preliminary Official Statement of the Commission dated December 6, 2017 relating to the 2017B Bonds (the “Preliminary Official Statement”);

(p) a Contract of Purchase relating to the Commission’s Variable Rate Retirement Facilities First Mortgage Revenue Bonds (Carolina Village Project), Series 2017C (the “2017C Bonds,” and collectively with the 2017A Bonds and the 2017B Bonds, the “Bonds”) dated December 27, 2017 (the “2017C Purchase Contract,” and together with the 2017A Purchase Contract and the 2017B Purchase Contract, the “Purchase Contracts”) between the Bank and the Local Government Commission and approved by the Commission and the Corporation;

(q) a Trust Agreement dated as of December 1, 2017 (the "2017C Trust Agreement," and together with the 2017A Trust Agreement and the 2017B Trust Agreement, the "Trust Agreements") between the Commission and the Bond Trustee;

(r) a Loan Agreement dated as of December 1, 2017 (the "2017C Loan Agreement," and together with the 2017A Loan Agreement and the 2017B Loan Agreement, the "Loan Agreements") between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the 2017C Bonds to the Corporation;

(s) a Supplemental Indenture for Obligation No. 18 dated as of December 1, 2017 ("Supplemental Indenture No. 18," and collectively with Supplemental Indenture No. 15 and Supplemental Indenture No. 17, the "Bond Supplements") between the Corporation and the Master Trustee;

(t) Obligation No. 18 dated as of December 27, 2017 ("Obligation No. 18," and collectively with Obligation No. 15 and Obligation No. 17, the "Bond Obligations") from the Corporation to the Commission;

(u) a Credit Agreement dated as of December 1, 2017 (the "2017C Credit Agreement" and together with the 2017A Credit Agreement, the "Credit Agreements") between the Corporation and the Bank;

(v) a Supplemental Indenture for Obligation No. 19 dated as of December 1, 2017 ("Supplemental Indenture No. 19," and together with Supplemental Indenture Supplemental Indenture No. 16 and the Bond Supplements, the "Supplemental Indentures") between the Corporation and the Master Trustee;

(w) Obligation No. 19 dated as of December 27, 2017 ("Obligation No. 19," and together with Obligation No. 16 and the Bond Obligations, the "Obligations") from the Corporation to the Bank;

(x) a Fourth Amendment to Deed of Trust dated as of December 1, 2017 (the "Fourth Amendment to Deed of Trust") between the Corporation and the Master Trustee; and

(y) an Assignment of Contracts dated as of December 1, 2017 (the "Assignment of Contracts"), made by the Corporation to the Master Trustee; and

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

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

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the 2017A Bonds in the aggregate principal amount of \$39,885,000. The 2017A Bonds shall mature on April 1, 2038. The 2017A Bonds shall bear interest at such rates determined in accordance with the 2017A Trust Agreement and shall be subject to Sinking Fund Requirements set forth in Schedule 1 hereto. The Bank has agreed to hold the 2017A Bonds until the maturity date. The interest rate on the 2017A Bonds is based on a set formula and will reset every seven years through the maturity date. The formula is equal to the seven-year U.S. Treasury Rate plus 166 basis points, multiplied by the maximum federal corporate tax rate applicable to the Bank (such rate to be 2.59% at closing), which rate is subject to adjustment due to changes in the federal corporate tax rate.

The 2017A Bonds shall be issued as fully registered bonds in the denominations of \$100,000 or any multiple of \$0.01 in excess thereof. Interest on the 2017A Bonds shall be paid at the times specified in the 2017A Trust Agreement. Payments of principal of and interest on the 2017A Bonds shall be forwarded by the Bond Trustee to the registered owners of the 2017A Bonds in such manner as is set forth in the 2017A Trust Agreement.

Section 3. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the 2017B Bonds in the aggregate principal amount of \$18,945,000. The 2017B Bonds shall mature in such amounts and at such times and bear interest at such rates as are set forth in Schedule 1 attached hereto.

The 2017B Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or any whole multiple thereof. The 2017B Bonds shall be issuable in book-entry form as provided in the 2017B Trust Agreement. Interest on the 2017B Bonds shall be paid on each April 1 and October 1, beginning April 1, 2018, to and including April 1, 2047. Payments of principal of and interest on the 2017B Bonds shall be forwarded by the 2017B Bond Trustee to the registered owners of the 2017B Bonds in such manner as is set forth in the 2017B Trust Agreement.

Section 4. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of 2017C Bonds in the aggregate principal amount of \$25,000,000. The Bonds shall mature on October 1, 2021 and shall bear interest at such rates determined in accordance with the Trust Agreement. During the initial Index Floating Rate Period (which is in effect through maturity unless the Corporation elects to convert the 2017C Bonds to a different mode), the Bonds will bear interest at 67% of one-month LIBOR plus 1.01%, subject to adjustment under certain circumstances (e.g., taxability, event of default, corporate tax rate adjustments). There are no Sinking Fund Requirements for the 2017C Bonds, which are expected to be paid from initial entrance fees of the new independent living units of the 2017 Project.

