

1. CALL MEETING TO ORDER
 2. MISSION: Set the standard in creating an entrepreneurial culture; be the example for revitalization of our business districts and be the leaders in building sustainable public/private partnerships.
 3. APPROVAL OF AGENDA
 4. CONSENT AGENDA
 - A. Communications
 - i. Bill Root – Burcham Hills Resident (5.24.2018)
 - B. Development Projects Update
 - C. Minutes-May 3, 2018
 5. FINANCIAL REPORT
 6. APPROVAL OF PAYMENTS
 7. PUBLIC REMARKS

 8. PRESENTATION
 - A. Burcham Hills Bonds: Bowden Brown, Dykema Gossett; Jim Kaczmarczyk, Finance Director of Burcham Hills.

 9. OLD BUSINESS
 - A. Burcham Hills EDC Bonds Discussion and Resolution
 - B. Meridian Redevelopment Fund
 10. NEW BUSINESS
 - A. MABA Expo Discussion

 11. TOWNSHIP REPORTS
 - A. Township Manager
 - B. Township Board
 - C. Planning Commission
 - D. Staff
 - E. Chair
 12. COMMUNITY REPORTS
 - A. Meridian Mall
 - B. Farmers Market
 - C. MABA
 13. OPEN DISCUSSION/BOARD COMMENTS
 14. PUBLIC REMARKS
 15. NEXT MEETING DATE
 - A. July 12, 2018, 7:30am
 16. ADJOURNMENT
-

Individuals with disabilities requiring auxiliary aids or services should contact the Meridian Township Board by contacting:
Township Manager Frank L. Walsh, 5151 Marsh Road, Okemos, MI 48864 or 517.853.4258 - Ten Day Notice is Required.
Meeting Location: 5151 Marsh Road, Okemos, MI 48864 Township Hall

May 24, 2018

From: Bill Root, Burcham Hills resident, billroot23@gmail.com; tel 517 333 8707
To: Erik Altmann, East Lansing Mayor Pro Tem, ealtmann@cityofeastlansing.com
Chris Buck, Meridian Director Economic Development, buck@meridian.mi.us

Subject: Refunding Burcham Hills Bonds

Please include this memorandum in the record of the May 22 and May 23 hearings on refunding East Lansing \$5.32M and Meridian \$9.6M bonds.

The principal purpose for refunding is to ease cash flow for the next 8 years during which construction expenses of \$5.2M are expected prior to completion and occupation of a new apartment building. A private \$5.2M eight year bridge loan is planned, involving a 25 year amortization of bond servicing in order to ease cash flow sufficiently to permit its repayment.

I recommend that, instead of borrowing this \$5.2M bridge loan, the \$9.6M Meridian refunded bonds be structured with the same 25 year amortization of bond servicing now planned for the bridge loan. The East Lansing refunded bonds are already structured for level bond servicing for 24 years and would not be changed in any way by this recommendation (other than to fill in the blanks by the year 2023 concerning the date after which Burcham Hills could redeem both the East Lansing and Meridian 2018 bonds).

Bond servicing of the existing bonds is \$1.64M/year, or \$13.12M for the next 8 years if not refunded.

Bond servicing for the refunded bonds will be \$0.380M/year for East Lansing and, per my calculation this morning, \$1,049M/year for Meridian, for a total of \$1.429M/year, \$11.43M for 8 years, or \$1.69M less than the \$13.12M for the old bonds.

Burcham Hills has from \$1M to \$2M liquid assets which could be used to pay bridge period construction costs. Using the conservative \$1M figure and adding the \$1.69M eight year easing of cash flow from refunding would cover half of the \$5.2M bridge period construction costs. Applying the 25 year amortization to Meridian would more than cover the other half. Meridian bond servicing would be reduced to \$0.684M/year ($9.6/5.32 \times \$0.380M$). This is \$0.365M/year less than the \$1.049M/year otherwise, or \$2.920M for eight years.

Therefore, there is no need for a bridge loan.



CHARTER TOWNSHIP OF MERIDIAN Development Projects Update

June 2018

Businesses Opened:

- **Fox Lansing Nissan**, Grand River Ave (5/17/18)
- **Lotus Beauty Lounge**, Meridian Mall (5/11/18)
- **Kellie's Wooden Skate**, Cornell Road & Grand River (5/4/18)
- **Commercial Bank**, 2121 Jolly Road. (5/21/18)
- **Baskin-Robbins**, 1917 Grand River Ave – Open House 6/2/18

Ribbon Cuttings/Opening Dates Announced (some estimated):

- **Elevation** – Jolly & Jolly Oak Roads, 350+ residential units, 6/19/18 is opening party
- **Launch Trampoline Park**, 30k sq. ft. of Gordmanns (Meridian Mall). Plan to open July/Aug.
- **Great Lakes Interiors** - office furniture retailer at 2076 Towner Road. “open soon” on website

Under construction

- **Peak Performance Physical Therapy**, new Meridian location next to Playmakers
- **Red Cedar Flats** - 112 unit, mixed use project with 11,800 square feet of commercial space on Northwind Drive.
- **Ingham County Medical Care Facility** – 64,000 square foot (48 room) addition at 3860 Dobie.
- **Marriot Courtyard** –105 rooms at SW corner of Jolly Oak Road/Meridian Crossing Drive.
- **Whitehills Lakes South #2** –21 single family lots @ Saginaw Highway/Lake Lansing Road.
- **Georgetown #4** – initial site work underway for 22 single family lots at Tihart/Cornell Roads.
- **Sierra Ridge #3** – initial site work underway for 20 single family lots Lake Lansing/Newton.

Approved/not yet commenced

- **Portnoy and Tu dentist office** –4,332 square foot dental office at 2476 Jolly Road.
- **Tilted Kilt**, new restaurant at 5000 Northwind Drive (Red Cedar Flats)
- **New Hope Church**, Saginaw Highway & Newton Roads, construction expected in summer

Under consideration

- **Red Cedar Manor**, 2875 Northwind Drive. 70,000+ sq ft mixed use w/88 apartments
- **LaFontaine**, Chrysler/Jeep/Dodge Dealer proposed on W. Grand River Ave
- **Panera Bread**, Proposing to demo and rebuild BD Mongolian Grill. Drive-through proposed.
- **Silverstone Estates**, 25 single family residential homes at Powell Road north of Grand River
- **Hannah Farms East**, mixed use/student housing proposed at Eyde Pkwy (dormant for now)
- **Copper Creek Condominiums**, 45 acres NE corner of Haslett & Van Atta. 102 residential lots.

Renovations

- **Aldi**, interior renovation valued at \$400,000
- **Best Buy**, Shopping Center – exterior facelift, resizing spaces valued at \$770,000
- **Olive Garden**, Exterior remodel, complete interior makeover. No value yet

Closings/Relocations

- **Toys R Us**, Property up for auction
- **Younkers**, closing both anchor stores at Meridian Mall by August



Charter Township of Meridian
Meridian Economic Development Corporation
5151 Marsh Road, Okemos, MI 48864
Thursday, May 3, 2018– Minutes (Draft)

Members

Present: Trustee Phil Deschaine, Mikhail Murshak, Jade Sims, Kimberly Thompson, Tom Conway, Brenda Chapman, Shawn Dunham, David Ledebuhr

Members Absent: Township Manager Frank Walsh, Joel Conn and Adam Carlson

Others

Present: Treasurer Julie Brixie, Ex-Officio, Planning Commission Vice-Chair John Scott-Craig, Director of Community Planning and Development Mark Kieselbach, Executive Assistant Michelle Prinz, Economic Development Director Chris Buck

1. CALL MEETING TO ORDER

Chair Sims called the meeting to order at 7:35 am and Member Chapman read the mission statement.

2. **MISSION:** Set the standard in creating an entrepreneurial culture, be the example for revitalization of our business districts, and be the leaders in building sustainable public/private partnerships.

3. APPROVAL OF THE AGENDA

MOTION BY MEMBER LEDEBUHR TO APPROVE THE AGENDA. SUPPORTED BY MEMBER DUNHAM. MOTION PASSES 8-0.

4. CONSENT AGENDA

- a. Communications
- b. Development Projects Update
- c. Minutes-April 12, 2018

MOTION BY MEMBER CHAPMAN TO APPROVE THE CONSENT AGENDA. SUPPORTED BY MEMBER LEDEBUHR. MOTION PASSES 8-0.

5. PUBLIC REMARKS

None.

6. PRESENTATION

Josh Holliday and Joe Carr from the Lansing Area Economic Partnership (LEAP) discussed resources LEAP provides to the Township related to business attraction, business expansion, talent/placemaking and the new economy division.

7. FINANCIAL REPORT

Treasurer Brixie distributed and reviewed the financial report dated 5/3/18. Report on file.

MOTION BY MEMBER LEDEBUHR TO APPROVE THE FINANCIAL REPORT. SUPPORTED BY MEMBER CONWAY. MOTION PASSES 8-0.

8. APPROVAL OF PAYMENTS

None.

9. PLANNING COMMISSION REPORT

Planning Commission Vice-Chair John Scot-Craig provided a summary of recent Planning Commission activities.

10. MERIDIAN MALL REPORT

- With the closing of the two Younkers storefronts, the mall is discussing the idea of a restaurant pad
- Carnival is in the parking lot through May 13th
- Lotus Beauty Lounge is opening

11. FARMERS MARKET UPDATE

Nothing new to report.

12. MABA UPDATE

- 125 Members
- Annual golf outing is scheduled for June 8th at Meridian Sun
- Working on a business expo to be held at the Meridian Mall in October benefiting the EDC

13. NEW BUSINESS/CHAIR REPORT

a. Burcham Hills EDC Bonds Update

Burcham Hills is interested in refinancing the existing bonds to build a 23 million dollar expansion with 44 new units. A public hearing is scheduled for May 23rd at 10:00am at the Public Safety Building, Nelson Room.

MOTION BY MEMBER CONWAY TO CREATE AN EDC SUB COMMITTEE REGARDING THE BURCHAM HILLS BOND ISSUE. SUPPORTED BY MEMBER MURSHAK. MOTION PASSES 8-0.

b. 2018 Goals-Review

Staff is still working on designing and implementing a business attraction and retention program, as well as, engaging with school districts.

14. OLD BUSINESS

a. Meridian Redevelopment Fund

According to the State Act two new EDC members will be appointed while the project is active. The application has been finalized and the checklist has been modified. The EDC will issue the funds.

15. CHAIR REPORT

None.

16. STAFF REPORT

- Lotus Beauty open at the Meridian Mall
- Kellie's Wooden Skate opened
- Okemos Elevation is leasing now and having an opening party on June 15th
- Baskin Robbins coming soon
- Director Buck visited the communities of Birmingham and Northville

17. TOWNSHIP MANAGER REPORT

None.

18. TOWNSHIP BOARD REPORT

- Passed the MUPUD zoning amendment for Downtown Haslett and Okemos
- Approved expansion of Redi-Ride hours. Added 15 hours per week and 5 additional stops.

19. OPEN DISCUSSION/BOARD COMMENTS

None.

20. PUBLIC REMARKS

None.

21. NEXT MEETING DATE

- June 7, 2018 at 7:30am

22. ADJOURNMENT

Hearing no objection, Chair Sims adjourned the meeting at 9:17 am.



Meridian Township
5151 Marsh Road
Okemos, MI 48864

P 517.853.4000
F 517.853.4096

Township Board:

Ronald J. Styka
Township Supervisor

Brett Dreyfus
Township Clerk

Julie Brixie
Township Treasurer

Phil Deschaine
Township Trustee

**Patricia Herring
Jackson**
Township Trustee

Dan Opsommer
Township Trustee

Kathy Ann Sundland
Township Trustee

Frank L. Walsh
Township Manager

May 11, 2018

Lee Reimann, Esq.
Willingham & Cote, P.C.
333 Albert Ave, Suite 500
East Lansing, MI 48823

Dear Ms. Reimann:

Subject: Burcham Hills Retirement Center II Bond Refinancing

In response to your letter dated April 27, 2018 and as follow up to our phone conversation on May 10, 2018, I want to inform you that the Meridian Township Economic Development Corporation (EDC) met on May 3, 2018 to review Burcham Hills' (Burcham's) refinancing request and the associated issuer fees. The EDC approved the formation of a subcommittee, which met on May 8, 2018 to discuss the matter further.

Per our discussion, the subcommittee is prepared to recommend approval of the bond refinancing under condition that the Issuer's fee to be paid for this issuance remain at \$10,000 per year until 2030, as has been the decades-long practice.

We appreciate the long-standing relationship Meridian Township has maintained with Burcham and look forward to moving forward in the process beginning with the TEFRA public hearing scheduled for May 23, 2018 at 10:30am.

Sincerely,

Jade Sims
Meridian Township EDC Board Chair

SUMMARY OF PUBLIC HEARING
ON ISSUANCE OF LIMITED OBLIGATION FIRST MORTGAGE REVENUE
REFUNDING BONDS (BURCHAM HILLS RETIREMENT CENTER II PROJECT) BY
THE CHARTER TOWNSHIP OF MERIDIAN ECONOMIC DEVELOPMENT
CORPORATION

I, the Township Supervisor of the Charter Township of Meridian, conducted a public hearing on the issuance by the Economic Development Corporation of the Charter Township Meridian (“EDC”) of its Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2018 (the “2018 Refunding Bonds”) for the benefit of Burcham Hills Retirement Center II, a Michigan nonprofit corporation (“Burcham”), pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Hearing”), and do hereby certify that:

1. The attached Notice of Public Hearing (the “Notice”) was published (i) in the Lansing State Journal, a newspaper of general circulation in the Township, (ii) in the Towne Courier, a newspaper of general circulation in the Township, each on May 6, 2018, and (ii) on the Township’s website on May 2, 2018.

2. I conducted the Hearing on Wednesday, May 23rd, at 10:00 a.m., in the Nelson Room of the Township’s Public Safety Building, 5151 Marsh Road, Okemos, Michigan 48864-1198.

3. The Hearing provided the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary evidence pertinent to the nature of the project described in the Notice and the proposed issuance of the 2018 Refunding Bonds, and the opportunity to present written comments to the Township on or before the time and date of the Hearing.

4. The Hearing was attended by the following individuals appearing on behalf of Burcham: Pam Ditri, Executive Director, Jim Kaczmarczyk, Chief Financial Officer and Lee Reimann, Willingham and Cote, P.C., counsel to Burcham. The Hearing was also attended by Jarrod Smith, Dykema Gossett PLLC, bond counsel; Matthew Kuschel, Fahey, Schultz, Burzych and Rhodes, counsel to the Township; and Chris Ruck, Economic Development Director for the Township.

5. One member of the general public, Mr. Bill Root, appeared at the Hearing, and no written comments were submitted to the Township.

Mr. Root, a resident of Burcham Hills, presented oral comments. In general, Mr. Root was in favor of the refunding transaction, especially since it will provide a debt service savings to Burcham and will eliminate a balloon payment currently due at the maturity of the 2007 bonds being refunded.

Mr. Root requests to see pricing numbers and the bond structure as those are more fully developed.

Mr. Root is opposed to the proposed private bank loan being sought by Burcham in the initial amount of \$5,200,000, that would finance the construction of additional assisted living units at Burcham, and would prefer the bond transaction be restructured so that the savings achieved would provide funding in place of the private bank loan. The private bank loan and its structure were not the subject of this Hearing.

IN WITNESS WHEREOF, I have hereunto set my hand on May 25, 2018.



Ronald J. Styka,
Township Supervisor
Charter Township of Meridian

EXHIBIT A

NOTICE OF PUBLIC HEARING RELATING TO THE
2018 REFUNDING BONDS

4838-8667-5043.1
ID\SMITH, JARROD - 047051\000004

**THE ECONOMIC DEVELOPMENT CORPORATION
OF THE CHARTER TOWNSHIP OF MERIDIAN
BOND AUTHORIZING RESOLUTION**

A RESOLUTION AUTHORIZING THE ISSUANCE OF LIMITED OBLIGATION FIRST MORTGAGE REVENUE REFUNDING BONDS (BURCHAM HILLS RETIREMENT CENTER II PROJECT) SERIES 2018A OF THE ECONOMIC DEVELOPMENT CORPORATION OF THE CHARTER TOWNSHIP OF MERIDIAN, MICHIGAN, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING ECONOMIC DEVELOPMENT CORPORATION BONDS ISSUED TO FINANCE OR REFINANCE AN ECONOMIC DEVELOPMENT PROJECT; THE MAKING OF A LOAN TO BURCHAM HILLS RETIREMENT CENTER II, A MICHIGAN NONPROFIT CORPORATION; PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SAID BONDS; AND AUTHORIZING A LOAN AGREEMENT AND TRUST INDENTURE AND OTHER INSTRUMENTS TO SECURE FURTHER THE PRINCIPAL OF AND INTEREST ON SUCH BONDS.

(Burcham Hills Retirement Center II Project)

A regular meeting of the Board of Directors of The Economic Development Corporation of the Charter Township of Meridian (the "EDC"), Ingham County, Michigan, was held in the Meridian Municipal Building, Town Hall Room, on Thursday, June 7, 2018 at 7:30 a.m.

Present: _____

Absent: _____

The following preamble and resolution were offered by _____ and seconded by _____:

RECITALS

A. The Economic Development Corporation of the Charter Township of Meridian (the "EDC") is a public body corporate organized and existing under and pursuant to the Constitution and laws of the State of Michigan and is authorized by Act No. 338 of the Michigan Public Acts of 1974, as amended (the "Act"), to issue bonds to make loans to finance projects (as that term is defined in the Act) to any person, firm or corporation, in order to assist and retain local industries and commercial enterprises and to strengthen and revitalize the economy of the Charter Township of Meridian (the "Township") and the State of Michigan, and to issue bonds to refund its previously issued and outstanding obligations; and

B. In furtherance of the public purposes set forth in the Act, the EDC issued its \$17,015,000 aggregate principal amount Limited Obligation First Mortgage Revenue Bonds, Series A (the “Series 1989A Bonds”) and its \$4,000,000 aggregate principal amount Limited Obligation Second Mortgage Revenue Bonds, Series B (the “Series 1989B Bonds”), each dated June 29, 1989 (collectively, the “1989 Bonds”), pursuant to a Loan Agreement and Trust Indenture, dated as of June 1, 1989 (the “1989 Indenture”), the proceeds of which were loaned to Burcham Hills Retirement Center II, a Michigan nonprofit corporation (the “Corporation”) (i) to finance the cost of the acquisition of and certain improvements to an existing continuing care retirement community in the Township (the “Community”), (ii) to finance a debt service reserve fund securing the Series 1989A Bonds, and (iii) to pay certain of the issuance expenses relating to the 1989 Bonds; and

C. It was subsequently determined that substantial savings in interest costs associated with the 1989 Bonds could be achieved through the issuance and sale in 1996 of a series of additional bonds pursuant to the 1989 Indenture, as amended and restated in 1996 (the “1996 Amended and Restated Indenture”), in the aggregate principal amount of \$17,460,000 (the “Series 1996A Bonds”), the proceeds of which, together with certain moneys on deposit in the debt service fund and debt service reserve fund created under the 1989 Indenture, were used to advance refund the entire outstanding principal amount of the Series 1989A Bonds; and

D. It was further determined that in conjunction with the advance refunding of the Series 1989A Bonds, it was necessary and appropriate to simultaneously refund a portion of the outstanding Series 1989B Bonds through the issuance of a series of additional bonds pursuant to the 1996 Amended and Restated Indenture, in the aggregate principal amount of \$2,250,000 (the “Series 1996C Bonds”), which Series 1996C Bonds were exchanged for a corresponding principal amount of Series 1989B Bonds held by certain Series 1989B bondowners who elected to make such exchange; and,

E. It was subsequently determined that substantial savings in interest costs associated with the Series 1996A and Series 1996C Bonds (the “Series 1996 Bonds”) could be achieved through the issuance and sale in 2007 of the EDC’s \$15,545,000 aggregate principal amount Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2007A-1 and 2007A-2, dated April 26, 2007, (the “Series 2007 Bonds”) pursuant to a Loan Agreement and Trust Indenture, dated as of April 1, 2007, among the EDC, the Corporation, and U.S. Bank National Association, as trustee (the “Series 2007 Indenture”), the proceeds of which, together with certain moneys on deposit in the debt service fund and debt service reserve fund created under the 1996 Amended and Restated Indenture, were used to refund the entire outstanding principal amount of the Series 1996 Bonds; and

F. The Corporation is authorized under the Act to refund the Series 2007 Bonds, of which the principal amount of \$8,885,000 will remain outstanding as of July 1, 2018; and

G. The Corporation has now requested that the EDC issue refunding bonds in the aggregate principal amount of not more than \$8,000,000 (the “Series 2018 Bonds”), the proceeds of which, together with certain moneys on deposit in the debt service fund and debt service reserve fund created under the Series 2007 Indenture, would be applied for the purposes of refunding all outstanding Series 2007 Bonds within 90 days of issuance and delivery of the

Series 2018 Bonds (the “2018 Refunding”), funding a debt service reserve fund securing the Series 2018 Bonds, and paying certain costs of issuing the Series 2018 Bonds, and has represented that the 2018 Refunding will result in a significant reduction in debt service for the Corporation and improve the financial strength of the Corporation; and

H. The Bonds will be payable solely from payments received by the EDC under a Loan Agreement and Trust Indenture, dated as of July 1, 2018, by and among the Corporation, the EDC and U.S. Bank National Association, as trustee (the “Trustee”) (the “Series 2018 Bonds Agreement”), and shall never constitute a general obligation of the EDC, the Township, the State of Michigan (the “State”) or any other governmental unit within the meaning of any constitutional, statutory or charter provision or limitation, and will not be payable from the tax revenues or other funds of either the EDC, the Township, the State or any other governmental unit, it being further understood that the EDC has no taxing powers; and

I. The Corporation’s obligations under the Series 2018 Bonds Agreement will be secured by its Master Obligation No. 1 issued to the EDC pursuant to the Master Trust Indenture, dated as of July 1, 2018, between the Corporation and U.S. Bank National Association, as Master Trustee (the “Master Indenture”), as supplemented by a Supplemental Indenture Number 1, dated as of July 1, 2018 (the “Supplemental Indenture”), and endorsed and assigned by the EDC to the Trustee; and

J. The Master Obligation No. 1 is secured by a mortgage and security agreement of the Corporation in favor of the Master Trustee, granting a first mortgage lien on and security interest in the land, buildings, fixtures, furnishings, equipment and other personal property comprising the Community, and a pledge of the Gross Revenues of the Corporation, as defined in and as set forth in the Master Indenture, on an equal and ratable basis with the Corporation’s Master Obligation No. 2 and Master Obligation No. 3 issued contemporaneously under the Master Indenture to secure, respectively, the Corporation’s obligations relating to (a) the \$6,000,000 maximum aggregate principal amount The Economic Development Corporation of the City of East Lansing Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project) Series 2018B, and (b) the \$5,200,000 maximum principal amount drawdown construction loan to be extended to the Corporation pursuant to a loan agreement between the Corporation and Fifth Third Bank, as lender, for purposes of financing the further development of the Community, including the renovation and expansion of independent living common areas and the development of 44 new independent living units (collectively, the “Parity Obligations”); and

K. It has been determined that the estimated amount necessary to pay the costs of the 2018 Refunding and bond issuance costs allocable thereto (not otherwise to be paid from other sources) will require the issuance, sale and delivery of the Series 2018 Bonds in one series in an aggregate principal amount not to exceed \$8,000,000, to be issued under the terms and conditions of and to be secured as provided in this Resolution, the 2018 Bonds Agreement and the Master Indenture; and

L. It is proposed that the Series 2018 Bonds be sold by the EDC to Herbert J. Sims & Co., Inc. as underwriter (the “Underwriter”), pursuant to a Bond Purchase Agreement among the EDC, the Corporation and the Underwriter (the “Bond Purchase Agreement”), and that a

Preliminary Official Statement and a final Official Statement be prepared by the Underwriter for use in connection with the offering of the Series 2018 Bonds for sale to prospective investors; and

M. There have been presented to this meeting of the EDC forms of the following documents in connection with the issuance of the Series 2018 Bonds and the 2018 Refunding:

- (a) Series 2018 Bonds in the form contained in the Series 2018 Bonds Agreement;
- (b) Series 2018 Bonds Agreement;
- (c) Supplemental Indenture;
- (d) Master Obligation No. 1 in the form contained in the Supplemental Indenture (with form of EDC's Endorsement and Assignment);
- (e) Bond Purchase Agreement; and
- (f) Preliminary Official Statement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ECONOMIC DEVELOPMENT CORPORATION OF THE CHARTER TOWNSHIP OF MERIDIAN, THAT:

1. The forms, terms and provisions of the Series 2018 Bonds, the Series 2018 Bonds Agreement, the Endorsement and Assignment of Master Obligation No. 1, and the Bond Purchase Agreement be, and they are hereby, approved.

2. The making of the loan pursuant to the terms of the Series 2018 Bonds Agreement by the EDC and the issuance of the Series 2018 Bonds by the EDC to finance the 2018 Refunding and certain related costs of issuance of the Series 2018 Bonds will serve the intended public purposes of the EDC.

3. The Chairman, the Vice Chairman and the Secretary of the EDC (collectively, the "Authorized Officers"; and each an "Authorized Officer"), be and any one or more of them acting alone is hereby authorized, on behalf of the EDC, at any time hereafter and without further action by or authority or direction from the Board of Directors of the EDC, to execute and deliver, in the name and on behalf of the EDC, the Series 2018 Bonds Agreement, the Endorsement and Assignment of Master Obligation No. 1, and the Bond Purchase Agreement, in substantially the forms presented at this meeting, including such changes in or additions to such forms as the officers executing the same may determine to be necessary or advisable, and not inconsistent with the terms and intent of this Resolution, and that the execution of such documents by such officers on behalf of the EDC shall be conclusive evidence of their determination in that respect.

4. The EDC shall issue, sell and deliver, as provided herein, its Series 2018 Bonds, as serial or term bonds, or both, in an aggregate principal amount not to exceed \$8,000,000, in

denominations of \$5,000 or integral multiples thereof, pursuant to the authority of the Act. The Series 2018 Bonds shall be designated as the EDC's Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project) Series 2018A, shall be substantially in the form contained in the Series 2018 Bonds Agreement presented to this meeting, shall be dated and numbered as provided in the Series 2018 Bonds Agreement, shall bear interest at the rate or rates to be determined in connection with the offering and sale of the Series 2018 Bonds, with such rates and corresponding yields (taking into account any original issue premium and/or discount) not exceeding 5.75% per annum, payable semi-annually as provided in the Series 2018 Bonds Agreement, shall mature on the date or dates not later than July 1, 2033, shall be subject to redemption (or purchase in lieu of redemption) prior to maturity upon the terms and provisions set forth in the Series 2018 Bonds Agreement and in the forms of the Series 2018 Bonds, and shall contain such other terms and provisions as set forth in the Series 2018 Bonds Agreement, the Bond Purchase Agreement and the form of Series 2018 Bonds presented at this meeting and otherwise as approved by the officer(s) of the EDC executing the Series 2018 Bonds under authority of this Resolution on behalf of the EDC, without further action by or authority or direction from the Board of Directors of the EDC, and the execution of the Series 2018 Bonds or the Series 2018 Bonds Agreement by such officers on behalf of the EDC shall be conclusive evidence of their determination in that respect.

5. The Bonds may be issued in book-entry-only form through the Depository Trust Company in New York, New York ("DTC") and any Authorized Officer is authorized to execute a form of DTC Letter of Representations relating to the Bonds (or a DTC Blanket Issuer Letter of Representations), as necessary, and to make such changes in the bond form within the parameters of this Resolution as may be required to accomplish the foregoing.

6. The Preliminary Official Statement presented to this meeting be and is hereby approved in the form presented to the EDC and on file with the Secretary, and the Chairperson (or in his absence the Vice Chairman) of the EDC is hereby authorized and directed to execute and deliver the final Official Statement issued with substantially similar terms, and any supplements thereto, for and on behalf of the EDC.

7. The EDC does hereby approve the mailing and distribution of the aforementioned Preliminary Official Statement by the Underwriter in connection with the offering of the Bonds, and does hereby authorize the mailing and distribution of the final Official Statement, any supplements to either the Preliminary Official Statement or the final Official Statement, by the Underwriter in connection with the offering and sale of the Bonds, and the Authorized Officers are each authorized to execute such documents as necessary for the EDC to deem the Preliminary Official Statement and the Official Statement to be "final" with respect to information contained therein relating to the EDC for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

8. The Series 2018 Bonds shall be limited obligations of the EDC and, except to the extent payable from proceeds of the Series 2018 Bonds or monies from the investment thereof, shall be payable solely from the revenues and receipts and other amounts received by or on behalf of the EDC pursuant to the Series 2018 Bonds Agreement. The Series 2018 Bonds and interest thereon shall not be deemed to constitute a debt or liability of the EDC, the Township, the State or any other political subdivision thereof, and their issuance shall not, directly or

indirectly or contingently, obligate the EDC, the Township, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. Nothing in the Series 2018 Bonds or in the Series 2018 Bonds Agreement or the proceedings of the EDC authorizing the issuance of the Series 2018 Bonds or in the Act shall be construed to authorize the EDC to create a debt of the Township or the State or any other political subdivision thereof within the meaning of any constitutional or statutory provision of the State. The nature of the obligation represented by the Series 2018 Bonds is as more fully set forth in the Series 2018 Bonds Agreement.

9. U.S. Bank National Association (the "Trustee") is hereby designated as trustee, paying agent and bond registrar for the Series 2018 Bonds under the Series 2018 Bonds Agreement. The Trustee's acceptance of its duties as trustee shall be evidenced by its execution of the Series 2018 Bonds Agreement.

10. The proceeds of the sale of the Series 2018 Bonds shall be deposited, invested and applied as provided in the Series 2018 Bonds Agreement.

11. The Authorized Officers, be, and each of them is hereby severally authorized, on behalf of the EDC, at any time hereafter and without further action by or authority or direction from the Board of Directors of the EDC, to take such actions and to execute such instruments as may be necessary and appropriate to call all of the 2007 Bonds for optional redemption on a date within 90 days following issuance of the Series 2018 Bonds, pursuant to the terms of the Series 2007 Indenture and as provided in the Series 2018 Bonds Agreement, and, upon their redemption in full, to cancel and retire the Series 2007 Bonds.

12. The Chairman or Vice Chairman and the Secretary are authorized, on behalf of the EDC, at any time hereafter and without further action by or authority or direction from the Board of Directors of the EDC, to execute (by manual or facsimile signature) and deliver the Series 2018 Bonds in substantially the form contained in the Series 2018 Bonds Agreement presented at this meeting, including such changes in or additions to such form as the officers executing the same may determine to be necessary or advisable, and not inconsistent with the terms and intent of this Resolution, and that the execution of the Series 2018 Bonds by such officers on behalf of the EDC shall be conclusive evidence of their determination in that respect.

13. The Authorized Officers, be and each of them is hereby authorized and directed on behalf of the EDC, at any time and from time to time hereafter and without further action by or authority or direction from the Board of Directors of the EDC, to execute and deliver or cause to be executed and delivered all such other and further agreements, requests, statements, instruments, certificates and documents, and to do or cause to be done all such other and further acts and things as any such Authorized Officer may determine to be necessary or advisable under or in connection with the issuance, sale and delivery of the Series 2018 Bonds and the execution, delivery and performance of the Series 2018 Bonds Agreement, the Bond Purchase Agreement, the Endorsement and Assignment of Master Obligation No. 1, and the Official Statement, or these resolutions, and that the execution by any such Authorized Officer of any such agreement, request, statement, instrument or document or the doing of any such act or thing shall be conclusive evidence of his or their determination in that respect.

14. The several officers and the several attorneys and agents of the EDC, including the Authorized Officers, or any one or more of them acting alone, be and each of them is hereby authorized and directed on behalf of the EDC, at any time and from time to time hereafter and without further action by or authority or direction from the Board of Directors of the EDC, to execute and deliver or cause to be executed and delivered all such other and further agreements, requests, statements, instruments and documents relating to the Series 2018 Bonds and the 2018 Refunding, including, without limitation, (a) an escrow agreement, if deemed necessary by bond counsel, in connection with the 2018 Refunding, (b) a Security Report to be filed by bond counsel with the Local Audit and Finance Division of the Michigan Department of Treasury pursuant to the Agency Financing Reporting Act, (c) an IRS Form 8038 to be filed by bond counsel with the Internal Revenue Service, (d) a material event continuing disclosure notice to be filed by bond counsel or the Corporation's financial advisor with the Municipal Securities Rulemaking Board relating to the 2018 Refunding, and (e) a certificate setting forth the reasonable expectations of the EDC regarding the amount and use of the proceeds of the Series 2018 Bonds and the facts, estimates and circumstances on which they are based, such certificate to be issued in reliance on the reasonable expectations and the facts, estimates and circumstances on which they are based as provided by the Corporation, for purposes of the "arbitrage bond" laws and regulations under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and to do or cause to be done all such other and further acts and things as any such officer, attorney or agent may determine to be necessary or advisable under or in connection with the Series 2018 Bonds, the Series 2018 Bonds Agreement, the Bond Purchase Agreement, the 2018 Refunding or this Resolution, and the execution by any such officer, attorney or agent of any such agreement, request, statement, instrument or document or the doing of any such act or thing shall be conclusive evidence of his or their determination in that respect acting on behalf of the EDC.

15. It is found and determined that all formal actions of the EDC concerning and relating to the adoption of this Resolution were adopted in an open meeting of the EDC, and that all deliberations of the EDC and of any of its committees that resulted in these formal actions, were in meetings open to the public, in compliance with all legal requirements, including the requirements of the Open Meetings Act, Act No. 267, Public Acts of Michigan, 1976.

16. The Secretary of the EDC is hereby directed to insert copies of the documents listed in the recitals hereof, in the forms submitted to this meeting and approved or acknowledged hereby, in the record of proceedings of the Board of Directors of the EDC with the minutes of this meeting and to certify thereon that they are the forms of such documents so submitted to this Board of Directors and approved or acknowledged by this Resolution.

17. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution be and they are hereby rescinded.

18. This resolution shall become effective immediately upon its adoption.

YES: Members _____

NO: Members _____

ABSENT: Members _____

ABSTAIN: Members _____

RESOLUTIONS DECLARED ADOPTED.

STATE OF MICHIGAN)
) SS
COUNTY OF INGHAM)

I, Frank Walsh, the duly qualified and acting Secretary of The Economic Development Corporation of the Charter Township of Meridian, Michigan, certify that the foregoing is a true and complete copy of a resolution adopted by said corporation, at a regular meeting held on June 7, 2018, the original of which is on file in my office and available to the public. Public notice of said meeting was given pursuant to and in compliance with the Open Meetings Act, Act No. 267, Public Acts of Michigan, 1976, including in the case of a special or rescheduled regular meeting, notice by posting at least eighteen (18) hours prior to the time set for said meeting.

Dated: June ____, 2018

Frank Walsh, Secretary



CHARTER TOWNSHIP OF MERIDIAN
MERIDIAN REDEVELOPMENT FUND (MRF) WORKFLOW
SUMMARY OF THE INTERNAL PROCESS

- The Economic Development Director (EDD) receives a completed application.
- The EDD emails the applicant to confirm receipt.
- The EDD opens a Staff Checklist document and assigns himself as the Township's project manager.
 - All documents will be maintained in the G:drive under Community Planning & Development>Planning>EDC>Redevelopment Fund>Name of the Project.
- Staff will review the application for completeness, determine eligibility and feasibility of the project. The EDD may work with the applicant to clarify any ambiguity.
- If the EDD determines the application is consistent with the vision of the Master Plan and the intent of the Meridian Redevelopment Fund (MRF), the project will be placed on an upcoming meeting agenda of the Meridian Township Economic Development Corporation (EDC).
 - The EDD will alert the Township Board that an application has been submitted and make a recommendation of two additional and temporary directors to the EDC for the duration of the project, per the state act. They, along with existing EDC members, to be determined, will act as a subcommittee of the EDC to assist the EDD in managing the project.
- The EDD and the applicant will present the project funding request to the entire EDC Board at the scheduled meeting.
 - The EDC subcommittee will manage communication in between EDC meetings and will make a recommendation to the EDC Board.
 - The EDC Board will ultimately make a decision via voice vote whether or not to recommend the project to the Township Board.
- If the EDC votes to proceed with the funding request, the EDD will add the project to an upcoming Township Board meeting agenda, where the EDD, the EDC subcommittee member(s) and/or the applicant will present the project and funding request.
 - The Township Board will assess the public purpose of the project and, if approved, hold a public hearing as required by the State Act.
 - The Township Board will ultimately make a decision via voice vote whether or not to fund the project, determine what the parameters of the funding, and set timeline expectations for project completion.
- The EDD will coordinate with the attorney to draw up the funding paperwork and coordinate consummating the arrangement.
- The EDD will coordinate a press release announcing the project.
- The EDC subcommittee will create a series of project status update meetings with the applicant.
- With help of the subcommittee, the EDD will provide a monthly status update to the Township Board until the project is complete.
- When the project is complete, the EDD will coordinate a grand opening with the Communications Department.
- With the help of the ex-officio/Treasurer, the EDC will manage the confirmation of the repayment of the loan during the monthly EDC meeting.
- Once the loan is repaid, the EDD will notify the Township Board the debt has been satisfied and the temporary EDC directors will be relieved of their service.



CHARTER TOWNSHIP OF MERIDIAN
MERIDIAN REDEVELOPMENT FUND (MRF)
APPLICATION PROCESS SUMMARY

Thank you for your interest in the Meridian Redevelopment Fund (MRF). The Township and the Economic Development Corporation (EDC) has determined specific areas for redevelopment and has allotted funding to assist developers, land owners and business owners to improve the aesthetic, functionality and economic viability of their properties.

Before you apply, we encourage you to become acquainted with the program objectives and requirements mentioned in this packet.

Each funding application is individually evaluated. Approval for funding will be determined by, in order: staff, the EDC, and the Township Board. Each will consider the financial needs of the applicant, the degree of public benefit to be derived from the funding, and any other criteria required by Act 338 of 1974.

Intent:

The primary intent of the MRF is to further the economic development goals and objectives of the Township and the EDC as set forth by its 2017 Master Plan. The funds are to be used as an economic development tool to retain, expand or attract development in downtown Okemos (Okemos & Hamilton Roads) and downtown Haslett (Haslett & Marsh Roads) – see maps for geographic details.

Applications may be submitted for consideration at any time and will be considered on a first-come, first-served basis. The MRF program is of indeterminable duration and the Township or EDC may elect to cease funding new projects at any time or when funds are depleted.

Eligible Uses:

Projects must be located within the within the geographic boundaries as outlined in Attachments A & B.

Funds may be used for a variety of project phases, including but not limited to: infrastructure improvement (roads, sidewalks or utility improvements), wayfinding, pocket parks or other place-making amenities (pavilions, amphitheaters, bike racks, awnings, benches) and other commercial uses permitted under Act 338 of 1974.

Funding Terms and Conditions:

Funding may be delivered either by grant or loan at the Board's sole discretion based on the merits of the project. Grants will likely be in the form of reimbursement. Loan terms, interest rates and repayment schedule will be made fully clear in the Townships correspondence after the project has been approved for funding. Funding documents will clarify the need for collateral, if any, and will require the Township be named in first position for repayment in the event of default and/or bankruptcy. The Township may also recommend other funding mechanisms it has information about or access to. Unless otherwise defined in the funding documents, once funding is approved and subsequent paperwork has been consummated, it is expected that the applicant will start the project soon after and outline the expected completion date. Performance of the applicant will be closely monitored.

If you have any questions, please contact the Economic Development Director, Chris Buck at 517.853.4568, or by e-mail at buck@meridian.mi.us. The application, with the attached forms and supporting documents can be e-mailed, or mailed to:

Meridian Township Redevelopment Fund
c/o Economic Development Director
5151 Marsh Road
Okemos, MI 48864

Step 1. Create a development plan with renderings that describe the purpose of the request, why it is needed and important to the community, and the nature of the enterprise. The development plan should include all elements of the project plan as defined under MCL 125.1608.

Step 2. Submit a completed application, including supporting materials and renderings, to the Economic Development Director (EDD) via regular mail or e-mail at buck@meridian.mi.us. The EDD will review your application for completeness.

Step 3. Staff will determine eligibility and feasibility of the project. The EDD may also work with the applicant to clarify any ambiguity.

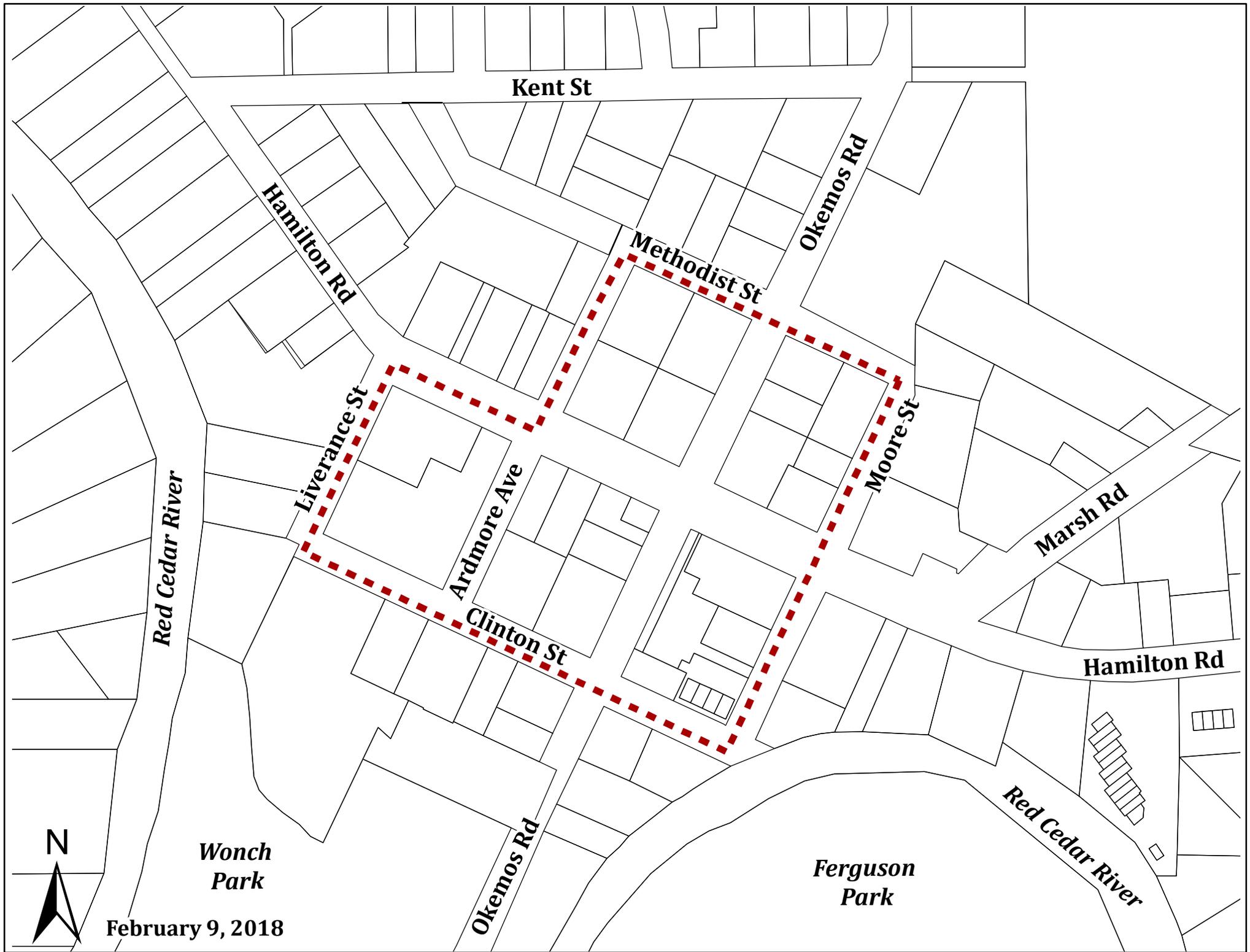
Step 4. If the application meets the criteria as determined by the EDD, the project will be placed on an upcoming meeting agenda of the Meridian Township Economic Development Corporation (EDC). The EDC meets on a monthly basis.

Step 5. With the assistance of the EDD, the applicant will present the project funding request to the EDC board at the scheduled meeting. The EDC Board will then make a decision about your application. Depending on the size and scope of the request, the Board may require multiple meetings to garner support for the project.

Step 6. If the EDC votes to proceed with the funding request, the EDD will add the project to an upcoming Township Board meeting agenda, where the EDD, the EDC Board Chair and/or the applicant will present the project and funding request. The Township Board typically meets twice per month. The Township Board will assess the public purpose of the project and, if approved, hold a public hearing as required by the State Act. Depending on the size and scope of the request, the Board may require multiple meetings to garner support for the project.

Step 7. If the funding request is approved, Township attorneys and staff will prepare the appropriate loan or grant documents. Applicants will receive a commitment letter summarizing the conditions of the funding agreement, including the required use of the funds, whether the funds are a grant or loan, and repayment terms, where applicable.

Step 8. The grant or loan closing will occur and the project can begin.



Kent St

Hamilton Rd

Okemos Rd

Methodist St

Liverance St

Ardmore Ave

Moore St

Marsh Rd

Red Cedar River

Clinton St

Hamilton Rd

Red Cedar River

Wonch Park

Ferguson Park

Okemos Rd

N

February 9, 2018

MERIDIAN REDEVELOPMENT FUND

APPLICATION

Section 1.

Company Name:

Primary Contact:

Title:

Address:

Office Phone:

Mobile Phone:

E-Mail:

Corporate Form: (LLC, S-Corp, C-Corp, Sole Proprietorship, Partnership, Other):

Corporate Officers & Titles:

Company Description (who are you and what do you do?):

Section 2.

Describe the project in its entirety (location, extent, character, etc) and why it benefits Meridian Township and its residents. Include the component you are requesting funding for:

What is your estimate cost for the entire project? Provide, in detail, your personal financial position and general funding or financing sources for this project:

When do you plan to commence and complete work?

Will your end product create jobs? How many, part-time or full-time? Wage range?

Please provide the names and municipalities of any projects you've completed within the past five years:

List three professional references of people who understand or are involved in your current or past projects:

Name:
Organization:
Phone:
E-Mail:

Name:
Organization:
Phone:
E-Mail:

Name:
Organization:
Phone:
E-Mail:

Section 3.

Project Plan Requirements:

The location of existing streets and other public facilities within the project:

The location, character, and extent of the categories of public and private land uses both currently and any proposed changes within the project, including residential, recreational, commercial, industrial, educational, and other uses:

The legal description of the project real estate:

Describe any existing structure, amenity, or feature to be demolished, repaired, or altered:

Describe the repairs or alterations, and an estimate of the time required for completion:

Describe any construction stages planned and the estimated time of completion of each stage:

Describe any parts of the project to be left as open space and the use contemplated for the space.

Describe any desired zoning changes and changes in streets, street levels, intersections, and utilities.

List any persons who will manage or be associated with the management of the project for at least one year:

Will the project will be leased or sold at completion?

Will there be any sale or lease of municipal property?

Name of person or entity who will own or lease the project and for whose benefit the project is being undertaken (if other than applicant):

Estimate of the number of persons residing in the project area and the number of families and individuals to be displaced:

If any families or individuals are to be displaced, provide required demographic information and a housing relocation plan:

Please add any additional information that will help the EDC or Township Board evaluate your request:

Construction projects must commit to paying the prevailing wage and fringe benefit rates for the same or work as determined under 1965 PA 166, MCL 408.551 *et seq.*

My signature below certifies that all the information contained in this application is true and complete. I authorize the Meridian Township staff to verify the information contained on this application by contacting the references given.

Applicant Signature

Date

Applicant Printed Name



MERIDIAN REDEVELOPMENT FUND STAFF CHECKLIST

Date Received:	Contact:
Project:	

Initial Project District _____ **Staff Initials** _____ **Date** _____

- Proposed district boundaries determined and submitted to the Township Board
- Township Board establishes the project district boundaries by resolution
- Township Board determines whether to establish a project citizen’s district council

Application and Project Review _____ **Staff Initials** _____ **Date** _____

- Received application
- Name, entity, and project location
- Project location is within the project district boundaries
- Project has or is incidental to a commercial purpose
- Determine whether funding will be by grant, loan, or other method
- Confirm Project meets statutory project plan requirements
 - Project Improvement Specifics
 - Location of improvements
 - Extent and character of improvements
 - Estimated cost of the improvements
 - Estimated timeframe for completion
 - Statement of construction stages (if any) and their estimated timeframes
 - Legal description of the project area
 - List who will undertake and manage the project
 - Designation of persons who will benefit from the project (individual or corporation or both)
 - If the project will be leased or sold at completion, then provide the bidding process to determine such lease or sale
 - Estimated number of persons living within the project area
 - Estimated number of persons or families that will be displaced by the project
 - Plan for relocation of any displaced persons and related costs
 - Location and extent of existing public streets in the project area
 - Location and extent of other public facilities in the project area
 - Current public and private land uses in the project area
 - Describe any demolition, repair, or alteration of existing improvements
 - Estimated timeframe
 - Description of areas left as open space, if any
 - If there is any sale or lease of municipal property and the description thereof
 - Description of requested zoning changes
 - Description of any requested street, street level, or intersection changes
 - Description of any requested utility changes
 - Proposed financing method
 - Statement that all persons performing work on the project are paid the prevailing wage and fringe benefits for same or similar work
 - If any homes are acquired or destroyed, then must meet increased requirements

RESOLUTION

At a regular meeting of the Township Board of the Charter Township of Meridian, Ingham County, Michigan, held at the Meridian Municipal Building, in said Township on the ____ day of _____, 2018, at 6:00 p.m. local time.

PRESENT: _____

ABSENT: _____

The following resolution was offered by _____ and supported by _____.

WHEREAS, the Economic Development Corporation of the Charter Township of Meridian (the "EDC") operates within the Township to alleviate and prevent conditions of unemployment and to assist and retain local industrial and commercial enterprises to strengthen and revitalize the Township economy, among other purposes, as provided by Act 338 of 1974 (the "Act"); and

WHEREAS, the EDC seeks to undertake, promote, or assist various projects within the Township under the Act; and

WHEREAS, the Act requires the Township to establish the project district boundaries; and

WHEREAS, the Act requires the Township to determine the necessity of establishing a project citizens district council.

NOW THEREFORE BE IT RESOLVED the Township Board of the Charter Township of Meridian, Ingham County, Michigan, hereby establishes the project district boundaries as those areas depicted on **Attachments A and B**, commonly known as Downtown Okemos and Downtown Haslett.

BE IT FURTHER RESOLVED that the Township Board determines that a project citizens district council is not necessary, provided, however; that the Township Board may subsequently determine such a council is necessary upon submission of a project area or project plan.

ADOPTED: YEAS: _____

NAYS: _____

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

I, the undersigned, the duly qualified and acting Clerk of the Township Board of the Charter Township of Meridian, Ingham County, Michigan, DO HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the Township Board on the ____ day of _____ 2018.

Brett Dreyfus, Clerk
Meridian Charter Township

PRELIMINARY OFFICIAL STATEMENT DATED [POS DATE], 2018

NEW ISSUE-BOOK ENTRY ONLY

NOT RATED

In the opinion of Bond Counsel, under existing law as presently interpreted, subject to compliance with certain covenants, (i) interest on the Series 2018 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax, and (ii) the Series 2018 Bonds and the interest thereon are exempt from all taxation in the State of Michigan except estate, inheritance and transfer taxes. See "TAX MATTERS" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the tax treatment of interest on the Bonds for certain bondholders.

**The Economic Development Corporation
of The Charter Township of Meridian
Limited Obligation First Mortgage
Revenue Refunding Bonds
(Burcham Hills Retirement Center II)**



**The Economic Development Corporation
of The City of East Lansing
Limited Obligation First Mortgage
Revenue Refunding Bonds
(Burcham Hills Retirement Center II)**

**[\$[MERIDIAN TAX-EXEMPT PAR AMOUNT]
Series 2018A**

**[\$[EL TAX-EXEMPT PAR AMOUNT]
Series 2018B**

Dated: Date of Delivery

Due: July 1, as shown below

The Economic Development Corporation of the Charter Township of Meridian (the "Meridian Issuer") Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II) \$[MERIDIAN TAX-EXEMPT PAR AMOUNT] Series 2018A (the "Series 2018A Bonds") and the Economic Corporation of the City of East Lansing (the "East Lansing Issuer" and together with the Meridian Issuer, the "Issuers") Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II) \$[EL TAX-EXEMPT PAR AMOUNT] Series 2018B (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Series 2018 Bonds") are issuable only as fully registered bonds without coupons.

The Series 2018 Bonds are issuable only as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the Series 2018 Bonds. Purchases of the Series 2018 Bonds will be made only in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Series 2018 Bonds. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined herein) of the Series 2018 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Series 2018 Bonds is payable on **January 1, 2019** and on each January 1 and July 1 thereafter, by means more fully described herein, to the registered owners shown on the registration books kept by U.S. Bank National Association, Detroit, Michigan, as Trustee (the "Bond Trustee") as of the applicable record dates herein described. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners, is the responsibility of the DTC Participants as described herein. Principal of the Series 2018 Bonds is payable at the corporate trust office of the Bond Trustee.

The Series 2018 Bonds will be issued by the Issuers under Act 338, Public Acts of Michigan, 1974, as amended (the "Act") and two separate Loan Agreement and Trust Indentures each dated as of July 1, 2018, each among the respective Issuer, the Obligor and the Bond Trustee (collectively, the "Agreements").

The Series 2018 Bonds and the interest payable thereon are limited obligations of the Issuers and, except as described in this Official Statement, are payable solely from and secured exclusively by (i) certain funds and accounts established and pledged thereto under the Agreements; (ii) the payments to be made by Burcham Hills Retirement Center II, a Michigan not-for-profit corporation (the "Obligor") pursuant to the respective Agreements and the Series 2018 Master Obligations (as defined herein) issued by the Obligor under that certain Master Trust Indenture, dated as of June 1, 2018, between the Obligor and U.S. Bank National Association, Detroit, Michigan, as Master Trustee (the "Master Trustee"), as supplemented by Supplemental Master Trust Indenture Number 1, dated as of June 1, 2018 (as supplemented, the "Master Indenture"); (iii) upon an event of default, amounts realized pursuant to the First Mortgage, dated as of July 1, 2018 (the "Mortgage"), from the Obligor for the benefit of the Master Trustee, creating a first mortgage lien on the Community (as hereinafter defined) and a security interest, inter alia, in the Gross Revenues of the Obligor, subject to certain permitted encumbrances described therein; and (iv) in certain instances the proceeds of insurance or condemnation awards. The sources of payment of, and security for, the Series 2018 Bonds are more fully described in this Official Statement. **All series of the Series 2018 Bonds will be equally and ratably secured by the Mortgage. The Agreements will be general obligations of the Obligor.** See "SECURITY FOR THE SERIES 2018 BONDS" herein.

The Series 2018 Bonds are subject to acceleration of maturity and optional and mandatory redemption, in whole or in part, prior to maturity at the prices and under the circumstances described herein. See "THE SERIES 2018 BONDS - Redemption" herein.

The proceeds of the sale of the Series 2018 Bonds, together with other available funds, will be used: (i) to refund the outstanding principal amount of the Meridian Issuer's \$15,360,000 Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2007A-1 (the "Series 2007A-1 Bonds"); (ii) to refund the outstanding principal amount of the East Lansing Issuer's \$6,530,000 Limited Obligation First Mortgage Revenue Bonds (Burcham Hills Retirement Center II Project), Series 2007B-1 (the "Series 2007B-1 Bonds" and together with the Series 2007A-1 Bonds, the "Series 2007 Bonds"); and (iii) to pay costs of issuance of the Series 2018 Bonds. The Series 2007 Bonds were issued to refinance bonds in a series of prior bonds that were issued by the Meridian Issuer to (i) finance the acquisition of the Obligor's rental retirement facility (the "Community"); (ii) to finance the acquisition, construction and equipping of renovations to the Community and an expansion to the Obligor's health center, (iii) to fund a Debt Service Reserve Fund for Series 2007 Bonds; and (iv) to pay costs of issuance of the Series 2007 Bonds.

AN INVESTMENT IN THE SERIES 2018 BONDS INVOLVES A HIGH DEGREE OF RISK. A BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY FOR THE SERIES 2018 BONDS" AND "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2018 BONDS. THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

THE SERIES 2018 BONDS SHALL BE LIMITED OBLIGATIONS OF THE ISSUERS PAYABLE SOLELY FROM THE SOURCES PROVIDED FOR IN THE AGREEMENTS AND SHALL NOT CONSTITUTE INDEBTEDNESS OR GENERAL OBLIGATIONS OF THE ISSUERS, THE CHARTER TOWNSHIP OF MERIDIAN (THE "TOWNSHIP"), THE CITY OF EAST LANSING (THE "CITY"), THE STATE OF MICHIGAN (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISIONS OF THE CONSTITUTION OR LAWS OF THE STATE AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUERS, THE TOWNSHIP, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THEIR GENERAL CREDIT OR TAXING POWERS. THE ISSUERS HAVE NO TAXING POWER AND NO SOURCE OF FUNDS FOR PAYMENT OF THEIR BONDS OTHER THAN THE UNDERLYING CONTRACTUAL OBLIGATIONS MADE BY OR ON BEHALF OF USERS OF THE PROCEEDS OF THEIR BONDS.

Series 2018A Bonds

[\$[MERIDIAN TAX-EXEMPT PAR AMOUNT] [INT]% Term Bonds Due July 1, 20[] @ []% CUSIP 589664[M-CUSIP]

Series 2018B Bonds

[\$[EL TAX-EXEMPT PAR AMOUNT] [INT]% Term Bonds Due July 1, 20[] @ []% CUSIP 273381[EL-CUSIP]

The Series 2018 Bonds are subject to redemption prior to maturity, with certain exceptions, as described herein under "THE SERIES 2018 BONDS - Redemption."

The Series 2018 Bonds are offered, subject to prior sale, when, as and if issued, subject to the approval of their legality by Dykema Gossett P.L.L.C., Bloomfield Hills, Michigan, Bond Counsel to the Issuers. Certain legal matters will be passed upon for the Obligor by its counsel, Willingham & Coté, PC, East Lansing, Michigan, and for the Underwriter by its counsel, Dinsmore & Shohl LLP, Columbus, Ohio. Delivery of the Series 2018 Bonds is expected in **New York, New York**, on or about **[CLOSING DATE]**, 2018, through the facilities of DTC.

[DATE], 2018



This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

[INSERT MAP/PICTURES/RENDERINGS OF THE COMMUNITY]

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Economic Development Corporation of the Charter Township of Meridian (the “Meridian Issuer”), the Economic Corporation of the City of East Lansing (the “East Lansing Issuer” and together with the Meridian Issuer, the “Issuers”), Burcham Hills Retirement Center II, a Michigan not-for-profit corporation (the “Obligor”) as the sole member of an obligated group (the “Obligated Group”), or Herbert J. Sims & Co., Inc. (the “Underwriter”) to give any information or to make any representations with respect to the Series 2018 Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2018 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information contained herein under the headings “THE ISSUERS,” “LITIGATION – The Meridian Issuer,” and “LITIGATION – The East Lansing Issuer” has been furnished by the respective Issuers. The information under the heading “BOOK-ENTRY ONLY SYSTEM” has been obtained from The Depository Trust Company (“DTC”). All other information contained herein has been obtained from the Obligor, as sole member of the Obligated Group and other sources (other than the Issuers) which are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be construed as a promise or representation by, the Issuers or the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers or the Obligor since the date hereof. Except with respect to the information contained under such captions, neither the Issuers, their counsel, nor any of their officers, members, agents, employees or representatives make any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. Officers, members, employees and agents of the Issuers and any other person executing the Series 2018 Bonds are not subject to personal liability by reason of the issuance of the Series 2018 Bonds.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy of or the completeness of such information.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2018 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE AGREEMENTS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2018 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2018 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2018 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING
STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “projected” or similar words. Such forward-looking statements include, among others, the information under the caption “CERTAIN BONDHOLDERS’ RISKS” and the information under the captions “Management’s Discussion of Financial Performance” and “Management Strategy, Future Plans” in APPENDIX A.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY AND/OR ADVERSELY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE OBLIGATED GROUP DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

The CUSIP numbers are included in this Official Statement for the convenience of the owners of the Series 2018 Bonds. No assurance can be given that the CUSIP numbers for the Series 2018 Bonds will remain the same after the date of issuance and delivery of the Series 2018 Bonds.

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INTRODUCTION

The information set forth in this Introduction is subject in all respects to more complete information set forth elsewhere in this Official Statement, which should be read in its entirety.

The offering of the Series 2018 Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Introduction from this Official Statement or otherwise to use it without this entire Official Statement. For the definitions of certain words and terms used in this Introduction, see APPENDIX C hereto.

Purpose of this Official Statement

This Official Statement, including the cover page and Appendices, provides certain information with respect to (i) the issuance and sale by The Economic Development Corporation of the Charter Township of Meridian (the “Meridian Issuer”) of \$[MERIDIAN TAX-EXEMPT PAR AMOUNT] aggregate principal amount of its Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II) Series 2018A (the “Series 2018A Bonds”) and (ii) the issuance and sale by The Economic Development Corporation of the City of East Lansing (the “East Lansing Issuer”) of \$[EL TAX-EXEMPT PAR AMOUNT] aggregate principal amount of its Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II) Series 2018B (the “Series 2018B Bonds,” and together with the Series 2018A Bonds, the “Series 2018 Bonds”).

The Series 2018A Bonds and Series 2018B Bonds (collectively, the “Series 2018 Bonds”) will be issued by the Meridian Issuer and the East Lansing Issuer (each an “Issuer” and collectively, the “Issuers”) under a separate Loan Agreement and Trust Indenture dated as of July 1, 2018 (each an “Agreement” and collectively, the “Agreements”) among each Issuer, the Obligor (defined below) and U.S. Bank National Association, Detroit, Michigan, as bond trustee (in either or both of such capacities, the “Bond Trustee”). The Series 2018 Bonds are payable from and equally and ratably secured by the Series 2018 Master Obligations issued under the Master Indenture described below and any supplements thereto. Certain capitalized terms used herein are defined in APPENDIX C, which also contains copies of the principal financing documents, including the Master Indenture and the Agreements.

The Meridian Issuer

The Meridian Issuer is a public body corporate established and created under the Economic Development Corporations Act, Act 338, Public Acts of Michigan, 1974, as amended (the “Act”). The Meridian Issuer proposes to issue the Series 2018A Bonds for the purpose of refunding the outstanding Series 2007A-1 Bonds (defined below). The Series 2018A Bonds will be issued pursuant to the Act and a Loan Agreement and Trust Indenture dated as of July 1, 2018 (the “2018A Agreement”), among the Meridian Issuer, the Obligor (defined below) and U.S. Bank National Association, Detroit, Michigan, as bond trustee (the “2018A Trustee”). The Meridian Issuer is authorized and empowered under the Act to issue the Series 2018A Bonds for the purpose of financing and refinancing the costs of the Community (as hereinafter defined). See “THE ISSUERS” herein.

The East Lansing Issuer

The East Lansing Issuer is a public body corporate established and created under the Act. The East Lansing Issuer proposes to issue the Series 2018B Bonds for the purpose of refunding the outstanding Series 2007B-1 Bonds (defined below). The Series 2018B Bonds will be issued pursuant to the Act and a Loan Agreement and Trust Indenture dated as of July 1, 2018 (the “2018B Agreement”), among the East Lansing Issuer, the Obligor and U.S. Bank National Association, Detroit, Michigan, as bond trustee (the “2018B Trustee”). The 2018A Agreement and the 2018B Agreement are referred to each as an “Agreement” and collectively as the “Agreements.” The 2018A Trustee and the 2018B Trustee are referred to collectively as the “Bond Trustee.” The East Lansing Issuer is authorized and empowered under the Act to issue the Series 2018B Bonds for the purpose of financing and refinancing the costs of the Community (as hereinafter defined). See “THE ISSUERS” herein.

The Obligor and the Community

Burcham Hills Retirement Center II (the “Obligor”) is a Michigan not-for-profit corporation formed in 1989. The Obligor owns and operates a rental retirement community (the “Community”), currently consisting of (i) 175 residential units, comprised of 62 independent living units, 49 assisted living units, and 64 memory care units located in a five-story, three wing building (the “Residential Center”) and (ii) a 133-bed skilled nursing facility, comprised of 72 beds dually licensed as Medicaid/Medicare and 61 beds licensed as Medicare only (the “Health Center”). The Community is located on approximately 38 acres of land in the City of East Lansing (the “City”), Ingham County, Michigan.

Acquisition of the Community was financed with bonds issued by the Meridian Issuer in 1989 (the “1989 Bonds”), which were refunded in part by the Meridian Issuer’s \$17,460,000 of Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 1996-A (the “1996A Bonds”) and \$2,250,000 of Limited Obligation Second Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series C (the “1996C Bonds” and, together with the 1996A Bonds, the “1996 Bonds”). The \$1,750,000 of remaining 1989 Bonds were retired with cash flow generated from operation of the Community. The Meridian Issuer’s Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project) \$15,360,000, Series 2007A-1 (the “Series 2007A-1 Bonds”) and \$185,000 Taxable Series 2007A-2 (the “Series 2007A-2 Bonds” and together with the Series 2007A-1 Bonds, the “Series 2007A Bonds”) refunded \$13,385,000 of the outstanding 1996A Bonds and \$2,010,000 of the outstanding 1996C Bonds. The East Lansing Issuer’s Limited Obligation First Mortgage Revenue Bonds (Burcham Hills Retirement Center II Project) \$6,530,000, Series 2007B-1 (the “Series 2007B-1 Bonds”) and \$185,000 Taxable Series 2007B-2 (the “Series 2007B-2 Bonds” and together with the Series 2007B-1 Bonds, the “Series 2007B Bonds”) were issued to finance the acquisition, construction and equipping of renovations to the Community and an expansion of the Health Center located within the City. See “APPENDIX A – BURCHAM HILLS RETIREMENT CENTER II” herein.

As of March 31, 2018, [] ([]%) of the independent living units, [] ([]%) of the assisted living units, [] ([]%) of the memory care units, and [] ([]%) of the nursing beds in the Health Center were occupied. See “APPENDIX A – BURCHAM HILLS RETIREMENT CENTER II” herein.

Manager of the Community

The Community is managed by Life Care Services LLC (the “Manager”) and has been managed by the Manger since 2015. The Manger is a wholly-owned subsidiary of Life Care Companies LLC (“LCS”), an Iowa limited liability company. The Manger has a management agreement with the Obligor to manage the day-to-day operations of the Community and to provide management services. See “THE MANAGER” in “APPENDIX A – BURCHAM HILLS RETIREMENT CENTER II” herein for more information regarding the Manager.

Plan of Financing

The proceeds of the sale of the Series 2018 Bonds will be loaned by the respective Issuers to the Obligor pursuant to the respective Agreement and, together with other available funds, will be used: (i) to refund the outstanding principal amount of the Meridian Issuer’s Series 2007A-1 Bonds; (ii) to refund the outstanding principal amount of the East Lansing Issuer’s Series 2007B-1 Bonds; and (iii) to pay costs of issuance of the Series 2018 Bonds.

It is expected that proceeds from the Series 2018 Bonds will be transferred on the date of issuance of the Series 2018 Bonds to the trustee for the Series 2007 Bonds in an amount sufficient to redeem the Series 2007 Bonds on a date approximately [] days after closing.

For a more detailed description of the use of proceeds of the Series 2018 Bonds, see “PLAN OF FINANCING” herein.

Contemporaneously with the issuance of the Series 2018 Bonds, the Obligor will enter into the Series 2018 Bank Loan with the Bank to: (1) finance the development and expansion of the Community including the renovation and expansion of independent living common areas in the Residential Center; (2) finance the development of 44 new entrance fee independent living units; and (3) finance capital expenditures related with such renovation and expansion (collectively, the “Project”). No proceeds of the Series 2018 Bonds will be used to finance to the Project.

For more information about the Project and the Series 2018 Bank Loan, see “PLAN OF FINANCING – The Project” herein and “THE PROJECT” in APPENDIX A hereto.

Security for the Series 2018 Bonds

The Agreements and the Mortgage. The Obligor will be required to make payments under each of the Agreements to the Bond Trustee in such amounts and will pay, when due, the principal or redemption price of and interest on the respective series of the Series 2018 Bonds. The Agreements will be general obligations of the Obligor.

The Obligor’s obligations under each of the Agreements will be secured by a First Mortgage dated as of July 1, 2018 (the “Mortgage”), pursuant to which the Obligor will grant to the Master Trustee a mortgage lien on and security interest in the real property, buildings, fixtures, equipment and furnishings included in the Community and a security interest in the Gross Revenues of the Obligor, including revenues derived from the operation of the Community and accounts receivable. The Mortgage shall be subject to Permitted Encumbrances, as defined in APPENDIX C hereto. Pursuant to the Master Indenture, the Obligor will grant the Master Trustee all of its right, title and interest in and to, and remedies under, the Master Indenture.

The Series 2018 Bonds are additionally secured by certain Funds and Accounts created under the Agreements, including the Bond Fund and the Debt Service Reserve Fund. For a more detailed description of the security available for the Series 2018 Bonds, see “SECURITY FOR THE SERIES 2018 BONDS.”

The Master Indenture. Simultaneously with the issuance of the Series 2018 Bonds (i) the Obligor, as the Initial Obligated Group Member and as the Obligated Group Representative, will enter into a Master Trust Indenture (the “Master Indenture”) with U.S. Bank National Association, Detroit, Michigan, as master trustee (the “Master Trustee”), dated as of June 1, 2018, (ii) the Obligor will issue Master Obligations (as defined in the Master Indenture), in the form of promissory notes, each in the principal amount of the respective series of the Series 2018 Bonds (collectively, the “Series 2018 Master Obligations”), and will cause the Master Trustee to deliver the Series 2018 Master Obligations to the Bond Trustee, to provide payment for, and secure the payment of, the Series 2018 Bonds. The Series 2018 Master Obligations will constitute Master Obligations under the Master Indenture and will be secured equally and ratably with all other Master Obligations issued or to be issued under the Master Indenture (other than any Master Obligations issued as Subordinated Obligations), by a security interest in all assets of the Obligor, including, without limitation, the Gross Revenues of the Obligated Group (including Entrance Fees and accounts receivable), the funds established under the Master Indenture and other security delivered to the Master Trustee pursuant to the Master Indenture. The Master Indenture sets forth that any Subordinate Indebtedness incurred by the Obligor shall be subject and subordinate in right of payment and lien priority to the prior payment in full of the Senior Bonds.

If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Master Obligations when due and continues for a period of five days, each Obligated Group Member is required to deposit with the Master Trustee for deposit into the Revenue Fund created under the Master Indenture all Gross Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Encumbrance) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture then exists.

The Obligor initially will be the only member of the Obligated Group under the Master Indenture, but additional Obligated Group Members may be admitted to the Obligated Group. The Series 2018 Master Obligations will constitute joint and several general obligations of the Obligated Group Members to pay amounts sufficient to pay principal, premium, if any, and interest on the Series 2018 Bonds.

Debt Service Reserve Fund

A separate Debt Service Reserve Fund will be established for the benefit of the Series 2018A Bonds and the Series 2018B Bonds under each of the Agreements, which will be funded in an amount equal to the least of (i) the maximum annual debt service requirement for the Series 2018A Bonds or 2018B Bonds, respectively, other than the twelve months ending with the final maturity thereof; (ii) 125% of the average annual adjusted debt service on the Series 2018 Bonds; or (iii) 10% of the par amount of the Series 2018 Bonds (the “Maximum Annual Debt Service Requirement”). The Debt Service Reserve Fund is available for payment of the principal of and interest on

the Series 2018A Bonds and 2018B Bonds if payments by the Obligor are insufficient therefor. See “SECURITY FOR THE SERIES 2018 BONDS - Debt Service Reserve Fund” herein.

Covenants

Debt Service Coverage Ratio Covenant. Commencing with the fiscal year ending June 30, 2018, the Master Indenture requires the Obligor to maintain a Debt Service Coverage Ratio of at least 1.20; provided, however, that with respect to the Long-Term Indebtedness incurred with respect to Phase I-B of the Project or in any other case where Long-Term Indebtedness has been incurred to acquire or construct Capital Additions that consist of living units or beds and related and ancillary facilities, such Long-Term Indebtedness shall not be taken into account in making the foregoing calculation until the earliest to occur of (1) the first full fiscal year immediately succeeding the fourth anniversary of the beginning of construction of such capital improvements, (2) the first full fiscal year succeeding the date on which the occupancy of living units or beds in such capital improvements reaches 85%, and (3) the first full fiscal year following the fiscal year in which occurs that date that is 18 months from the date such capital improvements are put in service.

For purposes of the above, “Debt Service Coverage Ratio” is defined generally as the ratio of (a) Income Available for Debt Service received during such period to (b) Maximum Annual Debt Service. See “SECURITY FOR THE SERIES 2018 BONDS – Covenants” for a further description, including a description of the actions required to be taken if such covenant is not met.

Liquidity Covenant. Under the Master Indenture, the Obligated Group covenants (the “Liquidity Covenant”) to calculate the Days Cash on Hand of the Obligated Group as of each June 30 and December 31 of each Fiscal Year, commencing June 30, 2018 (each such date being a “Testing Date”). Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group must have no less than 75 Days Cash on Hand until Stable Occupancy of the Project and 100 Days Cash on Hand thereafter (the “Liquidity Requirement”). If the number of Days Cash on Hand as of a Testing Date is less than the Liquidity Requirement, the Obligated Group Representative is required to, not later than 30 days after receipt of the financial statements disclosing such deficiency, deliver to the Master Trustee a management report setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth the steps to be taken to achieve the required Days Cash on Hand by the end of the third fiscal quarter immediately following the Testing Date on which the Days Cash on Hand was less than the Liquidity Requirement. If the number of Days Cash on Hand for any Testing Date is less than the Liquidity Requirement, or if the Obligated Group has not achieved the Liquidity Requirement by the end of the third fiscal quarter following the issuance of the management report, the Obligated Group Representative must, not later than 60 days after receipt of the financial statements disclosing such deficiency, as applicable, obtain a Consultant’s recommendations setting forth in detail the reasons for such deficiency and a specific plan setting forth the steps designed to achieve the Liquidity Requirement by the end of the third fiscal quarter immediately following the Testing Date on which the Days Cash on Hand was less than the Liquidity Requirement.

See “SECURITY FOR THE SERIES 2018 BONDS – Covenants” for a further description, including a description of the actions required to be taken if such covenant is not met.

Additional Indebtedness And Parity Obligations

The Master Indenture permits the issuance of Additional Indebtedness, which will be equally and ratably secured with the Series 2018 Bonds. The Master Indenture permits the incurrence of other parity Long-Term Indebtedness (“Parity Obligations”), which will be secured, equally and ratably with the Series 2018 Bonds and any Additional Indebtedness, by a parity lien on the Mortgaged Property and the Gross Revenues. The issuance of Additional Indebtedness and the incurring of Parity Obligations is subject to certain financial tests and other requirements. See the heading entitled “Additional Indebtedness” in the form of the Master Indenture included in APPENDIX C hereto.

Certain Bondholders' Risks

AN INVESTMENT IN THE SERIES 2018 BONDS INVOLVES A HIGH DEGREE OF RISK. A BONDHOLDER IS ADVISED TO READ THE SECTIONS "SECURITY FOR THE SERIES 2018 BONDS" AND "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2018 BONDS. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement. Among other things, because the Series 2018 Bonds are payable solely from the revenues of the Obligor and other moneys pledged to such payment, careful evaluation should be made of certain factors (including, but not limited to, the ability of the Obligor to attract residents and manage the Community in a manner which maintains high occupancy levels) that may adversely affect the ability of the Obligor to generate sufficient revenues to pay its expenses of operation, including the principal or redemption price of and interest on the Series 2018 Bonds. THE OBLIGOR IS ENTIRELY DEPENDENT UPON THE SUCCESSFUL OPERATION OF THE COMMUNITY TO MEET ITS OBLIGATIONS UNDER THE AGREEMENTS. In addition, although the Underwriter intends to make a secondary market in the Series 2018 Bonds, no assurance can be given that a secondary market will develop and, therefore, the Series 2018 Bonds should be considered a long-term investment. See "CERTAIN BONDHOLDERS' RISKS" herein.

Continuing Disclosure

The Obligor, as Obligated Group Representative on behalf of the Obligated Group, will enter into an undertaking for the benefit of the Bondholders to provide certain information annually and, with respect to certain financial information, quarterly or monthly, and to provide notice of certain events to certain information repositories. See the information under the caption "CONTINUING DISCLOSURE."

No Ratings

No ratings have been applied for or requested for either the Obligor or the Series 2018 Bonds.

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THE ISSUERS

General

The Issuers are public bodies corporate duly organized and existing under the laws of the State of Michigan (the “State”). The Issuers are authorized pursuant to the provisions of the laws of the State, including specifically, but without limitation, Act 338, Public Acts of Michigan, 1974, as amended (the “Act”), to issue their revenue bonds to assist business enterprises in financing the acquisition, construction and equipping of any “project” (as defined in the Act) in furtherance of the public purposes set forth in the Act. The Issuers are further authorized to issue bonds to refund their outstanding bonds.

THE ISSUERS HAVE NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT. THE ISSUERS HAVE NOT UNDERTAKEN TO VERIFY OR CONFIRM THE ACCURACY OR SUFFICIENCY OF ANY OF THE STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT AND THE APPENDICES HERETO OTHER THAN UNDER THE HEADINGS “THE ISSUERS” AND LITIGATION – THE MERIDIAN ISSUER” FOR THE MERIDIAN ISSUER AND “LITIGATION – THE EAST LANSING ISSUER” FOR THE EAST LANSING ISSUER. THE ISSUERS EXPRESSLY DISCLAIM ANY LIABILITY RESULTING FROM THE OFFERING AND SALE OF THE SERIES 2018 BONDS. THE SERIES 2018 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUERS PAYABLE ONLY FROM THE SOURCES PLEDGED TO THE BOND TRUSTEE PURSUANT TO THE AGREEMENTS.

The Board of the Meridian Issuer consists of the following members (there must be not less than nine members serving at any time):

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
Jade Sims	Chair	12/31/2023
David Ledebuhr	Vice Chair	12/31/2020
Adam Carlson	Member	12/31/2019
Brenda Chapman	Member	12/31/2018
Joel Conn	Member	12/31/2021
Tom Conway	Member	12/31/2023
Shawn Dunham	Member	12/31/2018
Mikhail Murshak	Member	12/31/2020
Kimberly Thompson	Member	12/31/2023
Frank Walsh	Member	12/31/2021
Phil Deschaine	Board Liaison	11/20/2020
Julie Brixie	Ex-Officio	11/20/2020

The Board of the East Lansing Issuer consists of the following eight members (there is currently one vacancy):

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
Summer Minnick	President	06/30/2023
Alan Conceicao	Vice President	06/30/2023
Jeffrey J. Smith	Secretary/Treasurer	06/30/2023
Jim Croom	Member	06/30/2023
Stephanie Peña	Member	06/30/2023
Tim Dempsey	Director, Planning, Building and Development	06/30/2023
Tom Fehrenbach	Community and Economic Development Administrator	06/30/2023
Jill Feldpausch	Finance Director	

Other Financings of the Issuers

The Issuers have issued, and may continue to issue, other series of bonds or notes for the purposes of financing other projects and programs. Each such series of bonds or notes is or will be secured by instruments separate and apart from the Agreements securing the Series 2018 Bonds and is or will be payable from different sources of revenue.

Limited Obligations

The Series 2018 Bonds shall be limited obligations of the Issuers payable solely from the sources provided for in the Agreements and shall not constitute indebtedness or general obligations of the Issuers, the Township, the City, the State or any political subdivision thereof within the meaning of any provisions of the constitution or laws of the State and shall not constitute or give rise to a pecuniary liability of the Issuers, the Township, the City, the State or any political subdivision thereof or a charge against their general credit or taxing powers, The Issuers have no taxing power and no source of funds for payment of its bonds other than the underlying contractual obligations made by or on behalf of users of the proceeds of its bonds.

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PLAN OF FINANCING

The proceeds of the sale of the Series 2018 Bonds will be loaned by the Issuers to the Obligor pursuant to the Agreements and, together with other available funds, will be used: (i) to refund the outstanding principal amount of the Meridian Issuer's \$15,360,000 Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2007A-1 (the "Series 2007A-1 Bonds"); (ii) to refund the outstanding principal amount of the East Lansing Issuer's \$6,530,000 Limited Obligation First Mortgage Revenue Bonds (Burcham Hills Retirement Center II Project), Series 2007B-1 (the "Series 2007B-1 Bonds" and together with the Series 2007A-1 Bonds, the "Series 2007 Bonds"); and (iii) to pay costs of issuance of the Series 2018 Bonds.

Refunding of the Series 2007 Bonds

The Series 2018 Bond Proceeds will be used solely to (i) refund the outstanding principal amount of the Meridian Issuer's Series 2007A-1 Bonds; (ii) refund the outstanding principal amount of the East Lansing Issuer's Series 2007B-1 Bonds; and (iii) to pay costs of issuance of the Series 2018 Bonds.

The Meridian Issuer is issuing the Series 2018A Bonds to refund the outstanding principal amount of the Series 2007A-1 Bonds. The Series 2007A-1 Bonds were issued along with the Series 2007A-2 Bonds to refund the 1996 Bonds, to fund a debt service reserve fund, and to pay certain costs of issuance of the Series 2007 Bonds. The 1996 Bonds were issued to (a) refund the entire outstanding principal amount of the 1989-A Bonds (as defined herein), to fund a debt service reserve fund and to pay certain bond issuance costs, and (b) to refund the 1989-B Bonds (as defined herein). The 1996 Bonds were issued to refund a substantial portion of the Meridian Issuer's \$17,015,000 principal amount Limited Obligation First Mortgage Revenue Bonds (Burcham Hills Retirement Center II Project), Series A (the "1989-A Bonds") and (b) \$4,000,000 principal amount Limited Obligation Second Mortgage Revenue Bonds (Burcham Hills Retirement Center II Project), Series B (the "1989-B Bonds" and together with the 1989-A Bonds, the "1989 Bonds"), which were issued to finance the Obligor's original acquisition of the Community in 1989. In 1989, the Meridian Issuer issued its 1989 Bonds to finance the acquisition of the Community, to finance certain working capital needs of the Obligor, to fund a debt service reserve fund, and to pay certain bond issuance costs. The site of the Community at that time was located within the boundaries of the Charter Township of Meridian, Michigan (the "Township"), and was subsequently annexed into the City of East Lansing, Michigan (the "City").

The East Lansing Issuer is issuing the Series 2018B Bonds to refund the outstanding principal amount of the Series 2007B-1 Bonds. There Series 2007B-1 Bonds were issued along with the Series 2007B-2 Bonds to finance the acquisition and construction of an approximately 9,000 square foot, three-level building addition and the acquisition, construction and equipping of additional capital improvements, all to be used to provide additional skilled nursing and other services to residents, to fund a debt service reserve fund and, to pay certain costs of issuance of the Series 2007 Bonds.

It is expected that proceeds from the Series 2018 Bonds will be transferred on the date of issuance of the Series 2018 Bonds, to the bond trustee for the Series 2007 Bonds in an amount sufficient to redeem the Series 2007 Bonds on a date approximately [] days after closing.

The Project and the Series 2018 Bank Loan

Contemporaneously with the issuance of the Series 2018 Bonds, the Obligor will enter into the Series 2018 Bank Loan in the approximate amount of \$[BANK LOAN PAR]* with the Bank to: (1) finance the development and expansion of the Community including the renovation and expansion of independent living common areas in the Residential Center; (2) finance the development of 44 new entrance fee independent living units; and (3) finance capital expenditures related with such renovation and expansion (collectively, the "Project"). For more information about the Project and the Series 2018 Bank Loan, see "APPENDIX A – BURCHAM HILLS RETIREMENT CENTER II." No proceeds of the Series 2018 Bonds will be used to finance to the Project.

[HAS THERE BEEN ANY NEED TO APPLY FOR A CERTIFICATE OF NEED FOR THE PROJECT? IF SO, PLEASE BRIEFLY DESCRIBE.]

* Preliminary; subject to change.

ESTIMATED SOURCES AND USES OF FUNDS*

Set forth below is a summary of the estimated sources and uses of proceeds of the Series 2018 Bonds [and other available funds]:

<u>Sources:</u>	
Principal Amount of Series 2018A Bonds	\$
Series 2018A [Net] Original Issue [Premium] [Discount]	
Series 2018B [Net] Original Issue [Premium] [Discount]	
<u>Total Sources</u>	<u>\$</u>
 <u>Uses:</u>	
Refunding of Series 2007A-1 Bonds.....	\$
Refunding of Series 2007B-1 Bonds.....	
Issuance Expenses [†]	
<u>Total Uses</u>	<u>\$</u>

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* Preliminary; subject to change.

[†] Included in this amount are the estimated fees and expenses of the Underwriter, Underwriter’s Counsel, Bond Counsel, Counsel to the Obligor, the Authority, the Bond Trustee, the Master Trustee, the cost of printing the Preliminary Official Statement and the final Official Statement and other miscellaneous costs incurred in connection with issuing the Series 2018 Bonds and the refunding of the Series 2007 Bonds.

DEBT SERVICE REQUIREMENTS*

The following table sets forth the debt service schedule for the Series 2018 Bonds, including the principal of the Series 2018 Bonds to be redeemed by mandatory sinking fund redemption, as well as debt service for the Series 2018 Bank Loan and debt service for other long-term indebtedness of the Obligated Group.

Fiscal Year Ending <u>July 1</u>	<u>Series 2018A Bonds Principal</u>	<u>Series 2018A Bonds Interest</u>	<u>Series 2018B Bonds Principal</u>	<u>Series 2018B Bonds Interest</u>	<u>Series 2018 Bank Loan Debt Service</u>	<u>Other Long-Term Indebtedness Debt Service</u>	<u>Total Debt Service</u>
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							

* Preliminary; subject to change

BOOK-ENTRY ONLY SYSTEM

Portions of the following information concerning DTC and DTC's book-entry-only system have been obtained from DTC. The description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the Series 2018 Bonds, payments of principal, premium, if any, and interest on the Series 2018 Bonds to DTC, its nominee, the Participants (defined below), or the Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Series 2018 Bonds and other bond-related transactions by and between DTC, the Participants and the Beneficial Owners is based solely on information furnished by DTC. The Issuers, the Obligor, the Bond Trustee and the Underwriter make no representation as to the accuracy of such information.

The Series 2018 Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of the Series 2018 Bonds and, except as otherwise provided herein with respect to Beneficial Owners of beneficial ownership interests, each actual purchaser of each Bond (a "Beneficial Owner") will not be or be considered to be, and will not have any rights as, owner or holder of the Series 2018 Bonds under the Agreements.

The following information about the book-entry-only system applicable to the Series 2018 Bonds has been supplied by DTC. Neither the Obligor nor the Bond Trustee makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Series 2018 Bonds. The Series 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2018 Bonds in the respective aggregate principal amounts thereof and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2018 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Obligor as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest or other payments on the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Obligor or the Bond Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Bond Trustee nor the Obligor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Obligor or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Obligor or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Obligor may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEITHER THE ISSUERS, THE OBLIGOR NOR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE SERIES 2018 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2018 BONDS; (4) THE DELIVERY BY ANY

DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE AGREEMENTS TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2018 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Series 2018 Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender the Series 2018 Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Series 2018 Bonds.

The Issuer and the Obligor cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2018 Bonds made to DTC or its nominee as the registered owner, or any redemption notice or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The Issuers and the Obligor may enter into amendments to the Agreements with DTC, or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Series 2018 Bonds, without the consent of Beneficial Owners or Bondholders.

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THE SERIES 2018 BONDS

General

The Series 2018 Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, and will be dated and bear interest from their date of delivery. The Series 2018 Bonds will mature on July 1 in each of the years and in the principal amounts, subject to the redemption provisions described below, and will bear interest (based on a 360-day year of twelve 30-day months) at the respective rates, all as set forth on the front cover of this Official Statement. Interest on the Series 2018 Bonds will be payable on January 1 and July 1 of each year, commencing **January 1, 2019**.

The Series 2018 Bonds are issuable only as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) and will be available to ultimate purchasers (“Beneficial Owners”) under the book-entry-only system maintained by DTC, only through brokers and dealers who are, or act through, DTC Participants. Purchases by Beneficial Owners will be made in book-entry-only form in denominations of: \$5,000 or any integral multiple thereof (“Authorized Denominations”). Beneficial Owners will not be entitled to receive physical delivery of the Series 2018 Bonds. So long as the Series 2018 Bonds are held in DTC’s book-entry-only system, DTC (or a successor securities depository) or its nominee will be the registered Owner of the Series 2018 Bonds for all purposes of the Agreements, the Series 2018 Bonds and this Official Statement, and payments of principal, purchase price, if any, or redemption price and interest with respect to the Series 2018 Bonds will be made solely through the facilities of DTC. See “BOOK-ENTRY ONLY SYSTEM” herein.

The principal or redemption price of the Series 2018 Bonds shall be payable upon surrender thereof at the corporate trust office of the Bond Trustee in Detroit, Michigan and interest shall be payable by check or draft mailed to the registered owners of the Series 2018 Bonds as shown on the registration books kept by the Bond Trustee as of the close of business on the applicable record dates described below. Interest payable to the registered owner of Series 2018 Bonds in the aggregate principal amount of \$1,000,000 or more may, at the written request of such registered owner, be paid by wire or bank transfer to a designated bank account in the continental United States, provided such owner submits to the Bond Trustee not less than fifteen days before the applicable record date, a written request therefor.

The Record Date for interest due on the Series 2018 Bonds on any July 1 shall be the immediately preceding June 15 and the Record Date for interest due on any January 1 shall be the immediately preceding December 15, whether or not a Business Day.

Notwithstanding the preceding paragraph, interest which is due and payable on any Interest Payment Date, but cannot be paid on such date from available funds under the Agreements, shall thereupon cease to be payable to the registered owners otherwise entitled thereto as of such date. Such defaulted interest will be payable to the person in whose name such 2018 Bond is registered at the close of business on a special record date established by the Bond Trustee. The Bond Trustee shall mail a notice specifying the special record date so established to each registered owner of the Series 2018 Bonds, such notice to be mailed at least fifteen days prior to the special record date.

Registration, Transfers and Exchanges

The Bond Trustee shall keep the registration books for the Series 2018 Bonds at its corporate trust office. Subject to the further conditions contained in the Agreements, the Series 2018 Bonds may be transferred or exchanged for one or more Series 2018 Bonds, as applicable, in different Authorized Denominations upon surrender thereof at the corporate trust office of the Bond Trustee by the registered owners or their duly authorized attorneys. Upon surrender of any Series 2018 Bonds to be transferred or exchanged, the Bond Trustee shall record the transfer or exchange in its registration books and shall authenticate and deliver new Series 2018 Bonds, as applicable, appropriately registered and in appropriate Authorized Denominations.

No transfer or exchange of any Series 2018 Bonds shall be required to be made during the 15 days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of any such notice.

The Issuers and the Bond Trustee shall be entitled to treat the registered owners of the Series 2018 Bonds, as their names appear in the registration books as of the appropriate dates, as the owners of such Series 2018 Bonds for all purposes under the Agreements. No transfer or exchange made other than as described above and in the Agreements shall be valid or effective for any purposes under the Agreements.

Redemption*

Optional Redemption. The Series 2018A Bonds are redeemable pursuant to the 2018A Agreement, prior to maturity, at the direction of the Obligor, as a whole or in part at any time on or after [REDACTED], in aggregate principal amounts evenly divisible by the number 5,000, at the price of 100% of the principal amount being so redeemed, without premium, plus accrued interest to the redemption date.

The Series 2018B Bonds are redeemable pursuant to the 2018B Agreement, prior to maturity, at the direction of the Obligor, as a whole or in part at any time on or after [REDACTED], in aggregate principal amounts evenly divisible by the number 5,000, at the price of 100% of the principal amount being so redeemed, without premium, plus accrued interest to the redemption date.

Such Optional Redemption of less than the entire outstanding principal amount of the Series 2018A Bonds or the Series 2018B Bonds shall reduce a corresponding principal amount of the Annual Mandatory Sinking Fund Redemptions in the direct order in which they are scheduled to occur.

Annual Mandatory Sinking Fund Redemption.

The Series 2018A Bonds maturing in the year 20[REDACTED] are also subject to redemption from sinking fund installments at the principal amount thereof or portion of the principal amount thereof being so redeemed, without premium, plus accrued interest to the redemption date of July 1 of each of the years and in the principal amounts as follows:

Year	Amount	Year	Amount

*

* Maturity

The Series 2018B Bonds maturing in the year 20[REDACTED] are also subject to redemption from sinking fund installments at the principal amount thereof or portion of the principal amount thereof being so redeemed, without premium, plus accrued interest to the redemption date of July 1 of each of the years and in the principal amounts as follows:

Year	Amount	Year	Amount

*

* Maturity

In the event of a partial redemption of Series 2018 Bonds through Special Redemption or Optional Redemption, the amount of future mandatory Sinking Fund Redemptions with respect to the Series 2018 Bonds of the same maturity as those Series 2018 Bonds previously so redeemed will be reduced to take into account such partial redemption in inverse chronological order of their redemption dates or such other manner as the Obligor shall direct; provided that in the case of an Special Redemption due to the damage, destruction or condemnation of substantially all of the Community, the succeeding Sinking Fund Redemptions shall be reduced pro rata, in proportion to the amount by which the aggregate principal amount of the Series 2018 Bonds outstanding was reduced as a result of such Special Redemption.

Taxability Redemption. The Series 2018A Bonds and 2018B Bonds are subject to mandatory redemption prior to maturity, as a whole, following the occurrence of a Determination of Taxability (as defined in APPENDIX C), on the earliest practicable date for which the requisite notice of redemption can be given, at a redemption price equal to (i) 105 % of the principal amount of the Series 2018A Bonds and 2018B Bonds so redeemed, or (ii) 100% of the principal amount of the Series 2018A Bonds and 2018B Bonds so redeemed if the

* Preliminary; subject to change.

Bond Trustee receives the written opinion of nationally recognized bond counsel that the event giving rise to such Determination of Taxability was not within the control of the Obligor, in either case, together with interest, if any, accrued on such 2018A Bonds and 2018B Bonds from the most recent Interest Payment Date to which interest has been paid or duly provided for or to the redemption date from funds on deposit in the Redemption Fund established pursuant to the Agreements.

Special Redemption. The Series 2018 Bonds are subject to redemption prior to maturity, as a whole at any time, or in part on any Interest Payment Date at the principal amount thereof or portion of the principal amount thereof being so redeemed, without premium, plus accrued interest to the redemption date, at the option of the Obligor, in the event of substantial loss to the Community, from insurance or condemnation award proceeds allocable to the Series 2018 Bonds pursuant to the special redemption provisions in the Agreements. Such Special Redemption of less than the entire outstanding principal amount of the Series 2018 Bonds shall reduce a corresponding principal amount of the Annual Mandatory Sinking Fund Redemptions in the direct order in which they are scheduled to occur.

Notice of Redemption. Notice of any redemption of any 2018 Bond prior to maturity shall be given by the Bond Trustee to the registered owners in accordance with the provisions of the Series 2018 Bonds to be redeemed by mailing a copy of the notice of the call for redemption not less than 30 days but not more than 45 days prior to the redemption date to the registered owner at the address shown on the bond register of the Issuers maintained by the Bond Trustee and shall set forth: (i) the redemption date; (ii) the redemption price; (iii) that, except as provided in the Series 2018 Bonds, the Series 2018 Bonds called for redemption must be surrendered to collect the redemption price; (iv) the address at which the Series 2018 Bonds must be surrendered; (v) that interest on the Series 2018 Bonds called for redemption ceased to accrue on the redemption date; and (vi) the CUSIP numbers of the Series 2018 Bonds to be redeemed. As described below under “BOOK-ENTRY ONLY SYSTEM”, such requirement for giving notice of redemption shall be satisfied by sending such notice to DTC.

If on the date of mailing any such notice of redemption, there is not on deposit with the Bond Trustee sufficient funds to pay the redemption price, including accrued interest to the redemption date, such notice shall state that it is conditional, that is, subject to the deposit of funds for the payment of the redemption price and accrued interest on or prior to the redemption date and that such notice shall be of no effect unless such funds are so deposited.

Selection of Series 2018 Bonds for Redemption. If less than all of the Series 2018 Bonds of any maturity of a particular series are to be redeemed, the particular Series 2018 Bonds or portions of the Series 2018 Bonds of such maturity to be called for redemption shall be selected by lot among Owners of the Series 2018 Bonds of such series by the Bond Trustee, provided, however, that the portion of such Series 2018 Bonds to be redeemed shall be in the principal amount of the applicable Authorized Denomination. If a partial redemption of the Series 2018 Bonds would result in any Owner retaining Series 2018 Bonds in an amount less than Authorized Denominations, then the Series 2018 Bonds of such Owner to be redeemed shall be reduced to the extent necessary to ensure that such Owner retains such Series 2018 Bonds in the Authorized Denomination, and the amount of such reduction shall be retained in the Principal Account and shall be added to the amount of such Series 2018 Bonds required to be redeemed pursuant to Sinking Fund Redemption on the next succeeding July 1.

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SECURITY FOR THE SERIES 2018 BONDS

General

The Series 2018A Bonds are to be issued pursuant to the 2018A Agreement and the Series 2018B Bonds are to be issued pursuant to the 2018B Agreement will be equally and ratably secured thereby. The Meridian Issuer will lend the proceeds of the Series 2018A Bonds to the Obligor pursuant to the 2018A Agreement and the East Lansing Issuer will lend the proceeds of the Series 2018B Bonds to the Obligor pursuant to the 2018B Agreement.

Under the Agreements, the Obligor is required duly and punctually pay the principal of, premium, if any, and interest on the Series 2018 Master Obligations (as hereinafter defined), and to make payments to the Bond Trustee to maintain the Debt Service Reserve Fund at the required amount, to pay certain administrative expenses and to make certain other payments.

The obligation of the Obligor to repay the loan will be evidenced by the Series 2018 Master Obligations of the Obligor issued pursuant to, and entitled to the benefit and security of, the Master Indenture. The Series 2018 Master Obligations will be secured, on a parity basis with any other Master Obligations issued under the Master Indenture (except Subordinated Obligations), by the Master Indenture and the Mortgage.

See "APPENDIX C – PRINCIPAL FINANCING DOCUMENTS" hereto.

Limited Obligations

The Series 2018 Bonds shall be limited obligations of the Issuers payable solely from the sources provided for in the Agreements and shall not constitute indebtedness or general obligations of the Issuers, the Township, the City, the State or any political subdivision thereof within the meaning of any provisions of the constitution or laws of the State and shall not constitute or give rise to a pecuniary liability of the Issuers, the Township, the City, the State or any political subdivision thereof or a charge against their general credit or taxing powers. The Issuers have no taxing power and no source of funds for payment of its bonds other than the underlying contractual obligations made by or on behalf of users of the proceeds of its bonds.

The Agreements

The Series 2018 Bonds are to be issued pursuant to the Agreements and will be equally and ratably secured thereby. The Issuers will lend the proceeds of the Series 2018 Bonds to the Obligor pursuant to the Agreements. Pursuant to the Agreements, the Obligor is required to make semiannual payments in amounts and at times sufficient to pay the principal or redemption price of and interest on the Series 2018 Bonds. The Obligor is also obligated to pay expenses of the Issuers, and the reasonable fees, charges and expenses of the Bond Trustee. The Agreements will be general obligations of the Obligor.

The obligation of the Obligor to repay the loan will be evidenced by the Series 2018 Master Obligations of the Obligor issued pursuant to, and entitled to the benefit and security of, the Master Indenture. The Series 2018 Master Obligations will be secured, on a parity basis with any other Master Obligations, including the Master Obligation hereafter issued in accordance with the Series 2018 Bank Loan with the Bank under the Master Indenture (except Subordinated Obligations), by the Master Indenture and the Mortgage.

The Series 2018 Bonds will be equally and ratably secured thereby.

The Series 2018 Bonds are additionally secured by certain Funds and Accounts created by the Agreements (described below).

If any Event of Default occurs under the Agreements, the Bond Trustee or the Holders of at least 25% in Aggregate Principal Amount of the Series 2018 Bonds then Outstanding, may declare all the Series 2018 Bonds of such series to be due and payable immediately by a notice in writing to the Issuer and the Obligor (and to the Bond Trustee if given by the Holders). Upon any such declaration the principal of the Series 2018 Bonds, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein,

anything in the Agreements or in the Series 2018 Bonds to the contrary notwithstanding. Upon any declaration of acceleration under the Agreements, the Bonds shall become due and payable immediately.

The Master Indenture and the Mortgage

The Master Indenture permits the issuance of Additional Indebtedness to construct, acquire or complete construction of Capital Additions to the Community, or to refund outstanding Bonds or other indebtedness of the Obligor, which will be equally and ratably secured with the Series 2018 Bonds by the Agreements, the Mortgage and certain of the Funds and Accounts established under the Agreements. The Master Indenture permits the incurring of parity Long-Term Indebtedness (“Parity Obligations”) for the same purposes for which Additional Indebtedness may be issued, which will be secured, equally and ratably with the Series 2018 Bonds, by a parity lien on the Mortgaged Property and the Gross Revenues, and such Parity Obligations may not be secured by any of the Funds and Accounts established under the Agreements. The issuance of Additional Indebtedness and the incurring of Parity Obligations is subject to certain financial tests and other requirements. See “APPENDIX C – PRINCIPAL FINANCING DOCUMENTS” hereto.

The Master Indenture is intended to provide assurance for the repayment of Master Obligations entitled to its benefits by imposing financial and operating covenants which restrict the Obligor and any other future Obligated Group Members and by the appointment of the Master Trustee to enforce such covenants for the benefit of the holders of such Master Obligations. At the time of their issuance, the Series 2018 Master Obligations will be the only senior master obligations entitled to the benefits of the Master Indenture.

The holders of all Master Obligations entitled to the benefit of the Master Indenture, with the exception of the Subordinated Obligations, will be on parity with respect to the benefits of the Master Indenture. Pursuant to the Master Indenture, (a) the Obligor and any future Obligated Group Members have pledged and granted to the Master Trustee (i) a security interest in all of the Gross Revenues of the Obligated Group, with certain limited exceptions, (ii) a security interest in the Mortgaged Property, (iii) a security interest in all personal property owned or hereafter acquired by the Obligated Group, (iv) a security interest in the amounts on deposit in the Funds established under the Master Indenture, and (v) a security interest in any other property from time to time subjected to the lien of the Master Indenture, and (b) the Obligor has executed and delivered the Mortgage. The lien and security interests created by the Master Indenture may become subject to additional Permitted Encumbrances, as defined in APPENDIX C hereto. See “APPENDIX C – PRINCIPAL FINANCING DOCUMENTS” hereto. The priority of the security interest in the Obligor’s Gross Revenues and the lien on and security interest in the personal property of the Community may also be limited by certain risk factors. See “CERTAIN BONDHOLDERS’ RISKS” herein.

The Mortgage serves as security for (a) the prompt payment of the principal of, premium, if any and the interest on all Master Obligations, including the Series 2018 Master Obligations and any future Master Obligations outstanding from time to time and (b) the performance by each Obligated Group Member of its other obligations under the Master Indenture and the Mortgage. The Mortgage will create a lien on the Mortgaged Property. The Series 2018 Master Obligations and any future Master Obligations, except Subordinated Obligations, will be secured by the Mortgage on a parity basis. The lien and security interests created by the Mortgage may become subject to additional Permitted Encumbrances, as defined in the form of Master Indenture attached in APPENDIX C hereto. See “APPENDIX C – PRINCIPAL FINANCING DOCUMENTS” hereto.

The Master Obligations will constitute joint and several obligations of each Obligated Group Member. Currently, only the Obligor and the Master Trustee are parties to the Master Indenture and the Obligor is the only Obligated Group Member. The Obligor and each Obligated Group Member admitted in the future will be jointly and severally liable for the payment for all Master Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See “APPENDIX C – PRINCIPAL FINANCING DOCUMENTS” for a description of the limitations on admission and release of Obligated Group Members.

In addition to the covenants described below, the Master Indenture contains additional covenants relating to, among others, the maintenance of the Obligated Group’s property, corporate existence, the maintenance of certain levels of insurance coverage, the incurrence of additional indebtedness, the sale or lease of certain property, and permitted liens. For a full description of these and other covenants, see “APPENDIX C – PRINCIPAL FINANCING DOCUMENTS” hereto.

Prior to the initial issuance of the Series 2018 Master Obligations, the Obligor will deliver to the Master Trustee a mortgagee title insurance policy in a face amount equal to the aggregate principal amount of all Master Obligations secured by the Mortgage, less reserves. .

Covenants

Debt Service Coverage Ratio Covenant. Commencing with the fiscal year ending June 30, 2018, the Master Indenture requires the Obligor to maintain a Debt Service Coverage Ratio of at least 1.20 (the “Rate Covenant”); provided, however, that with respect to the Long-Term Indebtedness incurred with respect to Phase I-B of the Project or in any other case where Long-Term Indebtedness has been incurred to acquire or construct Capital Additions that consist of living units or beds and related and ancillary facilities, such Long-Term Indebtedness shall not be taken into account in making the foregoing calculation until the earliest to occur of (1) the first full fiscal year immediately succeeding the fourth anniversary of the beginning of construction of such capital improvements, (2) the first full fiscal year succeeding the date on which the occupancy of living units or beds in such capital improvements reaches 85%, and (3) the first full fiscal year following the fiscal year in which occurs that date that is 18 months from the date such capital improvements are put in service.

If the Debt Service Coverage Ratio as of the end of any Fiscal Year is less than 1.20 (but not less than 1.00), the Obligated Group Representative is required, within 30 days after delivery of the Officer’s Certificate (at the time required in accordance with the Master Indenture reporting requirements) disclosing such deficiency, to engage a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group’s methods of operation and other factors affecting its financial condition in order to increase such Debt Service Coverage Ratio to at least 1.20 in the future. A copy of the Consultant’s report and recommendations, if any, is required to be filed with each Obligated Group Member and each Required Information Recipient within sixty (60) days after the date such Consultant is engaged. Each Obligated Group Member is required to use the recommendations of the Consultant applicable to it to the extent feasible (as determined in the judgment of the Governing Body of such Obligated Group Member) and to the extent permitted by applicable law.

If the Obligated Group fails to achieve a Debt Service Coverage Ratio of 1.20, but achieves a Debt Service Coverage Ratio of at least 1.00 for any Fiscal Year, such failure will not constitute a Default or an Event of Default under the Master Indenture so long as the Obligated Group takes all action necessary to comply with the procedures for preparing a report and adopting a plan and complies with the recommendations contained in such report to the extent feasible (as determined in the judgment of the Governing Body of the Obligated Group Representative) and to the extent permitted by law. Notwithstanding the foregoing, it shall constitute an Event of Default if the Debt Service Coverage Ratio for any Fiscal Year is less than 1.00.

If there is delivered to the Master Trustee, a report of a Consultant stating that governmental restrictions have been imposed that make it impossible for the coverage requirements to be met, then such coverage requirement will be reduced to the maximum coverage permitted by such governmental restrictions but in no event will the Debt Service Coverage Ratio be less than 1.00.

If the Obligated Group is required to retain a Consultant, no Event of Default will exist under the Master Indenture if (i) the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and (ii) follows each recommendation contained in such report to the extent feasible (as determined in the reasonable judgment of the governing body of the Obligated Group Representative) and permitted by law and, if applicable, its status as a tax-exempt bond. Failure by the Obligated Group to comply with (i) or (ii) of the preceding sentence may become an Event of Default, with the giving of notice pursuant to the Master Indenture.

For purposes of the above, “Debt Service Coverage Ratio” is defined generally as the ratio of (a) Income Available for Debt Service received during such period to (b) Maximum Annual Debt Service.

“Income Available for Debt Service” means for any Fiscal Year for which such determination is made, the Obligated Group’s change in net assets as shown in the most recent Financial Statements, except that:

- (a) Entrance Fees shall be computed on a cash basis and shall be net of any refunds actually paid and shall exclude all Initial Entrance Fees and all interest to accrue thereon;

- (b) Changes in the amounts of temporarily and permanently restricted assets shall be excluded, unless due to their restrictions, such assets are available for payment of operating expenses or debt service;
- (c) Total expenses and revenues shall (i) exclude any unrealized gains and losses (including any unrealized gains and losses on Hedge Agreements and Derivative Indebtedness); (ii) exclude other-than-temporary declines in the fair value of an investment; provided, however, that if such investment is subsequently disposed of or sold, any realized gains or losses on such disposal or sale shall be calculated using the original cost and shall be included in (iv) below; (iii) exclude realized gains and losses relating to extinguishment of Indebtedness, the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (iv) include realized gains or losses on investments, Hedge Agreements or Derivative Indebtedness, in an amount equal to the average annual amount of such realized gains and losses in the most recent five Fiscal Years for which Financial Statements are available; (v) exclude any increase or decrease in obligations to provide future services; (vi) exclude interest on Long-Term Indebtedness and Qualifying Intermediate Term Indebtedness, depreciation and amortization charges;
- (d) Total revenues shall include the full amount of all charitable contributions actually received in the applicable Fiscal Year; and
- (e) Total expenses shall exclude Start-up Expenses.

“Maximum Annual Debt Service” means the largest Debt Service Requirement for any current or succeeding Fiscal Year, excluding the Debt Service Requirement with respect to Qualifying Intermediate-Term Indebtedness.