The 2017C Bonds shall be issued as fully registered bonds in (i) denominations of \$100,000 and multiples of \$5,000 in excess of \$100,000 during any Short-Term Rate Period, Index Floating Rate Period or any Medium-Term Rate Period, and (ii) denominations of \$5,000 and integral multiples thereof during any Fixed Rate Period. While bearing interest at a Short-Term Rate or Long-Term Rate, the 2017C Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the 2017C Bonds shall be paid at the times and at the rates determined as specified in the 2017C Trust Agreement. Payments of principal of and interest on the 2017C Bonds shall be made to the registered owners of the 2017C Bonds in such manner as is set forth in the 2017C Trust Agreement.

Section 5. The 2017A Bonds and the 2017B 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 2017A Trust Agreement and the 2017B Trust Agreement, respectively. The 2017C Bonds shall be subject to (i) optional and extraordinary redemption, (ii) during any Weekly Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, all at the times, upon the terms and conditions, and at the prices set forth in the 2017C Trust Agreement.

Section 6. The proceeds of the Bonds shall be applied as provided in Section 2.08 of each of the Trust Agreements. The Commission hereby finds that the use of the proceeds of the Bonds for loans to refund the outstanding Prior Debt, finance and refinance a portion of the costs of the 2017 Project, fund a debt service reserve fund for the 2017B Bonds, fund a portion of the interest on the 2017B Bonds and the 2017C Bonds, make the Swap Termination Payment, and pay certain costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 7. The forms, terms and provisions of the Trust Agreements, the Loan Agreements and the Escrow Agreement, are hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreements, the Loan Agreements and the Escrow Agreement in substantially the forms presented, 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 8. The form, terms and provisions of the Purchase Contracts are hereby approved in all respects, and the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Purchase Contracts in substantially the forms presented, 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 9. The form of the Bonds of each Series set forth in the applicable Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any other

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 of such Series, and to deliver to the applicable Bond Trustee for authentication on behalf of the Commission, the Bonds of such Series in definitive form, which shall be in substantially the form presented, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the applicable Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 10. The forms of the Supplemental Indentures, the Obligations, the Fourth Amendment to Deed of Trust, the Assignment of Contracts and the Credit Agreements are hereby approved in substantially the forms presented, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission, with the advice of counsel, may deem necessary and appropriate, and the execution and delivery of the Trust Agreements by the Commission shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 11. The Commission hereby approves the action of the Local Government Commission in awarding the 2017B Bonds to the Underwriter at the purchase price of \$19,194,437.70 (representing the principal amount of the 2017B Bonds plus net original issue premium of \$533,612.70 and less underwriter's discount of \$284,175.00). The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the 2017A Bonds to the Bank in accordance with the 2017A Contract of Purchase at the purchase price of 100% of the principal amount thereof. The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the 2017C Bonds to the Bank in accordance with the 2017C Contract of Purchase at the purchase price of 100% of the principal amount thereof.

Section 12. Upon their execution in the form and manner set forth in the applicable Trust Agreement, the Bonds of each Series shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds of such Series and, upon the satisfaction of the conditions set forth in Section 2.08 of the applicable Trust Agreement, the Bond Trustee shall deliver (1) the 2017B Bonds to the Underwriter and (2) the 2017A Bonds and the 2017C Bonds to the Bank, each against payment therefor.

Section 13. 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 offer and sale of the 2017B Bonds. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary are 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 Agreements, the Loan Agreements, the Master Indenture, the Supplemental Indentures, the Obligations, the Fourth Amendment to Deed of Trust, the Assignment of Contracts and the Credit Agreements by the Underwriter in connection with such offer and sale.

Section 14. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for each Series of Bonds.

Section 15. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the 2017B Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the 2017B Bonds. If the 2017C Bonds are converted to a Short-Term Rate, a Medium-Term Rate or a Fixed Rate, the Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the 2017C Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of such 2017C Bonds.

Section 16. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, 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 Agreements, with full power to carry out the duties set forth therein.

Section 17. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary of the Commission and 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 Agreements, the Loan Agreements, the Escrow Agreement, the Purchase Contracts and the Official Statement.

Section 18. This Resolution shall take effect immediately upon its passage.

Required Redemption of the 2017A Bonds

Principal payments on the 2017A Bonds are required to be paid monthly beginning on February 1, 2018. Such payments are shown on **Exhibit A** attached hereto.