Liquidity Covenant. Under the Master Indenture, the Obligated Group covenants (the “Liquidity Covenant”) to calculate the Days Cash on Hand of the Obligated Group as of each June 30 and December 31 of each Fiscal Year, commencing June 30, 2018 (each such date being a “Testing Date”). Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group must have no less than 75 Days Cash on Hand until Stable Occupancy of the Project and 100 Days Cash on Hand thereafter (the “Liquidity Requirement”). If the number of Days Cash on Hand as of a Testing Date is less than the Liquidity Requirement, the Obligated Group Representative is required to, not later than 30 days after receipt of the financial statements disclosing such deficiency, deliver to the Master Trustee a management report setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth the steps to be taken to achieve the required Days Cash on Hand by the end of the third fiscal quarter immediately following the Testing Date on which the Days Cash on Hand was less than the Liquidity Requirement. If the number of Days Cash on Hand for any Testing Date is less than the Liquidity Requirement, or if the Obligated Group has not achieved the Liquidity Requirement by the end of the third fiscal quarter following the issuance of the management report, the Obligated Group Representative must, not later than 60 days after receipt of the financial statements disclosing such deficiency, as applicable, obtain a Consultant’s recommendations setting forth in detail the reasons for such deficiency and a specific plan setting forth the steps designed to achieve the Liquidity Requirement by the end of the third fiscal quarter immediately following the Testing Date on which the Days Cash on Hand was less than the Liquidity Requirement.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the required Liquidity Requirement for any fiscal year does not constitute an Event of Default under the Master Indenture if the Obligated Group (i) takes all action necessary to comply with the procedures in the Master Indenture for retaining a Consultant and (ii) follows the recommendation of the Consultant.

“Days Cash on Hand” means 365 times (i) the aggregate unrestricted cash and unrestricted marketable securities (including board-designated funds) of the Obligated Group as of the date of computation, excluding cash and unrestricted marketable securities attributable to indebtedness of the Obligated Group, divided by (ii) the total operating expenses of the Obligated Group for the immediately preceding fiscal year, excluding depreciation and amortization, as shown on the audited financial statements of the Obligated Group for such fiscal year. All securities shall be valued at fair market value for purposes of this definition. Cash and Investments is defined as the sum of cash, cash equivalents, marketable securities of the Obligated Group Members, including without limitation board-designated assets, but excluding (a) trustee-held funds, (b) donor-restricted funds and (c) any funds pledged or otherwise subject to a security interest for debt other than the Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group.

Failure to Comply with Rate Covenant and Liquidity Covenant Not an Event of Default

Notwithstanding any other provision of the Agreements, the failure of the Obligor to meet the Rate Covenant or Liquidity Covenant shall not be deemed to constitute an Event of Default, so long as the Obligor takes all action within its control to comply with the procedures set forth in the Master Indenture for hiring a Management Consultant, implementing such Management Consultant's recommendations and, if required, retaining new management, provided that if the Debt Service Coverage Ratio is less than 1.00, such event will become an Event of Default.

Bond Funds

Pursuant to the Agreements, a Bond Fund shall be established with the Bond Trustee under each of the Agreements, into which monthly deposits will be paid by the Obligor, commencing [DATE], 2018. Moneys in the Debt Service Fund will be applied to the interest on the Series 2018 Bonds on each Interest Payment Date and payment of principal or redemption price of the Series 2018 Bonds, as the same becomes due at maturity or upon call for Sinking Fund Redemption.

Debt Service Reserve Funds

A Debt Service Reserve Fund shall be established with the Bond Trustee under each of the Agreements for the security of the Series 2018A Bonds and 2018B Bonds only, which will be funded in an amount equal to the maximum annual debt service requirement on the Series 2018A Bonds or 2018B Bonds, respectively, other than the twelve months ending with the final maturity thereof (the "Maximum Annual Debt Service Requirement").

If by 12:00 noon on the date that is three Business Days next preceding any date set for payment of principal or interest on the Series 2018A Bonds and 2018B Bonds the amount in the Bond Fund is less than the amount then required to be transferred to the Paying Agent to pay the principal (including sinking fund installments) of and interest then due on the Series 2018A Bonds or 2018B Bonds, the Bond Trustee, after making all payments to the Rebate Fund required under the Agreements, shall apply the amount in the Debt Service Reserve Fund to the extent necessary to meet the deficiency. No transfer from the Debt Service Reserve Fund to the Bond Fund shall be deemed to cure any default under the Agreements attributable to failure of the Obligor to make any required payment thereunder.

If and to the extent that the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Obligor shall on or before the first day of each of the succeeding twelve months pay to the Bond Trustee for deposit in the Debt Service Reserve Fund an amount equal to one twelfth of the deficiency, except to the extent that the deficiency is otherwise overcome (except by transfer from the Redemption Fund).

Redemption Fund

Pursuant to the Agreements, a Redemption Fund shall be established by the Bond Trustee. In accordance with the written request of the Obligor, the Bond Trustee shall apply any prepayments made under the Agreements with respect to the Optional Redemption of the Series 2018 Bonds from time to time deposited in the Redemption Fund to effect the Optional Redemption of the Series 2018 Bonds.

Upon the occurrence of a Determination of Taxability, the Bond Trustee shall apply any prepayments made under the Agreements with respect to the Mandatory Taxability Redemption of the Series 2018A Bonds or 2018B Bonds from time to time deposited in the Redemption Fund to effect the Mandatory Taxability Redemption of the Series 2018 Bonds.

Any moneys remaining (excluding therefrom an amount equal to the principal amount of Series 2018 Bonds permitted to be redeemed at the next available date) in the Redemption Fund after Series 2018 Bonds have been redeemed in accordance with the Agreements shall be transferred to the Bond Fund.

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CERTAIN BONDHOLDERS' RISKS

Cautionary Statements Regarding Forward-Looking Statements in this Official Statement

When used in this Official Statement and in any continuing disclosure by the Obligor or the Obligated Group, in the Obligated Group's press releases and in oral statements made with the approval of an authorized executive officer of the Obligated Group, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. The Obligor cautions readers not to place undue reliance on any such forward-looking statements. The Obligor advises readers that certain factors could affect the financial performance of the Obligated Group and could cause the actual results of the Obligated Group for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

General Risk Factors

The Series 2018 Bonds are limited obligations of the Issuers, payable solely from and secured exclusively by the funds pledged thereto, including the payments to be made by the Obligor under the Agreements.

A BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, AND SPECIAL REFERENCE IS MADE TO THE SECTION "SECURITY FOR THE SERIES 2018 BONDS" AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2018 BONDS.

Certain risks are inherent in the successful development and operation of facilities such as the Community and the Project. Such risks should be considered in evaluating the Community's ability to generate sufficient revenues to pay principal of, premium, if any, and interest on the Series 2018 Bonds when due. This section discusses some of these risks but is not intended to be a comprehensive listing of all risks associated with the construction and operation of the Project, the operation of the Community, or the payment of the Series 2018 Bonds.

No representation or assurance is given or can be made that revenues will be realized by the Obligated Group (which in the context of this discussion of risk factors, should be understood to include the Obligor individually and together with future Members of the Obligated Group, if any) sufficient to ensure the payment of the principal and interest on the Series 2018 Bonds in the amounts and at the times required to pay debt service on each series of the Series 2018 Bonds when due. Neither the Underwriter nor the Issuers have made any independent investigation of the extent to which any factors may have an adverse effect on the revenues of the Obligated Group. The ability of the Obligated Group to generate sufficient revenues may be impacted by a number of factors. Some, but not necessarily all of these risk factors are discussed in this section below. These risk factors should be considered by investors considering any purchase of the Series 2018 Bonds. Neither the Underwriter nor the Issuers have made any independent investigations of the extent to which any such factors may have an adverse effect on the revenues of the Obligated Group.

Limited Obligations

The Series 2018 Bonds will be limited obligations of the respective Issuers and, except to the extent that payment thereof may be made from the proceeds of the sale of the Series 2018 Bonds or any investment income therefrom, will be payable solely out of certain payments under the Agreements and the Series 2018 Master Obligations, by recourse to the collateral pledged pursuant to the Master Indenture and the Mortgage and from moneys pledged under the Agreements as described herein.

NEITHER THE SERIES 2018 BONDS NOR ANY PREMIUM OR INTEREST THEREON SHALL EVER (1) CONSTITUTE GENERAL OBLIGATIONS OF THE ISSUERS, OR CONSTITUTE A PLEDGE OF OR INVOLVE THE FAITH AND CREDIT OR THE TAXING POWER OF THE ISSUERS, OR (2) CONSTITUTE A DEBT OF THE ISSUERS.

The Series 2018 Bonds are limited obligations of the Issuers and the Issuers have assigned and pledged to the Bond Trustee the following sources of payment for the Series 2018 Bonds:

1. All the right, title and interest of the Issuers in and to (a) the Agreements (except for the Reserved Rights) and (b) the Series 2018 Master Obligations (excluding the Reserved Rights) including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things which the Issuers are or may become entitled to do under the foregoing.
2. All the right, title and interest of the Issuers in and to all cash proceeds and receipts arising out of or in connection with the sale of the Series 2018 Bonds and all moneys and investments held by the Bond Trustee in the funds and accounts created under the Agreements (except the Rebate Fund), or held by the Bond Trustee as special trust funds derived from payments on contractor's performance or payment bonds or other surety bonds, or any other source.
3. All the right, title and interest of the Issuers in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Bond Trustee under the terms of the Agreements and all other rights of every name and nature and any and all other property from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Agreements by the Issuers or by anyone on its behalf or with its written consent to the Bond Trustee.
4. All the right, title and interest of the Issuer in and to all proceeds (cash and noncash) of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, farm products, consumer goods and general intangibles constituting proceeds acquired with cash proceeds of any or all of the foregoing.

The best prospects for uninterrupted payment of principal and interest on the Series 2018 Bonds in accordance with their terms is the source described in (1) above, which is wholly dependent upon the success of the Obligor in operating the Community in a profitable manner. Even if the Community is operating profitably, other factors could affect the Obligor's ability to make loan payments under the Agreements and the Master Obligations.

The Mortgaged Property

The Obligor will execute the Mortgage on the Mortgaged Property to secure its obligations pursuant to the Master Indenture. Similar mortgages may be executed and delivered under certain circumstances involving Additional Indebtedness or admission of any new Obligated Group Members. In the event that there is a default under the Master Indenture, the Master Trustee has the right to foreclose on or sell the Mortgaged Property under certain circumstances.

All amounts collected upon sale of the Mortgaged Property pursuant to the Mortgage will be used to pay certain costs and expenses incurred by, or otherwise related to, the sale of the Mortgaged Property and the performance of the Master Trustee under the Mortgage, and then to pay amounts owing under the Master Indenture in accordance with the provisions of the Master Indenture. See "APPENDIX C – PRINCIPAL FINANCING DOCUMENTS" hereto.

In the event that the power of sale under any Mortgage is actually exercised, then, in addition to the customary costs and expenses of operating and maintaining the Community, the party or parties succeeding to the interest of the Obligor in the Mortgaged Property (including the Master Trustee, if such party was to acquire the interest of the Obligor in the Mortgaged Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state or other laws, ordinances and regulations related to the removal or remediation of certain hazardous or toxic substances; the cost of complying with laws, ordinances and regulations related to health and safety, and the continued use and occupancy of the Community, such as the

Americans with Disabilities Act; and costs associated with the potential reconstruction or repair of the Mortgaged Property in the event of any casualty or condemnation.

In case of any sale under the Mortgage, by virtue of judicial proceedings or otherwise, the Mortgaged Property may be sold as an entirety or in parcels, by one sale or by several sales, as may be deemed by the Individual Trustees to be appropriate and without regard to any right of the Obligor or any other person to the marshalling of assets (provided that all rights of residents under their respective residence and care or other occupancy agreements continue in full force and effect and that the beneficiary under the Mortgage and any purchaser accept and perform all of the Obligor's obligations under such residence and care or other occupancy agreements).

The Community is not comprised of general purpose buildings and generally would not be suitable for industrial or commercial use. **Additionally, parts of the Community require a license from the Issuers to operate.** The Community is intended to be used as an independent living facility for seniors and other types of senior living, such as assisted living, skilled nursing care and health care services. Consequently, it would be difficult to find a buyer or lessee for the Community, and, upon any default, the Master Trustee may not realize the amount of the outstanding Series 2018 Bonds from the sale or lease of the Community in the event of foreclosure.

Any valuation of the Community is based on future projections of income, expenses, capitalization rates, and the availability of a partial or total property tax exemption. Additionally, the value of the Community will at all times be dependent upon many factors beyond the control of the Obligor, such as changes in general and local economic conditions, changes in the supply of or demand for competing properties in the same locality, and changes in real estate and zoning laws or other regulatory restrictions. A material change in any of these factors could materially change the value of the Community. Any weakened market condition may also depress the value of the Community. Any reduction in the market value of the Community could adversely affect the security available to the owners of the Series 2018 Bonds. There is no assurance that the amount available upon foreclosure or sale of the Community after the payment of costs will be sufficient to pay the amounts owing by the Obligor on the Series 2018 Bonds.

In the event of sale, a prospective purchaser of the Mortgaged Property may assign less value to the Mortgaged Property than the value of the Mortgaged Property while owned by the Obligor since such purchaser may not enjoy the favorable financing rates associated with the Series 2018 Bonds and other benefits. To the extent that buyers whose income is not tax-exempt may be willing to pay less for the Mortgaged Property than nonprofit buyers, then the resale of the Mortgaged Property after foreclosure or sale may require more time to solicit nonprofit buyers interested in assuming the financing now applicable to the Mortgaged Property. In addition, there can be no assurance that the Mortgaged Property could be sold at one hundred percent (100%) of its fair market value in the event of foreclosure or sale. Although the Master Trustee will have available the remedy of public sale under the Mortgage in the event of a default (after giving effect to any applicable grace periods, and subject to any legal rights which may operate to delay or stay such sale, such as may be applicable in the event of the Obligor's bankruptcy), there are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all the Obligor's obligations.

In the event that the Mortgaged Property is sold pursuant to the Mortgage, then, in addition to the customary costs and expenses of operating and maintaining the Mortgaged Property, the party or parties succeeding to the interest of the Obligor in the Mortgaged Property (including the Master Trustee, if such party or parties were to acquire the interest of the Obligor in the Mortgaged Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state or other laws, ordinances and regulations related to the removal or remediation of certain hazardous or toxic substances; the cost of complying with laws, ordinances and regulations related to health and safety, and the continued use and occupancy of the Mortgaged Property, such as the Americans with Disabilities Act; and costs associated with the potential reconstruction or repair of the Mortgaged Property in the event of any casualty or condemnation.

Limited Value at Foreclosure

The Community has been specifically constructed for skilled nursing, assisted living and senior independent living purposes. The number of entities that could be expected to purchase the Community at a foreclosure sale is limited, and thus the ability of the Master Trustee to realize funds from the sale of the Community for any use except as a skilled nursing, personal care and senior independent living facility, upon an event of default may be limited. Under the laws of the State, licenses to operate skilled nursing and personal care facilities are not transferable. Accordingly, an entity purchasing the Community at a foreclosure sale would need to obtain its own license to operate the skilled nursing and personal care portion of the Community.

Risks of Real Estate Investment

Ownership and operation of real estate, such as the Community, involves certain risks, including the risk of adverse changes in general economic and local conditions (such as the possible future oversupply and lagging demand for rental housing for the aged), adverse use of adjacent or neighboring real estate, initial and continued community acceptance of the Community, increased competition from other senior living facilities, changes in the cost of operation of the Community, difficulties or restrictions in the Obligor's ability to raise rents charged, damage caused by adverse weather, climate change and delays in repairing such damage, population decreases, uninsured losses, failure of residents to pay rent, operating deficits and mortgage foreclosure, lack of attractiveness of the Community to residents, adverse changes in neighborhood values, and adverse changes in zoning laws, federal and local rent controls, other laws and regulations and real property tax rates. Such losses also include the possibility of fire or other casualty or condemnation. If the Community, or any parts of the Community, become uninhabitable during restoration after damage or destruction, the residence units or common areas affected may not be available during the period of restoration, which could adversely affect the ability of the Obligor to generate sufficient revenues to pay debt service on the Series 2018 Bonds.

The Obligor currently pays real estate tax to [_____], but has submitted legislation for an exemption of the Community from [_____]'s real estate tax. There can be no assurance that an exemption will be granted, for what length of time an exemption will be granted or in what amount an exemption will be granted.

Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of the Community difficult or unattractive. These conditions may have an adverse effect on the demand for the services provided by the Community as well as the market price received for the Community in the event of a sale or foreclosure of the Community. Many other factors may adversely affect the operation of the Community and cannot be determined at this time.

Possible Effect of Adverse Conditions in Housing Market

It is anticipated that certain future applicants for residency in the Community will expect to pay the resident entry fee from the proceeds of the sale of a residence. Nationwide, previously, there had been a reduction in residential sales volume, and residential mortgage loans generally had become less available. If there is a continued reduction or stagnation in residential sales volume or if mortgage loans remain difficult to secure or if such loans are available only at interest rates that prospective home purchasers are unwilling to pay, or should there be any other material adverse conditions in the residential housing market, such applicants might be unable to dispose of their homes upon financial terms acceptable to them, and in such event may choose not to establish residence in the Community.

Uncertainty of Occupancy and Entrance and Monthly Fee Collection

As noted elsewhere, except to the extent that the Series 2018 Bonds will be payable from the proceeds of insurance, sale or condemnation awards, the Series 2018 Bonds will be payable solely from payments or prepayments to be made by the Obligor under the Agreements. The ability of the Obligor to make payments under the Agreements is dependent upon the generation by the Obligor of revenues in the amounts necessary for the Obligor to pay the principal, premium, if any, and interest on the Series 2018 Bonds, as well as other operating and capital expenses.

The financial feasibility of the Community and payment, when due, of the Series 2018 Bonds is dependent on the continuing ability of the Obligor to maintain high levels of occupancy of the Community. While the Obligor currently does not fill facilities at the Community with residents who purchase the right to live there by paying “entrance fees” (“Entrance Fees”), the Obligor intends to implement an Entrance Fee Structure for the new independent living units to be constructed as part of the Project. After completion of the construction of the new independent living units, payment, when due, of the Series 2018 Bonds will be dependent on the continuing ability of the Obligor to maintain high levels of occupancy of the Community and to (i) fill those facilities that accept residents who purchase the right to live there by paying Entrance Fees, (ii) collect new Entrance Fees from residents occupying apartment units vacated by deceased residents, residents permanently transferred to personal care or nursing care facilities operated by the Obligated Group or residents leaving such facilities for other reasons, and (iii) keep the Community substantially occupied by residents who can pay the full amount of the Entrance Fees and/or monthly service fees. This depends to some extent on factors outside the Obligor’s control, such as the residents’ right to terminate their Residence and Care Agreements in accordance with the terms of the Residence and Care Agreements and by general economic conditions. In particular, a depressed housing market may prevent prospective residents from selling their homes and generating cash to pay Entrance Fees. If the Community fails to maintain a high level of occupancy, there may be insufficient funds to pay debt service on the Series 2018 Bonds and any other outstanding Bonds and obligations. In addition, the economic feasibility of the Community also depends on the Obligor’s ability to remarket units becoming available when residents die, withdraw, or are permanently transferred to a healthcare facility, skilled nursing facility or any other facility.

Moreover, if a substantial number of independent living unit residents live beyond their anticipated life expectancies or if admissions or transfers to the health care components of the Community are substantially less than anticipated by the Obligor, or if market conditions or market changes prevent an increase in the amount of the resident Entrance Fees payable by new residents of the Community or the monthly fees payable by all residents, the receipt of additional resident entry fees and/or monthly fees would be curtailed or limited, with a consequent impairment of the Obligor’s revenues. Such impairment would also result if the Obligor is unable to remarket independent living units becoming available when residents die, withdraw, or are permanently transferred to the health care components of the Community.

It is assumed that regular increases in both Entrance Fees and monthly service fees will be necessary to offset increasing operating costs due primarily to inflation. There can be no assurance that such increases can or will be made or that increases in expenses will not be greater than assumed. Also, since many of the residents may be living on fixed incomes or incomes that do not readily change in response to changes in economic conditions, there can be no assurance that any such fee increases can be paid by residents or that such increases will not adversely affect the occupancy of the Community. While the Community can accept new residents unable to pay in full the Entrance Fees and monthly service fees, it intends to do so only to the extent of available funds to pay their expenses. It is possible that residents who unexpectedly become unable to make such payments would be allowed to remain residents, even though the costs of caring for them could have an adverse effect on the financial condition of the Obligor. As a non-profit tax-exempt organization, the Obligor may be unable or unwilling to require residents who lack adequate financial resources to leave the Community. In the future, the Obligor could possibly be required to accept residents unable to pay all fees or be required to provide services to a certain number of indigent persons unable to pay any fees, in order to maintain its tax-exempt status.

The Entrance Fees and monthly fees for the Community are described in APPENDIX A hereto. As set forth therein, the Obligor has set, or will set, such fees based on, among other things, anticipated revenue needs and analysis of the market areas. If actual operating experience is substantially different from that anticipated, the revenues of the Obligor could be less than needed. Should methods of payment other than Entrance Fees, including straight rental, become prevalent as the form of payment for elderly housing, the ability to charge resident entry fees to potential future residents may decrease. If this should happen, the Obligor may be forced to alter its method of charging for elderly housing services and could encounter a significant cash flow problem.

Approximately [REDACTED] % of the Obligor’s total revenues for the Fiscal Year ended June 30, 2017 were attributable to private pay sources. Inflation or other circumstances that adversely affect the ability of residents to pay for the Obligor’s services could have a material adverse effect on the Obligor’s business, financial condition, and results of operations.

There can be no assurance that the Obligor's revenues from operations will be sufficient to enable the Obligor to service its debt and meet its other obligations.

Potential Refund of Entrance Fees

Under certain circumstances, the Obligor will be obligated to refund all or a portion of a resident's Entrance Fee upon the resident's departure from the Community. The payment of such refunds could adversely affect the Obligor's ability to make payments required by the Agreements and the Master Obligations. The Obligor will not be required to refund entrance fees until it resells a comparable unit.

Utilization Demand

Several factors could, if implemented, affect demand for services provided at the Community including: (i) efforts by insurers and governmental agencies to reduce utilization of skilled nursing home and long-term care facilities by such means as preventive medicine and home health care programs; (ii) advances in scientific and medical technology; (iii) a decline in the population, a change in the age composition of the population or a decline in the economic conditions of the service area for the Community; and (iv) increased or more effective competition from retirement communities and long-term care facilities now or hereafter located in the service area of the Community.

Impact of National Economic Conditions

Following significant and dramatic changes which occurred in the financial markets in 2008, the U.S. economy experienced a recession followed by weak growth. As a result of concerns about the U.S. government's ability to resolve long-term deficits, S&P Global Ratings in 2011 downgraded the credit rating of the U.S. sovereign debt from "AAA" to "AA+." While the national economy generally has rebounded, there can be no assurances that any such rebound will continue, and any similar future market conditions could affect the market and demand for the Series 2018 Bonds in addition to adversely affecting the value of any investments of the Obligor and any future member of the Obligated Group.

Sale of Homes

It is anticipated that many prospective residents of the Community will be required to sell their current homes to pay the Entrance Fee prior to occupancy or to meet other financial obligations under their Residence and Care Agreements. Housing prices have declined nationally and in many areas longer time periods have been needed for homeowners to sell their homes. If prospective residents encounter difficulties in selling their current homes due to local or national economic conditions affecting the sale and finance of residential real estate, such prospective residents may not have sufficient funds to pay the Entrance Fee or to meet other obligations under their Residence and Care Agreements, thereby causing a delay in scheduled occupancy of the Community or remarketing of vacated Independent Living Units, which would have an adverse impact on the revenues of the Obligor.

Nature of Income of the Elderly

A large percentage of the monthly income of some residents of the Community is fixed income derived from pensions and social security. If, due to inflation or otherwise, substantial increases in **Monthly Fees** are required to cover increases in operating costs, nursing care costs, wages, benefits and other expenses, residents may have difficulty paying or may be unable to pay such increased **Monthly Fees**. **The Obligor's actuary conducts a financial analysis of each potential resident before a Residence and Care Agreement is executed to determine the likely ability of the resident to meet the financial obligations to the Obligor;** however, no assurance may be given that future events, including life expectancy, will not result in residents encountering difficulty in paying **Monthly Fees**.

Rights of Residents

The Obligor enters into Residence and Care Agreements with its residents. For more information about the Residence and Care Agreements, see “RESIDENCE AND CARE AGREEMENTS” in APPENDIX A hereto. Although the Residence and Care Agreements give to each resident a contractual right to use space and not any ownership rights in the Community, in the event that the Bond Trustee or the holders of the Series 2018 Bonds seek to enforce any of the remedies provided by the Agreements upon the occurrence of a default or the Master Trustee seeks to enforce remedies under the Master Indenture, it is impossible to predict the resolution that a court might make of competing claims among the Master Trustee, the Bond Trustee, the Issuers or the holders of the Series 2018 Bonds and a resident of the Community who has fully complied with all the terms and conditions of his or her Residence and Care Agreement.

Organized Resident Activity

The Obligor may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of monthly service fees with respect to the Community or other charges without increase. Moreover, the Obligor may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly service fees and other charges. No assurance can be given that the Obligor will be able satisfactorily to meet the needs of such resident groups.

Personnel

The Obligor employed approximately [] full-time equivalent employees as of March 31, 2018. Management of the Obligor believes that its salary and benefits package is competitive with other comparable institutions in the respective areas in which the Obligor operates and that its employee relations are satisfactory. The health care industry has at times experienced a shortage of qualified health care personnel. The Obligor competes with other health care providers and with non-health care providers for both professional and nonprofessional employees. The Obligor, like many similar institutions, has experienced turnover with its personnel. However, while the Obligor has been able to retain the services of an adequate number of qualified personnel to staff the Community appropriately and maintain its standards of quality care, there can be no assurance that continued shortages will not in the future affect its ability to attract and maintain an adequate staff of qualified health care personnel. A lack of qualified personnel could result in significant increases in labor costs or otherwise adversely affect its operating results.

Nursing Shortage

The healthcare industry has experienced a shortage of nursing staff that has resulted in increased costs for healthcare providers due to the need to hire agency nursing personnel at higher rates. Even though the Obligor has not experienced such a shortage in recent history, if the nursing shortage continues, it could possibly adversely affect the Obligor’s operations or financial condition. The Obligor’s management believes that it will be able to retain current personnel and hire any additional required staff, but the presence of other health care providers may make it difficult over time to attract and retain skilled personnel. If the Obligated Group is forced to employ temporary staff through employment agencies, its employment costs will be substantially increased.

Labor Union Activity

Certain residential care facilities are being subjected to increasing union organizational efforts. The Obligor is not presently a party to any collective bargaining agreements. There can be no assurance, however, that employees will not seek to establish collective bargaining agreements with the Obligor, and if so established, such collective bargaining agreements could result in significantly increased labor costs to the Obligor and have an adverse effect on the financial condition of the Obligor.

Increases of Medical Costs

The cost of providing healthcare services may increase due to many reasons, including increases in salaries paid to nurses and other healthcare personnel and shortages in such personnel that may require the use of employment agencies.

Malpractice Claims and Losses

The Obligor, as the sole member of the Obligated Group, maintains professional and general liability insurance through [INSURER]. The operations of the Obligated Group may be affected by increases in the incidence of malpractice lawsuits against elder care facilities and care providers in general and by increases in the dollar amount of client damage recoveries. These may result in increased insurance premiums and an increased difficulty in obtaining or renewing malpractice insurance. It is not possible at this time to determine either the extent to which malpractice coverage will continue to be available to the Obligated Group or the premiums at which such coverage can be obtained.

Insurance and Legal Proceedings

The provision of personal and health care services entails an inherent risk of liability. In recent years, participants in the senior living and health care services industry have become subject to an increasing number of lawsuits alleging negligence, malpractice or related legal theories, many of which involve large claims and result in the incurrence of significant defense costs. The Obligor carries insurance coverage in amounts deemed adequate by management and consistent with other comparable institutions. However, there can be no assurance that any current or future claims will not be covered by or exceed applicable insurance coverage. A claim against the Obligor not covered by, or in excess of, the Obligor's insurance could have a material adverse effect upon the Obligor.

The Obligor maintains insurance policies with insurance companies for workers compensation, property and casualty coverage, flood insurance for applicable properties, general and professional liability, directors' and officers' coverage including employment practices, business interruption coverage and boiler and machinery coverage, among others. The Obligor also maintain certain self-insurance reserves which they consider appropriate and which are in accordance with the requirements under the Master Indenture.

While the Obligor believes that it maintains adequate insurance coverage and reserves, there can be no assurance that future claims will not exceed insurance limits and available reserves. If such situation arose, it could adversely affect the financial condition of the Obligated Group.

In addition, the Obligor's insurance policies must be renewed annually. Because the increased litigation in the retirement and nursing care business has resulted in increased insurance premiums and an increased difficulty in obtaining insurance at reasonable rates, there can be no assurance that insurance coverage will continue to be available to the Obligor at reasonable premiums, if at all.

In its role as an owner and operator of real properties, the Obligated Group may be subject to liability for investigating and remedying any hazardous substances that have come to be located on its real property, including any such substances that may have migrated off of its real property. In addition, the Obligor's operations include the handling, use, storage and disposal of hazardous, infectious and toxic materials and wastes. Such handling, use or release by the Obligor may produce risks of damage to individuals, property or the environment; interruption of operations or increased costs; legal liability, damages, injunctions or fines, or the triggering of investigations, administrative proceedings, penalties or other government agency actions. There can be no assurance that the Obligor will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Obligor. The Obligor is not aware of any environmental liability with respect to any of its properties that it believes would have a material adverse effect on the Obligor's business, financial condition, or results of operations. The Obligor believes that its operations and the Community are in compliance in all material respects with all federal, state, and local laws, ordinances, and regulations regarding hazardous or toxic substances or petroleum products.

The Obligor currently is not a party to any legal proceeding that its management believes would have a material adverse effect on its business, financial condition, or results of operations.

Environmental Matters

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are, (a) air and water quality control requirements, (b) waste management requirements, including medical waste disposal, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the clinics, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes and (f) other requirements.

In its role as the owner and operator of properties or facilities, the Obligor may be subject to liability for investigating and remediating any hazardous substances that may have migrated off of its property. Typical health care operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Obligor will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Obligor.

The Obligor secured a Phase I Assessment on [REDACTED] with respect to the issuance of the Series 2007 Bonds (the “2007 Phase I Assessment”). The 2007 Phase I Assessment did not reveal any evidence of recognized environmental conditions. The Corporation has not secured a Phase I Environmental Assessment in connection with the issuance of the Series 2018 Bonds.

At the present time management of the Obligor is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues which, if determined adversely to the Obligor, would have a material adverse effect on its operations or financial condition.

Competition

The Community is located in an area where other continuing care retirement facilities and other competitive facilities exist or may be developed. The Community may also face additional competition in the future as a result of changing demographic conditions and the construction of new, or the renovation or expansion of existing, continuing care facilities in the geographic area served by the Community. The Obligor will also face competition from other forms of retirement living including condominiums, apartment buildings and facilities not specifically designed for the elderly, some of which may be designed to offer similar facilities, but not necessarily similar services, at lower prices. In addition, there are few entry barriers to future competitors because competing facilities generally do not require a certificate of need approval for residential living facilities. All of these factors combine to make the elderly housing industry volatile and subject to material change that cannot be currently predicted.

Licensing, Surveys, Accreditation and Audits

On a regular basis, health care facilities, including those of the Obligated Group, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These requirements include, but are not limited to, requirements relating to Medicare participation and payment, state licensing agencies, and other federal, state and local government agencies. Obtaining, renewing and continuing certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or response by the Obligated Group. These activities are generally conducted in the normal course of business of health care facilities. Nevertheless, an adverse result could be the cause of loss or reduction in a facility’s scope of licensure, certification or accreditation or reduce payments received. The Obligated Group currently expects to renew or maintain all currently held licenses and certifications.

The Obligated Group is subject to regulation, certification and licensure by various federal, state and local government agencies. No assurance can be given as to the effect on future Obligated Group operations of existing laws, regulations and standards for certification, licensure or of any future changes in such laws, regulations and standards.

Present and Prospective Federal and Related State Regulation

General. Health care providers are subject to federal, state and local laws and regulations, and sanctions imposed under or changes to such laws or regulations could adversely affect the operations or financial results of the Obligor. Further reductions in federal and state funding of health care below levels authorized by present law can be expected.

Budget Control Act. The Budget Control Act of 2011 (the “Budget Control Act”) limits the federal government’s discretionary spending caps at levels necessary to reduce expenditures by \$917 billion from the federal budget baseline between federal fiscal years 2012 and 2021.

The Budget Control Act also created a new Joint Select Committee on Deficit Reduction (the “Super Committee”) tasked with making recommendations to further reduce the federal deficit by \$1.5 trillion. The Super Committee failed to act within the time specified in the Budget Control Act, but as a result of the enactment of the American Taxpayer Relief Act of 2012, automatic spending cuts (in an amount necessary to achieve \$1.2 trillion in savings between federal fiscal years 2013 and 2021, commonly referred to as “sequestration”) were not triggered on January 1, 2013. However, automatic spending cuts were triggered on March 1, 2013, the next effective date of sequestration. A wide range of spending is exempted from sequestration, including Social Security, Medicaid, Veteran’s benefits and pensions, federal retirement funds, civil and military pay, child nutrition and other programs. However, Medicare is not exempted from sequestration. Medicare payments are reduced in part as a result of these across the board spending reductions, limited to 2% of total program costs. Fitch Ratings approximates the annualized impact of sequestration cuts in Medicare spending that went into effect in April of 2013 at \$11 billion.

President Trump’s fiscal 2019 federal budget proposal of February 2018 (the “Budget Proposal”) would repeal and replace the Affordable Care Act, as defined and discussed below, and increase net Medicare spending by approximately \$600 billion between 2019 and 2028. The Budget Proposal would also “eliminate wasteful spending in Medicare and improve drug pricing and payment policies” and “provide States more flexibility in Medicaid.” Such Budget Proposal would use federal savings and revenues to reduce the deficit by approximately \$4.4 trillion for the period from 2019-2028. There is no certainty regarding the chance that the fiscal 2019 Budget Proposal has of passage by the House and Senate. It is impossible to predict whether any automatic reductions to Medicare may be triggered in lieu of other spending cuts that may be proposed by Congress. If Medicare spending is reduced, this may have a material adverse effect upon the financial condition of the Obligor. Further, with no long-term resolution in place for federal deficit reduction, hospital and physician reimbursement may continue to be targets for reductions with respect to any interim or long-term federal deficit reduction efforts. Because Congress may make changes to the budget in the future, it is impossible to predict the impact any approved spending actions may have upon the Obligor.

Affordable Care Act. The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 (collectively referred to herein as the “Affordable Care Act”) were designed to overhaul the United States health care system and regulate many aspects of health care delivery and financing. The key provisions of the Affordable Care Act include: (1) dramatically increasing health care coverage of individuals through expansion of Medicaid eligibility and the creation of cooperative insurance purchasing pools; (2) modifying payment methodology and practice for health care providers; (3) evaluating health care providers on a variety of quality and efficacy standards to support pay-for-performance systems; (4) increasing regulations to address fraud and abuse; and (5) exploring and evaluating innovative practices in an attempt to reduce health care related costs.

The Affordable Care Act has and will continue to cause substantial changes to occur in the United States health care industry. The Affordable Care Act has and is impacting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers, employers and consumers. Some of the provisions of the Affordable Care Act took effect immediately or within a few months of final approval, while others were or will be phased in over time. Because of the complexity of the Affordable Care Act generally, additional legislation has been and may be considered and enacted over time. Thus,

the health care industry is the subject of significant new statutory and regulatory requirements and, consequently, to structural and operational changes and challenges for a substantial period of time. The full ramifications of the Affordable Care Act may also become apparent only over time and through later regulatory and judicial interpretations. Moreover, the Affordable Care Act remains subject to amendment, repeal, lack of implementation, failure to fund and judicial interpretation.

The constitutionality of the Affordable Care Act has been challenged in courts around the country. In June 2012, the Supreme Court's decision in *National Federation of Independent Business v. Sebelius* upheld most provisions of the Affordable Care Act including an "individual mandate" (which began in 2014, generally requiring individuals to have a certain amount of health insurance coverage), while declaring unconstitutional the portion of the law that sanctioned states with the loss of their existing federal Medicaid matching funds if they failed to comply with the Medicaid expansion. In June 2015, the U.S. Supreme Court in its decision in *King v. Burwell* upheld a Treasury Regulation issued under the Affordable Care Act, stating that health insurance exchange purchasers can receive tax-credit subsidies, regardless of whether the purchase is made through a federal or state-operated exchange. In addition to constitutional challenges, portions of the Affordable Care Act have already been limited and nullified as a result of legislative amendments and judicial interpretations, while others have been upheld after being challenged, and future actions and challenges may further change its impact. The uncertainties regarding the implementation of the Affordable Care Act create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

The content and implementation of the Affordable Care Act has been, and remains, highly controversial. Several attempts to amend and repeal provisions of the Affordable Care Act have been made since its passage. The ultimate outcomes of legislative efforts to repeal, substantially amend, eliminate or reduce funding for the Affordable Care Act is unknown and future legal challenges to the Affordable Care Act are unknown. On January 20, 2017, President Trump signed an Executive Order stating, among other things, that it is the policy of the new administration to seek the prompt repeal of the Affordable Care Act, to minimize the economic and regulatory burdens of the Affordable Care Act, and to prepare to afford the states more flexibility and control to create a more free and open healthcare market. On May 4, 2017, the House of Representatives passed the American Health Care Act of 2017 (H.R. 1628, 115th Cong.) (the "American Health Care Act"), aimed at repealing and replacing certain provisions of the Affordable Care Act. In June 2017, the Senate rejected the American Health Care Act legislation. Additionally, on October 12, 2017, President Trump took additional steps to dismantle the Affordable Care Act by signing an Executive Order that broadly tasks the administration with developing policies to increase health care competition and choice. The Executive Order would allow consumers to buy short-term policies, which do not have to comply with the Affordable Care Act's protections for those with pre-existing conditions and also aims to broaden the ability of employers to give workers money to buy their own coverage through health reimbursement arrangements. The administration has stated that these changes could take six months or longer to take effect. In addition, President Trump's fiscal 2019 federal budget proposal would repeal and replace the Affordable Care Act. It is impossible to predict what additional legislative changes may be proposed or if any proposed changes will ever become law. The effect of any major modification or repeal of the Affordable Care Act on the financial condition of the Obligor or any future member of the Obligated Group cannot be predicted with certainty, but could be materially adverse.

Medicare and Medicaid Programs. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, blind, disabled, or qualify for the end stage renal disease program. Medicaid is a program of financial assistance, funded jointly by the federal government and each of the various states, primarily for medical assistance, including skilled nursing, to certain needy individuals and their dependents. Neither Medicare nor Medicaid cover the cost of independent living, but they provide coverage to patients in assisted living (in certain cases) and in Skilled nursing facilities ("SNFs").

SNFs participating in the Medicare program are reimbursed under a prospective payment system ("PPS") covering all costs of covered skilled nursing in-patient services furnished to Medicare beneficiaries under Part A of the Medicare program. Under PPS, skilled nursing facilities are paid a predetermined amount per patient, per day based on the anticipated costs of treating patients. The per-day rate is determined by classifying each patient into one of 66 resource utilization groups ("RUGS IV"). The PPS system generally has had and may continue to have an adverse impact on the Medicare revenues of the SNFs, although it is difficult to predict how substantial the impact will be. The Obligated Group received approximately []% of its revenue from the Medicare program in the fiscal year ended June 30, 2017 and approximately []% of its revenue in the nine-months ended March 31, 2018.

Medicare has also increased its efforts to recover overpayments. The Centers for Medicare & Medicaid Services (“CMS”), an agency of the United States Department of Health & Human Services, which administers the Medicare Program and works with the states to administer the Medicaid Program, as well as other health care programs, is expanding its use of Recovery Audit Contractors (“RACs”) to further assure accurate payments to providers. RACs search for potentially improper Medicare payments from prior years that may not have been detected through CMS existing program integrity efforts. RACs use their own software and review processes to determine areas for review. Once a RAC identifies a potentially improper claim as a result of an audit, it applies an assessment to the provider’s Medicare reimbursement in an amount estimated to equal the overpayment from the provider pending resolution of the audit. The permanent RAC program has been implemented in all 50 states. Such audits may result in reduced reimbursement for past alleged overpayments and may slow future Medicare payments to providers pending resolution of appeals process with RACs, as well as increase purported Medicare overpayments and associated costs for the Obligated Group.

Due to health care reform as well as continuing political and financial pressures, the legal and regulatory environment surrounding the Medicaid and Medicare programs has been changing and is expected to continue to change. Future changes to Medicare and Medicaid may alter features including: (1) services eligible for payment; (2) rates of payment; (3) eligibility requirements to participate or qualify for different levels of payment/reimbursement; (4) consequences of violations; (5) rates and requirements relating to additional payments unrelated to services offered to patients; (6) guidelines relating to interactions between the participating healthcare providers, third party payers and the federal and state governments; and (7) payment methodologies. Past federal budgets have contained cuts to the Medicare program budget. In addition, due to the sequestration required by the Budget Control Act, cuts to the Medicare program of 2% of total program costs began on April 1, 2013. See “Present and Prospective Federal and Related State Regulation — Budget Control Act.” While it is uncertain what the outcome of future budget discussions will be and whether future federal budgets will propose additional cuts to these programs, any reduction in the level of Medicare spending or a reduction in the rate of increase of Medicare spending may have an adverse impact on the revenues of the Obligor expected to be derived from the Medicare program.

While federal laws impose certain basic requirements on the individual Medicaid plans developed by Michigan and other states, each state develops its own payment system; determines the type, amount, duration and scope of services; establishes eligibility standards, and administers its own program. Payments for services rendered to Michigan Medicaid beneficiaries remain subject to an appropriation by the Michigan Legislature of sufficient funds to pay the incurred payment obligations for the Medicaid program. Delays in appropriations and state budget deficits, which may occur from time to time, create a risk that payment to the Obligated Group for services to Medicaid beneficiaries will be delayed or withheld.

Most seniors that are eligible for Medicaid are also covered by Medicare, and are referred to as dual-eligible beneficiaries. The State of Michigan has embarked on a plan to enroll the dual eligible population into a managed care program operated in partnership with CMS. This program would serve to improve the coordination of care for beneficiaries while achieving cost savings to Federal and State governments. The plan calls for a competitive bidding process with managed care organizations or HMOs. HMOs are paid capitation rates for the full range of healthcare services and, in turn, contract individually with hospitals, skilled nursing facilities and other service providers.

The State of Michigan received CMS approval for a quality assessment fee that has been assessed on all licensed Michigan skilled nursing facilities since October 1, 2002. The fee is assessed to each SNF based on a rate applied to the annual number of non-Medicare patient days of care rendered. The quality assessment fee program was originally scheduled to sunset on September 24, 2011, but that sunset date has since been eliminated thereby allowing the State to continue to collect the quality assurance assessment. The quality assurance assessment is eligible for federal matching funds. The proceeds of the tax, along with the majority of the federal matching funds are currently utilized to support funding for Medicaid long term care services. The Obligated Group is unable to predict whether the quality assessment fee program will be changed in the future or the impact of such changes on its’ revenues or operations.

Payments made to the members of the Obligated Group under the Michigan Medicaid program are subject to change as a result of federal or state legislative and administrative actions, including changes in the methods for calculating payments, the amount of payments that will be made for covered services and the types

of services covered under the program. In addition, Michigan's interest in decreasing the costs of its Medicaid programs, whether through the implementation of managed-care models or through other means, could result in decreased payments to healthcare providers, including the Obligated Group.

The Obligated Group received approximately []% of its revenue from the Medicaid program in the year ended June 30, 2017 and approximately []% of its revenue in the nine-months ended March 31, 2018

In order to participate in the Medicare and Medicaid programs, long term care facilities must meet certain requirements for participation. On September 28, 2016, CMS issued a final rule updating such requirements, which had not been comprehensively updated since 1991. The finalized provisions reflect advances in the theory and practice of service delivery and safety, and implement sections of the Affordable Care Act. The regulations became effective as of November 28, 2016, but are being implemented through a phased approach, with full implementation expected by November 28, 2019.

Federal Privacy Laws. Specific state and federal laws govern the use and disclosure of confidential patient health information, as well as patients' rights to access and amend their own health information. The Administrative Simplification Requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") established national standards to facilitate the electronic exchange of Protected Health Information ("PHI") and to maintain the privacy and security of the PHI. These standards have a major effect on health care providers which transmit PHI in electronic form in connection with HIPAA standard transactions (e.g., health care claims). In particular, HIPAA established standards governing: (1) electronic transactions and code sets; (2) privacy; (3) security; and (4) national identifiers. It also requires entities covered by HIPAA, including health care providers, to notify individuals when their "unsecured" PHI has been breached. ACTS has developed policies, procedures and practices that it believes comply with the HIPAA standards and requirements, but, if it was determined that ACTS was not in compliance, there could be criminal and civil penalties imposed.

Title XIII of the American Recovery and Reinvestment Act of 2009, otherwise known as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), provides for an investment of almost \$20 billion in public monies for the development of a nationwide health information technology infrastructure ("HITI"). The HITI is intended to improve health care quality, reduce costs and facilitate access to certain information. The HITECH Act also expands the scope and application of the administrative simplification provisions of HIPAA, and its implementing regulations, (i) imposing a written notice obligation upon covered entities for security breaches involving "unsecured" PHI, (ii) expanding the scope of a provider's electronic health record disclosure tracking obligations, (iii) substantially limiting the ability of health care providers to sell PHI without patient authorization, increasing penalties for violations, and (iv) providing for enforcement of violations by state attorneys general.

On January 25, 2013, the HHS published the "HIPAA Omnibus Rule," a set of final regulations modifying the HIPAA Privacy, Security, and Enforcement Rules to implement various provisions of the HITECH Act. In broad terms, the Omnibus Rule addresses the following three specific areas that have a bearing on covered entities:

1. Modifies the HIPAA Privacy, Security, and Enforcement regulations in the following ways:
 - o Makes business associates and subcontractors of business associates of covered entities directly liable for compliance with certain of the HIPAA Privacy and Security Rule requirements
 - o Strengthens the limitations on the use and disclosure of protected health information (PHI) for marketing and fundraising purposes, and prohibits the sale of PHI without individual authorization
 - o Expands an individual's rights to receive electronic copies of his or her health information and to restrict disclosures to a health plan concerning treatment for which the individual has paid out-of-pocket in full
 - o Requires modifications to a covered entity's Notice of Privacy Practices
 - o Adopts the additional HITECH Act enhancements to the Enforcement Rule, particularly regarding privacy breaches and penalties

2. Creates an increased and tiered civil money penalty structure for security breaches under the HITECH Act.
3. Modifies and clarifies the definition of what constitutes a reportable privacy breach and the factors covered entities and business associates must consider when determining whether a reportable breach has occurred.

The Omnibus Rule formally adopts the following penalty scheme for violations of the HITECH Act occurring on or after February 18, 2009:

- For violations where a covered entity did not know and, by exercising reasonable diligence, would not have known that the covered entity violated a provision, a penalty of not less than \$100 or more than \$50,000 for each violation.
- For a violation due to reasonable cause and not to willful neglect, a penalty of not less than \$1,000 or more than \$50,000 for each violation.
- For a violation due to willful neglect that was timely corrected, a penalty of not less than \$10,000 or more than \$50,000 for each violation.
- For a violation due to willful neglect that was not timely corrected, a penalty of not less than \$50,000 for each violation; the penalty for violations of the same requirement or prohibition under any of these categories may not exceed \$1.5 million in a calendar year.

While the effects of the HITECH Act cannot be predicted at this time, the obligations and penalties imposed thereunder could have a material adverse effect on the financial condition of the Obligor.

Medicare and Medicaid Anti-Fraud and Abuse Provisions. A federal law (known as the “Anti-Kickback Statute”) makes it a felony to knowingly and willfully offer, pay, solicit or receive remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in order to induce referrals for business that is reimbursable under any federal health care program. The Anti-Kickback Statute has been interpreted to cover any arrangement where one purpose of the remuneration was to obtain or pay money for the referral of services or to induce further referrals. Violation of the Anti-Kickback Statute may result in imprisonment for up to five years and/or fines of up to \$25,000 for each act. In addition, the Office of Inspector General (“OIG”) has the authority to impose civil assessments and fines and to exclude healthcare providers engaged in prohibited activities from the Medicare, Medicaid, TRICARE (a health care program providing benefits to dependents of active duty and retired members of the United States military services) and other federal health care programs, for a period of not less than five years.

The Affordable Care Act amended a number of provisions of the Anti-Kickback Statute. One such amendment provides that an Anti-Kickback Statute violation may be established without showing that an individual knew of the statute’s proscriptions or acted with specific intent to violate the Anti-Kickback Statute. The new standard could significantly expand criminal and civil fraud exposure for transactions and arrangements where there is no specific intent to violate the Anti-Kickback Statute. The Affordable Care Act further amended the Anti-Kickback Statute to explicitly provide that a violation of the statute constitutes a false or fraudulent claim under the federal False Claims Act (the “FCA”).

In addition to certain statutory exceptions to the Anti-Kickback Statute, the OIG has promulgated a number of regulatory “safe harbors” under the Anti-Kickback Statute designed to protect certain payment and business practices. However, these safe harbors are narrow and do not cover a wide range of common economic relationships involving healthcare providers. The regulations do not purport to comprehensively describe all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources. While the failure to comply with a statutory exception or regulatory safe harbor does not mean that an arrangement is unlawful; such failure may increase the likelihood of a regulatory challenge or the potential for investigation. To date, a limited number of final safe harbors have been established.

The Obligor has a compliance program designed to help ensure material compliance with the Anti-Kickback Statute. In light of the narrowness of the safe harbor regulations and the scarcity of case law interpreting the Anti-Kickback Statute, there can be no assurances that the Obligor will not be found to have violated the Anti-Kickback Statute, and, if so, whether any sanction imposed could have a material adverse effect on the operations of the Community.

Restrictions on Referrals. Another federal law (known as the “Stark Law”) prohibits, subject to limited exceptions, a physician who has a financial relationship or whose immediate family member has a financial relationship, with entities providing “designated health services” from referring patients to these entities for the furnishing of “designated health services” payable by Medicare. The Stark Law defines designated health services as including: physical therapy services, occupational therapy services, radiology or other diagnostic services (including MRIs, CT scans and ultrasound procedures), durable medical equipment, radiation therapy services, parenteral and enteral nutrients, equipment and supplies, prosthetics, orthotics and prosthetic devices, home health services, outpatient prescription drugs, inpatient and outpatient hospital services and clinical laboratory services. The Stark Law also prohibits the entity receiving the referral from filing a claim or billing for the services arising out of the prohibited referral. The prohibition applies regardless of the reasons for the financial relationship and the referral; no finding of intent to violate the Stark Law is required. Sanctions for violation of the Stark Law include denial of payment for the services provided in violation of the prohibition, refunds of amounts improperly collected, a civil penalty of up to \$15,000 for each service arising out of the prohibited referral, exclusion from participation in the federal health care programs and a civil penalty of up to \$100,000 against parties that enter into a scheme to circumvent the Stark Law’s prohibition. Under an emerging legal theory, violations of the Stark Law may also serve as the basis for liability under the federal FCA. The types of financial arrangements between a physician (or a physician’s immediate family member) and an entity that trigger the self-referral prohibitions of the Stark Law are broad and include ownership and investment interests and compensation arrangements.

Regulations promulgated under the Stark Law are subject to amendment. Such amendments are likely to require the Obligor to amend or terminate certain arrangements with physicians to comply with new regulatory requirements.

Management of the Obligor has a compliance program to help ensure material compliance with the Stark Law provisions. However, in light of the scarcity of case law interpreting the Stark Law provisions, there can be no assurances that the Obligor will not be found to have violated the Stark Law provisions, and if so, whether any sanction imposed would have a material adverse effect on the operations or the financial condition of ACTS.

False Claims Act/Qui Tam Actions. There are principally three federal statutes addressing the issue of “false claims.” First, the federal FCA makes it illegal to knowingly submit or present a false or fraudulent claim to the federal government. FCA investigations and cases have become common in the health care field and may cover a range of activity from intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. Violation or alleged violation of the FCA most often results in settlements that require multi-million dollar payments and compliance agreements. The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called “qui tam” actions. Qui tam plaintiffs, or “whistleblowers,” share in the damages recovered by the government or recovered independently if the government does not participate. The FCA has become one of the government’s primary weapons against health care fraud. FCA violations or alleged violations could lead to settlements, fines, exclusions or reputation damage that could have a material adverse impact on health care providers. Because qui tam lawsuits are kept under seal while the federal government evaluates whether the United States will join the lawsuit, in the absence of notice from the government of an investigation, it is impossible to determine at this time whether any such actions are pending against the Obligor and no assurances can be made that such actions will not be filed in the future.

The Fraud and Enforcement and Recovery Act (“FERA”), signed into law on May 20, 2009, has expanded potential exposure under the civil FCA for a wide range of business transactions involving federal government funds. Pursuant to FERA amendments, the civil FCA may impose liability for false claims with more remote connections to the federal government. FERA has the effect of expanding liability for the retention of money owed to the government, including overpayments by Medicare.

The Affordable Care Act requires a person who receives an overpayment to report and repay the overpayment within 60 days after the overpayment is identified or the date any corresponding cost report is due, whichever is later. The Affordable Care Act defines overpayments as “any funds that a person receives or retains under Medicare or Medicaid to which the person, after applicable reconciliation is not entitled.” Failure to repay any overpayment within the deadline could lead to liability under the FCA.

In addition, the Affordable Care Act, among other changes to the civil FCA, limits the “public disclosure bar” (which previously required dismissal of a qui tam suit where the allegations were publicly disclosed in (i) a

criminal, civil or administrative proceeding, (ii) a congressional, administrative or U.S. Government Accountability Office report, hearing, audit or investigation, or (iii) news media) as a jurisdictional defense to qui tam suits.

In addition to the civil FCA, the Civil Monetary Penalties Law authorizes the imposition of substantial civil money penalties against an entity that engages in activities including, but not limited to: (1) knowingly presenting or causing to be presented, a claim for services not provided as claimed or which is otherwise false or fraudulent in any way; (2) knowingly giving or causing to be given false or misleading information reasonably expected to influence the decision to discharge a patient; (3) offering or giving remuneration to any beneficiary of a federal health care program likely to influence the receipt of reimbursable items or services; (4) arranging for reimbursable services with an entity which is excluded from participation from a federal health care program; (5) knowingly or willfully soliciting or receiving remuneration for a referral of a federal health care program beneficiary; (6) using a payment intended for a federal health care program beneficiary for another use; or (7) knowingly making or causing to be made a false statement, omission or misrepresentation of material fact in any application, bid or contract to participate in a federal health care program. The Secretary of the United States Department of Health and Human Services, acting through the OIG, also has both mandatory and permissive authority to exclude individuals and entities from participation in federal health care programs pursuant to this statute.

In addition, pursuant to HIPAA, the commission of either one of the prohibited practices listed below may lead to civil monetary penalties: (1) the practice or pattern of presenting a claim for an item or service on a reimbursement code that the person knows or should know will result in greater payment than appropriate, i.e., upcoding and (2) engaging in a practice of submitting claims for payment for medically unnecessary services. Violation of such prohibited practices could amount to civil monetary penalties of up to \$10,000 for each item or service involved. Management of the Obligor does not expect that the prohibited practices provisions of HIPAA will affect the Obligor in a material respect.

Finally, it is a criminal federal health care fraud offense to: (1) knowingly and willfully execute or attempt to execute any scheme to defraud any health care benefit program; or (2) to obtain, by means of false or fraudulent pretenses, representations or promises any money or property owned or controlled by any health care benefit program. Penalties for a violation of this federal law include fines and/or imprisonment and a forfeiture of any property derived from proceeds traceable to the offense.

The Deficit Reduction Act of 2005 (“DRA”) provides financial incentives to states that pass similar false claims statutes or amend existing false claims statutes that track the FCA more closely with regard to penalties and rewards to qui tam relators. A number of states have passed similar statutes expanding the prohibition against the submission of false claims to nonfederal third-party payors.

Skilled nursing facilities in many states also are subject to state anti-kickback laws and state anti-self-referral laws (similar to the federal anti-kickback laws and state anti-self-referral laws). These prohibitions are similar in public policy and scope to the federal anti-kickback laws and state anti-self-referral laws and could pose the possibility of material adverse impact for the same reasons as the federal statutes.

At the present time, management of the Obligor is not aware of any pending or threatened claims, investigations or enforcement actions regarding the FCA which, if determined adversely to the Obligor, taking into account current reserves, would have a material adverse effect on the financial condition of the Obligor.

The operations of the Obligor are subject to numerous licensing, certification, accreditation and other governmental requirements which are administered by a variety of federal and state governmental agencies as well as by self-regulatory associations and commercial medical insurance reimbursement programs. These include, but are not limited to, requirements relating to Medicare and Medicaid participation and payment and requirements relating to state licensing agencies, private payors and accreditation organizations. Renewal and continuance of certain of these licenses, certifications, approvals and accreditations are based upon inspections, surveys, audits, investigations or other review, some of which may require or include affirmative action or response by the Obligor. An adverse determination could result in a loss, fine or reduction in the Obligor’s scope of licensure, certification or accreditation, could affect the ability to undertake certain expenditures, or could reduce the payment received or require the repayment of the amounts previously remitted. The Obligor currently anticipates no difficulty in renewing or continuing currently-held licenses, certifications and accreditations. It is impossible, however, to predict accurately the effect of future regulation on the operations or financial condition of the Obligor.

State Regulatory Issues

Regulation of Continuing Care Facilities. At the present time, laws in the State regulating the operation of continuing care facilities are limited to: (i) licensing and registration requirements, (ii) standards of disclosure to residents and potential residents, and (iii) the rights of residents. However, it is possible that additional legislation regulating the construction and operation of continuing care facilities may be enacted in the future. Newly constructed continuing care facilities in a number of states have encountered financial difficulties for various reasons, such as inadequate initial occupancy rates and inability to achieve forecasted levels of revenues and expenses. This has led to the adoption by several states of legislation regulating continuing care facilities. Such regulation generally includes requirements for: issuance of a certificate of authority prior to construction of a continuing care facility; standards of disclosure to prospective residents; minimum requirements for residence care agreements to protect the interest of residents; and maintenance of minimum reserves for payment of debt service or, in some cases, operating expenses. In some states, if a continuing care provider experiences financial difficulties, the rights of creditors (including Bondholders) may be limited or stayed if the state is empowered to initiate receivership or similar proceedings against the provider to protect the rights and interests of residents. Although designed to protect the interests of residents, such state regulation may increase the cost of development or operation of continuing care facilities and make profitable operation more difficult. The possible adoption of any additional legislation in the State regulating continuing care facilities and its effect on the operations of the Obligated Group cannot be predicted at this time.

Michigan Certificate of Need Program. The Michigan Certificate of Need statute, as amended, provides, in part, that a person shall not acquire an existing or begin operation of a new “health facility,” make a “change in bed capacity” of a “health facility,” initiate, replace or expand a “covered clinical service,” or acquire “covered medical equipment,” and that a “health facility” shall not make a “covered capital expenditure,” with certain exceptions, without first obtaining a Certificate of Need (“CON”) from the Michigan Department of Community Health (“MDCH”), which documents a demonstrated need and grants permission for the proposed project. The capital expenditure threshold has been substantially increased for certain covered projects, thereby subjecting fewer proposed projects to CON review. As of January 1, 2018, the capital expenditure threshold is \$3,252,500 for capital expenditures (for projects involving clinical service areas) for currently submitted CON applications. The threshold amount is adjusted each year to account for cost of living increases. Projects involving non-clinical services areas do not require a CON. Recent amendments have also increased the penalties to which a person is subject for failure to obtain a necessary CON. If a provider fails to obtain required approvals, such provider will be subject to penalties which may include civil fines, the obligation to refund amounts paid by patients and third-party payors, injunctions to restrain or prevent violations of the CON law, and a loss of license, among other sanctions. As a result of these sanctions, Medicare and Medicaid certification may also be affected. In addition, a CON may be subject to revocation in the event utilization projections forming the basis for the initial approval are not achieved. **The Obligor has received all certificates of need approvals or letters from MDCH that such CONs are not required with respect to the Project, except as noted under the caption “PLAN OF FINANCING – The Project.” Obligated Group management is not aware of any proceeding or investigation in which a violation of the CON laws by the Obligor is alleged by any environmental agency.**

Construction Draws

The Obligor will use the proceeds of the Series 2018 Bank Loan to fund the Project. The ability of the Obligor to receive disbursements from the Series 2018 Bank Loan is subject to compliance by the Obligor with various requirements of the Series 2018 Bank Loan. If the conditions to receipt of disbursements are not met, construction draws may be temporarily suspended. A temporary suspension of funding might cause delay in completion and related cost overruns.

Construction Risks

The Obligor will use the proceeds of the Series 2018 Bank Loan to fund the Project. Construction of the Project is subject to the usual risks associated with construction projects including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, restrictions related to endangered species, adverse weather conditions, fire, casualties, acts of God, war, acts of public enemies, terrorism, orders of any kind of federal, state, county, city or local government, insurrections, riots, adverse conditions not reasonably anticipated or other causes beyond the

control of the Obligor or its contractors. Such events could result in delayed marketing, substantial completion, and/or occupancy of the Project and thus the revenue flow therefrom.

Management of the Obligor believes that the building permits will be obtained in due course. See “APPENDIX A – REGULATORY PERMITS AND APPROVALS” hereto. In addition, the marketing, substantial completion and occupancy of the Project may be extended by reason of changes authorized by the Obligor, delays due to acts or neglect of the Obligor, or by independent contractors employed by the Obligor. Cost overruns could also result in the Obligor not having sufficient money to complete construction of the Project, thereby materially affecting the receipt of revenues needed to pay the Series 2018 Bonds.

No Series 2018 Bond proceeds will be used to finance the costs of the Project; only proceeds from the Series 2018 Bank Loan will be used for the Project. It is anticipated that the proceeds from the Series 2018 Bank Loan will be sufficient to complete the construction and equipping of the Project. However, revenues of the Obligor will be used to make debt service payments on the Series 2018 Bonds. Cost overruns for projects of this magnitude may occur due to change orders and other factors. Cost overruns could also result in the Obligor not having sufficient moneys to complete construction of the Project, thereby materially affecting the receipt of revenues needed to pay debt service on the Series 2018 Bonds. Failure to complete the Project either at all or on time and for the cost estimated by the Obligor would reduce or delay revenues forecasted to be received by the Obligor, which would adversely affect the financial position of the Obligor and its ability to make payments under the Series 2018 Master Obligations and the Agreements.

Liens on the Community

Currently, other than Permitted Liens, there are no liens on the Community. Upon the occurrence of certain events, each Obligated Group Member is required to deliver Mortgage granting in favor of the Master Trustee a mortgage lien on the Obligated Group Members’ facilities, and thereafter, the Master Trustee is to record the Mortgage of record. See APPENDIX C hereto. In the event the Mortgage is recorded, an Obligated Group Member may file or record certain liens on the Community pursuant to the Master Indenture. See the definition of “Permitted Liens” in APPENDIX C hereto. In addition, state or federal authorities, or others, may file liens and the Obligated Group Members may file liens that would result in an Event of Default under the Master Indenture. Such liens, in addition to Permitted Liens, may have priority over the liens of the Mortgage.

Additions and Changes in the Obligated Group

The Master Indenture allows the Obligor, in certain circumstances, to add members to the Obligated Group. Although any entity that becomes an Obligated Group Member is required to guarantee or to assume joint and several liability for the Master Obligations issued under the Master Indenture, the enforceability of the guaranty or assumption may be limited under the Federal Bankruptcy Code or similar laws affecting creditors’ rights if the Obligated Group Member was insolvent or undercapitalized at the time of (or became insolvent or undercapitalized by reason of) the guaranty or assumption and did not receive “reasonably equivalent value” for the guaranty or assumption.

When an entity becomes an Obligated Group Member, the allowable amount of debt which may be incurred under the Master Indenture by the Obligated Group Members may increase because the amount of such debt that the Obligated Group Members may incur is based on the historical or projected combined revenues of the Obligated Group Members. If an Obligated Group Member incurred additional debt based upon the revenues of another Obligated Group Member whose guaranty or assumption subsequently was held unenforceable, the interests of the owners of the Series 2018 Bonds would be diluted, because all outstanding debt then must be paid from a diminished, legally accessible flow of revenues.

The security interest in Gross Revenues granted by the Obligated Group Members to the Master Trustee pursuant to the Master Indenture may be affected by various matters, including (i) federal bankruptcy laws which could, among other things, preclude enforceability of the security interest as to Gross Revenues arising subsequent to the commencement of bankruptcy proceedings and limit such enforceability as to Gross Revenues arising prior to such commencement, to the extent a security interest therein would constitute a voidable preference, (ii) rights of third parties in cash, securities and instruments not in possession of the Master Trustee, including accounts and general intangibles converted to cash, (iii) rights arising in favor of the United States of America or any agency

thereof, (iv) present or future prohibitions against assignment in any federal statutes or regulations, (v) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction and rights of donors of property, (vi) claims that might obtain priority if continuation statements are not filed in accordance with applicable laws, (vii) the rights of holders of prior perfected security interest in equipment and other goods owned by the Obligated Group Members and in the proceeds of sale of such property, (viii) statutory liens, and (ix) the rights of parties secured by Permitted Encumbrances (as defined in APPENDIX C hereto). If an event of default does occur, it is uncertain that the Master Trustee could successfully obtain an adequate remedy at law or in equity on behalf of the owners of the Series 2018 Bonds. See “APPENDIX C – PRINCIPAL FINANCING DOCUMENTS” hereto.

Parity Debt

The Master Indenture permits the Obligated Group Members to issue Master Obligations on a parity basis with the Series 2018 Master Obligations. See the Additional Indebtedness provisions in the form of the Master Indenture attached in APPENDIX C hereto. In the future, the issuance of such Master Obligations could increase the Obligor’s debt service and repayment requirements in a manner which would adversely affect the Obligated Group Members’ ability to make debt service payments on the Series 2018 Bonds.

Risk of Early Redemption

Purchasers of the Series 2018 Bonds, including those who purchase Series 2018 Bonds at a price in excess of their principal amount or who hold such bonds trading at a price in excess of par, should consider the fact that the Series 2018 Bonds are subject to optional and mandatory redemption at a redemption price equal to their principal amount plus accrued interest upon the occurrence of certain events. This could occur, for example, in the event that the Series 2018 Bonds are prepaid as a result of a casualty or condemnation award affecting the Community or there is a default under the Mortgage. See “THE SERIES 2018 BONDS — Redemption.” Under such circumstances, a purchaser of the Series 2018 Bonds whose bonds are called for early redemption may not have the opportunity to hold such bonds for a time period consistent with such purchaser’s original investment intentions and may lose any premium paid for the Series 2018 Bonds.

Risk of Loss Upon Redemption

The rights of Beneficial Owners to receive interest on the Series 2018 Bonds will terminate on the date, if any, on which such Series 2018 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Agreements, and interest on such Series 2018 Bonds will no longer accrue on and after such date of redemption. There can be no assurance that the Obligor will be able or will be obligated to pay for any amounts not available under the Agreements. In addition, there can be no guarantee that present provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the Series 2018 Bonds taxable for federal income tax purposes. Interest earned on the principal amount of the Series 2018 Bonds may or may not be subject to state or local income taxes under applicable state or local tax laws. Each prospective purchaser of Beneficial Ownership Interests in the Series 2018 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2018 Bonds in a particular state or local jurisdiction.

Bankruptcy

The filing by, or against, the Obligor for relief under the United States Bankruptcy Code (the “Bankruptcy Code”) would have an adverse effect on the ability of the Master Trustee to enforce its claim or claims to the security granted by the Master Indenture, and its claim or claims to money owed it as an unsecured claimant, if any. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Obligor and its property and as an automatic stay of any act or proceeding to enforce a lien against such property. Moreover, following such a filing the revenues and accounts receivable and other property of the Obligor acquired after the filing (and under some conditions prior to the filing) may not be subject to the liens and security interests created under the Master Indenture. In addition, the bankruptcy court has the power to issue any order, process or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code; such a court order could require that the property of the Obligor including the Gross Revenues of the Obligor and

proceeds thereof, could be used for the benefit of the Obligor, despite the lien and security interest of the Master Trustee therein.

The amount of the secured claim, which could be filed by the Master Trustee on behalf of the holders of the Series 2018 Master Obligations, would be limited to the value of the Community measured at the time the bankruptcy proceeding was commenced. This amount could be less than the principal amount of the Series 2018 Master Obligations since the failure of the Community to produce sufficient revenues to pay operating expenses and debt service requirements prior to the bankruptcy would reduce the value of the Community. To the extent the principal amount of the Series 2018 Master Obligations exceeds the value of the Community, the excess would be an unsecured claim which would rank on parity with unpaid management, project and development fees and the claims of unsecured general creditors of the Obligor. As a result, if the Community were sold following commencement of a bankruptcy proceeding, it is unclear how much the holders of the Series 2018 Master Obligations would receive.

In a bankruptcy proceeding, the debtor could file a plan of reorganization which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The Bondholders may only receive post-petition interest on the Series 2018 Master Obligations to the extent the value of their security exceeds their claim. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan, discharges all claims against the debtor provided for in the plan and replaces such claims with the debtor's obligations to the holders of such claims as provided under the plan.

No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. More particularly, the Bankruptcy Code would permit the liquidation of the Obligor or the adoption of a reorganization plan for the Obligor, as applicable, even though such plan had not been accepted by the holders of a majority in aggregate principal amount of the Series 2018 Master Obligations, if (i) among other requirements of the Bankruptcy Code, the plan is accepted by another impaired class of creditors, is "fair and equitable" and does not discriminate unfairly against the Bondholders as a class, which may mean that the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent" of their secured claims as valued on the effective date of the plan or (ii) the holders of the Series 2018 Master Obligations, as a class, are deemed unimpaired under the plan.

In addition, if the bankruptcy court were to conclude that the holders of the Series 2018 Master Obligations have "adequate protection," it may (1) substitute other security for the security subject to the lien of the Master Indenture or (2) subordinate the lien of the holders of the Series 2018 Master Obligations to persons who supply credit to the Obligor after commencement of the case. In the event of the bankruptcy of the Obligor, any amount realized by the Master Trustee may depend on the bankruptcy court's determination of the value of the Community and the court's interpretation of "indubitable equivalent" and "adequate protection" under then existing circumstances. Any transfers made to the holders of the Series 2018 Master Obligations or the Master Trustee at or prior to the commencement of the case may be avoided and recaptured if such transfers are (a) avoidable by a judicial lien creditor who obtained its lien on the date the case commenced (regardless of whether such a creditor actually exists), (b) preferential or fraudulent or (c) voidable under applicable law by any actual unsecured creditor. The holders of the Series 2018 Master Obligations may also be subject to avoidance and recapture of post-petition transfer or turnover of property of the debtor which they, the Master Trustee or a custodian holds and assumption, assignment or rejection of executory contracts.

Certain judicial decisions have cast doubt upon the right of a trustee, in the event of a health care facility's bankruptcy, to collect and retain for the benefit of bondholders portions of revenues consisting of Medicare and other governmental receivables.

Certain Matters Relating to Enforceability of the Master Indenture

The obligations of the Obligor and any future member of the Obligated Group under the Series 2018 Master Obligations will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Obligor and any future member of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Master Obligations, including the Series 2018 Master Obligations pledged under the Agreements as security for the respective Series 2018 Bonds. The obligations described herein of the Obligated Group to make payments of debt service on Master Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (i) are requested with respect to payments on any Master Obligations issued by a member other than the member from which such payment is requested, issued for a purpose which is not consistent with the charitable purposes of the member of the Obligated Group from which such payment is requested or issued for the benefit of a member of the Obligated Group which is not a tax-exempt organization; (ii) are requested to be made from any money or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such money or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the member of the Obligated Group from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future member of the Obligated Group may fall within the categories (ii) and (iii) above with respect to the Series 2018 Master Obligations cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

A member of the Obligated Group may not be required to make any payment on any Master Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such member of the Obligated Group to the extent that such payment would render such member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from a member of the Obligated Group in order to pay debt service on the Series 2018 Master Obligations may be voided by a trustee in bankruptcy in the event of bankruptcy of a member of the Obligated Group, or by third-party creditors in an action brought pursuant to State fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under State fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or State fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force a member of the Obligated Group to pay debt service on a Master Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that such member is analogous to a guarantor of the debt of the Obligated Group which directly benefited from the borrowing and that sufficient consideration for such member's guaranty was not received and that the incurrence of such Master Obligation has rendered or will render such member insolvent.

Series 2018 Bonds Defaults, Rights and Remedies

Certain terms of the Series 2018 Bonds are set forth in the Agreements. Certain terms of the Series 2018 Master Obligations are set forth in the Master Indenture. The Master Indenture provides that an event of default under the Agreements is an Event of Default under the Master Indenture.

In addition to the events of default described in the Master Indenture, the Agreements also provide for events of default including arising from the failure to comply with the terms of the respective Agreement, some of which are different than the terms of the Master Indenture. See “APPENDIX C – PRINCIPAL FINANCING DOCUMENTS” hereto.

Liquidation of Security May Not be Sufficient in the Event of a Default

The Bond Trustee and the State must look solely to the Mortgaged Property, including Gross Revenues and the other personal property collateral, and any funds held under the Agreements and the Master Indenture to pay and satisfy the Series 2018 Bonds in accordance with their terms. The Bondholders are dependent upon the success of the Community and the value of the assets of the Obligor for the payment of the principal of, redemption price, if any, and interest on, the Series 2018 Bonds. The Obligor has not made any representations to Bondholders regarding the current market value of the Community. In the event of a default, the value of the Mortgaged Property may be less than the amount of the outstanding Series 2018 Bonds, since the Community exists for the narrow use as a continuing care retirement community. The special design features of a continuing care facility and the continuing rights of residents under continuing care and lease agreements may make it difficult to convert the Community to other uses, which may have the effect of reducing its attractiveness to potential purchasers.

Availability of Remedies

The remedies available to the Bond Trustee, the Master Trustee and the owners of the Series 2018 Bonds upon an event of default under the Agreements and the Master Indenture are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the United States Bankruptcy Code, the remedies provided in the Agreements and the Master Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2018 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principals of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors’ generally and laws relating to fraudulent conveyances.

Limitations on Security Interest in Gross Revenues and Other Personal Property Collateral

The security interest in the Personal Property Collateral and the proceeds thereof will be perfected to the extent, and only to the extent, that such security interest may be perfected by filing financing statements under the Uniform Commercial Code of the State (the “UCC”). Continuation statements with respect to such filings must be filed periodically as required by law to continue the perfection of such security interest. To the extent that the security interest in certain Personal Property Collateral cannot be perfected by filing a financing statement, the security interest in such Personal Property Collateral may not be enforceable against third parties unless such Personal Property Collateral is transferred to the Master Trustee (which is required only upon the occurrence of an Event of Default under the Master Indenture). In such event, the Master Trustee may not be able to compel certain third-party payors to make payment directly to the Master Trustee. The enforcement of the security interest in Personal Property Collateral may further be limited by the following: (a) statutory liens, (b) rights arising in favor of the United States of America or any agency thereof, (c) current or future prohibitions against assignment contained in any federal or State statutes or regulations, (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction and (e) federal bankruptcy laws, State receivership or fraudulent conveyance laws or similar laws affecting creditors’ rights that may affect the enforceability of the Master Indenture or the security interest in the Personal Property Collateral.

Pursuant to the Master Indenture, each Member of the Obligated Group that pledges its Gross Revenues under the Master Indenture covenants and agrees that, if an Event of Default involving a failure to pay any installment of interest or principal on a Master Obligation should occur and be continuing, it will deposit daily the proceeds of its Gross Revenues. Such deposits will continue daily until such default is cured.

It is unclear whether the covenant to deposit the proceeds of Gross Revenues with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Gross Revenues, as described above, no opinion will be expressed by counsel to the Obligor as to enforceability of such covenant with respect to the required deposits.

Third-Party Payments and Managed Care

General. In the environment of increasing managed care, the Obligated Group can expect additional challenges in maintaining its resident population and attendant revenues. Third-party payors, such as health maintenance organizations, direct their subscribers to providers who have agreed to accept discounted rates or reduced per diem charges. Continuing care retirement communities are less sensitive to this directed utilization than standalone skilled nursing facilities; however, the risk may increase and the Obligated Group may be required to accept residents under such conditions should managed care cost reduction measures now pervasive in the health care industry continue to grow.

The health care industry in general is subject to regulation by a number of federal, state and local governmental agencies. As a result, the industry is sensitive to legislative changes in such programs and is affected by reductions in governmental spending for such programs. Congress has in the past enacted a number of provisions that affect health care providers, and additional legislative changes can be expected. Previous legislative actions have included limitation of payments to nursing homes under the Medicare program. Additional legislation dealing with nursing home revenues could be introduced that, if enacted, might have an adverse impact upon the revenues of the Obligor.

Unique Nature of the Community; Zoning

The Community is not practically suited to alternative uses. In addition, the Community may be subject to restrictive covenants and to zoning limitations. As a result, the remedies available to the Master Trustee in the event of a default under the Master Indenture and the Mortgage (assuming that the Mortgage has been delivered and recorded, as provided in the Master Indenture) may be limited, and the realization of revenues from the sale (upon foreclosure or otherwise) of the Community might thus be adversely affected.

Future Healthcare and Regulatory Risks

The Obligated Group is and will continue to be subject to certain governmental regulations. Participants in the healthcare industry are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third party reimbursement programs. In addition, the operations of the healthcare industry have been subject to increasing scrutiny by federal, state and local governmental agencies. In response to perceived abuses and actual violations of the terms of existing federal, state and local healthcare payment programs, such agencies have increased their audit and enforcement activities, and federal and state legislation has been considered or enacted, providing for civil and criminal penalties against certain activities.

Bills proposing to regulate or control, in some manner, health care costs and revenues and a number of proposals for a national health insurance program are regularly submitted to Congress. There are wide variations among these proposals and the effect on the health care industry and the Obligated Group cannot be determined. There can be no assurance that the implementation of any such bill or proposal or any future bill or proposal, or the implementation by the federal or state administrative bodies of cost containment or revenue control programs, would not adversely affect the revenues of the Community, and thus the revenues of the Obligated Group.

In the environment of increasing managed care, the Obligated Group can expect additional challenges in maintaining its resident population and attendant revenues. Third-party payors, such as health maintenance organizations, direct their subscribers to providers who have agreed to accept discounted rates or reduced per diem charges. Continuing care retirement communities are less sensitive to this directed utilization than stand-alone skilled nursing facilities; however, the risk may increase and the Obligated Group may be required to accept residents under such conditions should managed care cost reduction measures now pervasive in the health care industry continue to grow.

The Obligor currently receives a substantial part of its total reimbursement for its skilled nursing services from Medicaid, the federal state initiative focused on care for low income individuals. Any substantial changes to Medicaid eligibility or insurability provisions, particularly in regards to skilled nursing facility reimbursement, could adversely affect revenue of the Obligated Group.

Additional Indebtedness and Permitted Liens

The Master Indenture permits the Obligated Group to incur additional Long-Term Indebtedness or Short Term Indebtedness which may be equally and ratably secured with the Master Obligations. See APPENDIX D hereto. Any such additional Long-Term Indebtedness or Short Term Indebtedness would be entitled to share ratably with the Bond Trustee, as the Owner of the 2018 Master Obligations for the benefit of the owners of the Series 2018 Bonds, in any moneys realized from the exercise of remedies in the event of a default by the Obligated Group.

Risks Inherent in Bank-Credit

Subsequent to the expected issuance of the Series 2018 Bonds and the Series 2018 Bank Loan, the Obligated Group will have approximately \$[REDACTED]* in outstanding principal amount of bank-held debt (collectively, the “Bank-Credit”), representing approximately [REDACTED]% of the outstanding principal amount of such Long-Term Indebtedness.

Bank-Credit exposes the Obligated Group to certain risks, including:

- To the extent the Bank-Credit bears interest at variable rates, or bears interest at rates that are redetermined periodically, such Bank-Credit presents “interest rate risk” — the risk that the interest rates on the Bank-Credit and/or annual bank fees will increase.
- To the extent the Bank-Credit is subject by its terms to optional or mandatory tender by the holder(s) thereof, such Bank-Credit presents “remarketing risk” — the risk that the Obligated Group will not be able to remarket or resell the Bank-Credit on the tender dates, which could occur as a result of general market conditions or disruptions, could cause a material adverse change in the Obligated Group’s financial condition (e.g., evidenced by a reduction in its long-term debt ratings).
- “Liquidity risk” — the risk that the Obligated Group will be required to purchase the Bank-Credit in the event the Bank-Credit cannot be resold or remarketed after being tendered.
- “Renewal risk” — Certain of the Bank-Credit is comprised of bonds privately placed with banks for specified holding periods, and either bear interest at a variable rate plus a fixed spread or a fixed rate (subject to any required interest rate hedge agreements).
- “Cross-default risk” — the risk that an event of default under the any applicable bank agreements governing the Bank-Credit during the period such Bank-Credit is held by banks as the purchasers or providers thereof could cause an Event of Default under the Master Indenture.

Tax Exempt/Nonprofit Status

In recent years, the activities of tax exempt nonprofit corporations and other entities have been subjected to increasing scrutiny by federal, state, and local legislative and administrative agencies. Various proposals either have been considered previously or are presently being considered at the federal, state and local level which would variously restrict the definition of tax-exempt or nonprofit corporation or other entities, impose new restrictions on the activities of tax-exempt nonprofit corporations or other entities, and/or tax or otherwise burden the activities of such corporations or other entities. There can be no assurance that future changes in the laws, rules, regulations, interpretations and policies relating to the definition, activities and/or taxation of tax exempt nonprofit corporations or other entities will not have material adverse effects on the future operations of the Obligated Group.

Loss of tax-exempt status by an Obligated Group Member could result in loss of tax exemption of the interest paid on the Series 2018 Bonds and on other tax-exempt obligations issued for the benefit of an Obligated Group Member, and defaults in covenants regarding the Series 2018 Bonds and other related debt would likely be triggered. Such an event would have material adverse consequences on the financial condition of the Obligated Group. **Management of the Obligated Group is not aware of any transactions or activities currently ongoing that are**

* Preliminary; subject to change.

likely to result in the revocation of the tax-exempt status of any Obligated Group Member under laws in effect as of the date of this Official Statement.

The maintenance by each Obligated Group Member (currently, only the Obligor) of its status as an organization described in Section 501(c)(3) of the Code is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions that may cause their assets or income to inure to the benefit of private individuals.

The Internal Revenue Service may scrutinize transactions between tax-exempt nonprofit corporations or other entities and for-profit entities. Although certain specific activities have been the subject of interpretations by the Internal Revenue Service in the form of Revenue Rulings and Private Letter Rulings (the latter of which is binding only with respect to the taxpayer requesting the ruling), many activities have not been addressed in any official opinion, interpretation or policy of the Internal Revenue Service. Because the Obligor may conduct large-scale and diverse operations involving private parties, there can be no assurances that certain of its transactions would not be challenged by the Internal Revenue Service and jeopardize its tax-exempt status.

Additionally, the Internal Revenue Service has announced that it intends to closely scrutinize insider transactions and excess executive compensation for tax exempt nonprofit corporations. While the Obligor has stated conflicts of interests policies which it adheres to and believes that the compensation paid to its executives is reasonable for the services provided, these practices have not been addressed in any official opinion, interpretation or policy of the Internal Revenue Service. Therefore, there can be no assurances that these practices will not be challenged by the Internal Revenue Service, and any adverse finding by the Internal Revenue Service could jeopardize the tax-exempt status of the Obligor.

Tax-Exempt Status of the 2018 Bonds

The tax-exempt status of the respective Series 2018 Bonds is subject to continuing compliance by the Meridian Issuer and the East Lansing Issuer, respectively, and by the Obligated Group, with certain covenants contained in the Agreements and tax agreements and certificates. These covenants relate generally to ownership, use and operation of the Community, arbitrage limitations related to bond proceeds, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Series 2018 Bonds. Failure to comply with any of these covenants could result in the treatment of interest on the Series 2018 Bonds, in some cases, as taxable retroactive to the date of issuance. See “TAX MATTERS” herein.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the market value of the Series 2018 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2018 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2018 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2018 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Bond Audits

The Series 2018 Bonds may be, from time to time, subject to audits by the Internal Revenue Service. The Obligated Group believes that the 2018 Bonds will properly comply with the tax laws. In addition, at the time of issuance of the Series 2018 Bonds, bond counsel will render opinions with respect to the tax-exempt status of the Series 2018 Bonds, as described under the caption “TAX MATTERS,” in the form attached hereto as APPENDIX D. No ruling with respect to the tax-exempt status of interest on the Series 2018 Bonds has been or will be sought from the Internal Revenue Service, however, and opinions of counsel are not binding on the Internal Revenue Service or the courts. There can be no assurance that an audit of the Series 2018 Bonds would not adversely affect the market for the Series 2018 Bonds.

Under current procedures, parties other than the applicable Issuers and the members of the Obligated Group, and their appointed counsel, including the Beneficial Owners of the Series 2018 Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Internal Revenue Service positions with which the Issuers and the members of the Obligated Group may legitimately disagree, may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2018 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2018 Bonds, and may cause the applicable Issuer, the members of the Obligated Group or the Beneficial Owners of the Series 2018 Bonds to incur significant expense.

The opinion of Bond Counsel represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the facts that it deems relevant to render such opinions. However, such opinion is not a guarantee of any result and is not binding on the Internal Revenue Service or the courts. Bond Counsel is not obligated to defend the tax-exempt status of the Series 2018 Bonds. None of the Issuers, the members of the Obligated Group or Bond Counsel is responsible to pay or reimburse the costs of any owner or Beneficial Owner with respect to any audit or relating to the Series 2018 Bonds. The tax-exempt status of the Series 2018 Bonds is subject to continuing compliance by each Issuer and the Obligated Group with certain covenants contained in the Agreements. These covenants relate generally to ownership, use and operation of the Community, arbitrage limitations related to bond proceeds, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Series 2018 Bonds. Failure to comply with any of these covenants could result in the treatment of interest on the Series 2018 Bonds, in some cases, as taxable retroactive to the date of issuance. See “TAX MATTERS” herein.

Increases in Medical Costs

The cost of providing health care services may increase due to many reasons, including increases in salaries paid to nurses and other health care personnel and due to shortages in such personnel that may require use of employment agencies. In particular, recently the healthcare industry has experienced a shortage of nursing staff, which has resulted in increased costs for healthcare providers due to the need to hire agency nursing personnel at higher rates. If the nursing shortage continues, it could adversely affect the operations or financial condition of the Obligated Group.

Cybersecurity

Health care providers are highly dependent upon integrated electronic medical record and other information technology systems to deliver high quality, coordinated and cost-effective healthcare. These systems necessarily hold large quantities of highly sensitive protected health information that is highly valued on the black market for such information. As a result, the electronic systems and networks of skilled nursing facilities and other healthcare providers are considered likely targets for cyberattacks and other potential breaches of their systems. In addition to regulatory fines and penalties, the health care entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. **The Obligor has taken, and continues to take, measures to protect its information technology system against such cyberattacks**, but there can be no assurance that the Obligated Group will not experience a significant breach. If such a breach occurs, the financial consequences of such a breach could have a materially adverse impact on the Obligated Group.

Other Federal Tax Matters

Intermediate Sanctions. Section 4958 of the Code, provides the IRS with an “intermediate” tax enforcement tool to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Previous to the “intermediate sanctions law,” the IRS could punish such violations only through revocation of an entity’s tax-exempt status. Intermediate sanctions may be imposed where there is an “excess benefit transaction,” defined to include a disqualified person (i.e., a director, officer or other related party) (1) engaging in a non-fair market value transaction with the tax-exempt organization; (2) receiving excessive compensation from the tax-exempt organization; or (3) receiving payment in an arrangement that violates the private inurement proscription. A disqualified person who benefits from an excess benefit transaction will be subject to a “first tier” penalty excise tax equal to 25% of the amount of the excess benefit. Organization managers who participate in an excess benefit

transaction knowing it to be improper are subject to a first-tier penalty excise tax of 10% of the amount of the excess benefit, subject to a maximum penalty of \$10,000. A “second tier” penalty excise tax of 200% of the amount of the excess benefit may be imposed on the disqualified person (but not the organization manager) if the excess benefit transaction is not corrected in a specified time period.

IRS Examination of Compensation Practices. In August 2004, the IRS announced a new enforcement effort to identify and halt abuses by tax-exempt organizations that pay excessive compensation and benefits to their officers and other insiders. The IRS announced that it would contact nearly 2,000 charities and foundations to seek more information about their compensation practices and procedures. In February 2009, the IRS issued its Hospital Compliance Project Final Report (the “IRS Final Report”) based on its examination of such tax-exempt organizations. The IRS Final Report indicates that the IRS (i) will continue to heavily scrutinize executive compensation arrangements, practices and procedures and (ii) in certain circumstances, may conduct further investigations or impose fines on tax-exempt organizations.

Revision of IRS Form 990 for Tax-Exempt Organization. The IRS Form 990 is used by most 501(c)(3) not-for-profit organizations exempt from federal income taxation to submit information required by the federal government. On December 20, 2007, the IRS released a revised Form 990 that requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities, and other areas the IRS deems to be compliance risk areas. The revised form also requires the disclosure of a significantly greater amount of information on community benefit and establishes uniform standards for reporting of information relating to tax-exempt bonds, including compliance with the arbitrage rules and rules limiting private use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. The redesigned Form 990 is intended to result in enhanced transparency as to the operations of exempt organizations. It is also likely to result in enhanced enforcement, as the redesigned Form 990 will make detailed information on compliance risk areas available to the IRS and other stakeholders.

Other Tax Status Issues. The IRS has also issued Revenue Rulings dealing specifically with the manner in which a facility providing residential services to the elderly must operate in order to maintain its exemption under Section 501(c)(3). Revenue Rulings 61-72 and 72-124 hold that, if otherwise qualified, a facility providing residential services to the elderly is exempt under Section 501(c)(3) if the organization (1) is dedicated to providing, and in fact provides or otherwise makes available services for, care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, renders services to all or a reasonable proportion of its residents at substantially below actual cost, and (3) renders services that minister to the needs of the elderly and relieve hardship or distress. Revenue Ruling 79-18 holds that a facility providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the Project’s elderly persons, and that the organization is committed by established policy to maintaining persons as residents, even if they become unable to pay the monthly charges after being admitted to the facility.

Possible Changes in Laws Regarding Tax-Exempt Bonds. Additionally, as the pressure to reduce the federal deficit and balance the federal budget increases, limiting or even eliminating the general exclusion of state and local bond interest has been discussed as one way to raise additional revenue for the federal government. Any such limitation or elimination, if retroactive, would result in some or all of the interest on the Series 2018 Bonds being included in gross income of owners of the Series 2018 Bonds for federal income tax purposes and could adversely affect the market value of the Series 2018 Bonds. Any such limitation or elimination could also increase the future borrowing costs of the Obligor.

Other Legislation. Section 7872 of the Code (Treatment of Loans with Below Market Interest Rates), provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below market rate loan is the avoidance of federal income taxation.

A refundable entrance fee payment made by a resident to certain continuing care facilities has been determined under Section 7872 to constitute a below market interest rate loan by the resident to the facility to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee.

Section 7872(h) provides a “safe harbor” exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether the Residence and Care Agreements come within the scope of the continuing care facility safe harbor or within the statute itself.

Provided the Residence and Care Agreement falls within the scope of Section 7872, the safe harbor exemption under Section 7872(h) will be applicable (i) if such loan was made pursuant to a continuing care contract, (ii) if the resident (or the resident’s spouse) has attained age 62 before the close of the year and (iii) irrespective of the amount of the “loan” by the resident (or the resident’s spouse) to the continuing care facility. Section 425 of the Tax Relief and Health Care Act of 2006 amended Section 7872(h) to make the exemption for loans to qualifying care facilities permanent.

Any determination of applicability of Section 7872 could have the effect of discouraging potential residents from becoming or remaining residents of the Community.

In recent years, the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax-exempt status of 501(c)(3) organizations generally and of retirement communities in particular. Legislation has been previously introduced restricting the ability of such organizations to utilize tax-exempt bonds unless they maintain a required percentage of low to moderate income residents. Although the Obligor has covenanted in the Agreements to take all appropriate measures to maintain its tax-exempt status, compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Obligor to charge and collect revenues at the level required by the Agreements, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2018 Bonds.

Uncertainty of Investment Income

The investment earnings of, and accumulations in, certain funds established pursuant to the Agreements have been estimated and are based on assumed interest rates as indicated. While these assumptions are believed to be reasonable in view of the rates of return presently and previously available on the types of securities in which the Bond Trustee and the Master Trustee are permitted to invest under the Agreements and the Master Indenture, respectively, there can be no assurance that similar interest rates will be available on such securities in the future, nor can there be any assurance that the estimated funds will actually be realized. Guaranteed investment contracts may be entered into with respect to certain of the funds held under the Agreements and the Master Indenture. See “ESTIMATED SOURCES AND USES OF FUNDS.”

A portion of the Obligor’s revenues available to pay debt services is expected to come from investment income and net realized gains on the investment of available funds. The amount of such interest earnings and gains will fluctuate with changes in prevailing interest rates and financial market conditions.

Market for Series 2018 Bonds; Absence of Rating

The Series 2018 Bonds have not received any credit rating by any recognized rating agency. The absence of any such rating could adversely affect the ability of holders to sell the Series 2018 Bonds or the price at which the Series 2018 Bonds can be sold. It is the present practice of the Underwriter to make a secondary market in the bond issues it offers. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, these secondary marketing practices in connection with a particular bond issue are suspended or terminated. In addition, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially lower than the original purchase price. While there can be no guarantee or assurance that the Underwriter will always continue its present secondary marketing practices, the Underwriter presently intends to make a secondary market in the Series 2018 Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the Series 2018 Bonds or, if a secondary market exists, that the Series 2018 Bonds can be sold for any particular price. Even if there is a secondary market, there is no certainty of the price at which an investor could resell the Series 2018 Bonds, and such price may be less than what an investor originally paid. Any prospective purchaser of Beneficial Ownership Interests in the Series 2018 Bonds should therefore undertake an independent investigation through its own advisors regarding the desirability and practicality of the investment in the Series 2018 Bonds. Any prospective purchaser should be fully aware of the long-term nature of an investment in the Series 2018 Bonds and should assume that it will have to bear the economic risk of its investment indefinitely. Any prospective purchaser of the Series 2018 Bonds

that does not intend or that is not able to hold the Series 2018 Bonds for a substantial period of time is advised against investing in the Series 2018 Bonds.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Obligor:

1. Reinstatement or establishment of mandatory governmental wage, rent or price controls;
2. Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;
3. Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;
4. Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Obligor;
5. The cost and availability of energy and utilities;
6. Increased unemployment or other adverse economic conditions in the service areas of the Obligor which would increase the proportion of patients who are unable to pay fully for the cost of their care;
7. Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the Community in order to maintain the charitable status of the Obligor;
8. Inflation or other adverse economic conditions;
9. Additional changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;
10. Inability to control the diminution of residents' assets or insurance coverage with the result that the residents' charges are reimbursed from government reimbursement programs rather than private payments;
11. The occurrence of natural disasters, including hurricanes, volcanic eruptions and typhoons, floods or earthquakes, which may damage the facilities of the Obligor, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from said facilities;
12. Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as the Obligor generally carry;
13. A decline in the population, a change in the age composition of the population or a decline in the economic conditions of the Community's market area; or
14. Scientific and technological advances that could reduce demand for services offered by the Obligor and any future members of the Obligated Group.

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LITIGATION

The Meridian Issuer

As of the date of this Official Statement, there is, to the best knowledge of the Meridian Issuer, no action, suit or proceeding at law or in equity pending or threatened against the Meridian Issuer to restrain or enjoin the issuance or sale of the Series 2018A Bonds or in any way contesting the validity or affecting the power of the Meridian Issuer with respect to the issuance and sale of the Series 2018A Bonds or the documents or instruments executed by the Meridian Issuer in connection therewith or the existence of the Meridian Issuer or the right of the Meridian Issuer to finance the refunding of the Series 2007A-1 Bonds.

The East Lansing Issuer

As of the date of this Official Statement, there is, to the best knowledge of the East Lansing Issuer, no action, suit or proceeding at law or in equity pending or threatened against the East Lansing Issuer to restrain or enjoin the issuance or sale of the Series 2018B Bonds or in any way contesting the validity or affecting the power of the East Lansing Issuer with respect to the issuance and sale of the 2018B Bonds or the documents or instruments executed by the East Lansing Issuer in connection therewith or the existence of the East Lansing Issuer or the right of the East Lansing Issuer to finance the refunding of the Series 2007B-1 Bonds.

The Obligor

No action, suit, proceeding or investigation is pending against the Obligor or, to the Obligor's knowledge, threatened which might materially adversely affect the business or properties or financial condition of the Obligor, or the construction or operation of the Community, or in which an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Agreements, the Master Indenture or the Mortgage, or any other documents executed by the Obligor, the performance by the Obligor of any of its obligations thereunder, or the consummation of any of the transactions contemplated thereby.

INDEPENDENT AUDITORS

The audited financial statements of the Obligor as of June 30, 2017 and 2016 and for the year then ended have been audited by Plante & Moran, PLLC, independent certified public accountants (the "Auditor"), as stated in the report thereon. Such financial statements and the report of Plante & Moran, LLP thereon are included in APPENDIX B to this Official Statement. The unaudited financial statements of the Obligor for the nine-month periods ending March 31, 2018 and 2017, which have not yet been audited by the Auditor, are also included in APPENDIX B to this Official Statement.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2018 Bonds are subject to the approving legal opinion of Dykema Gossett PLLC, Bloomfield Hills, Michigan, Bond Counsel to the Issuers, who will render an opinion to each of the Issuers with respect to the respective Series 2018 Bonds in substantially the forms attached hereto as APPENDIX D.

Certain legal matters will be passed upon for the Obligor by its counsel, Willingham & Coté, PC, East Lansing, Michigan, and for the Underwriter by its counsel, Dinsmore & Shohl LLP, Columbus, Ohio.

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UNDERWRITING

The Series 2018 Bonds are being purchased for reoffering by Herbert J. Sims & Co., Inc. (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2018A Bonds from the Meridian Issuer at a purchase price of \$[_____] (representing the par amount of the Series 2018A Bonds (\$[_____]), [minus] [plus] \$[_____] [net] original issue [discount] [premium], and less Underwriter’s discount in the amount of \$[_____]). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2018B Bonds from the East Lansing Issuer at a purchase price of \$[_____] (representing the par amount of the Series 2018B Bonds (\$[_____]), [minus] [plus] \$[_____] [net] original issue [discount] [premium], and less Underwriter’s discount in the amount of \$[_____]). The initial public offering prices of the Series 2018 Bonds set forth on the cover page of this Official Statement may be changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter reserves the right to join with other dealers in offering the Series 2018 Bonds to the public. The Series 2018 Bonds may be offered and sold to other dealers (including Bonds for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices other than the public offering prices stated on the cover page of this Official Statement.

The Obligor has agreed to indemnify the Underwriter and the Issuers against losses, claims, damages and liabilities arising out of any incorrect statement or information contained in or information omitted from this Official Statement to the extent set forth in the purchase contracts.

TAX MATTERS

In the opinion of Dykema Gossett PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as presently interpreted, the interest on the Series 2018 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax (however, it should be noted that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018). The opinion of Bond Counsel is subject to the condition that the Issuers and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2018 Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements include rebating certain earnings to the United States. Failure to comply with certain of such requirements could cause the interest on the Series 2018 Bonds to be included in gross income retroactive to the date of issuance of the Series 2018 Bonds. The Obligor, on behalf of itself and the Issuers, has covenanted to comply with all such requirements. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2018 Bonds and the interest thereon.

There are additional federal tax consequences relative to the Series 2018 Bonds and interest thereon. The following is a general description of some of these consequences, but is not intended to be complete or exhaustive, and investors should consult their tax advisors with respect to these matters. For federal income tax purposes: (a) tax-exempt interest, including interest on the Series 2018 Bonds, is included in the calculation of modified adjusted gross income required to determine the taxability of social security or railroad retirement benefits; (b) the receipt of tax-exempt interest, including interest on the Series 2018 Bonds, by life insurance companies may affect the federal income tax liabilities of such companies; (c) the amount of certain loss deductions otherwise allowable to property and casualty insurance companies will be reduced (in certain instances below zero) by 15% of, among other things, tax-exempt interest, including interest on the Series 2018 Bonds; (d) interest incurred or continued to purchase or carry the Series 2018 Bonds may not be deducted in determining federal income tax; (e) commercial banks, thrift institutions and other financial institutions may not deduct their costs of carrying certain obligations such as the Series 2018 Bonds; (f) interest on the Series 2018 Bonds will be included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States; (g) passive investment income, including interest on the Series 2018 Bonds, may be subject to federal income taxation for S Corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S Corporation is passive investment income; and (h) the receipt or accrual of interest on the Series 2018 Bonds may cause disallowance of the earned income credit under Section 32 of the Code.

Bond Counsel is further of the opinion that under existing law as presently interpreted, the Series 2018 Bonds and the interest thereon are exempt from all taxation in the State of Michigan except estate, inheritance and

transfer taxes and taxes measured by the profit on the gain or sale, payment or other disposition of the Series 2018 Bonds.

Future Developments

No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the Series 2018 Bonds to be subject directly or indirectly to federal or State of Michigan income taxation, adversely affect the market price or marketability of the Series 2018 Bonds or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. Further, no assurance can be given that any such future legislation, or any actions of the Internal Revenue Service, including, but not limited to, selection of the Series 2018 Bonds for audit examination, or the course of any examination of the Series 2018 Bonds, or other bonds which present similar tax issues, will not affect the market price of the Series 2018 Bonds.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2018 BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

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CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the Obligor has entered into an undertaking for the Series 2018 Bonds (the “Continuing Disclosure Undertaking”) for the benefit of the Bondholders to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”) (i) certain financial information and operating data (the “Annual Financial Information and Operating Data”) relating to the Obligor by no later than November 30 following the end of each Fiscal Year of the Obligor, commencing with the report for the Fiscal Year ending **June 30, 2018**; (ii) quarterly unaudited financial statements and operating data (the “Quarterly Financial Information and Operating Data”) within 45 days of the end of any fiscal quarter, commencing with the report for the quarter ending **June 30, 2018**; (iii) monthly reports regarding certain information pertaining to construction of the Project (“Monthly Information”); and (iv) notice of the occurrence of certain enumerated events (the “Material Event Notices”), all as more fully described in “APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

The Continuing Disclosure Undertaking provides holders of the respective Series 2018 Bonds with certain enforcement rights in the event of a failure by the Obligor to comply with the terms thereof; however, a default under the Continuing Disclosure Undertaking does not constitute a default under the Agreements or the Master Indenture. The Continuing Disclosure Undertaking may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Holders of the Series 2018 Bonds are advised that the Continuing Disclosure Undertaking, the form of which is attached hereto as “APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT”, should be read in their entirety for more complete information regarding their contents.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no liquidity providers applicable to the Series 2018 Bonds;
- (b) there are no tender offers applicable to the Series 2018 Bonds; and
- (c) there are no credit enhancements applicable to the Series 2018 Bonds.

Copies of the Annual Financial Information and Operating Data, Quarterly Financial Information and Operating Data, Monthly Information, and any Material Event Notices may be obtained on EMMA.

Continuing Disclosure Compliance

Rule 15c2-12, promulgated by the Securities and Exchange Commission, requires continuing disclosure with respect to new offerings of municipal securities of \$1,000,000 or more. The Obligated Group is obligated to provide such continuing disclosure with respect to one or more previously issued and currently outstanding bond issues.

The Obligated Group has entered into previous continuing disclosure undertakings with respect to the Series 2007 Bonds. During the past five years, there have been years when the Obligated Group has not been in compliance with its continuing disclosure requirements with respect to the Series 2007 Bonds under the Rule, as discussed herein.

The Obligated Group reports that it failed to comply with certain of the Obligated Group’s continuing disclosure obligations by not filing in a timely manner certain of the annual and quarterly reports required by the financing documents for Series 2007 Bonds (the “Prior Undertakings”).

The Obligated Group reports that it failed to file or failed to timely file certain of its required quarterly filings (the “Delinquent Quarterly Information”). The Obligated Group reports that it failed to file its required quarterly filings for the fiscal quarters ended September 30, 2013 and June 30, 2014. In addition, the Obligated Group reports that it failed to timely file other quarterly filings for the fiscal quarters ended June 30, 2013; December 31, 2013; September 30, 2014; December 31, 2014; September 30, 2015; December 31, 2015; June 30, 2016; September 30, 2016; and June 30, 2017. However, in each case, the Obligated Group filed the quarterly filing within 12 days of the required filing date.

The Obligated Group also reports that it failed to timely file certain of its annual filings (the “Delinquent Annual Information” and together with the Delinquent Quarterly Information, the “Delinquent Information”). The Obligated Group reports that it failed to timely file the annual filings for the fiscal years ended June 30, 2014; June 30, 2015; and June 30, 2016. For the fiscal years ended June 30, 2015 and June 30, 2016, the Obligated Group filed the Delinquent Annual Information within 17 days of the required filing date. For the fiscal year ended June 30, 2014, the Obligated Group filed the Delinquent Annual Information within 97 days of the required filing date.

Additionally, the Obligated Group did not include certain required information in its annual filings under the Prior Undertakings. The Prior Undertakings require the Obligated Group to provide certain information as part of its annual filings, including a calculation of the Obligated Group’s compliance with the liquidity covenant set forth in the Prior Undertakings and a letter from the Obligated Group’s accountant to the effect that in the course of the audit of the Obligated Group’s financials, nothing came to its attention to lead it to believe that any default had occurred under the Prior Obligations or specifying the nature of such default (collectively, the “Missing Annual Information”). The Obligated Group provided some of the information required by the Prior Undertakings in its annual filing for fiscal years ended 2013 through 2017, but failed to provide the Missing Annual Information. The Prior Undertakings also require the Obligated Group to provide an occupancy report for each quarter of the preceding fiscal year. In 2013, the Obligated Group provided this information on a yearly basis, but not for each quarter of the preceding fiscal year.

Furthermore, the calculations of the balances on deposit in each fund and account and the calculations of the Obligated Group’s compliance with the rate covenant and the liquidity covenant set forth in the Prior Undertakings were prepared by the Obligated Group rather than a CPA, and statements of the balances on deposit in each fund and account and the Obligated Group’s calculation of its compliance with the rate covenant and the liquidity covenant set forth in the Prior Undertakings were filed as part of the quarterly filings for the quarters ended June 30, but not part of the annual filings for each fiscal year ended June 30.

The Obligated Group did not file certain of the required information to be filed in its quarterly filings under the Prior Undertakings (collectively, the “Missing Quarterly Information,” and together with the Missing Annual Information, the “Missing Information”). The Prior Undertakings require the Obligated Group to provide as part of its quarterly filings a copy of the Obligated Group’s unaudited quarterly financial statements certified by the chief financial officer of the Obligated Group, together with a calculation of the Obligated Group’s compliance with the liquidity covenant set forth in the Prior Undertakings. As part of each quarterly filing, the Obligated Group filed financial information as of the month to date, rather than for the relevant quarter. Additionally, for each quarter, the chief financial officer of the Obligated Group failed to certify the quarterly financial statements and the Obligated Group failed to provide a calculation of the Obligated Group’s compliance with the liquidity covenant set forth in the Prior Undertakings.

Furthermore, as with the annual filings, the calculations of the balances on deposit in each fund and account and the calculations of the Obligated Group’s compliance with the rate Covenant and the liquidity covenant set forth in the Prior Undertakings were prepared by the Obligated Group rather than by a CPA.

The Obligated Group has filed a failure to file notice on EMMA for the above listed Delinquent Information and Missing Information on [REDACTED], 2018 [and filed a catch-up filing including [certain of] the Missing Information on even date therewith.]

The Obligated Group has implemented disclosure compliance procedures to ensure that all required information will be filed with EMMA on a timely and complete basis.

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MISCELLANEOUS

The references herein to the Act, the Agreements, the Master Indenture, the Mortgage and other documents are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials, copies of which will be furnished by the Underwriter or the Bond Trustee upon request for further information. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The attached Appendices A through E are integral parts of this Official Statement and should be read in their entirety together with all of the foregoing statements. It is anticipated that CUSIP identification numbers will be printed on the Series 2018 Bonds, but neither the failure to print such numbers on any Series 2018 Bond nor any error in the printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for any Series 2018 Bonds.

The information assembled in this Official Statement relating to the Obligor, the refinancing of the Community, and the financing of the Project has been supplied by the Obligor. THE ISSUERS HAVE NOT ASSUMED ANY RESPONSIBILITY FOR, AND MAKE NO REPRESENTATION OR WARRANTY WITH RESPECT TO, THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS OFFICIAL STATEMENT, OTHER THAN THE INFORMATION CONCERNING THE ISSUERS IN THE INTRODUCTORY STATEMENT AND UNDER THE CAPTIONS “THE ISSUERS,” “LITIGATION – The Meridian Issuer,” and “LITIGATION – The East Lansing Issuer.”

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The execution of this Official Statement has been authorized by the Issuers and the Obligor.

Dated: [_____], 2018

THE ECONOMIC DEVELOPMENT
CORPORATION OF THE CHARTER TOWNSHIP
OF MERIDIAN

By: _____
Chairman

THE ECONOMIC DEVELOPMENT
CORPORATION OF THE CITY OF EAST
LANSING

By: _____
Chairman

BURCHAM HILLS RETIREMENT CENTER II

By: _____
President

APPENDIX A

BURCHAM HILLS RETIREMENT CENTER II

APPENDIX A
BURCHAM HILLS RETIREMENT CENTER II
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THE OBLIGOR

Burcham Hills Retirement Center II (the “Obligor” or “Burcham Hills”) is a not-for-profit 501(c)(3) organization that operates an existing continuing care retirement community (the “Community”) located on approximately 38 acres of land in the City of East Lansing, Ingham County, Michigan, a few miles northeast of Michigan State University and only a few miles from the Michigan State Capital, Lansing. The Community is managed by Life Care Services LLC (the “Manager”). The Obligor offers a comprehensive continuum of care including independent and assisted living, memory care, long-term skilled nursing, post-acute and short-term rehabilitation, and outpatient therapy.