Maturity Schedule for the 2017B Bonds

\$7,200,000 4.25% Term Bonds due April 1, 2042

<u>Due April 1</u>	<u>Sinking Fund Requirement</u>
2038	\$1,335,000
2039	1,615,000
2040	1,690,000
2041	1,760,000
2042*	800,000

* Maturity

\$11,745,000 5.00% Term Bonds due April 1, 2047

<u>Due April 1</u>	<u>Sinking Fund Requirement</u>
2042	\$1,040,000
2043	1,935,000
2044	2,030,000
2045	2,135,000
2046	2,245,000
2047*	2,360,000

* Maturity

2017C Bonds

There are no mandatory redemption requirements for the 2017C Bonds, which mature on October 1, 2021.

Professional Fees Comparison for
Carolina Village, Inc.

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Underwriter's discount/Placement fee	\$750,222	\$608,600
Accountants	25,000	35,000
Corporation counsel	18,000	12,500
Bond counsel	130,000	130,000
Underwriter's counsel (2017B)	86,600	47,000*
Financial Advisor	50,000	50,000
Bank Counsel (2017A&C)	25,000	30,000
Feasibility consultant	125,000	125,000
Bank commitment fee (2017A&C)	123,899	80,000

*Being paid from Underwriter's discount.

EXHIBIT A

Monthly Principal Payments for 2017A Bonds

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
2/1/2018	\$100,000	3/1/2021	\$135,000	4/1/2024	\$140,000
3/1/2018	125,000	4/1/2021	130,000	5/1/2024	145,000
4/1/2018	115,000	5/1/2021	130,000	6/1/2024	140,000
5/1/2018	120,000	6/1/2021	130,000	7/1/2024	145,000
6/1/2018	120,000	7/1/2021	135,000	8/1/2024	145,000
7/1/2018	120,000	8/1/2021	130,000	9/1/2024	145,000
8/1/2018	120,000	9/1/2021	130,000	10/1/2024	145,000
9/1/2018	120,000	10/1/2021	135,000	11/1/2024	145,000
10/1/2018	120,000	11/1/2021	130,000	12/1/2024	145,000
11/1/2018	120,000	12/1/2021	135,000	1/1/2025	145,000
12/1/2018	125,000	1/1/2022	130,000	2/1/2025	145,000
1/1/2019	120,000	2/1/2022	130,000	3/1/2025	155,000
2/1/2019	120,000	3/1/2022	140,000	4/1/2025	145,000
3/1/2019	130,000	4/1/2022	135,000	5/1/2025	150,000
4/1/2019	120,000	5/1/2022	135,000	6/1/2025	145,000
5/1/2019	125,000	6/1/2022	135,000	7/1/2025	150,000
6/1/2019	120,000	7/1/2022	135,000	8/1/2025	150,000
7/1/2019	125,000	8/1/2022	135,000	9/1/2025	150,000
8/1/2019	120,000	9/1/2022	135,000	10/1/2025	150,000
9/1/2019	120,000	10/1/2022	140,000	11/1/2025	150,000
10/1/2019	125,000	11/1/2022	135,000	12/1/2025	150,000
11/1/2019	125,000	12/1/2022	140,000	1/1/2026	150,000
12/1/2019	125,000	1/1/2023	135,000	2/1/2026	150,000
1/1/2020	125,000	2/1/2023	135,000	3/1/2026	155,000
2/1/2020	125,000	3/1/2023	145,000	4/1/2026	150,000
3/1/2020	130,000	4/1/2023	135,000	5/1/2026	155,000
4/1/2020	125,000	5/1/2023	140,000	6/1/2026	150,000
5/1/2020	130,000	6/1/2023	140,000	7/1/2026	155,000
6/1/2020	125,000	7/1/2023	140,000	8/1/2026	155,000
7/1/2020	130,000	8/1/2023	140,000	9/1/2026	155,000
8/1/2020	125,000	9/1/2023	140,000	10/1/2026	155,000
9/1/2020	125,000	10/1/2023	140,000	11/1/2026	155,000
10/1/2020	130,000	11/1/2023	140,000	12/1/2026	155,000
11/1/2020	125,000	12/1/2023	145,000	1/1/2027	155,000
12/1/2020	130,000	1/1/2024	140,000	2/1/2027	155,000
1/1/2021	130,000	2/1/2024	140,000	3/1/2027	160,000
2/1/2021	130,000	3/1/2024	145,000	4/1/2027	155,000