The Obligor is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Obligor is affiliated with no other retirement facilities, except as noted below. No other organization is obligated to make payment on the Series 2018 Bonds or other obligations of the Obligor.

As of the date of issuance of the Series 2018 Bonds, the Obligor is the only member of an obligated group (the “Obligated Group”) established under the [Amended and Restated Master Trust Indenture] dated as of [MTI DATE], 2018 (the “Master Indenture”), by and between the Obligor and US Bank, as master trustee. As the only member of the Obligated Group, the Obligor is the only entity currently obligated to pay the principal of and interest on the Series 2018 Bonds, the Series 2018 Obligations, and any other Obligations issued under the Master Indenture. For a description of the Master Indenture see [“SECURITY FOR THE Series 2018 Bonds”] in the forepart of this Official Statement.

The Obligor will use the proceeds of the Series 2018 Bonds, together with certain other moneys, to refund the Issuer’s Series 2007 Bonds and to pay certain costs of issuing the Series 2018 Bonds. Contemporaneously with the issuance of the Series 2018 Bonds, the Obligor will enter into an agreement with Fifth Third Bank to finance the Project. For more information about the Project, see “BURCHAM HILLS RETIREMENT CENTER II – The 2018 Project” in the front part of this Official Statement.

This Appendix A is intended to provide information about the Obligor and the Project that is not presented elsewhere in this Official Statement. For additional information about the Obligor, potential investors should refer to the audited financial statements of the Obligor for the fiscal years ended June 30, 2017, and 2016, which are included in this Official Statement as [Appendix B]. The materials included in this Appendix A and the other appendices to this Official Statement should be read in their entirety.

Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the [Master Trust Indenture, the Bond Indenture, or the Loan Agreement in Appendix D – “COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS.”]

GOVERNANCE AND MANAGEMENT

The Obligor is managed by its Board of Trustees (the “Board”). The volunteer Board is currently composed of nine trustees. At any time, the Board must have not less than three trustees and no more than 15 trustees. The officers of the Board are the President, Secretary, and Treasurer. Members of the Board of Trustees need not be residents of the State of Michigan. Each member of the Board of Trustees shall be a person who is interested in the health and welfare of the elderly and, therefore, desires to assist the Corporation in furthering its exempt purposes. No member of the Board of Trustees, other than of the initial Board of Trustees, shall be a resident of any nursing home, home for the aged, convalescent center, and/or congregate or other housing for elderly owned or operated by the Corporation. Each officer of the Corporation shall be an ex-officio member of the Board of Trustees, with full voting powers, during the term of his office.

The Bylaws provide each trustee is elected to a three-year term and there is no limit on the number of terms a trustee may serve.

Certain members of the Board of Trustees also serve on the Finance Committee, which is chaired by the Treasurer of the Board. The Finance Committee reviews the financial operations of the Obligor.

Pursuant to the Obligor’s Bylaws, the Obligor Board has certain rights summarized as follows:

- (1) The Corporation shall not engage in any activity which is prohibited under the Michigan Nonprofit Corporation Act.
- (2) The purposes of the Corporation shall be exclusively charitable, scientific and educational within the meaning of Code Section 501 (c) (3).
- (3) The Corporation is intended to be, and shall be operated and conducted as, an organization which is exempt from federal income taxation under Code Section 501 (c).
- (4) The Corporation shall be organized and operated as an organization which is other than a private foundation (within the meaning of Code Section 509 (a)), as an organization described in Code Section 509 (a) (2).
- (5) The Corporation is not organized for pecuniary profit. No part of the net earnings of the Corporation shall inure to the benefit of its directors, officers, or other private individuals, except that the Corporation may pay reasonable compensation for services rendered and make payments and distributions in furtherance of its charitable purposes as set forth herein.

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Board of Trustees

The current members of the Board, their term of office and their affiliation are set forth below:

<u>Name</u>	<u>Principal Occupation</u>	<u>Term Start Date*</u>
Mr. James Savage (President)	Retired President of Physicians Health Plan & Retired, Regional Vice President of United HealthCare Corporation	January 1997
Mr. Anthony Kogut (Secretary)	Attorney, Willingham & Cote'	January 1999
Mr. David Brower (Treasurer)	Retired Accountant, Michigan State University	January 2012
Mr. Reginald Carter	Retired President & CEO of Health Care Association of Michigan	September 2008
Ms. Stella Cash	Senior Advisor to the President and Provost for International Engagement of Michigan State University	May 2018
Mr. Charles Hillary	President, Hillary Lyons Associates, Fund Development	January 2014
Ms. Patricia Munshaw	Case Manager, Tri-County Office on Aging, Retired Education Instructor of Lansing General Hospital (now McLaren)	January 2012
Ms. Cheryl Ronk	President of Michigan Society of Association Executives (MSEA)	November 2014
Ms. Jacqueline Stoneman	Retired Community Investment Officer of First National Bank of America	April 2013

* Each Board of Trustee member is elected to a three-year term. There is no limit on the number of terms a Board member may serve.

Obligor Management Team

Pam Ditri, Executive Director. Ms. Ditri was hired as the Executive Director of the Obligor on January 2004. Ms. Ditri has 26 years of experience in healthcare, all at Burcham Hills. Prior to accepting the role of Executive Director, Ms. Ditri served in various director roles at Burcham Hills. Ms. Ditri is a licensed Nursing Home Administrator and studied Criminal Justice at Lansing Community College. Ms. Ditri is currently a board member on LeadingAge Michigan, a state not-for-profit association. She was appointed as a Member of Michigan Board of Nursing Home Administrators by Governor Granholm in December 2008, and was appointed to a second term by Governor Snyder in 2011. Ms. Ditri is a Life Care Services employee.

Jim Kaczmarczyk, Director of Finance/Controller. Mr. Kaczmarczyk was hired as the Director of Finance/Controller of the Obligor in May 2007 as the Director of Finance/Controller. Mr. Kaczmarczyk serves on the board of directors of HPS (Hospital Purchasing Program) and the finance committee of Senior Care Resources. Prior to joining Burcham Hills, he was the controller at Republic Bank and worked for the public accounting firm KPMG. Mr. Kaczmarczyk earned a bachelor's degree in accounting from Michigan State University.

Pegi Chatti, CHR Administrator. Ms. Chatti was been appointed as the administrator for The Center for Health & Rehabilitation at Burcham Hills in 2013 and is a licensed Nursing Home Administrator. A registered nurse, Chatti has been with Burcham Hills since 1997. She

has previously served as Infection Control Nurse, Nursing Supervisor, Nursing Manager, MDS Coordinator, CNA Instructor and Director of Nursing. Ms. Chatti serves on the Nursing Home Administrator Board for the State of Michigan. She earned a bachelor's degree in nursing (BSN) from Michigan State University in 1988.

Bill Cosby, Director of Sales. _ Mr. Cosby holds a degree in Community Development from Central Michigan University and is currently enrolled in the Master of Health Administration degree program at Louisiana State University. He joined Burcham Hills in February 2017 as the Director of Sales. Prior to joining Burcham Hills, he was the Director of Sales at Henry Ford Village and also worked in sales management, marketing and strategic business development for several companies.

Abdullah Masood, Director of Operations/Compliance Officer. Mr. Masood is a Michigan State University graduate. He originally joined Burcham Hills in 2004 as a dining room attendant and was in that position until 2010. After earning a bachelor's degree in general management from Michigan State University, he worked in sales and retail, then returned to Burcham in 2013. In his current role as director of operations, he is responsible for overseeing programs, policies and training to ensure compliance and reduce risks, as well as collaborates with external agencies on emergency preparation and response.

Marcy Harris, LPN, Director of Resident Center. Ms. Harris brings more than 10 years in senior care experience to her position. She originally joined Burcham Hills in February 2013 as the Resident Center Manager. She was promoted to Director of Resident Center in November 2014. She earned a nursing degree from Lansing Community College and became licensed in 2009. Previously, she worked for several years as a nurse manager at Trinity Senior Living Communities.

THE MANAGER

General

In 2015, the Obligor retained Life Care Services LLC to manage the Existing Community. The Manager is a wholly-owned subsidiary of Life Care Companies LLC ("LCS"), an Iowa limited liability company. Since 1971, LCS has helped senior living communities throughout the United States with planning, development, marketing and management.

The Manager has a management agreement with the Obligor to manage the day-to-day operations of the Existing Community and to provide management services. The Manager currently manages more than 135 communities serving over 33,000 residents in 31 states. Currently, the Obligor pays the Manager a monthly management fee. Other costs incurred by the Manager on behalf of the Obligor (such as costs of travel, seminars, etc.) are reimbursed and there is also an application service provider fee provided for under the management agreement.

The Obligor retains the ultimate responsibility for hiring employees and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of the Obligor.

The Management Contract

The Obligor entered into a Management Agreement dated as of April 7, 2015 (the “Management Contract”) with the Manager. Under the Management Contract, the Manager has agreed to assume the responsibility, as agent of the Obligor, to serve as the manager of the Community, including the real estate, and in connection therewith, to recommend and regularly evaluate policies and goals of the Obligor, implement the policies, budgets, directives and goals for the Community established by the Obligor, manage the day-to-day operations of the Community in accordance with the Obligor’s policies, directives and goals, provide the Obligor with relevant information as to past operations, and to make recommendations as to the future operation of the Community. Under the Management Agreement, the Manager is treated as an independent contractor, and not a partner or joint venture with the Obligor. The Manager is required to act under the policies, direction and control exercised by the Board of Trustees of the Obligor at all times.

The term of the Management Contract began on July 1, 2015 and ends on July 1, 2020, unless sooner terminated by either party pursuant to the terms of the Management Contract. The Obligor currently pays the Manager (1) a monthly management fee (the “Monthly Management Fee”), payable in advance, monthly on the first day of each calendar month, (2) a performance incentive fee (the “Performance Incentive Fee”) payable quarterly based upon Community quarterly operating results as described in the following paragraph, and (3) the application service provider fees (the “Application Service Provider Fees”).

The Monthly Management Fee was \$33,000 per month for the first 12 months of the Management Contract, was \$35,000 per month for the second 12 months, is currently \$36,750 for the third 12 months, and will, on each January 1 hereafter, be increased by the same percentage increase as the percentage increase in the index figure for “all items” as shown in the United States Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics for the immediately preceding December as compared to the CPI-U for December of the prior year, but in no event shall the yearly increase be greater than 5%. The Performance Incentive Fee is based on the amount by which the actual total operating revenues for such quarter exceeds the amount of the budgeted gross revenues for such quarter as approved by the Obligor, but is capped at 50% of the Monthly Management Fee paid to the Manager in such quarter. This Performance Incentive Fee structure is subject to revision at the objection of either the Manager or the Obligor to the then-existing fee structure. The Application Service Provider Fees are to be paid by the Obligor to the Manager if the Obligor elects to utilize the Manger’s marketing, sales, accounting, billing and dashboard technology. The Application Service Provider Fees includes an installation/activation fee of \$15,000 and an annual fee in the amount of \$5,500, as well as other small service fees.

Life Care Companies Management Team

Edward R. Kenny, Board Chairman. Mr. Kenny is a graduate of Providence College in Providence, Rhode Island with a bachelor of science degree in health services administration. Mr. Kenny joined LCS in 1979 and has administrative experience in four LCS-managed retirement communities. He was promoted to Director of Operations Management in 1987,

became Vice President in 1989, was promoted to Senior Vice President in 1990, became Executive Vice President and Secretary of LCS in 2001, was promoted to President and Chief Executive Officer in 2006, and became a manager of LCS in 2010. Effective January 1, 2018, Mr. Kenny stepped down as CEO of LCS and transitioned to Chairmain of the Board for the 2018 year. Mr. Kenny's retirement date is tentatively planned for January 1, 2019.

Joel D. Nelson, President and Chief Executive Officer. Effective January 1, 2018, Mr. Nelson assumed the responsibilities of CEO and President of LCS. Mr. Nelson holds a bachelor of arts degree in health care administration from Simpson College in Indianola, Iowa. Mr. Nelson joined LCS in 1986 and has 10 years' experience as a community administrator. In 1996, he was promoted to Director of Operations Management, became Vice President in 1997, was promoted to Senior Vice President in 2001, was named Executive Vice President of Operations Management and Secretary in 2006, was promoted to a manager of LCS in 2010 and became Executive Vice President, Chief Development Officer in 2011.

Diane C. Bridgewater, Executive Vice President, Treasurer, Chief Financial Officer and Chief Administrative Officer. Ms. Bridgewater holds a bachelor of arts degree in accounting and in French from the University of Northern Iowa in Cedar Falls, Iowa and is also a certified public accountant. Ms. Bridgewater joined LCS in 2006 after working for Pioneer Hi-Bred International for over 18 years. Ms. Bridgewater held the position of Vice President and Chief Financial Officer at Pioneer for approximately one year. Other of her Pioneer roles included Vice President and Director, North America Operations; customer sales services director; worldwide finance director; North America finance director; information management director; research finance director; and internal auditor. Ms. Bridgewater became a manager of LCS in 2010 and was promoted to Executive Vice President, Treasurer, Chief Financial Officer and Chief Administrative Officer of LCS in 2011.

Rick W. Exline, Executive Vice President and Director of Operations Management. Mr. Exline graduated from Simpson College in Indianola, Iowa with a bachelor of arts degree in political science, and from Oklahoma Baptist University in Shawnee, Oklahoma with a bachelor of science degree in health care administration. Mr. Exline joined LCS in 1978 and has 10 years' experience as a community administrator. In 1987, he was promoted to Director of Operations Management, was named Vice President in 1989, was promoted to Senior Vice President in 2001, and became Executive Vice President and Director of Operations Management and a manager of LCS in 2011.

David Laffey, Executive Vice President/ Director of LCS Real Estate. Mr. Laffey is the Executive Vice President/Director of LCS Real Estate. In this capacity he is responsible for the organization's overall business performance related to equity investments, debt placement, and asset management. LCS Real Estate is the real estate investment company of LCS. LCS Real Estate has assets under management in excess of \$1.3 billion in 38 properties totaling over 8,000 units in 16 States. He joined LCS in 2009 as Vice President/Director of Debt Placement after spending eleven years with Ziegler, most recently as Managing Director. Currently, Mr. Laffey serves on the Management Committee for LCS and is a voting member of the Investment Committee. He also serves on the boards of LCS Holdings, Inc., Life Care Companies LLC and Taylor Communities. He earned his bachelor's degree in Finance from Villanova University.

THE COMMUNITY

General

The Community is located on an approximately 38-acre campus in East Lansing, Michigan. The Community currently consists of 255,000 square feet and is comprised of one building (the “Existing Community”) (see the diagram below). The Obligor’s market area is the greater Lansing area.

The Existing Community is comprised of 164 units, of which 57 are independent living units (the “Existing Independent Living Units”), 39 assisted living units (the “Existing Assisted Living Units”), and 68 memory care units (the “Existing Memory Care Units”). All 164 existing units are located in the Residential Center (the “Residential Center”), a five-story, three-wing building. The first floor of the Residential Center contains a library, laboratory for blood draws (Burcham Hills and McLaren agreement), beauty shop, business office, human resources office, other various offices, a wellness center, storage areas, an assembly hall, laundry rooms, and recreation rooms. The second floor contains the main kitchen, administrative offices, the main dining room, the main lobby and The Outpatient Therapy Clinic at Burcham Hills. The third floor contains three dining rooms, three common areas, three small kitchens, and various offices. The fourth floor of the Residential Center contains a kitchen, dining room, and a common area. The fifth floor contains a small lounge. Resident rooms are located on all five floors of the Residential Center.

The Obligor also operates a three-story skilled nursing facility (the “Skilled Nursing Facility”), attached to the Residential Center, for 133 skilled nursing care beds, of which 72 beds are dually licensed as Medicaid/Medicare and 61 beds are licensed as Medicare only. The Obligor currently holds a 5-Star Rating with the Centers for Medicare & Medicaid Services (CMS).

Mission and Vision

The mission and vision of the Existing Community is as follows: “Burcham Hills is dedicated to the Journey of Life” and “Believes that the future is for us to create, not just waiting for us to experience.”

History of the Community

Burcham Hills Retirement Center II, the Corporation, is a not-for-profit, non-sectarian corporation, which owns the Community, a rental residential retirement community located on approximately 38 acres in the City of East Lansing, Ingham County, Michigan. Approximately 20 of the 38 acres are wetlands. The Community is managed by Life Care Services, Inc. The Internal Revenue Service has determined that the Corporation is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The Community was originally built in 1974 by a not-for-profit sponsor as an entrance fee retirement community. After the original sponsor encountered financial difficulties operating, American Retirement Management Corporation (“ARCM”), a wholly owned

subsidiary of American Retirement Corporation (“ARC”), assumed the management of the Corporation in 1978. ARC purchased the Community in 1979 and converted it to a rental-type continuing care retirement community. Shortly after ARC assumed control, one wing of the third floor of the residential section was converted to assisted living in 1979, which is believed to be one of the first assisted living units of its kind in the country. In 1988, 44 additional nursing beds were added to the Community bringing the total to 133 licensed skilled nursing beds.

In 1989, ARC sold the Community to the Corporation. The Corporation financed the acquisition of the Community through the issuance of bonds by the Issuer, which were refunded by the 1996 Bonds. Management services continued to be provided by ARCM pursuant to a management agreement (the “Management Agreement”) until 2015. In 2015, management services are provided by Life Care Services, Inc. pursuant to a management agreement (the “Management Agreement”) described below.

In conjunction with the issuance of the Prior Bonds, the Corporation agreed to lease approximately eight acres to B.H. Development, Inc. (“BHD”) to develop a condominium product designed to closely resemble an entrance fee retirement community model (the “Cluster Project”). BHD, was a tri-party joint venture among the Corporation, ARC and G & P Enterprises, Inc. (a local building contractor) established to develop the condominium site. Thirty-four of the 38 condominium units, the total allowed under the zoning ordinance, were built in 1992-93. The final four condominium units were completed in March 1996. Condominium residents can participate in certain services provided by the Community, while other services are provided for a fee. The Cluster Project is 100% occupied.

During the past 14 years, Capital Expenditures have exceeded \$25 million. For the approved 2018-19 business plan, the Capital Expenditure amount will be \$1.1 million. While Burcham works through Master Planning, the needs remain within Burcham to continue with updates to our equipment and common spaces within the entire community. Burcham will also invest in their employee population with educational training opportunities.

Since the Fall of 2015, Burcham’s Board of Trustees, Executive Team, Resident Association Board and our management company, Life Care Services, conducted a strategic plan, creating a 3-, 5- and 10-year plan. The next step was to conduct a thorough market analysis of the local area, which showed there was interest for a new entrance fee Independent Living product, which Burcham is currently working towards creating.

The Burcham Hills Foundation (the “Foundation”), a non-profit, 501(c)(3) Michigan foundation, was incorporated with the goal of aiding the Obligor and its residents and was incorporated in April 1998. The Foundation accepts tax-deductible contributions from corporations, businesses and individuals. Their strategic focus is to attract the resources necessary to maintain the buildings, services and programming quality that have been a part of the retirement community from its inception.

In 2015, the Manager began providing management services at the Existing Facility. See “THE MANAGER” herein for an overview of the Manager.

Community Facilities

The Obligor employs an aging-in-place philosophy, which allows residents to reside in their apartment home with care services delivered to them as they transition through different levels of care. For this reason, the designation of any given apartment can be altered based on the needs of the individual resident (i.e. there are no fixed quantities of independent or assisted living apartments throughout the existing community). As a result, the number of independent living apartments listed below may not necessarily reflect the number of residents living independently throughout the community.

Existing Independent Living Units

The 39 Existing Independent Living Units are located on the second and fifth floors of the Residential Center. All Independent Living Units have private baths with a choice of various floor plans and available services such as housekeeping and maintenance. All Independent Living Units have wall-to-wall carpeting (however, a vinyl option is available), individually controlled heating and air conditioning, grab bars in tubs and showers, and a 24-hour emergency call system. The table below indicates the types of independent living units, square footage, and current monthly fees for the Existing Independent Living Units:

<u>Unit Style</u>	<u>Square Feet</u>	<u>Total-Units</u>	<u>Monthly Fees</u> *
Studio	271 – 346	17	\$3,342
1-Bedroom	518 – 950	22	\$4,790

* The second-person fee for Existing Independent Living Units is currently \$737 per month.

The monthly fee includes three meals per day; activities; scheduled transportation; bi-weekly housekeeping; weekly flat linen service; all utilities (except telephone and cable television); use of common facilities, including meeting rooms, library, solariums and all recreational areas; social and cultural activities; and building maintenance.

Existing Assisted Living Units

The 50 Existing Assisted Living Units are located on the fourth and fifth floors of the Residential Center. All services available to Existing Independent Living Unit residents are available to Existing Assisted Living Unit residents. All Existing Assisted Living Units include a dining room, kitchen, and social (common) area for the assisted living residents. The assisted living floors are staffed by caregivers around the clock. The table below indicates the types of assisted living units, square footage, and current monthly fees for the Existing Assisted Living Units:

<u>Unit Style</u>	<u>Square Feet</u>	<u>Total-Units</u>	<u>Monthly Fees</u> *
Studio	271 – 376	35	\$5,056 – \$8,136
1-Bedroom	545 – 657	15	\$7,116 – \$9,136

* The second-person fee for Existing Assisted Living Units ranges from \$737 – \$3,977 per month, depending on the resident's level of care.

There are four levels of care provided to residents of the Existing Assisted Living Units, as described below. The fees for each Care Level are described under “Fees and Rate Increases,” below.

- **Care Level 1**
 - Includes any or all of the following services:
 - Daily bed making;
 - Night checks;
 - Verbal reminders for all daily living (bathing, dressing, grooming);
 - Verbal reminders for all meals and/or recreation activities;
 - Verbal reminders with self-managed continence programs;
 - Coordination and communication with outside healthcare providers; and
 - Medication administration (oral medications only).
- **Care Level 2**
 - Includes all Care Level 1 services plus any of the following additional services:
 - Personal assistance with clothing selection and dressing needs (once per day);
 - Personal assistance with grooming needs (once per day);
 - Personal assistance with bathing (twice per week); and
 - Extensive medication management (including oral medications, insulin administration, blood pressure checks, and blood sugar checks).
- **Care Level 3**
 - Includes all Care Level 1 and Care Level 2 services plus any of the following additional services:
 - Personal assistance with dressing needs more than once per day;
 - Personal assistance with grooming needs more than once per day;
 - Personal assistance with escorting and transfers; and
 - Continence care.
- **Care Level 4**
 - Includes all Care Level 1, Care Level 2, and Care Level 3 services plus any of the following additional services:
 - Personal assistance with dressing needs one or more times per day provided by 2 caregivers;
 - Personal assistance with grooming needs one or more times per day provided by 2 caregivers;
 - Personal assistance with escorting and transfers provided by 2 caregivers; and
 - Continence care provided by 2 caregivers.

Existing Memory Care Units

The 75 Existing Memory Care Units are located on the third and fifth floors of the Residential Center. The Existing Memory Care Units are in secured areas for the supervision of residents with Alzheimer’s and dementia. The memory care neighborhoods include a dining room and social (common) area for the memory care residents. The Existing Memory Care Unit floors are staffed by caregivers around the clock. The table below indicates the types of memory care units, square footage, and current monthly fees for the Existing Memory Care Units:

<u>Unit Style</u>	<u>Square Feet</u>	<u>Total-Units</u>	<u>Monthly Fees</u> *
Studio	271 – 376	56	\$5,363 – \$8,216
1-Bedroom	545 – 712	19	\$7,422 – \$9,224

* The second-person fee for Memory Care Units ranges from \$737 – \$3,977 per month, depending on the resident’s level of care.

Memory care residents receive one of two care levels, Care Level A or Care Level B. Residents receiving Care Level A are entitled to receive any or all of the following services:

- Laundering of flat linens weekly;
- Additional light housekeeping (bed made, clothes hanging);
- Night check-ups;
- Assistance with scheduling appointments;
- Verbal reminders for all activities of daily living;
- Bathing assistance twice per week;
- Routine assistance with continence programs;
- Screening for therapy (occupation, speech, physical);
- Personal assistance with clothing selection and dressing needs;
- Personal assistance with daily grooming needs;
- Extensive medical management and administration; and
- Assistance with escorting and transfers.

Memory care residents receiving Care Level B are entitled to receive all services provided by Care Level A plus any of the following services, all of which are provided by two caregivers:

- Bathing assistance twice per week;
- Personal dressing assistance with zippers, buttons, socks, shoes, belts, etc.;
- Personal assistance with clothing selection and dressing needs;
- Personal assistance with daily grooming needs;
- Extensive medication management and administration; and
- Assistance with escorting and transfers.

Furthermore, at either care level, personal laundry may be performed by Personal Wellness for an additional fee.

Skilled Nursing Facility

In addition to the levels of care described above, the Obligor also operates the Center for Health & Rehabilitation, the Obligor’s Skilled Nursing Facility. The Skilled Nursing Facility offers 133 rehabilitation and skilled nursing care beds, which are available to existing residents on a priority basis. The Obligor also accepts individuals who are not current residents for direct admission to the Skilled Nursing Facility. The Skilled Nursing Facility is located in a three-story building attached to the Residential Center. The first floor of the Skilled Nursing Facility consists of 61 beds for post-acute rehabilitation clients. These beds are licensed for Medicare and have set rates for this program. The second and third floors of the Skilled Nursing Facility have 72 long-term skilled nursing beds. The rates currently charged by the Obligor for the Skilled

Nursing Facility are \$297 per day for a skilled, semi-private room and \$575 per day for a skilled, private room. Services and amenities include:

- Personal assistance with activities of daily living (dressing, grooming, bathing, hygiene), as needed
- Three restaurant-style meals per day
- Recreational, social and spiritual programs
- Daily housekeeping services
- Personal and flat laundry services
- Physical, occupational, respiratory and speech therapy available up to 7 days a week

Clusters Condominiums

Anyone over the age of 55 may purchase one of the 38 existing condominium units located on the Burcham Hill's campus (the "Condominiums"). While not part of the Existing Community, residents of the Condominiums have access to the amenities located in the Residential Center (some for a fee) as well as many of the services provided by the Existing Community. Examples of several of the amenities and services offered to Condominium owners are listed below.

- Transportation to doctor appointments
- CATA shopping trips
- Outings
- Events and activities at the community
- Meal service
- Wellness Center
- Beauty Shop
- Library

Accreditation and Awards

The Obligor received the Governor's Award of Excellence in 2014 for achievements in improving care transitions and health care quality.

Fees and Rate Increases

Currently, residents of the Community pay a monthly service fee (the "Monthly Fee") but residents do not pay any entrance fees. However, upon completion of Phase 1-A, the Obligor intends to administer an entrance fee for residents of the New Independent Living Units (as defined herein). See "THE PROJECT – New Independent Living Units" herein.

The amount of the Monthly Fees varies based on the type of unit selected, the size of the unit, and type and level of care received. See "THE EXISTING COMMUNITY – General" above. Additionally, the Obligor charges per diem fees for certain services. Historically, rate changes for Monthly Fees have been approved by the Board of Trustees and become effective annually. However, increases in such fees can be approved by the Board at any time. The table

on the next page shows the Monthly Fees, per diem fees, and rate increases over the past three fiscal years as well as for the nine-month period ended March 31, 2018.

Monthly Service Fees, Per Diem Fees & Rate Increases

<u>Levels/Payer Source</u>	<u>Actual 2014-15</u>	<u>Actual 2015-16</u>	<u>Actual 2016-17</u>	<u>Nine Month Period Ended 3/31/2018</u>
Independent Living (Rate Increase)	3.5%	3.5%	3.5%	3.5%
Assisted Living (Rate Increase)	3.5%	3.5%	3.5%	3.5%
Care Level 1	\$1,283	\$1,328	\$1,374	\$1,422
Care Level 2	\$1,834	\$1,898	\$1,964	\$2,033
Care Level 3	\$2,673	\$2,767	\$2,864	\$2,964
Care Level 4	\$2,923	\$3,025	\$3,131	\$3,240
Memory Care (Rate Increase)	3.5%	3.5%	3.5%	3.5%
Care Level 1	\$2,720	\$2,815	\$2,914	\$3,016
Care Level 2	\$2,971	\$3,075	\$3,183	\$3,294
Second Person	\$665	\$688	\$712	\$737
CHR—Semi-Private (Rate Increase)	3.5%	3.5%	3.5%	3.5%
CHR—Private (Rate Increase)	3.5%	3.5%	3.5%	3.5%
Medicare (average)	\$445.46	\$450.59	\$526.52	\$532.63
Medicaid	\$255.09	\$261.53	\$270.29	\$271.18
Semi-Private	\$268	\$277	\$287	\$297
Private	\$518	\$536	\$555	\$575

Occupancy

The Existing Community

The following table summarizes the average historical occupancy of the entire Existing Community, including the Existing Independent Living Units, Existing Assisted Living Units, Existing Memory Care Units, and Skilled Nursing Facility for fiscal years 2015 through 2017 and for the nine-month period ended March 31, 2018.

Historical Occupancy

<u>Type of Service</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Nine Month Period Ended 3/31/2018</u>
Independent Living	91.8%	98.9%	92.3%	91.5%
Assisted Living	75.6%	65.3%	61.2%	65.6%
Memory Care	84.7%	95.9%	81.6%	84.0%
Skilled Nursing	81.1%	82.0%	83.3%	82.0%

Payor Mix

The following tables summarize the average historical mix of payor classes in the Existing Community for fiscal years 2015 through 2017 and for the nine-month period ended March 31, 2018.

Historical Utilization – Payor Mix

<u>Type</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Nine Month Period Ended 3/31/2018</u>
Private	10.9%	9.6%	7.6%	11.4%
Medicare	42.6%	36.7%	38.9%	34.6%
Medicaid	46.5%	53.7%	53.5%	54.0%

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THE PROJECT

Project Summary

The Project will consist of the development and expansion of the Existing Community including the renovation and expansion of independent living common areas in the Residential Center and the development of 44 new entrance fee independent living units (the “New Independent Living Units”). The Project will also consist of capital expenditures related with such renovation and expansion.

Proceeds of the Series 2018 Bonds will not be used to finance the Project. The Project will be financed from proceeds from Fifth Third Bank. The bank loan will be entered into contemporaneously with the issuance of the Series 2018 Bonds.

The Project will initially consist of two phases, Phase 1-A and Phase 1-B. During Phase 1-A of the Project, the Obligor will provide updated and expanded independent living common areas in order to sell new entrance fee independent living units. The focus of the Phase 1-A renovations is on common amenities including a remodel at the Residential Center. The Residential Center remodel will take place primarily in the garden level and in the lobby level. The remodel will be of the southwest first floor of the Residential Center and will include, among other things, the creation of the new independent living salon, group exercise space, a fitness/strength room, grab and go dining, seminar-game room and patio spaces. The first-floor lobby will also be updated in the process. The planned remodeling will include the following:

- Remodel at Residential Center - Garden Level
 - Salon/Spa - 830 square feet
 - Fitness Equipment - 1,200 square feet
 - Group Exercise - 800 square feet
 - Seminar Classroom - 400 square feet
 - Restrooms - 600 square feet
 - Grab and Go Dining, and Pantry - 1,600 square feet
 - Resident Multi-Purpose Space - 600 square feet
 - Resident Activities Office - 170 square feet
 - Face Lift Pre-Function and Library Outside Ada Whitehouse Room

- Remodel at Residential Center - Lobby Level
 - Assisted living dining adjacent to the existing central kitchen, including a private dining area

During Phase 1-B of the Project, the Obligor currently plans on constructing a new 65,000 square foot independent living apartment building addition (the “New Building”) to house 44 new independent living apartments. The plan is for the New Building to consist of a five-story (four stories of apartments, one story of parking) structure connected to the southwest wing of the Residential Center. Among other things, the construction will tentatively add underground parking and a new primary independent living entry. The existing main entry is planned to serve the Existing Assisted Living Units and Existing Memory Care Units. In the

lobby level of the New Building, new common spaces will likely be constructed, including a porte cochère, a vestibule, the lobby and a marketing and sales suite. Renovations will also likely be made to the existing business, HR offices and employee break room located in the first-floor north wing. Three of the existing Assisted Living Units are planned to be converted into new executive offices in the southeast wing on the second floor during Phase 1-B.

The following table highlights the number of units at each level of care at the Community before and after completion of the Project:

	Unit Configuration		
	<u>Existing Units/Beds</u>	<u>Impact of the Project</u>	<u>Upon Completion of the Project</u>
New Independent Living Units:			
1 Bedroom Deluxe	0	8	8
1 Bedroom w/Den	0	4	4
2 Bedroom Deluxe	0	28	28
2 Bedroom w/Den	<u>0</u>	<u>4</u>	<u>4</u>
Subtotal New ILU	0	44	44
Existing Independent Living Units:			
Studio	17	0	17
1 Bedroom	<u>22</u>	0	<u>22</u>
Subtotal ILU	39	0	39
Assisted Living Units:			
Studio	35	0	35
1 Bedroom	<u>15</u>	0	<u>15</u>
Subtotal ALU	50	0	50
Memory Care Units:			
Studio	56	0	56
1 Bedroom	<u>19</u>	0	<u>19</u>
Subtotal MCU	75	0	75
Skilled Nursing Facility:			
Long-Term Care (Semi-Private)	72	0	72
Rehab (Private)	47	0	47
Rehab (Semi-Private)	<u>14</u>	0	<u>14</u>
Subtotal SNF	133	0	133
Total	297	44	341

For more detail regarding the tentative plans for Phase 1-B, see “The Construction Contracts” and “New Money Project Approvals” below.

As part of its master plan, the Obligor also intends to finance two additional phases. During the second phase (“Phase 2”), the Obligor intends for future expansion and addition to the New Building and plans to add 30 more independent living apartments and possibly more underground parking. Additionally, the Obligor plans to renovate the Existing Independent Living Units on the second, third, fourth, and fifth floors of the Residential Center. During the third and final stage (“Phase 3”), the Obligor plans on renovating the Existing Memory Care

Units and the Existing Assisted Living Units on the second, third, fourth, and fifth floors of the Residential Center.

The planning for Phase 2 and Phase 3 is not yet finalized, and the Obligor is also considering additional components to each phase including additional surface parking, with or without carports.

Advance Work Underway

To facilitate the construction of the expansion work, a portion of the project has commenced and includes the following:

- Site survey has been completed
- Geotechnical investigation is complete
- Site plan processing with the City of East Lansing has begun
- Construction of a Marketing Office (conversion of an existing condominium unit)
- No other construction work has been started

Pre-Finance Funding

As of May 22, 2018, the Obligor has spent approximately \$545,000 on expenditures and early construction costs for the Project, all of which was funded from the Obligor's cash reserves.

Renderings of the Existing Community and the Community After Completion of the Project

The renderings below show the layout of the Existing Community prior to the completion of the Project and the Community after the completion of the Project.

Existing Community (prior to completion of the Project)



Community (after the completion of the Project)



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New Independent Living Units

Each New Independent Living Unit will be furnished with living room, full kitchen, bathroom(s), 1-2 bedrooms and some with dens. Each unit will have an opportunity to reserve underground garage parking. Utilities including heat, electricity, water, cable and Wi-Fi are included in the Monthly Service Fee. The table below indicates the types of Independent Living units, square footage, entrance fees, and planned monthly fees for the New Independent Living Units:

Traditional Contract							
Residence Type	# of Units	Square Feet		Entrance Fee		Monthly Fee	
1-Bdrm Dlx	8	845	895	\$147,400	\$159,600	\$2,700	\$2,950
1- Bdrm w/Den	4	950	1,010	\$166,800	\$180,600	\$2,900	\$3,150
2- Bdrm Dlx	27	1,165	1,235	\$203,700	\$220,500	\$3,100	\$3,350
2- Bdrm w/Den	4	1,250	1,330	\$222,100	\$240,500	\$3,150	\$3,400
2-Bdrm w/Den – Corner	1	1,265	1,345	\$239,600	\$259,400	\$3,350	\$3,600
75% Return On Capital Contract							
Residence Type	# of Units	Square Feet		Entrance Fee		Monthly Fee	
1-Bdrm Dlx	8	845	895	\$221,200	\$239,400	\$2,700	\$2,950
1- Bdrm w/Den	4	950	1,010	\$250,300	\$270,900	\$2,900	\$3,150
2- Bdrm Dlx	27	1,165	1,235	\$305,600	\$330,800	\$3,100	\$3,350
2- Bdrm w/Den	4	1,250	1,330	\$333,200	\$360,700	\$3,150	\$3,400
2-Bdrm w/Den – Corner	1	1,265	1,345	\$359,400	\$389,000	\$3,350	\$3,600

* There is a \$15,000 second-person entrance fee and \$712 per month.

** The unit mix may change based on customer demand.

The Obligor will offer both refundable and a non-refundable entrance fee options. The refundable option will include a 75% return of capital. The entrance fee will be paid in two installments. A 10% deposit will be collected at the execution of a residency agreement with the balance due prior to occupancy.

Reservation Agreement

To reserve a New Independent Living Unit, a prospective resident must execute a Priority Reservation Agreement (“Priority Reservation Agreement”) and place a refundable deposit of \$1,000. This \$1,000 deposit will be calculated into the 10% deposit upon execution of a residency agreement.

Prior to offering a residency agreement, the Obligor will utilize an actuarial software program, which will determine the financial eligibility of the prospective resident(s). Upon payment of the full Entrance Fee, a resident is provided priority direct admission to the Skilled Nursing Facility location depending on availability.

The Construction Contracts

The Obligor will execute a Guaranteed Maximum Price Construction Contract for construction of Phase 1-A and Phase 1-B for a guaranteed maximum price, to be determined. We are in the process of finishing the construction and design documents which will confirm a GMP at a later date.

The Series 2018 Bank Loan

Contemporaneously with the issuance of the Series 2018 Bonds, the Obligor will enter into the Series 2018 Bank Loan with the Bank. The Series 2018 Bank Loan will be secured by the Master Indenture on a parity basis with the [Series 2018] Master Obligations. The Series 2018 Bank Loan will be used to finance the Project. No proceeds of the Series 2018 Bonds will be used to finance to the Project.

The Series 2018 Bank Loan contains a feature that expands the initial \$5.2 million to \$23.7 million upon satisfaction of certain conditions (the “Accordion Feature”). To “activate” the Accordion Feature, certain requirements must be met, including an updated appraisal showing maximum 75% loan to value based on an as-complete, as-stabilized basis and 70% of entrance fee units for Phase 1-B. The Series 2018 Bank Loan will help finance Phase 1-A, and once the Accordion Feature is triggered, Phase 1-B.

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RESIDENCE AND CARE AGREEMENT

The Obligor will offer life-leases on residences with various services and nursing care included per the fees structure provided below.

Traditional Continuing Care Agreement

Entrance Fee \$147,400 to \$259,400
Second Person Entrance Fee* \$15,000

75% Return of Capital Continuing Care Agreement

Entrance Fee \$221,200 to \$389,000
Second Person Entrance Fee* \$15,000

All Continuing Care Agreements

Monthly Fee \$2,700 to \$3,600
Second Person Monthly Fee \$712

Refundable Portion of the Entrance Fee

The refundable portion of the entrance fee is equal to the total entrance fee paid less the non-refundable entrance fee, less a sales cost not to exceed 8% of the total entrance fee, less the refurbishing fee under the Continuing Care Agreement the living unit for resale and less any balance owed to the continuing care community for monthly service fees or other charges under the Continuing Care Agreement.

Monthly Fees for Residents in the Skilled Nursing Facility

Traditional and Return of Capital Plans

When there is one resident to a living unit who is temporarily assigned to the skilled nursing facility, the resident will continue to pay the monthly fee for the living unit. When there is one resident to a living unit who is permanently assigned to the skilled nursing facility, the resident must release the original living unit for re-occupancy by someone else or continue to pay the monthly fee until the living unit is released.

When there are two residents and one of them is temporarily assigned to the skilled nursing facility, the skilled nursing facility resident will continue to pay the Second Person Monthly Fee for the living unit. The resident remaining in the living unit will continue to pay the First Person Monthly Fee for the living unit.

When there are two residents and both are permanently assigned to the skilled nursing facility, the living unit must be released for re-occupancy by someone else or continue to pay the monthly fee until the living unit is released. Upon such release and the removal of the residents' personal property from the living unit, the Monthly Fee for the living unit will cease. In addition, each resident will pay the First Person Weighted Average Monthly Fee for their care in the skilled nursing facility.

Assisted Living Care

If the Obligor determines, in consultation with the resident's attending physician or the Obligor's Medical Director, the resident's representative and the resident, to the extent possible, that a resident needs assistance with activities of daily living, the Obligor will request the resident to relocate to an Assisted Living apartment. An assisted living care facility is attached to the Community and is referred to as The Resident Center at Burcham Hills. These living units are available to residents at an additional charge, although life care residents are given priority over non-residents for admission to available Resident Center living apartments. Services include assistance with activities of daily living (ADLs) on a 24-hour per day basis.

There are four assisted living care levels available, which vary based on how much assistance with ADLs a resident requires. This is determined through a clinical assessment, which evaluates a resident's capability of handling 17 ADLs. Examples of ADLs include ambulation, dressing, eating, grooming, etc. The more assistance a resident requires, the higher he or she is scored in any given area.

Charter Benefits

The Obligor anticipates the establishment of a charter membership. This membership will allow special benefits to the initial depositors. The Obligor's goal is to offer benefits exclusively to charter members including, but not limited to:

- Special pricing (undetermined at this time)
- Survey to provide input on future development
- Invitation to all events regarding expansion project
- Priority selection of available units
- Be the first group to receive exact details of floor layouts and amenities
- First to preview the interior design of apartment homes
- First to preview advanced architecture renderings

Waitlist

A \$1,000 refundable pre-residency deposit secures placement on a waiting list for an Independent Living Apartment. Apartment preference is submitted with the waitlist deposit. The \$1,000 deposit is refundable at any time prior to execution of a Reservation Agreement. On May 18, 2018, the Obligor received approval of their CCRC registration with the state of Michigan, which allowed the Obligor to begin accepting priority deposits. On May 22, 2018, the Obligor secured its first priority deposit.

Financial Assistance - NOT APPLICABLE
MARKETING

The Obligor received official approval to begin the sales process on May 18, 2018 when the state of Michigan approved the CCRC registration. In anticipation of this approval, the Obligor has completed the following tasks:

- Hired two new employees for the sales and marketing team. Both employees have attended sales training at Life Care Services' headquarters, located in Des Moines, IA.
- A condominium unit was purchased in June 2017 on the Obligor's grounds, and in June 2018 renovation is in progress to transition the condo unit into a sales and design center.

Now that the state approval has been obtained, the Obligor anticipates the following:

- Hosting an event in June 2018 targeting a developed list of 65 highly-interested individuals. The goal of this event is to transition these individuals into charter members by securing \$1,000 refundable deposits.
- Dates have been established for events with existing Independent Living residents to offer them an advanced opportunity of charter membership and priority reservations.

Reservation of New Independent Living Units

To reserve a new Independent Living apartment, a prospective resident must execute a Priority Reservation Agreement ("Priority Reservation Agreement") and place a refundable deposit of \$1,000. This \$1,000 deposit will be calculated into the 10% deposit upon execution of a residency agreement.

Prior to offering a residency agreement, the Obligor will utilize an actuarial software program, which will determine the financial eligibility of the prospective resident(s). In addition, the prospective resident will have to meet health and age requirements. Upon payment of the full Entrance Fee, a resident is provided priority direct admission to the Skilled Nursing Facility depending on availability.

Pre-Sales of the New Independent Living Units

On May 18, 2018, the Obligor received approval of their CCRC registration with the state of Michigan, which allowed the Obligor to begin accepting priority deposits. On May 22, 2018, the community secured its first priority deposit. The Obligor will now implement its planned events with the goal of transitioning highly interested prospects into charter members, and from there the Obligor will begin the pre-sales process, which will convert the initial depositors into sales.

MARKET AREA AND COMPETITION

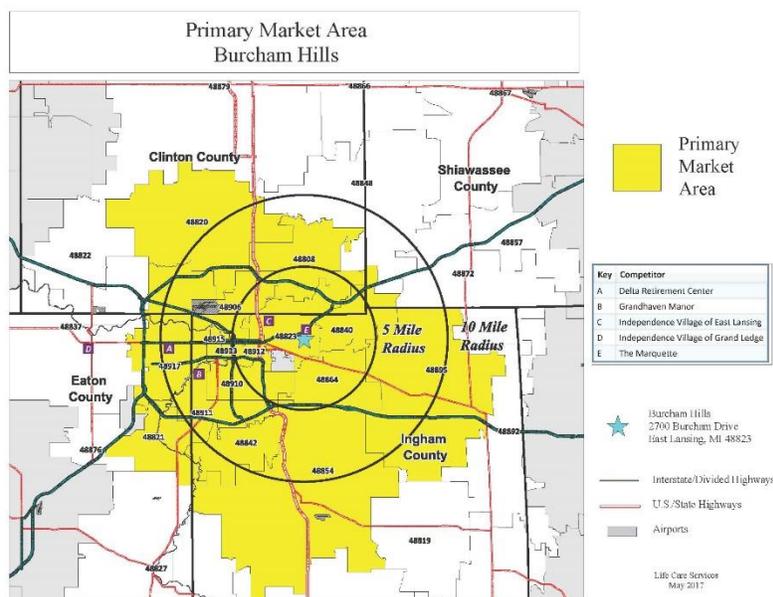
Market Area

The Obligor’s primary market area consists of the greater Lansing area (the “Market Area”). Prepared on October 1, 2015, a full market analysis was conducted in addition to four focus groups. This summary market analysis was primarily prepared to measure the level of competitiveness for the Independent Living, Assisted Living and Memory Care segments for Burcham Hills Retirement Community in East Lansing, MI. The scope of the work included:

- Running 2015 Nielsen data for qualified households in the market
- Reviewing Burcham Hills buyers by zip code
- Defining a Primary Market Area
- Determining the key competitors for Independent Living, Assisted Living, and Memory Care services in the market
- Calculating an Independent Living market penetration rate
- Calculating an Assisted Living market penetration rate
- Calculating the Assisted Living unmet market demand
- Calculating the Memory Care unmet market demand, and
- The market potential for IL, AL, and MC product types

The following groups have been identified as additional demographic market segments that are appropriate for marketing Burcham Hills:

- Adult children in the geographic primary target market predisposed to encouraging active and independent parents to move closer to the area.
- Influencer groups and people living in the geographic primary target market. This includes, but is not limited to, people and groups such as physicians, financial advisors, church leaders, civic leaders and Michigan State University positions of authority.
- The Obligor’s primary Market Area is set forth in the map below.
- The market analysis showed there was interest in the Independent Living product.



Competition

Within the Obligor’s Market Area, there are several competitive continuing care retirement communities. A list of the main competitors to the Obligor are listed in the table, below.

<u>Facility/Community</u>	<u>Miles Away</u>	<u>Independent Living Units</u>
The Marquette	1.0	115
Independence Village	4.1	159
Grandhaven Manor	11.0	150
Delta Retirement Center	12.5	114

Source: Market Analysis

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REGULATORY PERMITS AND APPROVALS

As with all major construction projects, the Obligor must obtain numerous licenses, permits, or approvals from various governmental agencies indicating design compliance with applicable codes and regulations, for actual construction work, and additionally to operate various portions of the Community after completion. Applications for certain approvals may not be made until certain Project site work and detailed administrative review to ensure compliance with approvals already obtained or payment of a fee in other cases approvals may involve the exercise of discretion by governmental authorities.

The various approvals and permits necessary for the Obligor to begin construction and operations of the Project are outlined below as of the date of this Official Statement.

Project Drawings

Necessary drawings and specifications for pricing, permitting and construction of the project are being prepared by the Architect of Record. The Design Development has been completed for Phase 1-A. The remainder of the project have completed Schematic Design.

Civil Approvals

The Obligor is in the process of receiving the necessary civil-related approvals from the City of East Lansing including the following:

- City of East Lansing Planning Commission have approved the Project Site Plan on May 3, 2018
- A traffic analysis was not required as a part of the Site Plan processing
- East Lansing City Council is scheduled to approve the Project Site Plan on June 19, 2018
- Sediment & Erosion Control
- A Storm Water Management plan has been submitted to the Ingham County Drain Commissioner (authority having jurisdiction), and we are waiting for preliminary approval.
- City of East Lansing Water and Sewer departments have reviewed the Project Site Plan materials and have recommended approval.
- There is no work in the Right of Way that is a part of this project.

Architectural/Engineering Approvals

The Obligor has received building permit approvals from City of East Lansing including the following:

- Marketing Showroom & Sales Offices (for pre-sales purposes)
- The Architect and Civil Engineer have met with the Fire Marshal of East Lansing to discuss the proposed project and specific requirements.
- Building permits will be processed upon the completion of Construction Documents.

Pre-Construction Permits/Approvals

The pre-construction work has not begun; therefore, permits are not required at this time.

Board of Zoning Adjustment

The Project Site Plan has received approval from the City of East Lansing Planning Commission on May 3, 2018, and have a final site plan approval meeting with the East Lansing City Council on June 19, 2018. There are not Zoning issues requiring adjustment/approval from the Zoning Board of Appeals.

Environmental Study

A Phase I Environmental Site Assessment, which included on-site visual observations of the accessible areas of the Community, was completed as of 2007. This assessment has revealed no evidence of recognized environmental conditions in connection with the Community.

Geotechnical Study

A subsurface exploration and preliminary geotechnical engineering analysis was initially performed on the property in December 2017, and a preliminary report detailing exploration procedures, results, preliminary analysis/recommendations has been issued. The recommendations put forth for project design and construction have been incorporated by the project team. Additionally, several supplemental investigations were performed during the design phase to evaluate specific soils performance issues such as infiltration/percolation rates that helped to refine the design criteria for the Project.

Certificate of Need - Not Applicable

THE PROJECT TEAM

The Architect

MAYOTTEgroup Architects of Lansing, Michigan has been selected as the architect (the “Architect”) for the Project. MAYOTTEgroup Architects is an Architectural firm that was founded in 1958 and has cultivated a diverse portfolio of projects in the following practice areas: Senior Living, Multi-family Residential, Office Buildings, Religious Facilities, Entertainment Venues and Financial Institutions. MAYOTTEgroup Architects have partnered with Burcham Hills for over 15 years.

A representative list of MAYOTTEgroup Architects’ senior/multi-family housing projects consisting of new construction, repositioning, expansion and renovation projects includes, the following:

Project Name & Location	Unit Mix	Construction Costs	Completion Date
Freedom Village of Holland, Michigan	28 Assisted Living Units	\$2,750,000	2016
Shiawassee County Medical Care Facility, Corunna, Michigan	140 Resident Rooms MAYOTTEgroup Architects provided interior design and fit-out furnishings	\$25,000,000	2017
Auburn Hills Graduate Housing	98 Units	\$5,500,000	2015

The General Contractor

Wieland Construction has been identified as the pre-construction contractor and will be identified at the time of the GMP.

Add Info from Ted

The Development Manager and Owner’s Representative

LCS Development LLC (“LCS-D” or the “Development Consultant”) executed a development agreement with the Obligor effective December 4, 2017. Under the development agreement, LCS-D shall provide development coordination and oversight services to the Obligor related to the Project. LCS-D shall receive a development fee equal to 5.5% of defined project costs, payable in installments over the preconstruction and construction periods of the Project.

The Development Consultant

LCS-D has been engaged by the Obligor to provide development advisory services for the Project and provide other accounting and administrative support pursuant to a Development Consulting Services Agreement, dated as of December 4, 2017, (the “Development Consulting Agreement”).

LCS-D is a privately-owned limited liability company organized and existing under the laws of the State of Iowa. LCS-D started in 1971 as a subsidiary of a Des Moines, Iowa-based general contractor, The Weitz Company. LCS-D provides services for the development, expansion and repositioning of Life Plan Communities (CCRCs) and other senior living communities. Over the last 44 years, LCS-D has developed 45 new Life Plan Communities, and within the last five years, has helped reposition 12 existing communities.

LCS-D provides services for every phase of senior living development: planning, design, sales and construction. LCS-D prides itself on providing leadership to help build community occupancy, drive presales and conversion sales, manage buyer retention, assist with resident move-in, and develop marketing and sales budgets. Specifically, LCS-D provides the following services to its clients: market research; new development site selection and planning; team-building and planning; financial feasibility and modeling; analysis of financing alternatives; program development; long-range planning; construction management; design management;

construction management site planning; comprehensive management of the development process; master planning services; occupancy development; and redevelopment.

A representative list of retirement communities for which LCS-D has provided development consulting services includes the following:

**LCS Development LLC - Work History
11-Apr-17**

AL: Assisted Living; IL: Independent Living
SNF: Skilled Nursing Facility

Project Name	Location	Year Completed	Type	MC - Memory Care		Total Capital Cost
				Scope of Project		
Crossdale Village I	Durham, NC	2007	Repositioning	92 IL and commons remodel		\$24,000,000
Cypress Glen	Greenville, NC	2007	Repositioning	IL and MC		\$16,000,000
The Heritage I	Brentwood, TN	2007	New Development	180 IL, 36 SNF		\$99,900,000
Brandon Woods	Lawrence, KS	2008	Repositioning	Renovated existing Health Center/AL		\$5,000,000
StoneRidge I, II, III	Mystic, CT	2008	New Development	270 IL, 40 SNF		\$112,800,000
The Heritage II	Brentwood, TN	2008	New Development	2nd Phase 37 IL Villas		\$25,000,000
Timber Ridge I	Lissequah, WA	2008	New Development	124 IL, 36 SNF		\$133,000,000
StoneRidge	Mystic, CT	2009	New Development	4th Phase 12 MC		\$3,200,000
Sagewood I	Phoenix, AZ	2010	New Development	278 IL, 10 AL, 6 MC, 32 SNF		\$263,000,000
Wyndemere	Wheaton, IL	2011	Repositioning	Commons renovation		\$2,400,000
Blakehurst	Towson, MD	2012	Repositioning	Renovation of existing health center, casual dining, formal dining lounge, PT (physical therapy) kitchen		\$5,350,000
North Oaks	Baltimore, MD	2012	Repositioning	Replaced 200+ windows, renovated the commons and added a cafe		\$4,100,000
Rolling Green Village	Greenville, NC	2012	Repositioning	Health center conversion of MC to SNF, pool addition, 8 SNF bed expansion, wellness/fitness center, PT & Clinic		\$8,600,000
Whitestone	Greensboro, NC	2012	Repositioning	46 IL, 6 cottages, renovation of new fitness center, clubhouse makeover, spa, dining renovation, auditorium, arts & crafts, pharmacy, convenience store		\$31,000,000
Friendship Village Chesterfield I	Chesterfield, MO	2013	Repositioning	30 IL addition		\$14,000,000
Friendship Village Sunset Hills I	Sunset Hills, MO	2013	Repositioning	88 IL addition and new clubhouse		\$60,000,000
Sagewood Dining/Casita Addition	Phoenix, AZ	2013	New Development	2nd Phase: Build out of an additional dining room (90 seats), addition of 14 casita units		\$8,000,000
The Heritage III	Brentwood, TN	2013	New Development	3rd Phase: 36 bed SNF		\$9,400,000
Sagewood III	Phoenix, AZ	In Process	New Development	3rd Phase: 105 IL, auditorium addition		\$139,600,000
Timber Ridge Phase II	Lissequah, WA	2016	New Development	145 IL, 14 AL, 9 SNF, 14 MC, pool, auditorium, additional commons		\$131,000,000
Trillium Woods I	Plymouth, MN	2015	New Development	209 IL, 16 MC, 28 SNF		\$165,000,000
Heron's Key (Emerald Communities)	Gig Harbor, WA	2017	New Development	184 IL, 10 cottages, 14 AL, 45 SNF, commons		\$163,500,000
The Heritage IV	Brentwood, TN	In Process	New Development	4th Phase: Auditorium, 11 AL, wellness, pool, fitness, salon, dining, 97 IL		\$80,000,000
Blakehurst II	Towson, MD	In Process	Repositioning	Renovation of new 14 AL addition, reno of existing AL, MC addition, new wellness, clinic, theater		\$18,200,000
Rolling Green Village II	Greenville, NC	In Process	Repositioning	42 IL, 23 IL cottages, and new clubhouse		\$27,500,000
Burcham Hills	East Lansing, MI	In Process	Repositioning	40 Unit IL, commons space renovation		\$18,000,000
Wyndemere II	Wheaton, IL	In Process	Repositioning	30 IL with new commons, wellness		\$20,000,000
Purchase College	Purchase, NY	In Process	New Development	220 IL, 36 AL, 36 MC, and commons		\$287,200,000
Crossdale Village II	Durham, NC	In Process	Repositioning	Renovation of existing AL, MC, commons, pool, auditorium, dining, kitchen, PT, CT, maintenance bldg		\$69,000,000
Cypress Glen	Greenville, NC	In Process	Repositioning	18 IL units		\$8,000,000
Villaggio	San Luis Obispo, CA	In Process	New Development	198 living units, 36 SNF, 22 AL, and clubhouse		\$200,000,000
Casa de las Campanas I, II	San Diego, CA	In Process	Repositioning	New salon, bistro, wellness, 72 SNF		\$60,000,000
Casa de las Campanas III	San Diego, CA	In Process	Repositioning	5 story building addition, ILU, AL, other amenities: card room, library, movie theater, HR suite		\$60,000,000
Marquette	Indianapolis, IN	In Process	Repositioning	20 SNF, renovation of existing SNF, AL, 25 IL		\$27,500,000
Laurel Crest	West Columbia, SC	In Process	Repositioning	54 IL, underground parking, commons renovation, addition		\$29,500,000
Green Hills	Ames, IA	In Process	Repositioning	32 IL, underground parking, commons renovation, addition		\$13,400,000
Kingswood	Kansas City, MO	In Process	Repositioning	Renovate 32 IL into 30 AL, renovate 15 IL into 23 MC, renovate 14 AL into wellness area, renovate commons		\$22,000,000
Dallas Retirement Village	Dallas, OR	In Process	Repositioning	40 apartments/new clubhouse		\$25,600,000
Capital Manor	Salem, OR	In Process	Repositioning	34 MC addition, AL renovation, 34 unit IL duplex		\$29,000,000
Whitestone II	Greensboro, NC	In Process	Repositioning	54 IL, 22 AL, auditorium, commons remodel		\$32,000,000
Harronate	Lakewood, NJ	In Process	Repositioning	26 IL, 18 AL, 24 MC, renovation of commons		\$40,000,000
The Delaney at Georgetown Village	Georgetown, TX	2018	New Development	120 IL, 59 AL, 36 MC		\$49,300,000
The Delaney at Lake Waco	Waco, TX	In Process	New Development	73 IL, 39 MC, 64 AL		\$39,000,000
The Delaney at Parkway Lakes	Raty, TX	In Process	New Development	120 IL, 59 AL, 36 MC		\$50,000,000
The Delaney at South Shore Harbor	League City, TX	In Process	New Development	117 IL, 55 AL, 32 MC		\$51,200,000
Total -						\$2,680,260,000

The Development Consulting Agreement

A copy of the LCS Development agreement is in the portal.

HISTORICAL FINANCIAL PERFORMANCE

Financial Statements

The Obligor maintains its financial records on the basis of a fiscal year ending June 30. The audited financial statements of the Obligor and related disclosures for the two fiscal years ended June 30, 2017 and 2016, together with the independent auditors' report thereon, are set forth in [Appendix B] to this Official Statement.

Summary Financial Information

The following are summary financial statements of the Obligor for the three years ended June 30, 2015, 2016, and 2017, which were derived from the Obligor's audited financial statements. Interim financial information is included for the nine-month period ended March 31, 2018 with comparison to the nine-month period ended March 31, 2017.

Selected Balance Sheet Information

	Year Ended June 30			Nine-Month Period Ended March 31	
	2015 Audited	2016 Audited	2017 Audited	2017 Unaudited	2018 Unaudited
Assets					
Current Assets:					
Cash and cash equivalents	\$5,628,524	\$4,591,558	\$3,877,063	\$4,403,324	\$4,802,599
Certificates of deposit	750,000	750,000	750,000	750,000	750,000
Residents accounts receivable	1,953,939	2,342,771	2,917,064	2,731,198	2,228,234
Assets limited as to use	1,224,537	1,244,457	1,264,288	843,118	871,623
Other current assets	538,098	565,067	560,642	510,431	512,300
Total Current Assets	10,095,098	9,493,853	9,369,057	9,238,072	9,164,755
Other Assets	2,356,679	2,206,175	2,232,088	2,220,328	2,245,776
Property and Equipment	18,455,263	18,139,557	17,648,110	17,547,596	17,2981,585
Beneficial Interest in Net Assets of Burcham Hills Foundation	476,350	481,530	495,093	476,350	476,350
Total Assets	\$31,383,390	\$30,321,115	\$29,744,348	\$29,482,445	\$29,178,466
Liabilities and Net Assets					
Current Liabilities:					
Accounts Payable	\$672,822	\$908,051	\$887,251	\$1,056,213	\$855,082
Current portion of long-term debt	868,728	901,498	850,194	901,498	850,194
Accrued liabilities and other	1,389,015	1,261,877	899,725	823,151	780,215
Total Current Liabilities	2,930,565	3,071,426	2,637,170	2,780,862	2,491,491
Long-term Debt (Net of Current Portion)	16,586,213	15,548,994	14,731,931	14,690,857	13,907,722
Other Liabilities	21,969	23,769	29,327	26,963	22,981
Total Liabilities	19,538,747	18,644,189	17,398,428	17,498,681	16,422,194
Net Assets	11,844,643	11,676,926	12,345,920	11,983,764	12,756,272
Total Liabilities & Net Assets	\$31,383,390	\$30,321,115	\$29,744,348	29,482,445	29,178,466

Statement of Activities and Changes in Net Assets

	Year Ended June 30			Nine-Month Period Ended March 31	
	2015	2016	2017	2017	2018
Operating Revenue					
Net Resident Service Revenue	\$23,057,941	\$24,009,210	\$24,835,290	\$18,660,527	\$18,708,65
	359,599	371,009	409,827	268,753	306,716
Total Operating Revenue	23,417,540	24,380,219	25,245,117	18,929,280	19,015,370
Operating Expenses					
Resident Care	11,435,907	11,965,141	11,899,244	9,066,336	9,101,876
Food Service	2,770,539	2,905,056	2,930,775	2,223,216	2,240,863
House Keeping	590,779	537,977	517,484	389,533	391,474
Plant Operations and Security	1,034,503	1,194,147	1,227,426	909,522	978,787
General and Administrative	2,889,521	3,014,710	3,174,717	2,377,156	2,346,601
Property	1,647,090	1,816,475	1,842,488	1,390,256	1,394,741
Marketing	364,840	478,598	541,018	421,836	321,152
Depreciation	1,285,397	1,421,786	1,282,373	958,663	970,047
Interest and Financing Costs	952,612	919,226	874,161	655,945	615,756
Provision for Bad Debts	269,000	300,000	300,000	225,000	225,000
Total Operating Expenses	23,240,728	24,553,116	24,589,686	18,617,262	18,586,277
Operating Income (Loss)	176,812	(172,897)	655,431	312,018	429,094
Nonoperating Income (change in value of beneficial interest in Burcham Hills Foundation)	510,562	5,180	13,563	--	--
Increase (Decrease) in Unrestricted Net Assets	687,374	(167,717)	688,994	312,018	429,094
Net Assets (beginning of year)	11,157,269	11,844,643	11,676,926	11,671,746	12,327,178
Net Assets (end of year)	\$11,844,643	\$11,676,926	\$12,345,920	\$11,983,764	\$12,756,272

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Statement of Cash Flows

	Year Ended June 30			Nine-Month Period Ended March 31	
	2015	2016	2017	2017	2018
Cash Flows from Operating Activities					
(Decrease) Increase in Net Assets	\$687,374	\$(167,717)	\$668,994	\$312,018	\$429,094
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:					
Depreciation	1,273,416	1,421,786	1,282,373	958,663	970,047
Amortization of Bond Issue Costs	12,521	12,521	12,521	9,391	9,391
Provision for Bad Debts	269,000	300,000	300,000	225,000	225,000
Loss on Disposal of Equipment	34,527	51,092	35,653	26,782	39,548
Change in Value of Beneficial Interests in Burcham Hills Foundation	(510,562)	(5,180)	(13,563)	--	--
Changes in Assets and Liabilities Which (Used) Provided Cash:					
Resident Accounts Receivable	(181,549)	(688,832)	(874,293)	(613,427)	463,830
Other Current Assets	(124,830)	(26,969)	4,425	45,425	38,951
Accounts Payable	(223,416)	235,229	(20,800)	148,162	(32,169)
Accrued Liabilities and Other	(143,178)	(103,750)	(333,811)	(435,532)	(119,856)
Net Cash Provided by Operating Activities	1,093,303	1,028,180	1,061,499	676,301	2,023,836
Cash Flows From Investing Activities					
Purchase of Property and Equipment	(2,183,947)	(1,157,172)	(826,579)	(393,582)	(653,069)
Purchase of Assets Limited as to Use	(1,694,704)	(1,701,518)	(1,696,155)	(1,284,189)	(1,285,530)
Proceeds from Assets Limited as to Use	1,663,044	1,663,931	1,662,932	1,671,374	1,664,508
Net Cash Used in Investing Activities	(2,215,607)	(1,194,759)	(859,802)	(6,397)	(274,091)
Cash Flows from Financing Activities (principal payment on long-term debt)	(829,660)	(870,387)	(916,192)	(858,137)	(824,209)
Net Decrease in Cash and Cash Equivalents	(1,951,964)	(1,036,966)	(714,495)	(188,234)	925,536
Cash and Cash Equivalents (beginning of year)	7,580,488	5,628,524	4,591,558	4,591,558	3,877,063
Cash and Cash Equivalents (end of year)	\$5,628,524	\$4,591,558	\$3,877,063	\$4,403,324	\$4,802,599
Supplemental Cash Flow Information (cash paid for interest)	\$971,643	\$926,786	\$882,772	\$655,945	\$615,756

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The following tables show the Obligor's Debt Service Coverage ratio and Days Cash on Hand for the Fiscal Years ended June 30, 2015, 2016 and 2017 as well as for the nine-month period ended March 31, 2018:

Debt Service Coverage

	Audited FY 2015	Audited FY 2016	Audited FY 2017	Nine-Months Ended March 31, 2018
Operating Income (Loss)	\$176,812	\$(172,897)	\$655,431	\$429,094
Interest	952,612	906,705	861,640	606,365
Depreciation & Amortization	1,285,937	1,434,307	1,294,894	979,438
Funds Available for Debt Service	2,415,361	2,168,115	2,811,965	2,014,897
Interest	952,612	906,705	861,640	606,365
Principal Payments on Long-Term Debt	829,660	870,387	916,192	824,209
Debt Service	1,782,272	1,777,092	1,777,832	1,430,574
Debt Service Coverage Ratio	1.36x	1.22x	1.58x	1.41x

Days Cash on Hand

	Audited FY 2015	Audited FY 2016	Audited FY 2017	Nine-Months Ended March 31, 2018
Cash & Cash Equivalents	\$5,628,524	\$4,591,558	\$3,877,063	\$4,802,599
Certificates of Deposit	750,000	750,000	750,000	750,000
Funds Held by Trustee Under Bond Indenture (Money Market Accounts)	2,923,790	2,943,812	2,965,517	2,578,894
Cash Apartment Deposits	2,680	1,920	1,660	(1,100)
Cash Resident Trust Fund	19,289	21,849	27,667	26,668
Other Designated Cash – Administration/Maintenance	346,391	347,658	348,431	351,585
Other Designated Cash	120,896	135,393	153,101	159,580
Total Cash on Hand	9,791,570	8,792,190	8,123,439	8,668,226
Total Operating Expenses	23,240,728	24,553,116	24,589,686	18,586,277
Provision for Bad Debts	(269,000)	(300,000)	(300,000)	(225,000)
Depreciation & Amortization	(1,285,937)	(1,434,307)	(1,294,894)	(979,438)
Cash Operating Expenses	21,685,791	22,818,809	22,994,792	17,381,839
	365	365	365	274
Daily Operating Expenses	59,413	62,517	62,999	63,437
Days Cash on Hand	165 days	141 days	129 days	137 days

Management's Discussion of Financial Performance

The following paragraphs discuss the results of operations for the three fiscal years ended June 30, 2015 through June 30, 2017 and for the nine-month period ended March 31, 2018. Under the bond documents relating to the outstanding Series 2007A Bonds and 2007B Bonds, the Obligor is required to set rates, fees and charges so that in each fiscal year the Debt Service Coverage Ratio is at least 1.20. The Debt Service Coverage Ratio was met in the fiscal years ended June 30, 2015 through 2017. In addition, the Obligor maintained the required Liquidity Ratio of 0.30 for the fiscal years ended June 30, 2015 through 2017.

Unaudited Nine-Month Period Ended March 31, 2018

Operating income was \$429,000 for the nine-months ended March 31, 2018, compared to \$312,000 for the same period one year ago. Average occupancy was 91% in independent living, 66% in assisted living, 84% in memory care and 82% in skilled nursing. Operating revenue was \$19.0 million compared to \$18.9 million one year ago, an increase of 0.5%. Operating expenses were \$18.6 million compared to \$18.6 million one year ago. For the rolling twelve-month period ended March 31, 2018, the Obligor had a debt service coverage ratio of 1.66x and a liquidity ratio of 0.48.

Fiscal Year 2017

In fiscal year 2017, the operating loss was \$655,000. Average occupancy was 92% in independent living, 61% in assisted living, 82% in memory care and 83% in skilled nursing. Operating revenue in fiscal year 2017 increased 3.5% from fiscal year 2016, with the increase coming from skilled nursing. A switch from in-house therapy to contracted therapy saw the program improve productivity and increase average rates. Operating expenses increased 0.1% from fiscal year 2016. For the fiscal year ended June 30, 2016, the Obligor had a debt service coverage ratio of 1.56x, and a liquidity ratio of 0.40.

Fiscal Year 2016

In fiscal year 2016, the operating loss was (\$172,897). Average occupancy was 99% in independent living, 65% in assisted living, 96% in memory care and 82% in skilled nursing. Operating revenue in fiscal year 2016 increased 4.1% from fiscal year 2015, due mainly to revenue and census increases in independent living and skilled nursing and favorable payor mix. Independent living revenue increased by \$435,000 while skilled nursing increased by \$983,000. These two increases offset the \$467,000 decrease in assisted living and memory care revenue from prior year. Operating expenses increased 5.6% from fiscal year 2015. For the fiscal year ended June 30, 2016, the Obligor had a debt service coverage ratio of 1.20x, and a liquidity ratio of 0.42.

Fiscal Year 2015

In fiscal year 2015, the operating income was \$176,812. Average occupancy was 92% in independent living, 75% in assisted living, 85% in memory care and 81% in skilled nursing.

Operating revenue in fiscal year 2015 decreased 7.4% from fiscal year 2014, mainly due to a reduction in the skilled nursing census. Operating expenses decreased 1.8% from fiscal year 2014. For the fiscal year ended June 30, 2015, the Obligor had a debt service coverage ratio of 1.35x, and a liquidity ratio of 0.46.

Management Strategy, Future Plans

The Obligor has developed the strategic plan. The existing plan includes organizational goals and objectives, and the board approved six specific strategic initiatives: (1) Conduct a study of our campus to identify our short- and long-term capital needs; (2) Create and implement a process to determine the future direction of Burcham Hills with emphasis on clearly defining our future customer; (3) Create a three to five year financial plan enabling Burcham Hills to meet bond covenant obligations and generate income to fund improvements to keep Burcham Hills competitive; (4) Position Burcham Hills as the ‘employer of choice’ in the industry to attract and retain competent and skilled staff; (5) Position Burcham Hills to meet the demands and expectations of current and future customers; and (6) Develop and strengthen community affiliations.

Licensures, Certifications and Memberships

The Obligor is licensed and regulated by the State of Michigan Department of Licensing and Regulatory Affairs (LARA) as a Skilled Nursing Facility (SNF) for the Center for Health & Rehabilitation. The Obligor currently holds a 5-Star Rating with the Centers for Medicare & Medicaid Services (CMS). The Obligor is licensed and regulated by the State of Michigan Department of Licensing and Regulatory Affairs as a Home for the Aged (HFA) for the Residential Center. The Obligor is committed to meeting or exceeding the standards set by the State of Michigan and the pursuit of creating or implementing best practices in the industry.

Employees and Benefits

Currently, the Obligor employs approximately 355 employees, and does not have employees represented by a union. The Obligor currently is experiencing no significant problems in hiring or retaining suitable employees.

Investment Policy

The Obligor’s current investment guidelines were adopted in September 2007. Under the guidelines, the Obligor’s funds are to be invested in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands and integrity standards of Burcham Hills Retirement Center. The primary objectives are safety, liquidity and return. Permitted investments are bonds and other obligations of the United States, certificates of deposit of financial institutions located in the United States and savings and checking depository accounts of a financial institution that is a member of a federal depositors’ insurance program. The policy does not dictate minimums or maximums in any of the categories.

Budgeting

The Obligor manages its operations under a budgetary plan adopted each year by the Board, based upon, among other things, management plans, operations and capital requirements. Management and the Manager approve the final budget that is presented to and adopted by the Board. The budgeting process provides management with the opportunity to communicate the Obligor's objectives, both financial and operational, to employees and to ensure that the Obligor's short and long-term goals are understood, agreed upon, and met. Competitor pricing and amenities are researched to establish benchmarks for comparison of facilities, services and prices.

Normally, the budgeting process begins each February with the establishment of a budget timetable, budget process and service demand projections. The budget is completed by May of each year and presented thereafter to a meeting of the Board for implementation at the beginning of the next fiscal year, July 1. Management meets weekly to review operational performance and plan corrective actions as necessary.

Service Contracts

The Obligor has multiple service contracts. The largest service contracts are with InTouch Pharmaceutical and Encore Rehabilitation Services.

Environmental Matters

The Obligor is subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned and operated by health care providers. At the present time, management of the Obligor is not aware of any pending environmental matters or threatened claims, investigations, or enforcement actions regarding such matters which, if determined adversely to the Obligor, would have a material adverse effect on its operations of financial conditions.

Property Tax

The Obligor currently pays real estate tax to the City of East Lansing.

Insurance

The Obligor participates in a risk retention professional and general liability insurance program administered by HealthCap, RRG. The plan has a \$1,000,000 professional and general liability per occurrence limit, and \$3,000,000 aggregate. Ironshore Incorporated, a Liberty Mutual Company (\$5,000,000 limit) provides the excess coverage.

Currently, the Obligor is covered by a commercial workers' compensation policy from Midwest Employers Casualty.

All coverage, exposure and deductible limits are reviewed and updated through the annual insurance policy renewal process.

Litigation

There is currently no litigation pending or, to the knowledge of the Obligor, threatened which in the opinion of the Obligor's management will materially adversely affect the financial conditions or operations of the Obligor.

FUTURE FINANCINGS

As of the date hereof, the Obligor intends to enter into the Series 2018 Bank Loan with the Bank. See "THE PROJECT – The Series 2018 Bank Loan" herein.

As part of its master plan, the Obligor intends to expand and add to the New Building and plans to add 30 more independent living apartments and possibly more underground parking during Phase 2. Additionally, during Phase 2, the Obligor plans to renovate the Existing Independent Living Units on the second, third, fourth, and fifth floors of the Residential Center. During Phase 3, the Obligor plans on renovating the Existing Memory Care Units and the Existing Assisted Living Units on the second, third, fourth, and fifth floors of the Residential Center.

The planning for Phase 2 and Phase 3 is not yet finalized and the Obligor is also considering additional components to each phase including additional surface parking, with or without carports. The Obligor intends to finance Phase 2 and Phase 3 with [REDACTED].

APPENDIX B

FINANCIAL REPORT – JUNE 30, 2017

APPENDIX C
PRINCIPAL FINANCING DOCUMENTS

APPENDIX D

FORM OPINION OF BOND COUNSEL

APPENDIX E

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

BOND PURCHASE AGREEMENT

Dated as of **[BPA DATE]**, 2018

Relating to:

[\$[PAR AMOUNT]
THE ECONOMIC DEVELOPMENT CORPORATION
OF THE CHARTER TOWNSHIP OF MERIDIAN
LIMITED OBLIGATION FIRST MORTGAGE
REVENUE REFUNDING BONDS
(BURCHAM HILLS RETIREMENT CENTER II)
SERIES 2018A

[BPA DATE], 2018

The Economic Development Corporation
of the Charter Township of Meridian
Okemos, Michigan

Burcham Hills Retirement Center II
East Lansing, Michigan

Ladies and Gentlemen:

The undersigned, Herbert J. Sims & Co., Inc. (the “Underwriter”), offers to enter into this Bond Purchase Agreement with the Economic Development Corporation of the Charter Township of Meridian (the “Issuer”) and Burcham Hills Retirement Center II (the “Corporation”), which will become binding upon the Issuer, the Corporation and the Underwriter upon the Issuer’s and the Corporation’s acceptance evidenced by execution of this Bond Purchase Agreement. Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the hereinafter defined Agreement and Master Indenture.

SECTION 1. PURCHASE AND SALE OF SERIES 2018 BONDS.

(a) Upon the terms and conditions and upon the basis of the representations, warranties, and covenants contained in this Bond Purchase Agreement, the Underwriter hereby agrees to purchase from the Issuer for offering to the public and the Issuer hereby agrees to sell to the Underwriter for such purpose all (but not less than all) of its \$[PAR AMOUNT] Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II), Series 2018A (the “Series 2018 Bonds” or the “Bonds”) at the prices expressed as a percentage of the aggregate principal amount of such bonds shown on Exhibit A hereto.

(b) Payment of the purchase price for the Series 2018 Bonds shall be made by wire in immediately available funds payable to the order of U.S. Bank National Association, as bond trustee (the “Bond Trustee”) for the account of the Issuer at the offices of the Bond Trustee in Detroit, Michigan, on [CLOSING DATE], 2018, or such other place, time, or date as shall be mutually agreed upon by the Issuer, the Corporation, and the Underwriter, in exchange for delivery of the Series 2018 Bonds to the Underwriter or the persons designated by the Underwriter. The date and time of such delivery and payment is herein called the “Closing.” The delivery of the Series 2018 Bonds shall be made in either temporary or in definitive form (provided neither the printing of a wrong CUSIP number on any Series 2018 Bond nor the failure to print a CUSIP number thereon shall constitute cause to refuse delivery of any Series 2018 Bond) and registered in the name(s) of such owner(s) as the Underwriter shall designate to the Bond Trustee. At the Closing the Series 2018 Bonds shall be delivered to the Bond Trustee to be held as custodian under The Depository Trust Company (“DTC”) Fast System of Registration.

(c) The Underwriter, in its discretion, may permit other securities dealers who are members of the Financial Industry Regulatory Issuer (“FINRA”) to assist in selling the Series 2018 Bonds, and the Underwriter agrees to pay or reallow such securities dealers a fee or selling commission to be paid from the underwriting fee provided in Section 8 of this Bond Purchase Agreement. The Underwriter agrees that it will exercise its best efforts not to sell the Series 2018 Bonds in a manner which will jeopardize the tax-exempt status of the interest on the Series 2018 Bonds. The Underwriter agrees to exercise its best efforts to determine whether purchasers of the Series 2018 Bonds are “underwriters” or “dealers.”

(d) The Series 2018 Bonds shall be issued under and secured as provided in the Loan Agreement and Trust Indenture dated as of July 1, 2018 (the “Agreement”) among the Issuer, the Corporation, and the Bond Trustee, and the Series 2018 Bonds shall have the maturities and interest rates, be subject to redemption, and shall be otherwise as described and as set forth in Exhibit A hereto and the Agreement.

SECTION 2. *DESCRIPTION OF FINANCING.*

As permitted by the provisions of the Constitution of the State of Michigan (the “State”) and under the Economic Development Corporations Act, Act 338, Public Acts of Michigan, 1974, as amended (the “Act”), the Issuer is authorized to issue its revenue bonds and to loan the proceeds thereof for the purposes set forth in the Act and pursuant to a resolution duly adopted by the Issuer (the “Bond Resolution”), the Issuer has authorized the issuance and delivery of the Series 2018 Bonds. The Series 2018 Bonds will be issued under and secured by the Agreement.

The Series 2018 Bonds are being issued pursuant to the Agreement, the Act and the Bond Resolution and the proceeds will be loaned to the Corporation (i) to refund the outstanding principal amount of the Issuer’s \$15,360,000 Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2007A-1 (the “Series 2007 Bonds”); and (ii) to pay costs of issuance of the Series 2018 Bonds.

In accordance and pursuant to the provisions of Michigan law, including the Act, the Issuer will loan the proceeds of the Series 2018 Bonds to the Corporation pursuant to the Agreement, pursuant to which the Corporation will make loan payments sufficient, among other things, to provide for the payment of the principal or redemption price of and interest on the Series 2018 Bonds. The Corporation’s obligations to repay the loan of the proceeds of the Series 2018 Bonds (the “Loan”) will be evidenced by a promissory note (the “Series 2018A Master Obligation”) issued by the Corporation under the Master Trust Indenture (the “Master Trust Indenture”), dated as of July 1, 2018, as supplemented, and particularly as supplemented by Supplemental Indenture Number 1 dated as of July 1, 2018 (the “Supplement,” and together with the Master Trust Indenture, the “Master Indenture”), between the Corporation and U.S. Bank National Association, as master trustee (the “Master Trustee”). Under the terms of the Master Indenture, the Corporation will pledge and grant to the Master Trustee its interests in all personal property, Revenues, the funds established under the Master Indenture and any other property subjected to the lien of the Master Indenture, among other items. Additionally, the First Mortgage, dated as of July 1, 2018, from the Corporation for the benefit of the Master Trustee, together with the Master Security Agreement, dated as of July 1, 2018, from the Corporation for the benefit of the Master Trustee (the “Mortgage”), conveys security title to certain real property of the Corporation. On the Closing, the Issuer will assign its rights, title and interests in the Series 2018A Master Obligation to the Bond Trustee pursuant to the Agreement.

SECTION 3. *PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT AND OFFERING OF BONDS.*

(a) The Corporation hereby authorizes and ratifies, and the Issuer consents to, the distribution by the Underwriter of the Preliminary Official Statement dated [POS DATE], 2018 (the “Preliminary Official Statement”) and Official Statement dated [BPA DATE], 2018 (the “Final Official Statement” and together with the Preliminary Official Statement, the “Official Statement”), relating to the Series 2018 Bonds. The Preliminary Official Statement has been “deemed final” as of its date by the Corporation for purposes of Rule 15c2-12 (“Rule 15c2-12”) promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”), except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12. The Series 2018 Bonds will be offered for sale by the Underwriter pursuant to a definitive Official Statement.

(b) The Underwriter acknowledges that the Issuer has not participated in the preparation of the Official Statement and has made no independent investigation and has furnished no information contained in the Official Statement, except the information contained under the headings “INTRODUCTION — The Meridian Issuer,” “THE ISSUERS” (as pertaining to the Issuer), and “LITIGATION – The Meridian Issuer”. The Issuer assumes no responsibility with respect to the sufficiency, accuracy, or completeness of any of the information contained in the Official Statement or any other document used in connection with the offer and sale of the Series 2018 Bonds.

(c) The Corporation shall deliver, or cause to be delivered, to the Underwriter copies of the Official Statement in sufficient quantity in order for the Underwriter to comply with Rule 15c2-12(b)(2) promulgated by the Commission under the 1934 Act.

(d) The Corporation shall deliver, or cause to be delivered, to the Underwriter copies of the Official Statement in sufficient quantity, in the Underwriter’s opinion, to accompany any confirmation that requests payment from any customer and to comply with rules of the Commission and the Municipal Securities Rulemaking Board (“MSRB”).

(e) To the extent required by rules of the Commission or MSRB, the Issuer and the Corporation hereby authorize the Underwriter to deliver the Official Statement to a nationally recognized municipal securities information repository and the Underwriter agrees to make such delivery.

(f) The Issuer and the Corporation will not amend or supplement the Official Statement without the consent of the Underwriter, which consent will not be unreasonably withheld. From the date hereof until the earlier of (i) ninety (90) days from the End of the Underwriting Period (as defined in Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the end of the underwriting period (as defined in Rule 15c2-12), if any event occurs as a result of which the Issuer or the Corporation believes it may be necessary to amend or supplement the Official Statement in order to correct any untrue statement of a material fact contained in the Official Statement or to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer or the Corporation, as applicable, will notify the Underwriter in writing of such event and, if such event requires, in the opinion of the counsel to the Underwriter, an amendment or supplement to the Official Statement, at the Corporation’s expense the Issuer and the Corporation will amend or supplement the Official Statement in a form and in a manner jointly approved by the Corporation and the Underwriter, which approval will not be unreasonably withheld, so the Official Statement, as so amended or supplemented, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading. Unless otherwise notified in writing by the Underwriter on or before the Closing, the Issuer may assume that the “End of the Underwriting Period” for purposes of Rule 15c2-12 shall be the Closing.

(g) The Underwriter agrees to make a bona fide limited offering of each series of the Series 2018 Bonds at the respective initial offering prices as set forth in the Official Statement (as hereinafter defined). The Underwriter reserves the right to change such initial offering price or prices as the Underwriter shall deem necessary in connection with the marketing of the Series 2018 Bonds and to offer and sell the Series 2018 Bonds to certain dealers (including dealers depositing the Series 2018 Bonds into investment trusts) and others at prices lower than the initial offering price or prices set forth in the Official Statement. The Underwriter also reserves the right (a) to over-allot or effect transactions that stabilize or maintain the market prices of the Series 2018 Bonds at levels above those that might otherwise prevail in the open market and (b) to discontinue such stabilizing, if commenced, at any time; provided, however,

that the Underwriter acknowledges that such activities shall not result in the issuance of more than the initial stated amount of the Series 2018 Bonds.

(h) Establishment of Issue Price – Series 2018 Bonds.

(i) The Underwriter agrees to assist the Issuer in establishing the issue price of the Series 2018 Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2018 Bonds.

(ii) Except as otherwise set forth in Exhibit A attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Series 2018 Bonds is sold to the public (the “10% test”) as the issue price of that maturity. At or promptly after the execution of this Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Series 2018 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2018 Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Series 2018 Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Series 2018 Bonds of that maturity or (ii) the 10% test has been satisfied as to the Series 2018 Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or Bond Counsel.

(iii) The Underwriter confirms that it has offered the Series 2018 Bonds to the public on or before the date of this Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Agreement, the maturities, if any, of the Series 2018 Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2018 Bonds, the Underwriter will neither offer nor sell unsold Series 2018 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(A) the close of the fifth (5th) business day after the sale date; or

(B) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2018 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2018 Bonds to the public at a price that is no higher than the initial offering price to the public.

(iv) The Underwriter confirms that:

(A) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2018 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(1) to report the prices at which it sells to the public the unsold Series 2018 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2018 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2018 Bonds of that maturity, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(2) to promptly notify the Underwriter of any sales of Series 2018 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2018 Bonds to the public (each such term being used as defined below), and

(3) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(B) any selling group agreement relating to the initial sale of the Series 2018 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2018 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (1) report the prices at which it sells to the public the unsold Series 2018 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2018 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Series 2018 Bonds of that maturity, and (2) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(v) The Issuer acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2018 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2018 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2018 Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2018 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2018 Bonds, including, but not limited to, its agreement to comply with the

hold-the-offering-price rule, if applicable to the Series 2018 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2018 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2018 Bonds.

(vi) The Underwriter acknowledges that sales of any Series 2018 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2018 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(A) “public” means any person other than an underwriter or a related party,

(B) “underwriter” means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018 Bonds to the public and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) to participate in the initial sale of the Series 2018 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2018 Bonds to the public),

(C) a purchaser of any of the Series 2018 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(D) “sale date” means the date of execution of this Agreement by all parties.

(i) The Issuer and the Corporation each agree that it will cooperate with the Underwriter in the qualification of the Series 2018 Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter shall designate; provided, however, the Issuer shall not be required to register as a dealer or broker in any such jurisdiction, nor execute a general consent to service of process or qualify to do business in connection with any such qualification of the Series 2018 Bonds in any such jurisdiction. The Corporation will reimburse the Issuer or cause it to be reimbursed for its reasonable out-of-pocket expenses, including attorneys’ fees, in connection therewith.

SECTION 4. CONTINUING DISCLOSURE

The Corporation will execute and deliver a Continuing Disclosure Certificate, dated as of July 1, 2018 (the “Continuing Disclosure Certificate”), in order to comply with the requirements for the dissemination of certain annual financial information and operating data, including audited financial statements, and notices required by Rule 15c2-12.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

By the Issuer’s acceptance hereof it hereby represents and warrants to, and covenants and agrees with, the Underwriter and the Corporation (and it shall be a condition of the obligation of the Underwriter to purchase and accept delivery of the Series 2018 Bonds at the Closing that the Issuer shall so represent and warrant as of the date of the Closing) that:

(a) The Issuer is a public body corporate established and created under the Act, exercising essential public functions, duly organized and validly existing by virtue of the laws of the State. The Issuer is authorized under the provisions of State law, particularly the Act, to issue the Series 2018 Bonds and to lend the proceeds thereof to the Corporation.

(b) It has complied with all provisions of the Constitution and laws of the State and has full power and authority to adopt the Bond Resolution and consummate all transactions contemplated by this Bond Purchase Agreement, the Series 2018 Bonds, and the Agreement (collectively, the “Issuer Documents”).

(c) By the Bond Resolution duly adopted by it at a meeting duly called and held on [BOND RESOLUTION DATE], 2018, it has duly and validly authorized the issuance and sale of the Series 2018 Bonds and the execution and delivery of the Issuer Documents.

(d) It has duly and validly authorized all necessary action to be taken by it for: (1) the issuance, sale, and delivery of the Series 2018 Bonds upon the terms set forth herein, (2) the execution, delivery, and performance of the Agreement providing for the issuance of and security for the Series 2018 Bonds (including the pledge of the payments to be received pursuant to the Agreement sufficient to pay the principal of, premium, if any, and interest on the Series 2018 Bonds) and appointing the Bond Trustee as trustee, paying agent, and bond registrar under the Agreement, (3) the carrying out, giving effect to, and consummation of the transactions contemplated hereby and (4) the consent to the distribution by the Underwriter of the Official Statement.

(e) The Issuer Documents, when executed by the other parties thereto at the Closing, will have been duly and validly executed and delivered by the Issuer, will be in full force and effect as to the Issuer, and will constitute the legal, valid, and binding limited obligations of the Issuer, enforceable against the Issuer in accordance with their terms, except as limited by applicable bankruptcy, reorganization, or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity affecting remedies. The Series 2018 Bonds, when issued, delivered, and paid for as herein and in the Agreement provided, will have been duly and validly authorized and issued and will constitute valid and binding limited obligations of the Issuer enforceable against the Issuer in accordance with their terms and provisions, except as limited by applicable bankruptcy, reorganization, or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity affecting remedies and entitled to the benefits and security of the Agreement.

(f) The Issuer hereby represents that the statements and information contained under the captions “INTRODUCTION — The Meridian Issuer,” “THE ISSUERS” (as pertaining to the Issuer), and “LITIGATION – The Meridian Issuer” in the Preliminary Official Statement previously furnished to the

Underwriter, insofar as the statements and information set forth pertain to the Issuer, was “deemed final” by the Issuer as of its date for purposes of Rule 15c2-12 (“Rule 15c2-12”) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), except for the omission of such information as is permitted to be omitted therefrom as specified in Rule 15c2-12(b)(1).

(g) To the best of the knowledge of the Issuer, there is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or body pending or threatened against it, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or the validity of the Issuer Documents, or any other agreement or instrument to which it is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(h) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer’s part contained therein will neither (i) conflict with nor constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (ii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note resolution, agreement or other instrument, except as provided by the Issuer Documents.

(i) It will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of Series 2018 Bonds to be applied in a manner other than as provided in the Agreement or which would cause the interest on the Series 2018 Bonds to become includible in the gross income of the owners thereof for federal income tax purposes.

(j) The information contained under the headings “INTRODUCTION — The Meridian Issuer,” “THE ISSUERS” (as pertaining to the Issuer), and “LITIGATION – The Meridian Issuer” in the Official Statement is true in all material respects.

(k) Any certificate signed by any of its authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by it to the Underwriter as to the statements made therein.

(l) The Issuer acknowledges receipt of written disclosure from the Underwriter in accordance with Municipal Securities Rulemaking Board Rule G-17, relating to the duty of fair dealing owed by the Underwriter to both the Issuer and purchasers of the Series 2018 Bonds. The disclosure included, but was not limited to, the Underwriter’s role in the transaction, potential conflicts of interest due to the Underwriter’s role in the issuance of the Series 2018 Bonds and the compensation structure of the Underwriter.

SECTION 6. *REPRESENTATIONS AND WARRANTIES OF THE CORPORATION.*

By the Corporation’s acceptance hereof, the Corporation hereby represents and warrants to, and covenants and agrees with, the Underwriter and the Issuer (and it shall be a condition of the obligation of the Underwriter to purchase and accept delivery of the Series 2018 Bonds at the Closing that the Corporation shall so represent and warrant as of the date of the Closing) that:

(a) The Corporation has been organized and validly exists as a Michigan nonprofit corporation. The Corporation has full power and authority to enter into and execute, deliver, and perform this Bond Purchase Agreement, the Agreement, the Series 2018A Master Obligation, the Supplement, the Master Indenture, the Mortgage, and the Continuing Disclosure Certificate (collectively the “Corporation Documents”), and to own its properties and conduct its business and finance the Project, all as described in

the Official Statement and as contemplated in the Corporation Documents. The Corporation is authorized to and is conducting its business in compliance with all applicable and valid laws, rules, and regulations of the State of Michigan.

(b) The Corporation has duly authorized by all necessary action the execution, delivery, and performance of the Corporation Documents, the consent to the distribution by the Underwriter of the Official Statement, and the execution and delivery of the Official Statement. No approval, authorization, consent, or other action by any governmental body (other than the Issuer and other than consents and approvals (i) that already have been obtained or will be obtained at or prior to the Closing, (ii) are required under federal or state securities laws or (iii) are required under Michigan law in connection with the issuance of the Series 2018 Bonds) is required in connection with the execution or performance by the Corporation of the Corporation Documents, and neither the execution nor the performance of the Corporation Documents will conflict with, breach, or violate the organizing documents of the Corporation or any indenture, mortgage, deed of trust, lease, note, judgment, decree, order, lien, statute, resolution, rule, regulation, plan, agreement, or other instrument or restriction to which the Corporation is a party or by which it or its property may be subject or bound; provided, however, that the Corporation makes no representation or warranty with respect to compliance with applicable federal or state securities laws in connection with the issuance of the Series 2018 Bonds. The Corporation Documents, when executed by the other parties thereto at or before the Closing (as hereinafter defined), will have been duly and validly executed and delivered by the Corporation, will be in full force and effect as to the Corporation, and will constitute the legal, valid, binding, and enforceable obligations of the Corporation, enforceable in accordance with their terms, except as limited by applicable bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity affecting remedies.

(c) The Corporation has "deemed final" the Preliminary Official Statement as of its date for purposes of Rule 15c2-12, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

(d) The Corporation is not in violation of any material provision of or in default under any indenture, mortgage, deed of trust, lease, indebtedness, agreement, instrument, lien, judgment, decree, order, statute, ordinance, rule, regulation, plan, or other restriction to which it is a party or by which it or its property is subject or bound, which violation would have any material adverse effect on the financing contemplated by the Official Statement, nor would any such violation result in any material adverse effect upon the operations, properties, assets, liabilities, or condition (financial or other) of the Corporation.

(e) There is no pending or, to the best of the Corporation's knowledge, threatened action, suit, proceeding, inquiry, or investigation, before or by any court, public board, or body against the Corporation, nor, to the best knowledge of the Corporation, is there any basis therefor, which would materially and adversely affect the transactions contemplated by the Official Statement, or which would materially and adversely affect the Series 2018 Bonds, the Corporation Documents or the financing or operation of the Community or which might result in any material adverse change in the operations, properties, assets, liabilities, or condition (financial or other) of the Corporation, or which materially affects the information contained in the Official Statement.

(f) To the best of the knowledge of the Corporation, no legislation, resolution, rule, or regulation have been enacted by any governmental body, department, or agency of the County of **Ingham**, Michigan, the State of Michigan or the United States of America, nor has any decision been rendered by any court of competent jurisdiction in the County of **Ingham**, Michigan, the State of Michigan or the United States of America, which would materially and adversely affect the transactions contemplated by the Official Statement.

(g) The representations of the Corporation contained in this Bond Purchase Agreement and any certificate, document, written statement, or other instrument furnished by or on behalf of the Corporation to the Issuer or Underwriter in connection with the transactions contemplated hereby, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading. There is no fact that the Corporation has not disclosed to the Issuer or Underwriter in writing that materially and adversely affects or in the future may (so far as the Corporation can now reasonably foresee) materially and adversely affect the operation of the Community or the properties, business, operations, prospects, profits, or condition (financial or otherwise) of the Corporation or the ability of the Corporation to finance, refinance and reimburse the costs of expanding, renovating, improving and equipping the Project, as contemplated in the Official Statement or the ability of the Corporation to perform its obligations under the Corporation Documents, or in the other certificates, documents, and instruments furnished to the Underwriter by or on behalf of the Corporation prior to the date of delivery of the Official Statement in connection with the transactions contemplated hereby.

(h) The contents of the Official Statement are and at the End of the Underwriting Period (as defined in Section 3(f) hereof) will be complete, accurate, true, and correct in all material respects and do not or will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein made, in light of the circumstances under which they were made, not misleading. Nothing has come to the attention of the Corporation which leads it to believe that any portions of the Official Statement contain or will contain any untrue statement of a material fact or omit or will omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(i) It will not take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Series 2018 Bonds to be applied in a manner other than as provided in the Agreement or which would cause the interest on the Series 2018 Bonds to become includible in the gross income of the owners thereof for federal income tax purposes.

(j) Any certificate signed by any of its authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the Corporation to the Underwriter as to the statements made therein.

(k) The Corporation is a corporation not organized or operated for pecuniary profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual, all within the meaning of Subsection 3(a)(4) of the Securities Act and of Subsection 12(g)(2)(D) of the 1934 Act. The Corporation has received a letter from the Internal Revenue Service that it is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income tax under Section 501(a) of the Code. The Corporation is in compliance with all terms, conditions, and limitations, if any, contained in such letter and the statements made in the application to the Internal Revenue Service for such letter are true and accurate and the facts presented in such requests do not deviate in any material respect from the facts of the transactions contemplated by the Official Statement. The Corporation has not received any indication or notice, written or oral, from representatives of the Internal Revenue Service to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified or that the Internal Revenue Service is considering revoking or modifying such exemption. The operation of the Community and the financing and operation of the Community by the Corporation does not constitute an unrelated trade or business within the meaning of Section 513(c) of the Code. The financing of the Project will not jeopardize the Corporation's status as an organization described in Section 501(c)(3) of the Code.

(l) All licenses, consents, permits, approvals or authorizations, of any federal, state or local governmental issuer required on the part of the Corporation to be obtained in connection with the financing of the Project for the purposes described in the Official Statement, the execution and delivery of the Corporation Documents, and the performance by the Corporation of its obligations thereunder and hereunder and the Corporation's consummation of the transactions contemplated thereby and by the Official Statement, have been duly obtained. The Corporation has complied, or by the date of Closing will have complied, with all applicable provisions of law requiring any designation, declaration, filing, registration or qualification with any governmental issuer in connection therewith, other than as may be required by state or federal securities laws.

(m) It acknowledges and agrees that these representations and warranties are made to induce the Underwriter to purchase the Series 2018 Bonds, and that such representations and warranties and any other representations and warranties made by the Corporation to the Underwriter in writing are made for the benefit of the ultimate purchasers of Series 2018 Bonds and may be relied upon by said purchasers.

SECTION 7. *INDEMNIFICATION.*

(a) **THE CORPORATION HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE UNDERWRITER, TOGETHER WITH EACH OFFICER, EMPLOYEE, COMMISSIONER, COUNCIL MEMBER, AGENT, SPONSOR AND MEMBER OF THE GOVERNING BODY OF THE ISSUER AND THE UNDERWRITER AND EACH PERSON WHO CONTROLS THE ISSUER OR UNDERWRITER WITHIN THE MEANING OF EITHER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE 1934 ACT FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, FEES AND DISBURSEMENTS OF COUNSEL AND OTHER EXPENSES INCURRED BY THEM OR ANY OF THEM IN CONNECTION WITH INVESTIGATING OR DEFENDING ANY LOSS, CLAIM, DAMAGE, OR LIABILITY OR ANY SUIT, ACTION, OR PROCEEDING, WHETHER OR NOT RESULTING IN LIABILITY), JOINT OR SEVERAL, TO WHICH THEY OR ANY OF THEM MAY BECOME SUBJECT UNDER THE 1933 ACT, THE 1934 ACT, OR ANY OTHER APPLICABLE STATUTE OR REGULATION, WHETHER FEDERAL OR STATE, OR AT COMMON LAW OR OTHERWISE, INsofar AS SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (OR ANY SUIT, ACTION, OR PROCEEDING IN RESPECT THEREOF) ARISE OUT OF OR ARE BASED UPON ANY UNTRUE OR MISLEADING STATEMENT OR ALLEGED UNTRUE OR MISLEADING STATEMENT OF A MATERIAL FACT CONTAINED IN THE OFFICIAL STATEMENT OR IN ANY AMENDMENT OR SUPPLEMENT TO ANY OF THE FOREGOING, OR ARISE OUT OF OR ARE BASED UPON THE OMISSION OR ALLEGED OMISSION TO STATE THEREIN A FACT REQUIRED TO BE STATED THEREIN OR NECESSARY TO MAKE THE STATEMENTS THEREIN, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH SUCH STATEMENTS WERE MADE, NOT MISLEADING, PROVIDED, HOWEVER, THE CORPORATION WILL NOT BE LIABLE IN ANY SUCH CASE TO THE UNDERWRITER TO THE EXTENT THAT ANY SUCH LOSS, CLAIM, DAMAGE, LIABILITY, COST, OR EXPENSE ARISES OUT OF OR IS BASED UPON ANY UNTRUE STATEMENT OR ALLEGED UNTRUE STATEMENT OR OMISSION OR ALLEGED OMISSION MADE THEREIN IN RELIANCE UPON AND IN CONFORMITY WITH WRITTEN INFORMATION FURNISHED BY THE UNDERWRITER SPECIFICALLY FOR USE IN CONNECTION WITH THE PREPARATION THEREOF. THIS INDEMNITY AGREEMENT WILL BE IN ADDITION TO ANY LIABILITY THAT THE CORPORATION MAY OTHERWISE HAVE.**

(b) THE UNDERWRITER SHALL INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE CORPORATION, EACH OF THEIR RESPECTIVE MEMBERS, TRUSTEES, COMMISSIONERS, OFFICERS AND EMPLOYEES, AND EACH PERSON WHO CONTROLS THE ISSUER OR THE CORPORATION WITHIN THE MEANING OF SECTION 15 OF THE SECURITIES ACT, TO THE SAME EXTENT AS THE FOREGOING INDEMNITY FROM THE CORPORATION TO THE ISSUER AND THE UNDERWRITER, BUT ONLY WITH REFERENCE TO WRITTEN INFORMATION RELATING TO THE UNDERWRITER FURNISHED BY IT SPECIFICALLY FOR INCLUSION IN THE OFFICIAL STATEMENT. THIS INDEMNITY AGREEMENT WILL BE IN ADDITION TO ANY LIABILITY THAT THE UNDERWRITER MAY OTHERWISE HAVE. THE CORPORATION ACKNOWLEDGES THAT THE STATEMENTS SET FORTH UNDER THE HEADING “UNDERWRITING,” IN THE OFFICIAL STATEMENT CONSTITUTE THE ONLY INFORMATION FURNISHED IN WRITING BY OR ON BEHALF OF THE UNDERWRITER FOR INCLUSION IN THE OFFICIAL STATEMENT. THE UNDERWRITER SHALL ALSO REIMBURSE THE ISSUER FOR ANY LEGAL OR OTHER EXPENSES INCURRED BY THE ISSUER IN CONNECTION WITH INVESTIGATING ANY CLAIM AGAINST IT AND DEFENDING ANY ACTION ALLEGING NONCOMPLIANCE WITH BLUE SKY LAWS WITH RESPECT TO THE SERIES 2018 BONDS.

(c) Promptly after receipt by any party entitled to indemnification under this paragraph of notice of the commencement of any suit, action, or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against the Corporation or the Underwriter under this paragraph, notify the Corporation or the Underwriter, in writing, as the case may be, of the commencement thereof, but the omission so to notify the Corporation or Underwriter shall not relieve such party from any liability which it may have to any indemnified party otherwise than under this paragraph or from any liability under this paragraph unless the failure to provide notice prejudices the defense of such suit, action, or proceeding. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall be entitled, but not obligated, to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party, promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties at the sole cost and expense at the indemnifying party. Upon such indemnified party’s receipt of notice from the indemnifying party of the indemnifying party’s election to so assume the defense of such action and approval by the indemnified party of counsel, which approval shall not be unreasonably withheld, the indemnifying party shall not be liable to such indemnified party under this paragraph for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the indemnified parties under this paragraph who are parties to such action), (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the indemnifying party’s receipt of notice of commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party pursuant to the provisions hereof; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(d) An indemnifying party shall not be liable for any settlement of any such action effected without its consent, which consent shall not be unreasonably withheld but if settled with the consent of the indemnifying party, the indemnifying party agrees to indemnify and hold the indemnified party or parties, including an officer, commissioner, employee, agent, member or director, or other controlling person of an indemnified party harmless from and against any loss or liability, including reasonable legal and other expenses incurred in connection with the defense of the action, by reason of such settlement to the extent of the indemnification provided for in this paragraph.

(e) In the event and to the extent that any indemnified party is entitled to indemnification from an indemnifying party under the terms of paragraph (a) or paragraph (b) above in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to therein, but such indemnification is unavailable to such indemnified party in respect of any such losses, claims, damages, liabilities, costs, or expenses due to such indemnification being impermissible under applicable law or otherwise, then the indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, costs, or expenses in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party and such indemnified party, respectively, from the offering of the Series 2018 Bonds, the relative fault of the indemnifying party and such indemnified party, respectively, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, costs, or expenses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact related to information supplied by the indemnified party or the indemnified party and the relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission of the indemnified party or the indemnified party. The Corporation and Underwriter, respectively, agree that it would not be just and equitable if contribution pursuant to this paragraph (e) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this paragraph (e). The amount paid or payable by any indemnified party as a result of the losses, claims, damages, liabilities, costs, or expenses referred to above in this paragraph (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with defending any such action or claim. This paragraph (e) shall not apply in the event of losses, claims, damages, liabilities, costs, or expenses caused by or attributable to the willful misconduct or gross negligence of an indemnified party. Notwithstanding, anything to the contrary contained in this paragraph (e), it is understood and agreed that this paragraph (e) is not intended, and shall not be construed, to expand, broaden, or increase in any way, whether in terms of scope, amount, or otherwise, the liability of the Corporation or the Underwriter in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to in paragraph (a) or paragraph (b) above or otherwise, as that liability is set forth in paragraph (a) or paragraph (b) above.

(f) The indemnified parties identified in this Section 7 of this Bond Purchase Agreement (other than the Issuer and the Underwriter) shall be considered to be intended third party beneficiaries of this Bond Purchase Agreement for purposes of indemnification and exculpation from liability, the provisions of which shall be IN ADDITION TO all liability that the Corporation may otherwise have and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Series 2018 Bonds, and the payment or provision of the Series 2018 Bonds.

SECTION 8. *UNDERWRITING FEE AND COSTS.*

(a) In consideration of the Underwriter's execution of this Bond Purchase Agreement, and for the performance of the Underwriter's obligations hereunder, the Corporation agrees to pay or cause to be paid to the Underwriter a total underwriting fee, including all expenses, in an amount equal to \$[UW

DISCOUNT], which shall be due and payable at the Closing. The Underwriter is authorized to deduct its underwriting fees from the proceeds of the Series 2018 Bonds as the Underwriter's discount.

(b) Whether or not the Series 2018 Bonds are sold by the Issuer, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the Issuer's or the Corporation's obligations hereunder. All costs incurred in connection with the issuance or attempted issuance of the Series 2018 Bonds and all expenses and costs to effect the authorization, preparation, issuance, delivery, and sale of the Series 2018 Bonds (including, without limitation, attorneys' fees and expenses, including **the Issuer's counsel**, bond counsel, Underwriter's counsel, the Corporation's counsel, accountants' fees and expenses, **financial advisor's fees**, trustee's fees, **trustee's counsel**, **title insurance** and the expenses and costs for the preparation, printing, photocopying, execution, and delivery of the Series 2018 Bonds, the Bond Documents, and all other agreements and documents contemplated hereby) shall be paid by the Corporation.

SECTION 9. CONDITIONS TO THE UNDERWRITER'S OBLIGATIONS.

The Underwriter's obligations hereunder shall be subject to the due performance in all material respects by the Corporation and the Issuer of these obligations and agreements to be performed hereunder at or prior to the Closing and to the accuracy of and compliance with in all material respects their representations and warranties contained herein, as of the date hereof and as of the Closing, and are also subject to receipt of the following evidence and documents and satisfaction of the following conditions, as appropriate, at or prior to the Closing:

(a) The Series 2018 Bonds, the Agreement, the Master Indenture, the Series 2018A Master Obligation, the Agreement and the Mortgage shall have been duly authorized, executed, and delivered by the respective parties thereto in the forms heretofore approved by the Underwriter with only such changes therein as shall be mutually agreed upon by the parties thereto and the Underwriter, and shall be in full force and effect on the date of the Closing.

(b) At or before the Closing, the Underwriter shall receive:

(1) Copies of the original counterparts of this Bond Purchase Agreement, the Issuer Documents and the Corporation Documents.