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
5/1/2027	\$160,000	11/1/2030	\$175,000	5/1/2034	\$195,000
6/1/2027	155,000	12/1/2030	175,000	6/1/2034	195,000
7/1/2027	160,000	1/1/2031	175,000	7/1/2034	195,000
8/1/2027	160,000	2/1/2031	175,000	8/1/2034	195,000
9/1/2027	160,000	3/1/2031	180,000	9/1/2034	195,000
10/1/2027	160,000	4/1/2031	175,000	10/1/2034	200,000
11/1/2027	160,000	5/1/2031	180,000	11/1/2034	200,000
12/1/2027	160,000	6/1/2031	180,000	12/1/2034	200,000
1/1/2028	160,000	7/1/2031	180,000	1/1/2035	200,000
2/1/2028	160,000	8/1/2031	180,000	2/1/2035	200,000
3/1/2028	165,000	9/1/2031	180,000	3/1/2035	200,000
4/1/2028	160,000	10/1/2031	180,000	4/1/2035	200,000
5/1/2028	165,000	11/1/2031	180,000	5/1/2035	200,000
6/1/2028	160,000	12/1/2031	180,000	6/1/2035	200,000
7/1/2028	165,000	1/1/2032	180,000	7/1/2035	205,000
8/1/2028	165,000	2/1/2032	180,000	8/1/2035	205,000
9/1/2028	165,000	3/1/2032	185,000	9/1/2035	205,000
10/1/2028	165,000	4/1/2032	185,000	10/1/2035	205,000
11/1/2028	165,000	5/1/2032	185,000	11/1/2035	205,000
12/1/2028	165,000	6/1/2032	185,000	12/1/2035	205,000
1/1/2029	165,000	7/1/2032	185,000	1/1/2036	205,000
2/1/2029	165,000	8/1/2032	185,000	2/1/2036	205,000
3/1/2029	170,000	9/1/2032	185,000	3/1/2036	210,000
4/1/2029	165,000	10/1/2032	185,000	4/1/2036	205,000
5/1/2029	170,000	11/1/2032	185,000	5/1/2036	210,000
6/1/2029	165,000	12/1/2032	190,000	6/1/2036	210,000
7/1/2029	170,000	1/1/2033	185,000	7/1/2036	210,000
8/1/2029	170,000	2/1/2033	190,000	8/1/2036	210,000
9/1/2029	170,000	3/1/2033	190,000	9/1/2036	210,000
10/1/2029	170,000	4/1/2033	190,000	10/1/2036	210,000
11/1/2029	170,000	5/1/2033	190,000	11/1/2036	210,000
12/1/2029	170,000	6/1/2033	190,000	12/1/2036	210,000
1/1/2030	170,000	7/1/2033	190,000	1/1/2037	210,000
2/1/2030	170,000	8/1/2033	190,000	2/1/2037	215,000
3/1/2030	175,000	9/1/2033	190,000	3/1/2037	215,000
4/1/2030	170,000	10/1/2033	190,000	4/1/2037	215,000
5/1/2030	175,000	11/1/2033	190,000	5/1/2037	215,000
6/1/2030	170,000	12/1/2033	195,000	6/1/2037	215,000
7/1/2030	175,000	1/1/2034	195,000	7/1/2037	215,000
8/1/2030	175,000	2/1/2034	195,000	8/1/2037	215,000
9/1/2030	175,000	3/1/2034	195,000	9/1/2037	215,000
10/1/2030	175,000	4/1/2034	195,000	10/1/2037	215,000

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
-	-	-	-	11/1/2037	\$220,000
-	-	-	-	12/1/2037	220,000
-	-	-	-	1/1/2038	220,000
-	-	-	-	2/1/2038	220,000
-	-	-	-	3/1/2038	220,000
-	-	-	-	4/1/2038	220,000
-	-	-	-		
-	-	-	-	Total	\$39,885,000

Carolina Village
 Series 2017 Bond Project Financing
 NC Medical Care Commission Bond Sale Approval Policy

	Time of Preliminary Approval - Series 2017	Time of Final Approval Series 2017ABC Bonds	Variance	Explanation
- Estimated Interest Rate	2.86 - 5.75%	3.00 to 5.00%		Conservative initial rates
- All In True Interest Cost*	4.86%	4.10%	-0.76%	Lower final rates
- Maturity Schedule Interest	2017 through 2047	2018 through 2047		
- Maturity Schedule Principal	2017 through 2047	2018 through 2047		
- Estimated NPV Savings (\$)**	\$3,163,919	\$6,600,045	\$3,436,126	Refunding went all bank; Preliminary Plan of Finance split the refunding between direct purchase bond and publicly placed fixed rate bonds
- Estimated NPV Savings (%)**	7.95%	16.64%	8.69%	

Footnotes

*All In TIC reflects entire Series

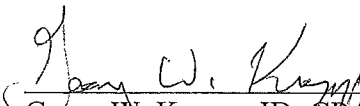
**Refunding was done as an entire bank bought bond - Increasing savings

Note: while savings are present, the transaction also allowed Carolina Village to remove put risk on refunded bank bought bonds & created financial flexibility for proposed Project

5. **Adjournment**

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

Respectfully submitted,



Geary W. Knapp, JD, CPA
Assistant Secretary