(2) The following opinions, dated the date of the Closing:

(i) bond counsel opinion of Dykema Gossett P.L.L.C., Bloomfield Hills, Michigan, Bond Counsel, attached as APPENDIX D to the Official Statement;

(ii) supplemental opinion of Dykema Gossett P.L.L.C., Bloomfield Hills, Michigan, Bond Counsel, in form and substance satisfactory to the Underwriter;

(iii) an opinion of **ISSUER COUNSEL**, **[CITY/STATE]**, counsel to the Issuer, in form and substance satisfactory to the Underwriter and Bond Counsel;

(iv) an opinion of Willingham & Coté, PC, East Lansing, Michigan, counsel to the Corporation, in form and substance satisfactory to the Underwriter and Bond Counsel; and

(v) an opinion of Dinsmore & Shohl LLP, Columbus, Ohio, Underwriter's Counsel, in form and substance satisfactory to the Underwriter.

(3) A closing certificate of the Issuer, satisfactory in form and substance to the Underwriter, executed by an authorized representative of the Issuer, or of any other of the Issuer's duly authorized officers satisfactory to the Underwriter, dated as of the date of the Closing, to the effect that the Issuer has duly performed or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Closing and that each of its representations and warranties contained herein is true and correct in all material respects as of the Closing.

(4) A closing certificate of the Corporation, satisfactory in form and substance to the Underwriter and Bond Counsel, executed by an authorized representative of the Corporation, dated as of the date of the Closing, to the effect that: (i) since the date hereof there has not been any material adverse change in the business, properties, financial position, or results of operations of the Corporation, whether or not arising from transactions in the ordinary course of business, other than as previously disclosed in writing to the Underwriter, and except in the ordinary course of business, neither the Corporation has suffered or incurred any material liability, other than as previously disclosed in writing to the Underwriter, (ii) there is no action, suit, proceeding, or, to the best of the officer's knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to his knowledge, threatened against or affecting the Corporation or any affiliate or its property or, to his knowledge after making due inquiry with respect thereto, any basis therefore, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or the validity or enforceability of the Series 2018 Bonds, the Agreement, or the Corporation Documents which have not been previously disclosed in writing to the Underwriter and which is not disclosed in the Official Statement, (iii) to the officer's knowledge, all information furnished to the Underwriter with for use in connection with the marketing of the Series 2018 Bonds and the information contained in the Official Statement and all of the information contained in the Official Statement was, as of the respective dates thereof and are as of the date hereof true in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, (iv) the Corporation has duly authorized, by all necessary action, the execution, delivery, receipt, and due performance of the Corporation Documents, (v) the Corporation has duly performed or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Closing, and (vi) the representations contained herein have not been amended, modified, or rescinded and are in full force and effect, and the information and representations and warranties contained herein are true and correct, as of the Closing.

(5) [a copy of a mortgagee title insurance policy insuring the priority of the mortgage lien created by the Mortgage in an amount not less than the aggregate principal amount of the Series 2018 Bonds and in form and substance satisfactory to the Underwriter.]

(6) certificates of insurance showing coverages of the types and amounts set forth in the Master Indenture and a certificate of an Insurance Consultant (as defined in the Master Indenture), to the effect that the insurance coverage, with respect to type and amount, complies with the requirements of the Master Indenture.

(7) Executed copies of the Agreed Upon Procedures Letters from Plante & Moran, PLLC, certified independent public accountants (the "Auditor").

(8) A letter from the Auditor to the effect that such accountants reaffirm, as of such date and as though made at such date, the statements made in the most recent letter furnished by such accountants pursuant to Paragraph (7) hereof, except that the specified date referred to in such letter will be a date not more than five (5) days prior to the date of Closing.

(9) An executed copy of the accountant's Consent letter dated [CONSENT DATE], 2018 regarding the Preliminary Official Statement and an executed copy of the accountant's Consent letter dated [BPA DATE], 2018 regarding the Final Official Statement, both from the Auditor.

(10) Such additional certificates and other documents, agreements, and opinions as the Underwriter and Bond Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

All opinions shall be addressed to the Underwriter, and may also be addressed to such other parties as the giver of such opinion agrees to. All certificates, if addressed to any party, shall also be addressed to the Underwriter.

All such opinions, letters, certificates, and documents shall be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Underwriter and to counsel to the Underwriter, as to which both the Underwriter and their counsel shall act reasonably. If any condition of the Underwriter's obligations hereunder to be satisfied prior to the Closing is not so satisfied, this Bond Purchase Agreement may be terminated by the Underwriter by notice in writing to the Corporation and the Issuer. The Underwriter may waive compliance by the Corporation (with consent of the Issuer, such consent not to be unreasonably withheld) or the Issuer of any one or more of such conditions or extend the time for their performance and such waiver shall be evidenced by the Underwriter's payment for the Series 2018 Bonds.

SECTION 10. *THE UNDERWRITER'S RIGHT TO CANCEL.*

The Underwriter shall have the right to cancel its obligations hereunder by notifying the Issuer and the Corporation in writing of its election so to do between the date hereof and the Closing, if at any time hereafter and on or prior to the Closing:

(a) A committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation, or a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States of America, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States of America for passage by the President of the United States of America, or be enacted by the Congress of the United States of America, or an announcement or a proposal for any such legislation shall be made by a member of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States of America or the Tax Court of the United States of America shall be rendered, or a ruling, regulation, or order of the Treasury Department of the United States of America or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in or proposes the imposition of federal income taxation, upon revenues or other income of the general character to be derived by the Corporation, any of its affiliates, state and local governmental units or by any similar body or upon interest received on obligations of the general character of the Series 2018 Bonds which, in the Underwriter's opinion, materially and adversely affects the market price of the Series 2018 Bonds.

(b) Any legislation, ordinance, rule, or regulation shall be introduced in or be enacted by any governmental body, department, or agency of the United States or of any state, or a decision by any court

of competent jurisdiction within the United States or any state shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2018 Bonds.

(c) A stop order, ruling, regulation, or Official Statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Series 2018 Bonds, or the issuance, offering, or sale of the Series 2018 Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provisions of the federal securities laws, including without limitation the registration provisions of the 1933 Act, or the registration provisions of the 1934 Act, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect (the "1939 Act").

(d) Legislation shall be introduced by amendment or otherwise in, or be enacted by, the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered to the effect that obligations of the general character of the Series 2018 Bonds including all the underlying obligations, are not exempt from registration under or from other requirements of the 1933 Act or the 1934 Act, or that the Agreement is not exempt from qualification under or from other requirements of the 1939 Act, or with the purpose or effect of otherwise prohibiting the issuance, offering, or sale of obligations of the general character of the Series 2018 Bonds, as contemplated hereby or by the Official Statement.

(e) Any event shall have occurred, or information becomes known, which, in the Underwriter's reasonable opinion, makes untrue in any material respect any representation by or certificate of the Issuer, or the Corporation hereunder, or any statement or information furnished to the Underwriter by the Issuer or the Corporation for use in connection with the marketing of the Series 2018 Bonds or any material statement or information contained in the Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; provided, however, that the Issuer and the Corporation shall be granted a reasonable amount of time in which to cure any such untrue or misleading statement or information.

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(g) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the Series 2018 Bonds or obligations of the general character of the Series 2018 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or a change to the net capital requirements of, the Underwriter.

(h) A general banking moratorium or suspension or limitation of banking services shall have been established by federal, Michigan, Maryland, or New York authorities.

(i) A default has occurred with respect to the obligations of, or proceedings have been instituted under the federal bankruptcy laws or any similar state laws by or against, any state of the United States or any city located in the United States having a population in excess of one million persons or any entity issuing obligations on behalf of such a city or state.

(j) Any proceeding shall be pending, or to the knowledge of the Underwriter, threatened, to restrain, enjoin, or otherwise prohibit the issuance, sale, or delivery of the Series 2018 Bonds by the Issuer or the purchase, offering, sale, or distribution of the Series 2018 Bonds by the Underwriter, or for any investigatory or other proceedings under any federal or state securities laws or the rules and regulations of

FINRA relating to the issuance, sale, or delivery of the Series 2018 Bonds by the Issuer or the purchase, offering, sale, or distribution of the Series 2018 Bonds by the Underwriter.

(k) A war involving the United States of America shall have been declared, or any conflict involving the armed forces of the United States of America shall have escalated, or acts of terrorism shall have been committed against the citizens or the government of the United States of America or the property of either, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2018 Bonds.

SECTION 11. *CONDITIONS OF THE CORPORATION'S AND ISSUER'S OBLIGATIONS.*

The Corporation's and Issuer's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder. The Underwriter represents that it is duly authorized to execute and deliver this Bond Purchase Agreement and that upon execution and delivery of this Bond Purchase Agreement by the other parties hereto, this Bond Purchase Agreement shall constitute a legal, valid, and binding agreement of the Underwriter enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity affecting remedies. The Corporation covenants to use its best efforts to accomplish, or cause to be accomplished, the conditions set forth herein prior to the Closing.

The Issuer's obligations hereunder to sell the Series 2018 Bonds to the Underwriter shall also be subject to the satisfaction of all of the conditions set forth in Section 9 above (unless waived by the Underwriter and such waiver is reasonably acceptable to the Issuer), the performance by the Issuer and the Corporation of the obligations and agreements to be performed thereby at or prior to the date of Closing, including those hereunder, and to the accuracy in all material respects of the representations, warranties and covenants of the Corporation contained herein and in the Bond Documents as of the date hereof and as of the date of Closing; and shall also be subject to the following conditions, (i) the Issuer shall receive the purchase price for the Series 2018 Bonds to be delivered and sold hereunder and (ii) all certificates, opinion and other documents relating to the transactions contemplated by this Bond Purchase Agreement shall be satisfactory in form and substance to the Issuer, Bond Counsel and the Corporation.

SECTION 12. *REPRESENTATIONS, WARRANTIES, AND AGREEMENTS TO SURVIVE DELIVERY.*

All of the Corporation's and Issuer's representations, warranties, and agreements shall remain operative and in full force and effect (unless expressly waived in writing by the Underwriter), regardless of any investigations made by the Underwriter or on its behalf, and shall survive delivery of the Series 2018 Bonds to the Underwriter and the resale by the Underwriter on behalf of the Issuer of the Series 2018 Bonds.

SECTION 13. *NOTICE.*

All notices and other communications hereunder shall be effective if and only if in writing and delivered personally, transmitted by facsimile which the sender's facsimile machine indicates has been sent (in the case of an addressee whose facsimile number is supplied), sent by Federal Express or similar courier, or mailed by registered or certified mail (return receipt requested), charges or postage prepaid, to the addressee at the address that shall most recently have been designated, by effective notice hereunder from the addressee to the sender, as the addressee's desired address for notices hereunder (or, prior to any such notice, at the address for the addressee set forth below):

if to the Issuer, to: The Economic Development Corporation of the Charter Township of Meridian
[5151 Marsh Road
Okemos, Michigan 48864]
Attention: [REDACTED]
Telephone: [(517) 853-4000]

if to the Corporation, to: Burcham Hills Retirement Center II
2700 Burcham Drive
East Lansing, Michigan 48823
Attention: Jim Kaczmarczyk, Jr., Director of Finance
Telephone: (517) 351-4662
Facsimile: (517) 336-1916

if to the Underwriter, to: Herbert J. Sims & Co., Inc.
11140 Rockville Pike, Suite 550-H
Rockville, Maryland 20852
Attention: Executive Offices
Telephone: (203) 418-9000
Facsimile: (203) 256-2377

Unless otherwise provided, written notices so delivered, transmitted, sent or mailed shall be effective on the earlier of (x) actual delivery, (y) the date of transmission, if by facsimile on or before 5:00 p.m. of the addressee's local time, or (z) as applicable, either (i) the first business day following the date of deposit with a qualified guaranteed next day courier service or (ii) the third business day following the date postmarked by the United States Post Office. Any refusal to accept delivery of any such communication shall be considered successful delivery thereof.

SECTION 14. *APPLICABLE LAW; NONASSIGNABILITY.*

This Bond Purchase Agreement shall be governed by the laws of the State of Michigan. All claims of whatever character arising out of this Bond Purchase Agreement or under any statute or common law relating in any way, directly or indirectly, to the subject matter hereof or to the dealings between the Issuer and any other party hereto, if and to the extent that such claim potentially could or actually does involve the Issuer, shall be brought in any state or federal court of competent jurisdiction located in [Ingham] County, Michigan. By executing and delivering this Bond Purchase Agreement, each party hereto irrevocably: (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of *forum non conveniens*; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing shall not be deemed or construed to constitute a waiver by the Issuer of any prior notice or procedural requirements application to actions or claims against or involving joint powers commissions or political subdivisions of the State of Michigan that may exist at the time of an in connection with such matter.

This Bond Purchase Agreement shall not be assigned by the Issuer, the Corporation, or the Underwriter.

SECTION 15. *PARTIES IN INTEREST.*

This Bond Purchase Agreement shall be binding upon, and has been, and is made for the benefit of, the Issuer, the Corporation and the Underwriter, and to the extent expressed, any person controlling the Issuer, the Corporation or the Underwriter and their respective executors, administrators, successors, and

assigns, and no other person shall acquire or have any right or interest under or by virtue hereof. The term “successors and assigns” shall not include any purchaser, as such, of any Series 2018 Bond.

SECTION 16. *NON-FIDUCIARY ACKNOWLEDGEMENT.*

The Corporation acknowledges and agrees that (i) the purchase and sale of the Series 2018 Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Corporation and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an advisor, (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Corporation, (iii) the Underwriter has not assumed (individually or collectively) a fiduciary responsibility in favor of the Corporation with respect to the offering of the Series 2018 Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Corporation on other matters) or any other obligation to the Corporation except the obligations expressly set forth in this Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Corporation and (v) the Corporation has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2018 Bonds.

SECTION 17. *WAIVER AND RELEASE OF PERSONAL LIABILITY.*

No recourse under or upon any obligation, indemnity, covenant or agreement contained in this Bond Purchase Agreement or under any judgment obtained against the Corporation, the Issuer, or by the enforcement of any assessment or by legal or equitable proceedings by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Bond Purchase Agreement, shall be had against any trustee, director, member, commissioner, councilmember, officer, employee or agent, as such, past, present or future, of the Issuer, of the Corporation, any Sponsor or Member of the Corporation or the Issuer, either directly or through the Corporation, the Issuer, or otherwise, for the payment or to become owed by the Corporation or the Issuer hereunder. No covenant, agreement or obligation contained herein or the Series 2018 Bonds shall be deemed to be a covenant, agreement or obligation of any past, present or future director, commissioner, councilmember officer, employee or agent of the Issuer or any Sponsor or Member of the Issuer in his individual capacity, and no officer of the Issuer executing the Series 2018 Bonds shall be liable personally on the Series 2018 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No director, commissioner, agent, officer, employee or agent of the Issuer, of the Corporation, or of any Sponsor or Member of the Corporation, the Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Bond Purchase Agreement or the Act.

The obligations of the Issuer hereunder are not general obligations of the Issuer but are limited obligations payable solely from the revenues and receipts derived by the Issuer pursuant to the Issuer Documents, which revenues and receipts have been pledged and assigned to such purposes. The obligations of the Issuer hereunder shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of Michigan or any political subdivision thereof, including the Issuer, any Sponsor or Member of the Issuer or any municipal corporation or political subdivision of the State of Michigan. Neither the State of Michigan nor any political subdivision thereof, including the Issuer and any Sponsor or Member of the Issuer, shall be obligated to pay the obligations under the Issuer Documents or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the State of Michigan or any political subdivision thereof, including the Issuer and any Sponsor or Member of the Issuer, is pledged to the payment of the obligations under the Issuer Documents.

[SIGNATURE PAGES TO FOLLOW]

SECTION 18. EXECUTION OF COUNTERPARTS.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

HERBERT J. SIMS & CO., INC.

By: _____

Name: _____

Title: _____

[Signatures to Bond Purchase Agreement Continued on Following Page]

Accepted as of the date first above written:

BURCHAM HILLS RETIREMENT CENTER II

By: _____

Name: _____

Title: _____

[Signatures to Bond Purchase Agreement Continued on Following Page]

Accepted as of the date first above written:

**THE ECONOMIC DEVELOPMENT
CORPORATION OF THE CHARTER TOWNSHIP
OF MERIDIAN**

By: _____

Name: _____

Title: _____

[Signature Page to Bond Purchase Agreement]

EXHIBIT A

Series 2018 Bonds

Principal Amount: \$ _____
[Net] Original Issue [Premium] \$ _____
[Discount]:
Underwriter's Discount: \$ _____
Purchase Price: \$ _____
Dated: Date of Delivery
Interest Payable: January 1 and July 1
Maturity: July 1, 20[]
First Interest Payment Date: [January 1, 2019] (as shown below)

MATURITY SCHEDULE

<u>Maturity (July 1)</u>	<u>Par Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>
TOTAL	\$ _____			

REDEMPTION PROVISIONS

The Series 2018 Bonds are subject to redemption prior to maturity as described below.

Optional Redemption. The Series 2018 Bonds are redeemable pursuant to the Agreement, prior to maturity, at the direction of the Obligor, as a whole or in part at any time on or after [REDACTED], in aggregate principal amounts evenly divisible by the number 5,000, at the price of 100% of the principal amount being so redeemed, without premium, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption of Series 2018 Bonds. The Series 2018 Bonds maturing in the year 20[REDACTED] are also subject to redemption from sinking fund installments at the principal amount thereof or portion of the principal amount thereof being so redeemed, without premium, plus accrued interest to the redemption date of July 1 of each of the years and in the principal amounts as follows:

Year	Amount	Year	Amount
------	--------	------	--------

*

* Maturity

In the event of a partial redemption of Series 2018 Bonds through Special Redemption or Optional Redemption, the amount of future mandatory Sinking Fund Redemptions with respect to the Series 2018 Bonds of the same maturity as those Series 2018 Bonds previously so redeemed will be reduced to take into account such partial redemption in inverse chronological order of their redemption dates or such other manner as the Obligor shall direct; provided that in the case of an Special Redemption due to the damage, destruction or condemnation of substantially all of the Community, the succeeding Sinking Fund Redemptions shall be reduced pro rata, in proportion to the amount by which the aggregate principal amount of the Series 2018 Bonds outstanding was reduced as a result of such Special Redemption.

Taxability Redemption. The Series 2018 Bonds are subject to mandatory redemption prior to maturity, as a whole, following the occurrence of a Determination of Taxability, on the earliest practicable date for which the requisite notice of redemption can be given, at a redemption price equal to (i) 105 % of the principal amount of the Series 2018 Bonds so redeemed, or (ii) 100% of the principal amount of the Series 2018 Bonds so redeemed if the Bond Trustee receives the written opinion of nationally recognized bond counsel that the event giving rise to such Determination of Taxability was not within the control of the Obligor, in either case, together with interest, if any, accrued on such 2018 Bonds from the most recent Interest Payment Date to which interest has been paid or duly provided for or to the redemption date from funds on deposit in the Redemption Fund established pursuant to the Agreement.

Special Redemption. The Series 2018 Bonds are subject to redemption prior to maturity, as a whole at any time, or in part on any Interest Payment Date at the principal amount thereof or portion of the principal amount thereof being so redeemed, without premium, plus accrued interest to the redemption date, at the option of the Obligor, in the event of substantial loss to the Community, from insurance or condemnation award proceeds allocable to the Series 2018 Bonds pursuant to the special redemption provisions in the Agreement. Such Special Redemption of less than the entire outstanding principal amount of the Series 2018 Bonds shall reduce a corresponding principal amount of the Annual Mandatory Sinking Fund Redemptions in the direct order in which they are scheduled to occur.

Notice of Redemption. Notice of any redemption of any 2018 Bond prior to maturity shall be given by the Bond Trustee to the registered owners in accordance with the provisions of the Series 2018 Bonds to be redeemed by mailing a copy of the notice of the call for redemption not less than 30 days but not more than 45 days prior to the redemption date to the registered owner at the address shown on the bond register of the Issuers maintained by the Bond Trustee and shall set forth: (i) the redemption date; (ii) the redemption price; (iii) that, except as provided in the Series 2018 Bonds, the Series 2018 Bonds called for redemption must be surrendered to collect the redemption price; (iv) the address at which the Series 2018 Bonds must be surrendered; (v) that interest on the Series 2018 Bonds called for redemption ceased to accrue on the redemption date; and (vi) the CUSIP numbers of the Series 2018 Bonds to be redeemed. Such requirement for giving notice of redemption shall be satisfied by sending such notice to DTC.

If on the date of mailing any such notice of redemption, there is not on deposit with the Bond Trustee sufficient funds to pay the redemption price, including accrued interest to the redemption date, such notice shall state

that it is conditional, that is, subject to the deposit of funds for the payment of the redemption price and accrued interest on or prior to the redemption date and that such notice shall be of no effect unless such funds are so deposited.

Selection of Series 2018 Bonds for Redemption. If less than all of the Series 2018 Bonds of any maturity of a particular series are to be redeemed, the particular Series 2018 Bonds or portions of the Series 2018 Bonds of such maturity to be called for redemption shall be selected by lot among Owners of the Series 2018 Bonds of such series by the Bond Trustee, provided, however, that the portion of such Series 2018 Bonds to be redeemed shall be in the principal amount of the applicable Authorized Denomination. If a partial redemption of the Series 2018 Bonds would result in any Owner retaining Series 2018 Bonds in an amount less than Authorized Denominations, then the Series 2018 Bonds of such Owner to be redeemed shall be reduced to the extent necessary to ensure that such Owner retains such Series 2018 Bonds in the Authorized Denomination, and the amount of such reduction shall be retained in the Principal Account and shall be added to the amount of such Series 2018 Bonds required to be redeemed pursuant to Sinking Fund Redemption on the next succeeding July 1.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

CERTIFICATE OF HERBERT J. SIMS & CO., INC.

**The Economic Development Corporation
of The Charter Township of Meridian
Limited Obligation First Mortgage
Revenue Refunding Bonds
(Burcham Hills Retirement Center II)
\$[MERIDIAN TAX-EXEMPT PAR AMOUNT]
Series 2018A**

**The Economic Development Corporation
of The City of East Lansing
Limited Obligation First Mortgage
Revenue Refunding Bonds
(Burcham Hills Retirement Center II)
\$[EL TAX-EXEMPT PAR AMOUNT]
Series 2018B**

The undersigned, on behalf of Herbert J. Sims & Co., Inc. (the “Underwriter”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (collectively, the “Series 2018 Bonds”) of the Economic Development Corporation of the Charter Township of Meridian (the “Meridian Issuer”) and the Economic Development Corporation of the City of East Lansing (the “East Lansing Issuer” and together with the Meridian Issuer, the “Issuer”).

1. Sale of Substantial Amount of Maturities. As of the date of this certificate, for each Maturity of the Substantial Amount Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering Price Maturities.

(a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2018 Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Series 2018 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2018 Bonds to the Public, together with the related pricing wires, contains or will contain the agreement of each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to, among other things comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2018 Bonds during the Holding Period.

3. Purchase Price. The purchase price of the Series 2018 Bonds is \$[_____]
(consisting of the par amount of the Series 2018 Bonds of \$_____, [plus [net] original issue premium]
[less [net] original issue discount] of \$[_____], less underwriter’s discount of \$[_____]). Based on
our experience in similar transactions, the amount paid to the Purchaser as bond discount in connection with
the issuance of the Series 2018 Bonds is reasonable and customary under the circumstances and does not
compensate us for any service other than as underwriter of the Series 2018 Bonds.

4. **Yield.** The yield on the Series 2018 Bonds is [_____] %.

5. **Weighted Average Maturity.** The Weighted Average Maturity of the Series 2018 Bonds is [_____] years. The weighted average maturity is the sum of the products of the respective Sale Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Sale Price of the Series 2018 Bonds as of the date hereof.

6. **Defined Terms.**

(a) *General Rule Maturities* means those Maturities of the Series 2018 Bonds listed in Schedule A hereto as the “General Amount Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Series 2018 Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Initial Offering Price* means, for each Maturity of the Series 2018 Bonds, the initial offering price listed in Schedule A.

(e) *Issuer* means collectively the Economic Development Corporation of the Charter Township of Meridian and the Economic Development Corporation of the City of East Lansing.

(f) *Maturity* means Series 2018 Bonds with the same credit and payment terms. Series 2018 Bonds with different maturity dates, or Series 2018 Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(g) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2018 Bonds. The Sale Date of the Series 2018 Bonds is [BPA DATE], 2018.

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2018 Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2018 Bonds to the Public).

(j) *Weighted Average Maturity* means the sum of the products of the issue price of each Maturity and the number of years to Maturity (determined separately for each Maturity and taking into account mandatory redemptions), divided by the aggregate Initial Offering Price of the Series 2018 Bonds as of the date hereof.

(k) *Yield* means the discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Series 2018 Bonds and amounts reasonably expected to be paid as fees for qualified guarantees on the Series 2018 Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate Initial Offering Price of the Series 2018 Bonds as of the issue date.

[Signature Page to Follow]

[Signature Page to Issue Price Certificate]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Series 2018 Bonds and with respect to compliance with the federal income tax rules affecting the Series 2018 Bonds, and by Dykema Gossett P.L.L.C., in connection with rendering its opinion that the interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2018 Bonds.

Dated: [_____], 2018

HERBERT J. SIMS & CO., INC.,
as Underwriter

By: _____

Name: _____

Title: _____

SCHEDULE A
SALE PRICES

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

DRAFT # 2 – 5/31/18

BURCHAM HILLS RETIREMENT CENTER II,
as the Initial Obligated Group Member and as the Obligated Group Representative

AND

U.S. BANK NATIONAL ASSOCIATION
as Master Trustee

SUPPLEMENTAL INDENTURE NUMBER 1

Dated as of July 1, 2018

Relating to

**The Economic Development Corporation of the Charter Township of Meridian
Limited Obligation First Mortgage Revenue Refunding Bonds
(Burcham Hills Retirement Center II Project) Series 2018A**

and

**The Economic Development Corporation of the City of East Lansing
Limited Obligation First Mortgage Revenue Refunding Bonds
(Burcham Hills Retirement Center II Project) Series 2018B**

and

**Fifth Third Bank
Series 2018 Draw to Construction Loan
(Burcham Hills Retirement Center II Project)**

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SUPPLEMENTAL INDENTURE NUMBER 1

THIS SUPPLEMENTAL INDENTURE NUMBER 1 (this “Supplemental Indenture”), dated as of July 1, 2018, between **BURCHAM HILLS RETIREMENT CENTER II**, a Michigan nonprofit corporation, for itself as the Initial Obligated Group Member and as the Obligated Group Representative (the “Obligated Group Representative”), on behalf of each other Member of the Obligated Group (referred to herein collectively as the “Members”), and **U.S. Bank National Association**, a national bank with trust powers in the State of Michigan (the “Master Trustee”),

WITNESSETH:

WHEREAS, the Obligated Group Representative and the Master Trustee have entered into a Master Trust Indenture dated as of July 1, 2018 (the “Master Indenture”); and

WHEREAS, the Obligated Group Representative, on behalf of the Obligated Group, as borrower, has, concurrently herewith, entered into a Loan Agreement and Trust Indenture, dated as of July 1, 2018 (as amended, supplemented or otherwise modified from time to time, the “Series 2018A Loan Agreement and Trust Indenture”), with The Economic Development Corporation of the Charter Township of Meridian, a Related Issuer under the Master Indenture (the “Meridian Related Issuer”), and U.S. Bank National Association, as Trustee (the “Series 2018A Bonds Trustee”), which Series 2018A Loan Agreement and Trust Indenture provides for, among other things, (a) the issuance by the Meridian Related Issuer of its \$_____ aggregate principal amount Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2018A, dated July __, 2018 (the “Series 2018A Bonds”), (b) the loan (the “Series 2018A Loan”) by the Meridian Related Issuer of the proceeds of the sale of the Series 2018A Bonds to the Obligated Group Representative on behalf of the Obligated Group, (c) the Obligated Group Representative to issue and to cause the Master Trustee to authenticate and deliver Master Obligation No. 1 to the Meridian Related Issuer, and for the Meridian Related Issuer to assign Master Obligation No. 1 to the Series 2018A Bonds Trustee, to provide payment for, and secure payment of, the Series 2018A Loan, and (d) the application of the Series 2018A Loan proceeds, together with other available funds, (i) to refund the \$_____ outstanding principal amount of the Meridian Related Issuer’s \$15,360,000 original aggregate principal amount Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2007A-1, issued for the benefit of the Obligated Group Representative, (ii) to fund a portion of a debt service reserve fund securing the Series 2018A Bonds, and (iii) to pay certain costs of issuance of the Series 2018A Bonds; and

WHEREAS, the Obligated Group Representative, on behalf of the Obligated Group, as borrower, has additionally, concurrently herewith, entered into a Loan Agreement and Trust Indenture, dated as of July 1, 2018 (as amended, supplemented or otherwise modified from time to time, the “Series 2018B Loan Agreement and Trust Indenture”), with The Economic Development Corporation of the City of East Lansing, a Related Issuer under the Master Indenture (the “East Lansing Related Issuer”), and _____, a _____, as Trustee (the “Series 2018B Bonds Trustee”), which Series 2018B Loan Agreement and Trust Indenture provides for, among other things, (a) the issuance by the East Lansing Related Issuer of its \$_____ aggregate principal amount Limited Obligation First Mortgage Revenue Refunding

Bonds (Burcham Hills Retirement Center II Project), Series 2018B, dated July __, 2018 (the “Series 2018B Bonds”), (b) the loan (the “Series 2018B Loan”) by the East Lansing Related Issuer of the proceeds of the sale of the Series 2018B Bonds to the Obligated Group Representative on behalf of the Obligated Group, (c) the Obligated Group Representative to issue and to cause the Master Trustee to authenticate and deliver Master Obligation No. 2 to the East Lansing Related Issuer, and for the East Lansing Related Issuer to assign Master Obligation No. 2 to the Series 2018B Bonds Trustee, to provide payment for, and secure payment of, the Series 2018B Loan, and (d) the application of the Series 2018B Loan proceeds, together with other available funds, (i) to refund the \$_____ outstanding principal amount of the East Lansing Related Issuer’s \$6,530,000 original aggregate principal amount Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2007B-1, issued for the benefit of the Obligated Group Representative, (ii) to fund a portion of a debt service reserve fund securing the Series 2018B Bonds, and (iii) to pay certain costs of issuance of the Series 2018A Bonds; and

WHEREAS, the Series 2018A Bonds and the Series 2018B Bonds are collectively referred to herein as the “Series 2018 Bonds”; and

WHEREAS, the Obligated Group Representative, on behalf of the Obligated Group, as borrower, has additionally, concurrently herewith, entered into a [Credit Agreement and Construction Controls Addendum], dated as of July 1, 2018 (as amended, supplemented or otherwise modified from time to time, the “Series 2018 Bank Credit Agreement”), with Fifth Third Bank, an Ohio banking corporation (the “Bank”), which Series 2018 Bank Credit Agreement provides, among other things, (a) for the Bank to loan an amount not to exceed \$_____ to the Obligated Group Representative on behalf of the Obligated Group (the “Series 2018 Bank Loan”), such proceeds to be received by the Obligated Group Representative in multiple advances and to be used (i) to finance the further development of the Obligated Group Representative’s existing continuing care retirement community, located at 2700 Burcham Drive, City of East Lansing, Michigan (the “Community”), including the renovation and expansion of independent living common areas in the existing resident center building (“Phase I-A”), and the development of 44 new independent living units at the Community (“Phase I-B”), and necessary or useful furnishings, equipment and machinery, and such interests in land as may be necessary or useful for the foregoing, including roads and rights of access, utilities and any necessary site preparation improvements (collectively, the “Series 2018 Project”), and (ii) to pay certain costs of issuance of the Series 2018 Bonds, and (b) for the Obligated Group Representative to issue, and to cause the Master Trustee to authenticate and deliver, Master Obligation No. 3 to the Bank, to provide payment for, and secure payment of, the Series 2018 Bank Loan; and

WHEREAS, the Series 2018A Loan, the Series 2018B Loan and the Series 2018 Bank Loan are collectively referred to herein as the “Series 2018 Loans”; and

WHEREAS, the Obligated Group Representative is authorized by law and by the Master Indenture, and deems it necessary and desirable, to issue and deliver the Series 2018 Master Obligations (as defined herein) pursuant to the Master Indenture; and

WHEREAS, pursuant to the terms of the Master Indenture, each of the Obligated Group Members will be jointly and severally liable for payment of the Series 2018 Master Obligations; and

WHEREAS, all acts and things necessary to make the Series 2018 Master Obligations authorized by this Supplemental Indenture, when executed by the Obligated Group Representative for and on behalf of the Obligated Group and each Obligated Group Member and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplemental Indenture, the valid, binding and legal obligation of each Obligated Group Member, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Indenture, have been done and performed and the execution of this Supplemental Indenture and the issuance hereunder and under the Master Indenture of the Series 2018 Master Obligations created by this Supplemental Indenture have in all respects been duly authorized, and the Obligated Group Representative, for and on behalf of the Obligated Group and each Obligated Group Member, in the exercise of the legal right and power vested in it, executes this Supplemental Indenture and proposes to make, execute, issue and deliver the Series 2018 Master Obligations created hereby;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2018 Master Obligations authorized hereby are authenticated, issued and delivered, and to secure all payments to be made by the Members of the Obligated Group with respect to the Series 2018 Loans, and in consideration of the premises and the purchase and acceptance of the Series 2018 Master Obligations created hereby by the holders thereof, the Obligated Group Representative, for itself and on behalf of the Obligated Group Members, covenants and agrees with the Master Trustee as follows:

**ARTICLE I
DEFINITION OF TERMS**

Section 1.01 Definitions.

The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below. Capitalized terms used in this Supplemental Indenture that are not defined as set forth below or as otherwise defined herein shall have the meanings assigned to them in the Master Indenture.

“Entrance Fee Fund” means the fund created by Section 2.01 hereof.

“Master Obligation No. 1” means the Master Obligation created by Article III hereof relating to the Series 2018A Bonds and Series 2018A Loan.

“Master Obligation No. 2” means the Master Obligation created by Article IV hereof relating to the Series 2018B Bonds and Series 2018B Loan.

“Master Obligation No. 3” means the Master Obligation created by Article V hereof relating to the Series 2018 Bank Loan.

“Senior Master Obligations” means, collectively, Master Obligation No. 1, Master Obligation No. 2, Master Obligation No. 3, and any other Master Obligation that is not a Subordinated Obligation.

“Series 2018 Master Obligations” means, collectively, Master Obligation No. 1, Master Obligation No. 2, and Master Obligation No. 3.

[End of Article I]

ARTICLE II FUNDS

Section 2.01 Entrance Fee Fund.

(a) The Master Trustee shall establish and maintain a separate fund to be known as the “Entrance Fee Fund – Burcham Hills Retirement Center II Project” (the “Entrance Fee Fund”). All moneys received by the Master Trustee and held in the Entrance Fee Fund pursuant to this Section 2.01 shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture. The investment of the moneys held in the Entrance Fee Fund shall be made pursuant to an Obligated Group Representative Request pursuant to Section 2.02, and each such request shall state that such requested investment complies with the yield restriction requirements in the Tax Compliance Certificate (as defined in the Series 2018A Loan Agreement and Trust Indenture and the Series 2018B Loan Agreement and Trust Indenture) until the Obligated Group Representative delivers an opinion of nationally recognized municipal bond counsel (which counsel and opinion are acceptable to the Master Trustee) to the Master Trustee to the effect that no such yield restriction is required to maintain any exemption from federal income taxation to which the interest on any Related Bonds would otherwise be entitled.

(b) The Members of the Obligated Group hereby agree that eighty percent (80%) of all Initial Entrance Fees received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days after their receipt.

(c) The Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee within [five (5)] Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Project Independent Living Units (such disbursements shall be made upon receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds);

SECOND: If no pending disbursement under FIRST, to the Bank prior to the occurrence of an Event of Default, to prepay the Series 2018 Bank Loan; and

(d) After the occurrence of an Event of Default pursuant to Section 7.01 of the Master Indenture, funds on deposit in the Entrance Fund shall be applied:

FIRST, To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable

Project Independent Living Units (such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds); and

SECOND to redeem all Indebtedness that is secured by a Senior Master Obligation on a pro rata basis.

(e) After the 2018 Bank Loan has been redeemed or otherwise paid in full (as established by an Officer's Certificate of the Obligated Group Representative delivered to the Master Trustee), and provided no Event of Default has occurred and is continuing, the Members of the Obligated Group shall no longer be obligated to deposit any Initial Entrance Fees into the Entrance Fee Fund. Upon delivery to the Master Trustee of the foregoing Officer's Certificate, as well as an Opinion of Counsel stating the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

Section 2.02 Investment of Funds.

(a) Any moneys held by the Master Trustee hereunder as part of any fund or account established under this Supplemental Indenture shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to rely). Any such investments shall be held by or under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee, at such times as it is anticipated that moneys from the particular fund will be required for the purposes of this Supplemental Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the Obligated Group is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any such Permitted Investments may be purchased from or sold to the Master Trustee or any of its respective affiliates.

(b) The Master Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Supplemental Indenture. The Master Trustee shall make copies of such records available to the Obligated Group, upon its reasonable written request.

Section 2.03 Allocation and Transfers of Investment Income.

Any investment earnings in the Entrance Fee Fund shall be retained in the Entrance Fee Fund.

Section 2.04 Master Trustee Relieved From Responsibility.

The Master Trustee shall be fully protected in relying upon any Obligated Group Representative Request relating to investments in any fund, shall not be liable for any losses or prepayment penalties as a result of complying with any such Obligated Group Representative Request and shall not be required to ascertain any facts with respect to such Request.

Section 2.05 Place of Payment.

The place of payment for the Series 2018 Master Obligations shall be the [_____] corporate trust office of the Master Trustee.

[End of Article II]

ARTICLE III
MASTER OBLIGATION NO. 1

Section 3.01 Master Obligation No. 1.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled “Burcham Hills Retirement Center II Master Obligation No. 1” (“Master Obligation No. 1”). Master Obligation No. 1, in the principal amount of \$[_____], shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 3.02 Form of Master Obligation No. 1.

Master Obligation No. 1 created hereby shall be in the form of a fully registered Master Obligation without coupons substantially in the form attached as Exhibit A hereto.

Section 3.03 Payment of Master Obligation No. 1.

Payments of, and prepayments on, Master Obligation No. 1 shall be made in the same manner, and with the same effect, as payments and prepayments due under the Series 2018A Loan Agreement and Trust Indenture (and the Obligated Group Representative shall receive credit to the extent of such payments and prepayments made under the Series 2018A Loan Agreement and Trust Indenture), and such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Series 2018A Bonds at any time outstanding.

[End of Article III]

**ARTICLE IV
MASTER OBLIGATION NO. 2**

Section 4.01 Master Obligation No. 2.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled “Burcham Hills Retirement Center II Master Obligation No. 2” (“Master Obligation No. 2”). Master Obligation No. 2, in the principal amount of \$[_____], shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 4.02 Form of Master Obligation No. 2.

Master Obligation No. 2 created hereby shall be in the form of a fully registered Master Obligation without coupons substantially in the form attached as Exhibit A hereto.

Section 4.03 Payment of Master Obligation No. 2.

Payments of, and prepayments on, Master Obligation No. 2 shall be made in the same manner, and with the same effect, as payments and prepayments due under the Series 2018B Loan Agreement and Trust Indenture (and the Obligated Group Representative shall receive credit to the extent of such payments and prepayments made under the Series 2018B Loan Agreement and Trust Indenture), and such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Series 2018B Bonds at any time outstanding.

[End of Article IV]

ARTICLE V
MASTER OBLIGATION NO. 3

Section 5.01 Master Obligation No. 3.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled “Burcham Hills Retirement Center II Master Obligation No. 3” (“Master Obligation No. 3”). Master Obligation No. 3, in the principal amount of \$[_____], shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 5.02 Form of Master Obligation No. 3.

Master Obligation No. 3 created hereby shall be in the form of a fully registered Master Obligation without coupons substantially in the form attached as Exhibit B hereto.

Section 5.03 Payment of Master Obligations No. 3.

Payments of and prepayments on Master Obligation No. 3 shall be made in the same manner, and with the same effect, as payments and prepayments due under the Series 2018 Bank Credit Agreement (and the Obligated Group Representative shall receive credit to the extent of such payments and prepayments made under the Series 2018 Bank Credit Agreement), and such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Series 2018 Bank Loan at any time outstanding.

[End of Article V]

**ARTICLE VI
MISCELLANEOUS**

Section 6.01 Concerning the Master Trustee. The recitals herein contained are made by the Obligated Group Representative and not by the Master Trustee, and the Master Trustee does not assume any responsibility for the correctness thereof. The Master Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture or the Series 2018 Master Obligations. All of the provisions contained in the Master Indenture in respect of the rights, privileges, immunities, powers, and duties of the Master Trustee shall be applicable in respect of this Supplemental Indenture as fully and with like force and effect as though fully set forth in full herein.

Section 6.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Master Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 6.03 Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN.

Section 6.04 Multiple Originals. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One originally signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 6.05 Confirmation of Master Indenture. The Master Indenture, as supplemented and amended by this Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed.

Section 6.06 Headings and Table of Contents. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

[End of Article VI]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture Number 1 to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

BURCHAM HILLS RETIREMENT CENTER
II, as Obligated Group Representative, on behalf of
the Obligated Group

By: _____
[Name]
President and Chief Executive Officer

By: _____
[Name]
[Title]

U.S. BANK NATIONAL ASSOCIATION, as
Master Trustee

By: _____
[Name]
[Title]

EXHIBIT A

FORM OF MASTER OBLIGATIONS NO. 1 AND NO. 2

**THIS MASTER OBLIGATION HAS NOT BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW**

\$ _____

**BURCHAM HILLS RETIREMENT CENTER II
MASTER OBLIGATION NO. [1][2]**

BURCHAM HILLS RETIREMENT CENTER II, a Michigan nonprofit corporation, as an obligated group member and the obligated group representative (the “Obligated Group Representative”), for value received, hereby promises to pay to [The Economic Development Corporation of the Charter Township of Meridian (the “Meridian EDC”)] [The Economic Development Corporation of the City of East Lansing (the “East Lansing EDC”)] and registered assigns, the principal sum of \$ _____, and to pay interest and, as applicable, premium thereon, at the times and in the amounts required by the Loan Agreement and Trust Indenture, dated as of July 1, 2018, among the Obligated Group Representative, the [Meridian EDC] [East Lansing EDC] and _____, as trustee (the “Bond Trustee”) (the “Loan Agreement and Trust Indenture”), and in any event, in the amounts and at the times necessary to repay the Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project) Series [2018A/2018B] (the “Bonds”) issued by the [Meridian EDC] [East Lansing EDC] under and pursuant to the Loan Agreement and Trust Indenture. This Master Obligation shall mature on [_____].

This Master Obligation is issued for the purpose of securing the Obligated Group Representative's payment obligations under the Loan Agreement and Trust Indenture and relating to the Series [2018A/2018B] Bonds, which such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Bonds at any time outstanding. This Master Obligation shall be subject to payment and prepayment as set forth in the Master Indenture (as defined below).

This Master Obligation is issued in the principal amount of \$ _____, is dated July [____], 2018 and is designated as the “Burcham Hills Retirement Center Master Obligation No. [1][2]” (“Master Obligation”), and together with all other Master Obligations issued under the Master Indenture hereinafter defined, the “Master Obligations”) issued under and pursuant to Supplemental Indenture Number 1 dated as of July 1, 2018 (the “Supplemental Indenture”), supplementing the Master Trust Indenture dated as of July 1, 2018 (the “Master Trust Indenture”), between the Obligated Group Representative and U.S. Bank National Association, as Master Trustee (the “Master Trustee”). The Master Trust Indenture, as supplemented and amended by the Supplemental Indenture, is herein called the “Master Indenture.” Pursuant to the terms of the Master Indenture, each of the Obligated Group Members described therein will be

jointly and severally liable for the payment of this Master Obligation and all other Master Obligations.

A copy of the Master Indenture is on file at the [City/State] corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Master Obligation, the terms and conditions on which, and the purposes for which, this Master Obligation is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Master Obligation, assents.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Indenture) and of the holders of the Series 2018 Master Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Master Obligations (other than Subordinated Obligations) then Outstanding under the Master Indenture. Unless an Event of Default has occurred and is continuing, no such modification or change shall be made which will reduce the percentage of the Master Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Master Obligation or Master Obligations over any other Master Obligation or Master Obligations, or which will effect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Master Obligation or a reduction in the principal amount or redemption price of any Master Obligation or the rate of interest thereon, without the consent of the holder of such Master Obligation. Any such consent by the holder of this Master Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Master Obligation.

Upon the occurrence of certain “Events of Default”, as defined in the Master Indenture, the principal of all outstanding Master Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture.

The holder of this Master Obligation shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This Master Obligation shall be registered on the register to be maintained by the Master Trustee and this Master Obligation shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Master

Obligation a new registered Master Obligation without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Master Obligation is registered as the absolute owner hereof for all purposes; and none of the Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Master Obligation.

No covenant or agreement contained in this Master Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the board of directors of any of the Obligated Group Members nor any officer executing this Master Obligation shall be liable personally on this Master Obligation or be subject to any personal liability or accountability by reason of the issuance of this Master Obligation.

This Master Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

[Signature Page Follows]

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Master Obligation to be executed in its name and on behalf of the Obligated Group by the manual signature of its [Title] and [Title].

**BURCHAM HILLS RETIREMENT CENTER
II**, as Obligated Group Representative, on behalf of
the Obligated Group, and as Obligated Group
Representative

By: _____
[Name]
[Title]

By: _____
[Name]
[Title]

[Form of Endorsement by Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the Obligated Group Representative and all other Obligated Group Members referred to and defined in the Master Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Master Obligation are identified on Schedule I attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Master Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Master Obligation shall thereupon and thereafter likewise be jointly and severally obligated on this Master Obligation, whether or not the name of such person shall appear on or be added to Schedule I.

If any person who is on the date of execution and delivery of this Master Obligation, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this Master Obligation and under the Master Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Master Indenture) and to all other holders of Master Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Master Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Master Obligations delivered pursuant to the provisions of the Master Indenture.

[Signature Pages to Follow]

**BURCHAM HILLS RETIREMENT CENTER
II, as Obligated Group Representative, on behalf of
the Obligated Group, as Obligated Group
Representative**

By: _____
[Name]
[Title]

By: _____
[Name]
[Title]

Master Trustee's Certificate of Authentication

This Master Obligation is one of the Master Obligations referred to in the aforementioned Master Indenture.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION, as
Master Trustee

By: _____
[Name]
[Title]

ENDORSEMENT AND ASSIGNMENT

For value received, pay without recourse to the order of U.S. Bank National Association, as Bond Trustee (the "Bond Trustee"), or any successor bond trustee appointed under the Loan Agreement and Trust Indenture, dated as of July 1, 2018 (the "Related Bond Indenture"), among The Economic Development Corporation of the [Charter Township of Meridian] [City of East Lansing] (the "Related Issuer"), Burcham Hills Retirement Center II, and the Bond Trustee for the benefit of the holders of the Related Issuer's Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project) Series [2018A] [2018B] (the "Related Bonds"). The Related Issuer hereby assigns all of its right, title and interest in and to the above Master Obligation No. 1/2 to the Bond Trustee under the Related Bond Indenture, for the benefit and security of the holders of the Related Bonds.

Dated as of July __, 2018.

By: _____

Name: _____

Its: _____

[Form of Schedule I]

Members of the Obligated Group

Name:

Address for Notices

Burcham Hills Retirement Center II

Burcham Hills Retirement Center II
2700 Burcham Drive
East Lansing, Michigan 48823
Attention: [Title]

EXHIBIT B

FORM OF MASTER OBLIGATION NO. 3

**THIS MASTER OBLIGATION HAS NOT BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW**

\$ _____

**BURCHAM HILLS RETIREMENT CENTER II
MASTER OBLIGATION NO. 3**

BURCHAM HILLS RETIREMENT CENTER II, as an obligated group member and the obligated group representative (the “Obligated Group Representative”), for value received, hereby promises to pay to FIFTH THIRD BANK, an Ohio banking corporation (the “Lender”), or registered assigns, at its principal office in [City/State], or at such other place as the Lender may direct in writing, the principal sum of \$ _____ (the “Series 2018 Bank Loan) or so much thereof as has been advanced to the Obligated Group Representative pursuant to the Series 2018 Bank Credit Agreement dated [____], 2018 (the “Series 2018 Bank Credit Agreement”), between the Obligated Group Representative and the Lender, as required by the Series 2018 Bank Credit Agreement, and to pay interest on the unpaid principal balance hereof at the rates and as otherwise required by the Series 2018 Bank Loan Agreement, as evidenced by the promissory note dated the date hereof (the “Series 2018C Note”) from the Obligated Group Representative to the Lender, and in any event, in the amounts and at the times necessary to repay the Series 2018 Bank Loan issued by the Lender under and pursuant to the Series 2018 Loan Agreement. This Master Obligation shall mature on _____.

This Master Obligation is issued for the purpose of securing the Obligated Group Representative's payment obligations under the Series 2018 Bank Loan Agreement and the Series 2018C Note, which such payments and prepayments shall in all events be at such times and in such amounts as are sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity or otherwise), the principal of and premium, if any, and interest payable on the Series 2018 Bank Loan at any time outstanding. This Master Obligation shall be subject to payment and prepayment as set forth in the Master Indenture (as defined below).

This Master Obligation is issued in the principal amount of \$ _____, is dated July [___], 2018 and is designated as the “Burcham Hills Retirement Center II Master Obligation No. 3” (the “Master Obligation”, and together with all other Master Obligations issued under the Master Indenture hereinafter defined, the “Master Obligations”) issued under and pursuant to Supplemental Indenture Number 1 dated as of July 1, 2018 (the “Supplemental Indenture”), supplementing the Master Trust Indenture dated as of July 1, 2018 (the “Master Trust Indenture”), between the Obligated Group Representative and U.S. BANK NATIONAL ASSOCIATION, as Master Trustee (the “Master Trustee”). The Master Trust Indenture, as supplemented and amended by the Supplemental Indenture, is herein called the “Master Indenture.” Pursuant to the terms of the Master Indenture, each of the Obligated Group

Members described therein will be jointly and severally liable for the payment of this Master Obligation and all other Master Obligations.

A copy of the Master Indenture is on file at the [City/State] corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Master Obligation, the terms and conditions on which, and the purposes for which, this Master Obligation is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Master Obligation, assents.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Indenture) and of the holders of the Master Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Master Obligations (other than Subordinated Obligations) then Outstanding under the Master Indenture. Unless an Event of Default has occurred and is continuing, no such modification or change shall be made which will reduce the percentage of the Master Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Master Obligation or Master Obligations over any other Master Obligation or Master Obligations, or which will effect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Master Obligation or a reduction in the principal amount or redemption price of any Master Obligation or the rate of interest thereon, without the consent of the holder of such Master Obligation. Any such consent by the holder of this Master Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Master Obligation.

Upon the occurrence of certain “Events of Default”, as defined in the Master Indenture, the principal of all outstanding Master Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture.

The holder of this Master Obligation shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This Master Obligation shall be registered on the register to be maintained by the Master Trustee and this Master Obligation shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Master

Obligation a new registered Master Obligation without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Master Obligation is registered as the absolute owner hereof for all purposes; and none of the Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Master Obligation.

No covenant or agreement contained in this Master Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the board of directors of any of the Obligated Group Members nor any officer executing this Master Obligation shall be liable personally on this Master Obligation or be subject to any personal liability or accountability by reason of the issuance of this Master Obligation.

This Master Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Master Obligation to be executed in its name and on behalf of the Obligated Group by the manual or facsimile signature of its [Title] and [Title].

**BURCHAM HILLS RETIREMENT CENTER
II**, as Obligated Group Representative, on behalf of
the Obligated Group, as Obligated Group
Representative

By: _____
[Name]
[Title]

By: _____
[Name]
[Title]

[Form of Endorsement by Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the Obligated Group Representative and all other Obligated Group Members referred to and defined in the Master Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Master Obligation are identified on Schedule I attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Master Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Master Obligation shall thereupon and thereafter likewise be jointly and severally obligated on this Master Obligation, whether or not the name of such person shall appear on or be added to Schedule I.

If any person who is on the date of execution and delivery of this Master Obligation, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this Master Obligation and under the Master Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to the Lender and each Related Bond Trustee (as defined in the Master Indenture) and to all other holders of Master Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Master Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Master Obligations delivered pursuant to the provisions of the Master Indenture.

[Signature Pages to Follow]

BURCHAM HILLS RETIREMENT CENTER
II, as Obligated Group Representative, on behalf of
the Obligated Group, as Obligated Group
Representative

By: _____
[Name]
[Title]

By: _____
[Name]
[Title]

[Form of Master Trustee's Certificate of Authentication]

This Master Obligation is one of the Master Obligations referred to in the aforementioned Master Indenture.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION, as
Master Trustee

By: _____
[Name]
[Title]

[Form of Schedule I]

Members of the Obligated Group

Name:

Address for Notices

Burcham Hills Retirement Center II.

Burcham Hills Retirement Center II
2700 Burcham Drive
East Lansing, Michigan,
Attention: [Title]

4821-4318-9860.4
047051\000004

LOAN AGREEMENT AND TRUST INDENTURE

Among

THE ECONOMIC DEVELOPMENT CORPORATION
OF THE CHARTER TOWNSHIP OF MERIDIAN

and

BURCHAM HILLS RETIREMENT CENTER II

and

U.S. BANK NATIONAL ASSOCIATION, as Bond Trustee

Dated as of July 1, 2018

And Providing for the Issue of

\$_____

The Economic Development Corporation of the
Charter Township of Meridian
Limited Obligation First Mortgage Revenue Refunding Bonds
(Burcham Hills Retirement Center II Project), Series 2018A

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ARTICLE I: INTRODUCTION AND DEFINITIONS

Section 101. Description of the Agreement and the Parties. This LOAN AGREEMENT AND TRUST INDENTURE (the “Agreement”) is entered into as of July 1, 2018, among THE ECONOMIC DEVELOPMENT CORPORATION OF THE CHARTER TOWNSHIP OF MERIDIAN, a public body corporate existing under the laws of the State of Michigan (the “Issuer”), BURCHAM HILLS RETIREMENT CENTER II, a Michigan nonprofit corporation (the “Corporation”); and [BOND TRUSTEE], as Bond Trustee (the “Bond Trustee”).

RECITALS

WHEREAS, the Issuer is a public body corporate organized and existing under and pursuant to the Constitution and laws of the State of Michigan (the “State”) and is authorized by the Act to issue bonds to make loans to finance projects (as that term is defined in the Act) to any person, firm or corporation, in order to assist and retain local industries and commercial enterprises and to strengthen and revitalize the economy of the Charter Township of Meridian (the “Township”) and the State, and to issue bonds to refund its previously issued and outstanding obligations; and

WHEREAS, the Issuer issued its \$17,015,000 aggregate principal amount Limited Obligation First Mortgage Revenue Bonds, Series A (the “Series 1989A Bonds”) and its \$4,000,000 aggregate principal amount Limited Obligation Second Mortgage Revenue Bonds, Series B (the “Series 1989B Bonds”), each dated June 29, 1989 (collectively, the “1989 Bonds”), pursuant to a Loan Agreement and Trust Indenture, dated as of June 1, 1989 (the “1989 Indenture”); and,

WHEREAS, the proceeds of the sale of the 1989 Bonds were loaned to the Corporation by the Issuer (i) to finance the cost of the acquisition of and certain improvements to an existing continuing care retirement community in the Charter Township of Meridian, Michigan, (ii) to finance a debt service reserve fund securing the Series 1989A Bonds; and (iii) to pay a portion of the issuance expenses relating to the 1989 Bonds; and,

WHEREAS, it was subsequently determined that substantial savings in interest costs associated with the 1989 Bonds could be achieved through the issuance and sale in 1996 of a series of additional bonds pursuant to the 1989 Indenture, as amended and restated as of June 1, 1996 (the “Restated 1989 Indenture”), in the aggregate principal amount of \$17,460,000 (the “Series 1996 A Bonds”), the proceeds of which, together with certain moneys on deposit in the debt service fund and debt service reserve fund created under the 1989 Indenture were used to advance refund the entire outstanding principal amount of the Series 1989A Bonds; and,

WHEREAS, it was further determined that in conjunction with the advance refunding of the Series 1989A Bonds, it was necessary and appropriate to simultaneously refund a portion of the outstanding Series 1989B Bonds through the issuance of a series of additional bonds pursuant to the Restated 1989 Indenture in the aggregate principal amount of \$2,250,000 (the “Series 1996C Bonds”), which Series 1996C Bonds were exchanged for a corresponding principal

amount of Series 1989B Bonds held by certain bondowners who elected to make such exchange; and,

WHEREAS, in 2007 it was determined that substantial savings in interest costs associated with the Series 1996A Bonds and Series 1996C Bonds (collectively, the “1996 Bonds”) could be achieved through the issuance and sale of the Issuer’s \$15,360,000 Limited Obligation First Mortgage Revenue Bonds, Series A (the “Series 2007A-1 Bonds”) and its \$185,000 Limited Obligation Second Mortgage Revenue Bonds, Series A-2 (the “Series 2017A-2 Bonds”), each dated April 13, 2007 (collectively, the “2007 Bonds”), pursuant to a Loan Agreement and Trust Indenture, dated as of April 1, 2007 (the “2007 Indenture”) the proceeds of which, together with certain moneys on deposit in the debt service reserve fund and the debt service fund created under the Restated 1989 Indenture would be used to refund the entire outstanding principal amount of the 1996 Bonds within 90 days of the issuance and delivery of the 2007 Bonds, and the balance of the proceeds of which would be used to fund a portion of the then-applicable debt service reserve fund requirement and to pay certain costs of issuance; and,

WHEREAS, as of the date of this Agreement, \$8,885,000 principal amount of the Series 2007A-1 Bonds is outstanding; and no Series 2007A-2 Bonds are outstanding; and,

WHEREAS, it has been determined that significant savings in interest costs associated with the Series 2007A-1 Bonds can be achieved, through the issuance and sale of a new series of bonds pursuant to this Agreement in the aggregate principal amount of \$[_____] (the “Series 2018A Bonds”), the proceeds of which, together with certain moneys on deposit in the debt service reserve fund and the debt service fund created under the 2007 Indenture and certain other moneys, would be used to refund the entire outstanding principal amount of the Series 2007A-1 Bonds within 90 days of the issuance and delivery of the Series 2018A Bonds to fund a debt service reserve fund and to pay certain costs of issuing the Series 2018A Bonds; and,

WHEREAS, it is a condition precedent to the delivery of the Series 2018A Bonds that, the Master Indenture, including Supplemental Indenture Number 1, are each duly executed and delivered, that a Master Obligation be issued under the Master Indenture to secure the Series 2018A Bonds, and that the Mortgage be issued to secure the Issuer (for its Reserved Rights) and the Series 2018A Master Obligation; and,

WHEREAS, the execution and delivery of this Agreement and the assignment and endorsement of the Series 2018A Master Obligation (excluding the Reserved Rights) to the order of the Bond Trustee were authorized by a Certified Resolution of the Issuer, which was duly adopted and approved.

In consideration of the mutual agreements contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Corporation and the Bond Trustee agree as set forth herein for their own benefit and for the benefit of the Bondowners, provided that any financial obligation of the Issuer hereunder shall not be a general obligation of the Issuer nor a debt or pledge of the faith and credit of the Charter Township of Meridian, Michigan, but shall be payable solely from the Revenues and funds pledged under this Agreement.

Section 102. Definitions. All terms used herein which are defined in the Master Indenture, as supplemented, shall have the same meanings therein set forth, which definitions are by this reference incorporated herein and made a part of this Agreement. Along with the terms defined in the Recitals and elsewhere herein, the following terms have the following meanings in this Agreement, unless the context otherwise requires:

(a) “Act” means Act 338, Public Acts of Michigan, 1974, as amended from time to time.

(b) “Additional Payments” means the payments to be made by the Corporation under Section 313.

(c) “Architect” means an Independent architect, engineer or firm of architects or engineers which is appointed by the Corporation for the purpose of passing on questions relating to the design and construction of any particular facility, has all licenses and certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature, and is not unsatisfactory to the Bond Trustee.

(d) “Authorized Officer” means: (i) in the case of the Issuer, [the Chairman or President, Vice Chairman or Vice President, or Secretary] of the Issuer, or any other person so designated by a Certified Resolution of the Issuer; and (ii) in the case of the Corporation, the Chairman or other presiding officer of the Board of Bond Trustees, the President, any Vice President or Vice Chairman, the Secretary, the Treasurer or other chief financial officer, or any other person so designated by a Certified Resolution of the Corporation.

(e) “Bond Fund” means the fund established pursuant to Section 307 hereof.

(f) “Bond Year” means the year beginning on July 1 and ending on the following June 30.

(g) “Bondowners” means the registered Bondowners of the Bonds from time to time as shown in the books kept by the Bond Trustee.

(h) “Bonds” means the Series 2018A Bonds.

(i) “Certificate” means a certificate or report, in form and substance satisfactory to the Issuer and the Bond Trustee, executed: (a) in the case of an Issuer Certificate, by an Authorized Officer; (b) in the case of an Corporation Certificate, by two Authorized Officers and (c) in the case of a Certificate of any other Person, by such person, if an individual, and otherwise by an officer, partner or other authorized representative of such person. Any Corporation Certificate which relates to any financial test or ratio shall set forth in reasonable detail the computations involved in showing compliance with such test or ratio and the assumptions or evidence used as a basis for the figures used in making such computation.

(j) “Certified Resolution” means as the context requires: (a) one or more resolutions of the Issuer certified by the Secretary or Assistant Secretary of the Issuer to have been duly adopted and to be in full force and effect as of the date of certification; or (b) one or

more resolutions of the governing body of the Corporation or a duly authorized committee thereof, certified by the Secretary or Assistant Secretary of the Corporation or other officer serving in a similar capacity to have been duly adopted and to be in full force and effect as of the date of certification.

(k) “Corporation’s Documents” means, collectively, this Agreement, the Master Indenture, the First Supplemental Indenture, the Series 2018A Master Obligation, the Mortgage, the Tax Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement.

(l) “Costs of Issuance Fund” means the fund established pursuant to Section 311 hereof.

(m) “Debt Service Reserve Fund” means the fund established pursuant to Section 308 hereof as security for the Series 2018A Bonds.

(n) “Debt Service Reserve Fund Requirement” means, \$[_____], which is equal to the lesser of (i) 10% of the par amount of the Series 2018A Bonds, (ii) the Maximum Annual Debt Service on the Series 2018A Bonds (excluding the amount due in the 12 months preceding final maturity of the Series 2018A Bonds), or (iii) 125% of the average annual adjusted debt service on the Series 2018A Bonds, calculated on the basis of each Bond Year.

(o) “Fair Market Value” means (i) with respect to real property, the market value for such property as evaluated by an Independent real estate appraiser appointed by the Corporation and (ii) with respect to property other than real property, the current market value of such property as evaluated by an Independent broker, an MAI appraiser or other expert appointed by the Corporation. Whenever the Fair Market Value of property is required to be evaluated pursuant to this Agreement, such evaluation shall be made in writing and delivered to the Corporation and the Bond Trustee.

(p) “Master Indenture” means the Master Trust Indenture between Corporation and U.S. Bank National Association, as Master Trustee, dated as of July 1, 2018, as supplemented by Supplemental Indenture Number 1 (“Supplemental Indenture Number 1”), between the Corporation and the Master Trustee, dated as of July 1, 2018.

(q) “Maximum Annual Debt Service” means the highest annual debt service requirement for the current or any succeeding fiscal year on the Series 2018A Bonds and any other long-term debt on a parity with the Series 2018A Bonds; provided that the amount due in the 12-month period preceding maturity of the Series 2018A Bonds shall be excluded from the calculation to the extent moneys are on deposit as of the date of calculation in the Debt Service Reserve Fund.

(r) “Outstanding” means, as of any particular time, all Series 2018A Bonds which have been duly authenticated and delivered by the Bond Trustee, except:

(i) Series 2018A Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Series 2018A Bonds for the payment or redemption of which cash funds (or Government Obligations to the extent permitted in Section 7.01 of this Agreement) shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Bond Trustee shall have been filed with the Bond Trustee; and provided further that prior to such payment or redemption, the Bonds to be paid or redeemed shall be deemed to be Outstanding for the purpose of transfers and exchanges under Section 2.05 of this Agreement; and

(iii) Series 2018A Bonds in lieu of which other Series 2018A Bonds have been authenticated.

(s) “Paying Agent” means the Paying Agent designated from time to time pursuant to Section 317.

(t) “Reserved Rights” means the rights of the Issuer pursuant to Sections 303 (Repayment of Loan), 313 (Payment of Additional Payments), 404 (Release and Indemnification), 502 and 506 (No Remedy Exclusive, No Waiver of Remedy) of this Agreement, the rights of the Issuer pursuant to the Tax Agreement and the rights of the Issuer pursuant to the Series 2018A Bond Documents providing for indemnification of the Issuer, the Issuer’s rights to receive certain notices, reports and other statements required to be given to the Issuer, and the Issuer’s rights to approve or consent to specified actions or requests.

(u) “Rebate Fund” means the fund established pursuant to Section 310 hereof.

(v) “Rebate Year” means with respect to each series of Bonds subject to Code Section 148(f) each twelve month period beginning on the date of delivery of such series of Bonds and thereafter on each anniversary of such date of delivery.

(w) “Series 2018A Bond Documents” means, collectively, this Agreement and the Corporation’s Documents.

(x) “Series 2018A Bonds” means The Economic Development Corporation of the Charter Township of Meridian Limited Obligation First Mortgage Revenue Refunding Bonds (Burcham Hills Retirement Center II Project), Series 2018A.

(y) “Series 2018A Master Obligation” means the Master Obligation No. 1 relating to the Series 2018A Bonds issued by the Obligated Group pursuant to Supplemental Indenture Number 1.

(z) “Tax Agreement” means the Nonarbitrage and Tax Compliance Certificate dated the date of the Series 2018A Bonds, [by and between the Corporation and the Issuer].

(aa) “UCC” means the Michigan Uniform Commercial Code.

(bb) “Underwriter” means Herbert J. Sims & Co., Inc.

Words importing persons include firms, associations and corporations, and the singular and plural form of words shall be deemed interchangeable wherever appropriate.

ARTICLE II: THE CONVEYANCES

Section 201. The Assignment and Pledge of the Issuer. The Issuer assigns and pledges to the Bond Trustee in trust upon the terms hereof (i) all the right, title and interest of the Issuer in and to (a) this Agreement (except for the Reserved Rights) and (b) the Series 2018A Master Obligation (excluding the Reserved Rights) including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things which the Issuer is or may become entitled to do under the foregoing, (ii) all the right, title and interest of the Issuer in and to all cash proceeds and receipts arising out of or in connection with the sale of the Series 2018A Bonds and all moneys and investments held by the Bond Trustee in the funds and accounts created under this Agreement (except the Rebate Fund), or held by the Bond Trustee as special trust funds derived from payments on contractor's performance or payment bonds or other surety bonds, or any other source, (iii) all the right, title and interest of the Issuer in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Bond Trustee under the terms of this Agreement and all other rights of every name and nature and any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Issuer or by anyone on its behalf or with its written consent to the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof, and (iv) all the right, title and interest of the Issuer in and to all proceeds (cash and noncash) of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, farm products, consumer goods and general intangibles constituting proceeds acquired with cash proceeds of any or all of the foregoing. This assignment and pledge does not include any Additional Payments or any rights of the Issuer pursuant to provisions for consent, concurrence, approval or other action by the Issuer, notice to the Issuer or the filing of reports, certificates or other documents with the Issuer.

Section 202. Title. The Corporation represents and warrants that it is lawfully seized in fee simple of the Mortgaged Property, free from all liens and encumbrances except Excluded Property; and that the Corporation has the full right, power and authority to mortgage and pledge the Mortgaged Property. The Corporation covenants that it will warrant and defend the Mortgaged Property against the lawful claims and demands of all persons and that it will not act in any way so as to encumber the interests of the Bond Trustee in the Mortgaged Property, except for Permitted Liens, without the written consent of the Bond Trustee. The Corporation and the Bond Trustee shall from time to time execute, deliver and register, record and file such instruments as the Bond Trustee or the Bondowners may reasonably require to confirm, perfect or maintain the security created or intended to be created hereby.

Section 203. Defeasance. When there are in the Bond Fund, Debt Service Reserve Fund and Redemption Fund sufficient funds irrevocably on deposit, or Defeasance Obligations in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds without reinvestment to pay or redeem the Series 2018A Bonds in full, and when all Additional Payments and other rights hereunder of the Issuer and the Bond Trustee have been provided for to their satisfaction, upon written notice from the Corporation to the Issuer and the Bond Trustee, the Bondowners shall cease to be entitled to any benefit or security under this Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof, the Bond Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created hereunder; provided, that if any such Bonds are to be redeemed prior to the maturity thereof, the Bond Trustee shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Bond Trustee. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to Section 318 hereof, and moneys held for defeasance shall be invested only as provided above in this section. Any funds or property held by the Bond Trustee and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Issuer and the Bond Trustee and after allowance for payment into the Rebate Fund, be distributed to the Corporation upon such indemnification, if any, as the Issuer or the Bond Trustee may reasonably require.

ARTICLE III: THE BORROWING

Section 301. The Bonds.

(a) Details of the Bonds. The Series 2018A Bonds shall be issued in fully registered form and shall be numbered from 1 upwards in the order of their issuance, or in any other manner deemed appropriate by the Paying Agent. The Series 2018A Bonds shall be issued in the denominations provided for in the form of the Series 2018A Bonds contained herein. The Series 2018A Bonds shall be dated the date of their issuance, sale and delivery to the original purchasers thereof. The interest on the Series 2018A Bonds until they come due shall be payable on January 1 and July 1 of each year, beginning on [January 1, 2019].

The Bonds shall be signed on behalf of the Issuer by the manual or facsimile signatures of the authorized officers of the Issuer so authorized pursuant to a validly adopted Certified Resolution relating to the issuance of the Series 2018A bonds, [and the seal of the Issuer or a facsimile thereof shall be engraved or otherwise reproduced thereon]. The authenticating certificate of the Bond Trustee shall be manually signed on behalf of the Bond Trustee.

In case any officer whose manual or facsimile signature shall appear on any Series 2018A Bond shall cease to be such officer before the delivery thereof, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until after such delivery.

The Series 2018A Bonds shall mature on the following dates in the following principal amounts, and shall bear interest at the rates set forth below for each such maturity:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
July 1, 2030	\$_[_____]	[_____]%

The Series 2018A Bonds shall be subject to redemption as described in Section 315 hereof and in the forms of the Series 2018A Bonds contained herein.

(b) Form of Series 2018A Bonds. The Series 2018A Bonds of the initial series shall be issued in substantially the following form:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered Bondowners hereof, Cede & Co., has an interest herein.

Registered No. R-_____ \$_____

UNITED STATES OF AMERICA

STATE OF MICHIGAN

**THE ECONOMIC DEVELOPMENT CORPORATION
OF THE CHARTER TOWNSHIP OF MERIDIAN**

**Limited Obligation
First Mortgage Revenue Refunding Bond (Burcham Hills
Retirement Center II Project), Series 2018A**

INTEREST RATE: _____%

CUSIP:

MATURITY DATE: July 1, 2030

DATE OF THIS BOND: July ___, 2018
(Date as of which Bonds of this series were
initially issued.)

INTEREST PAYMENT DATES: January 1 and July 1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CHARTER TOWNSHIP OF MERIDIAN (the “Issuer”), for value received, promises to pay to the REGISTERED OWNER of this bond, or registered assigns, but solely from the moneys to be provided under the Agreement mentioned below, upon presentation and surrender hereof, in lawful money of the United States of America, the PRINCIPAL AMOUNT on the MATURITY DATE, with interest (computed on the basis of a 360-day year consisting of twelve 30-day months) from the most recent INTEREST PAYMENT DATE to which interest has been paid or duly provided for or, if no interest has been paid, from the DATE OF THIS BOND, at the INTEREST RATE per annum, payable semiannually on the INTEREST PAYMENT DATES, commencing [January 1, 2019], until the date on which this bond becomes due, whether at maturity or by acceleration or redemption. From and after that date, any unpaid principal will bear interest at the same rate until paid or duly provided for. Interest shall accrue on overdue payments of interest on the Bonds at the above stated interest rate plus 1%. Payments with respect to the Bonds are applied first to the payment of interest. The principal or redemption price of this bond is payable at the corporate trust office of the Paying Agent. Interest is payable by check or draft mailed by first class mail or, if requested by a Bondowners owning at least \$1,000,000 principal amount of Outstanding Bonds, by wire or bank transfer within the continental United States by the Paying Agent to the REGISTERED OWNER of this bond (or of one or more predecessor or successor Bonds (as defined below)), determined as of the close of business on the applicable record date, at its address as shown on the registration books maintained by the Paying Agent.

The record date for payment of interest is the fifteenth (15th) day of the month preceding the date on which the interest is to be paid, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on an INTEREST PAYMENT DATE or interest on any overdue amount, U.S. Bank National Association, as Bond Trustee (the “Bond Trustee”) may establish a special record date. The special record date may be not more than twenty (20) days before the date set for payment. The Bond Trustee will mail notice of a special record date by first class mail to the REGISTERED OWNERS at least ten (10) days before the special record date. The Bond Trustee will promptly certify to the Issuer that it has mailed such

notice to all REGISTERED OWNERS, and such certificate will be conclusive evidence that such notice was given in the manner required hereby.

This bond is one of a series of bonds (the “Bonds”) representing a borrowing of \$[_____] under the “Economic Development Corporations Act,” Act No. 338, Public Laws of Michigan, 1974, as amended, and pursuant to the Loan Agreement and Trust Indenture (the “Agreement”), dated as of July 1, 2018, among Burcham Hills Retirement Center II, a Michigan nonprofit corporation (the “Corporation”), the Issuer and the Bond Trustee. Pursuant to the Agreement, the Corporation has agreed to repay the borrowing in the amounts and at the times necessary to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds, and the Issuer has pledged such funds to the Bond Trustee for the benefit of the REGISTERED OWNERS. Reference is made to the Agreement for a description of the funds pledged and to the rights, limitations of rights, duties, obligations and immunities of the Corporation, the Issuer, the Bond Trustee and the REGISTERED OWNERS, including the order of payments in the event of insufficient funds and restrictions on the rights of the REGISTERED OWNERS to bring suit. The Agreement may be amended to the extent and in the manner provided therein.

THIS BOND IS NOT A GENERAL OBLIGATION OF THE ISSUER, THE CHARTER TOWNSHIP OF MERIDIAN, THE STATE OF MICHIGAN OR ANY POLITICAL SUBDIVISION THEREOF, NOR A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CHARTER TOWNSHIP OF MERIDIAN, THE STATE OF MICHIGAN OR ANY POLITICAL SUBDIVISION THEREOF; THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED UNDER THE AGREEMENT REFERRED TO ABOVE. THE ISSUER HAS NO TAXING POWER.

In case any Event of Default (as defined in the Agreement) occurs, the principal amount of this bond together with accrued interest may be declared due and payable in the manner and with the effect provided in the Agreement.

OPTIONAL REDEMPTION

The Bonds of this series are redeemable pursuant to the Agreement, prior to maturity, at the direction of the Corporation, as a whole or in part at any time on or after [____], in aggregate principal amounts evenly divisible by the number 5,000, at the price of 100% of the principal amount being so redeemed, without premium, plus accrued interest to the redemption date.

Such Optional Redemption of less than the entire outstanding principal amount of the Bonds shall reduce a corresponding principal amount of the Annual Mandatory Sinking Fund Redemptions in the direct order in which they are scheduled to occur.

MANDATORY REDEMPTION UPON DETERMINATION OF TAXABILITY

The Bonds are subject to mandatory redemption in whole on the earliest practicable date for which the requisite notice of redemption can be given following the date on which a

Determination of Taxability, as defined in Section 315(d) of this Agreement, shall have occurred at a redemption price of (i) 105% of the principal amount thereof, plus accrued interest to the redemption date or (ii) 100% of the principal amount thereof, plus accrued interest to the redemption date, if the Bond Trustee receives the written opinion of nationally recognized bond counsel that the event giving rise to such Determination of Taxability was not within the control of the Corporation.

ANNUAL MANDATORY SINKING FUND REDEMPTION

The Bonds of this series maturing in the year 2030 are also subject to redemption from sinking fund installments at the principal amount thereof or portion of the principal amount thereof being so redeemed, without premium, plus accrued interest to the redemption date of July 1 of each of the years and in the principal amounts as follows:

Series 2018A Bonds Maturing on July 1, 2030

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2019	\$[_____]	2025	\$[_____]
2020	\$[_____]	2026	\$[_____]
2021	\$[_____]	2027	\$[_____]
2022	\$[_____]	2028	\$[_____]
2023	\$[_____]	2029	\$[_____]
2024	\$[_____]	2030*	\$[_____]

*Maturity

SPECIAL REDEMPTION

Bonds of this series are subject to redemption prior to maturity, as a whole at any time, or in part on any INTEREST PAYMENT DATE in an amount evenly divisible by the number 5,000 at the principal amount thereof or portion of the principal amount thereof being so redeemed, without premium, plus accrued interest to the redemption date, at the option of the Corporation, in the event of substantial loss to the Mortgaged Property as defined in the Agreement, from insurance or condemnation award proceeds allocable to the Bonds pursuant to the special redemption provisions in the Agreement.

Such Special Redemption of less than the entire outstanding principal amount of the Bonds shall reduce a corresponding principal amount of the Annual Mandatory Sinking Fund Redemptions in the direct order in which they are scheduled to occur.

If less than all of the outstanding Bonds of this series are to be called for redemption, the Bonds or portions thereof to be redeemed will be selected by the Bond Trustee by lot or in any customary manner as determined by the Bond Trustee.

In the event this bond is selected for redemption, notice will be mailed no more than forty-five (45) nor less than thirty (30) days prior to the redemption date by first class mail, postage prepaid, to the REGISTERED OWNER at its address shown on the registration books maintained by the Paying Agent. Failure to mail notice to the REGISTERED OWNER of any other Bond or any defect in the notice to such a REGISTERED OWNER shall not affect the redemption of this bond.

Portions of the principal amount of this bond in the amount of five thousand dollars (\$5,000) or any multiple thereof may be redeemed. If less than all of the principal amount is to be redeemed, upon surrender of this bond to the Paying Agent, there will be issued to the REGISTERED OWNER, without charge, a new Bond or Bonds, at the option of the REGISTERED OWNER, for the unredeemed principal amount.

Notice of redemption having been duly mailed, this bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, moneys for the redemption having been deposited with the Paying Agent, from and after the date fixed for redemption interest on this bond (or such portion) will no longer accrue.

This bond is transferable by the REGISTERED OWNER, in person or by its attorney duly authorized in writing, at the corporate trust office of the Paying Agent, upon surrender of this Bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds of the same aggregate principal amount will be issued to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This bond may also be exchanged at the corporate trust office of the Paying Agent for a new Bond or Bonds of the same aggregate principal amount without transfer to a new registered Bondowner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Paying Agent will not be required to make an exchange or transfer of this bond during the forty-five (45) days preceding any date fixed for redemption if this bond (or any part thereof) is eligible to be selected or has been selected for the redemption.

The Bonds of this series are issuable only in fully registered form in the denominations of five thousand dollars (\$5,000) or any multiple thereof.

The Issuer, the Bond Trustee, the Paying Agent and the Corporation may treat the REGISTERED OWNER as the absolute Bondowners of this bond for all purposes, notwithstanding any notice to the contrary.

BOOK-ENTRY SYSTEM

At the request of the Issuer, the Bond Trustee shall enter into an agreement with The Depository Trust Company (“DTC”), or any other entity appointed by the Issuer with the consent of the Bond Trustee offering similar services, for the purpose of establishing a “Book-Entry System” for the Bonds. Pursuant to any such agreement, Bonds may be registered in the name of DTC, or its nominee, for the benefit of other parties (“DTC Participants”), and DTC shall agree to keep accurate records of the DTC Participants, and promptly to transfer funds received by it in payment for the Bonds to appropriate beneficiaries. The Bondownership interest of each actual purchaser of a Bond will be recorded in the records of the DTC Participant and each such

purchaser will receive a written confirmation of the purchase providing details of the Bond acquired. Transfers of Bondownership will be accomplished by book entries made by DTC and, in turn, by the DTC Participant who will act on behalf of each such purchaser. Under such circumstances, purchasers will not receive certificates representing their Bondownership interest in the Bonds, except as otherwise specifically provided in this Indenture. The Issuer and the Bond Trustee may treat the registered holder of each Bond as the Bondowners thereof for all purposes, including payment of principal, interest, and redemption premium thereof, the giving of notices, and receipt of consents and direction as specified herein. DTC shall be entitled to take all action with respect to such notices and consents regarding Bonds registered in its or its nominee's name, and may take actions with respect to a portion of such Bonds so registered which are inconsistent with the actions taken with respect to other portions of the Bonds so registered. Neither the Issuer nor the Bond Trustee is or will be responsible for the actions of DTC or anyone else in connection with the operation of the Book-Entry System. In any case where delivery of a Bond to the Bond Trustee is required under this Indenture, such delivery shall be deemed to have been made by appropriate notation of transfer or registration on the records of DTC so long as the Book-Entry System is in effect.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the Issuer and the Bond Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Bond Trustee shall transfer and exchange Bond certificates to the actual purchaser of each Bond (the "Beneficial Bondowner"). The Beneficial Bondowner, upon registration of certificates held in the Beneficial Bondowner's name, will become the registered Bondowners of the Bonds.

The Issuer may determine that continuation of the system of the book entry transfers through DTC is not in the best interests of the respective Beneficial Bondowners and that the Beneficial Bondowners shall be able to obtain Bond certificates. In such event, the Issuer or DTC Participants, upon the direction of the Issuer, shall notify the Beneficial Bondowners of the availability of bond certificates and the Bond Trustee shall transfer and exchange bond certificates to such Beneficial Bondowners. Thereafter, upon presentation of the Bonds for transfer, the Bond Trustee shall transfer the Bonds or portions thereof in accordance with Section 301(d) of the Indenture.

The cost and expense of printing, preparing and delivering bond certificates upon the termination of the services of DTC shall be borne by the Issuer.

No director, officer, employee or agent of the Issuer nor any person executing this bond shall be liable personally, either jointly or severally, hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This bond will not be valid until the Certificate of Bond Trustee has been signed by the Bond Trustee.

IN WITNESS WHEREOF, The Economic Development Corporation of the Charter Township of Meridian has caused this bond to be duly executed as an instrument under seal.

(SEAL)

THE ECONOMIC DEVELOPMENT
CORPORATION OF THE CHARTER
TOWNSHIP OF MERIDIAN

Secretary

By: _____
Chairman

Certificate of Bond Trustee

This bond is one of the Series 2018A Bonds described in the Loan Agreement and Trust Indenture.

Date of Registration: _____

U.S. Bank National Association

Bond Trustee

By: _____
Authorized Signature

Assignment

For value received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee

and irrevocably appoints _____ attorney-in-fact to transfer it on the books kept for registration of the bond, with full power of substitution.

Note: The signature(s) to this Assignment must correspond with the name as written on the face of this bond in every particular. The signature(s) must be guaranteed by an eligible guarantor Corporation as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15) participating in a Securities Transfer Association recognized signature guarantee program.

Dated:

Signature Guaranteed:

Bank, Trust Company or Firm

By: _____
Authorized Signature

(c) Replacement of Bonds; Exchange and Transfer of Bonds. Replacement Bonds shall be issued pursuant to applicable law as a result of the destruction, loss or mutilation of the Bonds. The costs of a replacement shall be paid or reimbursed by the applicant, who shall indemnify the Issuer, the Bond Trustee, the Paying Agent and the Corporation against all liability and expense in connection therewith.

The Paying Agent and Issuer shall not be required to effect any transfer or exchange of a Bond during the forty-five (45) days preceding any date fixed for redemption if such Bond (or any part thereof) is eligible to be selected or has been selected for the redemption. The Issuer may charge the holder its reasonable fees and expenses for effecting any exchange or

replacement of Bonds and the Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge applicable to any such transfer or exchange, but no other charge shall be made for the privilege of transferring or exchanging any bond; such charge shall be paid before any transfer is effected.

(d) Book-Entry System for Series 2018A Bonds. At the request of the Issuer and the Corporation, the Bond Trustee shall enter into an agreement with The Depository Trust Company (“DTC”), or any other entity appointed by the Issuer with the consent of the Corporation and the Bond Trustee offering similar services, for the purpose of establishing a “Book-Entry System” for the Series 2018A Bonds. Pursuant to any such agreement, Series 2018A Bonds may be registered in the name of DTC, or its nominee, for the benefit of other parties (“DTC Participants”), and DTC shall agree to keep accurate records of the DTC Participants, and promptly to transfer funds received by it in payment for the Series 2018A Bonds to appropriate beneficiaries. The Bondownership interest of each actual purchaser of a Series 2018A Bond will be recorded in the records of the DTC Participant and each such purchaser will receive a written confirmation of the purchase providing details of the Series 2018A Bond acquired. Transfers of Bondownership will be accomplished by book entries made by DTC and, in turn, by the DTC Participant who will act on behalf of each such purchaser. Under such circumstances, purchasers will not receive certificates representing their Bondownership interest in the Series 2018A Bonds, except as otherwise specifically provided in this Indenture. The Issuer and the Bond Trustee may treat the registered holder of each Series 2018A Bond as the Bondowners thereof for all purposes, including payment of principal, interest, and redemption premium thereof, the giving of notices, and receipt of consents and direction as specified herein. DTC shall be entitled to take all action with respect to such notices and consents regarding Series 2018A Bonds registered in its or its nominee’s name, and may take actions with respect to a portion of such Series 2018A Bonds so registered which are inconsistent with the actions taken with respect to other portions of the Series 2018A Bonds so registered. Neither the Issuer, the Corporation nor the Bond Trustee is or will be responsible for the actions of DTC or anyone else in connection with the operation of the Book-Entry System. In any case where delivery of a Series 2018A Bond to the Bond Trustee is required under this Indenture, such delivery shall be deemed to have been made by appropriate notation of transfer or registration on the records of DTC so long as the Book-Entry System is in effect.

DTC may determine to discontinue providing its service with respect to the Series 2018A Bonds at any time by giving notice to the Issuer and the Bond Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Bond Trustee shall transfer and exchange Series 2018A Bond certificates to the actual purchaser of each Series 2018A Bond (the “Beneficial Bondowner”). The Beneficial Bondowner, upon registration of certificates held in the Beneficial Bondowner’s name, will become the registered Bondowners of the Series 2018A Bonds.

The Issuer may determine that continuation of the system of the book entry transfers through DTC is not in the best interests of the respective Beneficial Bondowners and that the Beneficial Bondowners shall be able to obtain Series 2018A Bond certificates. In such event, the Issuer or DTC Participants, upon the direction of the Issuer, shall notify the Beneficial Bondowners of the availability of Series 2018A Bond certificates and the Bond Trustee shall transfer and exchange Series 2018A Bond certificates to such Beneficial Bondowners.

Thereafter, upon presentation of the Series 2018A Bonds for transfer, the Bond Trustee shall transfer the Series 2018A Bonds or portions thereof in accordance with Section 301(c) of this Agreement.

The costs and expense of printing, preparing and delivering Series 2018A Bond certificates upon the termination of the services of DTC shall be borne by the Corporation.”

Section 302. Loan of the Bond Proceeds. The Issuer hereby agrees to Loan to the Corporation the proceeds of the Series 2018A Bonds to provide financing for the refunding of the Series 2007A-1 Bonds, [to fund a portion of a Debt Service Reserve Fund for the benefit of the Series 2018A Bonds], and to pay certain Costs of Issuance of the Series 2018A Bonds. The Corporation hereby agrees to repay the Loan pursuant to the conditions set forth in Section 302 hereof.

Section 303. Repayment of Loan. (a) The Corporation agrees to pay to the Bond Trustee for the account of the Issuer all payments when due on the Series 2018A Master Obligation. In order to provide for payment when due on the 2018A Master Obligation and the Series 2018A Bonds, the Corporation shall deliver to the Bond Trustee in immediately available funds (a) beginning [_____] and on or prior to the first Business Day of each month thereafter, an amount equal to 1/6 of the amount of interest payable on the Series 2018A Bonds on the next Interest Payment Date, for deposit in the Interest Account of the Bond Fund (provided that if the number of months between the last two Interest Payment Dates for all outstanding Series 2018A Bonds is fewer than six, then the amount required to be deposited shall be the pro rata amount of interest payable on the next Interest Payment Date that is attributable to each month during such period), and (b) beginning on [_____] and on or prior to the last Business Day of each month thereafter, an amount equal to 1/12 of the amount of principal payable on the Series 2018A Bonds on the next Sinking Fund Payment Date, for deposit in the Principal Account of the Bond Fund (provided that if the number of months between any two Sinking Fund Payment Dates for any Series 2018A Bond is fewer than twelve, then the amount deposited shall be the pro rata amount of principal payable on the next Sinking Fund Payment Date that is attributable to each such month during such period). If for any reason the amounts paid to the Bond Trustee by the Corporation on the Series 2018A Master Obligation, together with any other amounts available in the Bond Fund, are not sufficient to pay principal of, premium, if any, and interest on the Series 2018A Bonds when due, the Corporation agrees to pay the amount required to make up such deficiency.

(b) The payments to be made under the foregoing subsection shall be appropriately adjusted to reflect the date of issue of Series 2018A Bonds, any accrued or capitalized interest deposited in the Bond Fund, any moneys transferred to the Bond Fund from the “Redemption Fund” established under the 2007 Indenture, and any purchase or redemption of Series 2018A Bonds so that there will be available on each payment date in the Bond Fund the amount necessary to pay the interest and principal or sinking fund installment due or coming due on the Series 2018A Bonds and so that accrued interest and capitalized interest, if any, will be applied to the installments of interest to which they are applicable.

(c) At any time when any principal (including principal with respect to Annual Mandatory Sinking Fund Redemption of the Series 2018A Bonds) of the Series 2018A Bonds is

not paid on the July 1 due date, the Corporation shall also have a continuing obligation to pay to the Bond Trustee for deposit in the Principal Account of the Bond Fund an amount equal to interest on such overdue principal, but the installment payments required under subsection (a) of this section shall not bear interest. Overdue interest with respect to the Series 2018A Bonds shall bear interest at the rate of the Series 2018A Bonds plus 1%.

(d) Payments by the Corporation to the Bond Trustee for deposit in the Bond Fund under this Agreement shall discharge the obligation of the Corporation to the extent of such payments; provided, that if any moneys are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay principal (including principal with respect to Annual Mandatory Sinking Fund Redemption of the Series 2018A Bonds) and interest on the Series 2018A Bonds when due, the Corporation shall supply the deficiency.

Section 304. Credits. Any amount in any account of the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding any payment date on the Series 2018A Bonds in excess of the aggregate amount then required to be contained in such account of the Bond Fund pursuant to Section 303 hereof shall be credited pro rata against the payments due by the Corporation on such next succeeding principal or interest payment date on the Series 2018A Bonds.

In the event that all of the Series 2018A Bonds then Outstanding are called for redemption, the Bond Trustee shall transfer all amounts on deposit in the Series 2018A Debt Service Reserve Fund into the Bond Fund. Any amounts contained in the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding such redemption date shall be credited against the payments due by the Corporation on the Series 2018 Master Obligation, as provided below.

The principal amount of any Series 2018A Bonds to be applied by the Bond Trustee as a credit against any sinking fund payment shall be credited against the obligation of the Corporation with respect to payment of installments of principal of the Series 2018A Master Obligation as described in the First Supplemental Indenture.

The cancellation by the Bond Trustee of any Series 2018A Bonds purchased by the Corporation or of any Series 2018A Bonds redeemed by or on behalf of the Issuer through funds other than funds received on the Series 2018A Master Obligation shall constitute payment of a principal amount of the Series 2018A Master Obligation equal to the principal amount of the Series 2018A Bonds so cancelled. Upon receipt of written notice from the Bond Trustee of such cancellation, the Master Trustee shall at the request of the Corporation endorse on the Series 2018A Master Obligation such payment of such principal amount thereof.

Section 305. Master Obligation. Concurrently with the sale and delivery by the Issuer of the Series 2018A Bonds, the Corporation shall execute and deliver the Series 2018A Master Obligation substantially in the form set forth in the First Supplemental Indenture.

Section 306. Application of Bond Proceeds. Upon the receipt of the proceeds of the Series 2018A Bonds, including accrued interest thereon, the Issuer shall make payments from such proceeds as follows: (a) sums equal to the accrued interest, if any, on the Series 2018A

Bonds shall be deposited in the Series 2018A Interest Account of the Bond Fund; (b) \$[302,831.42] of the proceeds of the Series 2018A Bonds (or such portion thereof remaining after payment of underwriting discount), together with any additional funds to be provided by the Corporation estimated to be needed to pay the balance of the costs of issuing the Series 2018A Bonds, shall be deposited in the Costs of Issuance Fund; and (c) \$[_____] of the proceeds of the Series 2018A Bonds shall be deposited in the Series 2007A-1 Bonds Refunding Account of the Bond Fund and transferred on the date of such deposit to the “Redemption Fund” established under the 2007 Indenture for the purpose of redeeming the entire outstanding principal amount of the Series 2007A-1 Bonds on [July __, 2018. Any amounts remaining on deposit in the “Redemption Fund” established under the 2007 Indenture following the redemption of all Series 2007A-1 Bonds shall be immediately transferred to the Series 2018A Bonds Account of the Bond Fund, and credited against payments to such account required under Section 303 of this Agreement.

Section 307. Bond Fund.

(a) A Bond Fund and accounts therein designated as the “Series 2007A-1 Bonds Refunding Account”, “Series 2018A Principal Account” and the “Series 2018A Interest Account, respectively, are hereby established with the Bond Trustee and moneys shall be deposited therein as provided in this Agreement. Accrued interest received upon the sale of Bonds shall be deposited in the Bond Fund as provided in Section 306 hereof. The moneys in each of said accounts of the Bond Fund and any investments held as part of such accounts shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal (including sinking fund installments) of, redemption premium, if any, and interest on the Series 2007A-1 Bonds and the Series 2018A Bonds, respectively; provided, however, that following the issuance of the Series 2018A Bonds, the moneys on deposit in the Series 2007A-1 Bonds Refunding Account shall be applied solely for the purpose of redeeming all Outstanding Series 2007A-1 Bonds within 90 days following the issuance and delivery of the Series 2018A Bonds. Any moneys on deposit in the Series 2007A-1 Bonds Refunding Account following the redemption of all outstanding Series 2007A-1 Bonds shall be transferred to the Series 2018A Principal Account and credited against payments to such account required under Section 313 of this Agreement. Payments from the Bond Fund shall be made first to meet payments of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due).

(b) The Bond Trustee shall transfer moneys from the Bond Fund to the Paying Agent for the payment of the Series 2018A Bonds on or before the Business Day next preceding the date on which such payment is to be made, provided that moneys set aside for the payment of particular Bonds pursuant to clause (ii) of Subsection 102(t) or Section 203 may be transferred to the Paying Agent in immediately available funds at the opening of business on the date on which the payment is to be made.

Section 308. Debt Service Reserve Fund.

(a) A Debt Service Reserve Fund is hereby established with the Bond Trustee as security for the Series 2018A Bonds and moneys shall be deposited therein as provided in this Agreement. Funds on deposit in the Debt Service Reserve Fund established under the 2007 Indenture (the “Prior Debt Service Reserve Fund”) in an amount equal to the Debt Service Reserve Fund Requirement (i.e., \$[556,220.01]) shall be transferred as of the date of the issuance and delivery of the Series 2018A Bonds to the Debt Service Reserve Fund, and the balance of the funds on deposit in the Prior Debt Service Reserve Fund shall be transferred on such date to the Series 2007A-1 Bonds Refunding Account of the Bond Fund. The moneys in the Debt Service Reserve Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Bond Trustee solely to the payment of the principal (including sinking fund installments) of and interest on the Series 2018A Bonds.

(b) If by 12:00 noon on the date that is three (3) Business Days next preceding any date on which a payment will be due pursuant to Subsection 310(d), the amount in the Rebate Fund is less than the amount which will be required to be paid to the United States as provided in Subsection 310(d), the Bond Trustee shall apply the amount in the Debt Service Reserve Fund to the extent necessary to meet the deficiency. If by 12:00 noon on the date that is three (3) Business Days next preceding any date set for payment of principal or interest on the Series 2018A Bonds the amount in the Bond Fund is less than the amount then required to be transferred to the Paying Agent to pay the principal (including sinking fund installments) of and interest then due on the Series 2018A Bonds, the Bond Trustee, after making all payments to the Rebate Fund required under this subsection, shall apply the amount in the Debt Service Reserve Fund to the extent necessary to meet the deficiency. No withdrawal from the Debt Service Reserve Fund pursuant to this Subsection 308(b) shall be construed as preventing, waiving or curing an Event of Default hereunder. The Corporation shall remain liable for any required sums which it has not paid to the Rebate Fund or Bond Fund and any subsequent payment thereof shall be used to restore the funds so applied.

(c) If the amount in the Debt Service Reserve Fund on November 15 and May 15 of any year (less any payment made therefrom on that day) pursuant to this Subsection 308(b) exceeds the Debt Service Reserve Fund Requirement, the amount of such excess shall be applied to the Bond Fund; provided that if there is then an Event of Default known to the Bond Trustee with respect to payments to the Bond Trustee, the Paying Agent or the Issuer, any such excess shall be applied to the extent necessary to make such payments.

(d) To the extent that the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Corporation shall on or before the first day of each of the succeeding twelve months pay to the Bond Trustee for deposit in the Debt Service Reserve Fund an amount equal to one twelfth (1/12) of the deficiency, except to the extent that the deficiency is otherwise overcome (except by transfer from the Redemption Fund).

(e) Investments in the Debt Service Reserve Fund shall be valued based on market valuations, plus accrued interest where applicable.

Section 309. Redemption Fund.

(a) A Redemption Fund and account therein designated as the “Series 2018A Bonds Redemption Account” is hereby established with the Bond Trustee and moneys shall be deposited therein as provided in this Agreement. The moneys in the Redemption Fund and any investments held as a part of such Fund and the accounts therein shall be held in trust and, except as otherwise provided, shall be applied by the Bond Trustee solely to the redemption of Bonds. The Bond Trustee shall, upon written direction of the Corporation for specific purchases apply moneys in the Redemption Fund to the purchase of Series 2018A Bonds, for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid from the Bond Fund.

(b) When moneys in the Redemption Fund are to be applied to the redemption of Bonds, the Bond Trustee shall transfer such moneys to the Paying Agent on or before the Business Day next preceding the redemption date, provided that moneys set aside for the redemption of particular Bonds pursuant to clause (iv) of Subsection 102(u)(ii) or Section 205 may be transferred in immediately available funds at the opening of business on the redemption date.

(c) If on any date the amount in the Bond Fund is less than the amount then required to be transferred to the Paying Agent to pay the principal (including sinking fund installments) and interest then due on the Bonds or if on any date the amount in the Rebate Fund is less than the amount then required to be paid to the United States as provided in Subsection 310(d), in either case after any required transfer from the Debt Service Reserve Fund, the Bond Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) first, to the Rebate Fund, and second, to the Debt Service Fund to the extent necessary to meet the deficiency. The Corporation shall remain liable for any sums which it has not paid into the Debt Service Fund or Rebate Fund and any subsequent payment thereof shall be used to restore the funds so applied.

(d) If the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Bond Trustee shall transfer an amount from the Redemption Fund (other than any sum irrevocably set aside for the payment or redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the extent necessary to meet the deficiency. The Corporation shall remain liable, however, to meet the deficiency under any other provision of this Agreement and any payment for this purpose shall be used to restore the funds transferred from the Redemption Fund.

(e) If any moneys in the Redemption Fund are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay the redemption price of Series 2018A Bonds called for redemption in accordance with this Agreement, then the Corporation shall immediately supply the deficiency.

Section 310. Rebate Fund.

(a) Establishment and Purpose; Payments. A Rebate Fund shall be established by the Bond Trustee for the purpose of complying with Code Section 148(f) or any similar provision (the “Rebate Provision”) as to the Series 2018A Bonds. Within thirty (30) days after the close of each Rebate Year, the Corporation shall compute and certify, or cause to be computed and certified, to the Bond Trustee in reasonable detail the amount of Excess as defined in Subsection 310(c), if any, for such Rebate Year and notwithstanding any provision of this Agreement to the contrary the Corporation shall pay such amount to the Bond Trustee within seven (7) days of such certification for deposit into the Rebate Fund.

(b) Surplus in Rebate Fund. If at the close of any Rebate Year, the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States under Subsection 310(d) if the Series 2018A were paid in full, upon certification thereof in reasonable detail by the Corporation to the Bond Trustee and direction from the Corporation to the Bond Trustee to remit such excess to the Corporation, such excess shall promptly be paid to the Corporation.

(c) Excess. “Excess” for any period means the sum of

(i) the excess of

(A) the aggregate amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subparagraph) in the Debt Service Reserve Fund, Redemption Fund, and Cost of Issuance Fund, and, but only in the circumstances described below, the Bond Fund over

(B) the amounts which would have been earned if all Nonpurpose Investments in such funds were invested at a rate equal to the yield (determined in accordance with the Code) on the series of Bonds to which such moneys are attributable, plus

(ii) any income attributable to the excess described in subparagraph (i) above.

The term “Nonpurpose Investment” shall have the meaning given in the Rebate Provision and shall be applied as provided therein. Nonpurpose Investments shall be valued at market for the purposes of this Subsection 310(c). In determining the aggregate amount earned on Nonpurpose Investments, any realized gain or loss shall be taken into account except that, unless the Issuer at the request of the Corporation otherwise elects at the time of original delivery of the Series 2018A Bonds, earnings on amounts deposited in the Bond Fund shall not be taken into account if the gross earnings on the Bond Fund for the Rebate Year are less than \$100,000.

(d) Payment of Rebate to the United States. (i) Within forty-five (45) days after the close of the fifth Rebate Year, and at least once in each five-year period thereafter, the Bond Trustee shall at the written direction of the Corporation pay from the Rebate Fund to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Provision as certified and directed by the Corporation in accordance with Paragraph 310(d)(ii). Within

forty-five (45) days after the Bonds of a series have been paid in full, the Bond Trustee shall pay to the United States from the Rebate Fund on behalf of the Issuer the full amount then required to be paid under the Rebate Provision as certified by the Corporation in accordance with Paragraph 310(d)(ii). Each such payment shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Bond Trustee by the Corporation) of the Form 8038 (or other similar information reporting form) filed with respect to the Bonds of such series and a statement prepared by the Corporation summarizing the determination of the amount required to be paid. If the amount in the Rebate Fund is insufficient to pay the amount required to be paid under the Rebate Provision, the Corporation shall pay the amount of such deficiency to the Bond Trustee for deposit into the Rebate Fund prior to the Rebate Payment Date (as defined below).

(ii) No later than fifteen (15) days prior to each date on which a payment could become due under Paragraph 310(d)(i) (a “Rebate Payment Date”), the Corporation shall deliver to the Bond Trustee a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to Paragraph 310(d)(i); and if the certificate specifies an amount to be paid, the Bond Trustee shall make such payment on the Rebate Payment Date from the Rebate Fund.

(e) Records. The Corporation and the Bond Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and the Rebate Provision and shall retain such records for at least six years following final payment of the Bonds.

(f) Interpretation of this Section. The purpose of this Section 310 is to satisfy the requirements of Section 148(f) of the IRC and any applicable regulations thereunder or official interpretations thereof. Accordingly, this section shall be construed so as to meet such requirements.

(g) Compliance by the Bond Trustee. The Bond Trustee shall be deemed conclusively to have complied with the provisions of Subsections 310(b) and (d) if it makes payments in accordance with the certifications and directions of the Corporation provided in accordance with such subsections. The Bond Trustee shall not be required to take any actions required under Subsections 310(b) and (d) in the absence of such certifications of the Corporation, except as required by Subsection 602(d).

Section 311. Costs of Issuance Fund. A Costs of Issuance Fund is hereby established to be held by the Bond Trustee and proceeds of the Series 2018A Bonds and [other available funds] shall be deposited therein as provided in Section 306. The moneys in the Cost of Issuance Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in this Agreement, shall be applied by the Bond Trustee, as directed in writing by the Corporation in the form attached hereto as Exhibit A, solely to the payment or reimbursement of the costs of issuing the Series 2018A Bonds. The Bond Trustee shall pay from the Cost of Issuance Fund the costs of issuing the Series 2018A Bonds, including any fees and expenses of the Issuer, the reasonable fees and expenses of the Bond Trustee incurred in accordance with this Agreement, any recording or similar fees and any expenses of the Corporation in connection with the issuance of the Series 2018A Bonds which are approved by the Corporation. After all

costs of issuing a series of Series 2018A Bonds have been paid any amounts remaining in the Cost of Issuance Fund shall be transferred to the Bond Fund. To the extent the Cost of Issuance Fund is insufficient to pay any of the above costs, the Corporation shall be liable for the deficiency and shall pay such deficiency.

Section 312. Application of Moneys. If available moneys in the Bond Fund after any required transfers from the Debt Service Reserve Fund and Redemption Fund are not sufficient on any day to pay all principal (including sinking fund installments) of, redemption premium, if any, and interest on the Series 2018A Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Series 2018A Bonds or required to purchase Series 2018A Bonds under outstanding purchase contracts and amounts required to be paid to the Rebate Fund) shall, after payment of all Additional Payments, be applied (in the order such Funds are named in this section) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments) and redemption premium, if any, without regard to the order in which the same became due (in proportion to the amounts due), all such payments being made first to all payments currently due and owing on the Series 2018A Bonds. For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to this section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall exercise such discretion it shall fix the date which shall be the first of a month (unless the Bond Trustee shall deem another date more suitable) upon which such application is to be made, and upon such later date interest on the amounts of principal paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the fixing of any such date, subject to the provisions in the Section 301(b) regarding establishment of a Special Record Date. When interest or a portion of the principal is to be paid on an overdue Bond, the Bond Trustee may require presentation of the Bond for endorsement of the payment.

Section 313. Additional Payments. The Corporation agrees to duly make Additional Payments as follows:

(i) To the Issuer, as reimbursement for or prepayment of any and all costs, reasonable expenses and liabilities paid or incurred or to be paid or incurred by the Issuer or any of its officers, officials, employees and agents in satisfaction of any obligations (including obligations of the Corporation under Section 404) not performed by the Corporation as required hereunder, under the Bond Purchase Agreement, dated [_____], 2018, among the Issuer, the Corporation and the Underwriter (relating to the Series 2018A Bonds (the “Bond Purchase Agreement”));

(ii) All taxes and assessments of any type or character charged to the Issuer or to the Bond Trustee affecting the amount available to the Issuer or the Bond Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but

excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Issuer or the Bond Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them, and the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Bond Trustee

(iii) To the Issuer, as reimbursement for or prepayment of any and all of its costs, expenses and liabilities paid or to be paid at the request of the Corporation and any other amounts due to the Issuer or its officers, officials, employees and agents under this Agreement, the Bond Purchase Agreement or the Act; and

(iv) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the Bond Trustee to prepare audits, financial statements, reports or opinions or provide such other services required under this Agreement, the Master Indenture, the First Supplemental Indenture, or the Series 2018A Master Obligation; and

(v) The reasonable fees and expenses of the Issuer or any agent or attorney selected by the Issuer to act on its behalf in connection with this Agreement, the Master Indenture, the First Supplemental Indenture, the Series 2018A Master Obligation, the Series 2018A Bonds or any other Obligor Document, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Series 2018A Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Agreement, the Master Indenture, the First Supplemental Indenture, the Series 2018A Master Obligation, the Series 2018A Bonds, or any other Obligor Document or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of this Agreement, the Master Indenture, the First Supplemental Indenture, the Series 2018A Master Obligation, the Series 2018A Bonds or any other Issuer's Document.

(vi) To the Bond Trustee, its reasonable fees, charges and expenses as Bond Trustee, bond registrar, and any other amounts due to the Bond Trustee under this Agreement.

(vii) To the Paying Agent, its reasonable fees and expenses.

Any fees, expenses, reimbursements or other charges which the Issuer or any of its officers, officials, employees or agents or the Bond Trustee may be entitled to receive under the provisions of this Agreement, if not paid when due, shall bear interest at the "Prime Rate" of [] (or, if none, the nearest equivalent) plus three percent (3%) per annum.

Section 314. Redemption of the Bonds.

(a) Special Redemption. If moneys are transferred to the Redemption Fund pursuant to this Agreement, such moneys (and earnings thereon) shall be used by the Issuer to redeem Series 2018A Bonds, within one (1) year, except to the extent previously used to purchase Bonds in accordance with this Subsection 309(a) or transferred to the Bond Fund or Debt Service Reserve Fund pursuant to Section 309 or this section. Bonds are subject to redemption pursuant to this subsection as a whole at any time, or in part on any interest payment date (provided that, if less than all of the Series 2018A Bonds Outstanding shall be called for redemption, the Series 2018A Bonds to be so redeemed shall be selected by the Bond Trustee as provided in the form of the Series 2018A Bonds contained herein, at their principal amounts plus accrued interest to the redemption date. If the amount available in the Redemption Fund to redeem Bonds at any time is less than \$50,000, the Bond Trustee may, and upon written direction of the Corporation shall, transfer it to the Bond Fund for credit against deposits otherwise required to be made therein with respect to principal instead of calling Series 2018A for redemption.

(b) Optional Redemption. The Series 2018A Bonds are redeemable by the Issuer prior to maturity, on or after [_____], at the written direction of the Corporation to the Bond Trustee at least sixty (60) days before the redemption date. Such redemption shall be in accordance with the terms of the Series 2018A Bonds, as a whole or in part at any time on or after [_____] (provided that, if less than all of the Series 2018A Bonds outstanding of any maturity shall be called for redemption, the Bonds to be so redeemed shall be selected by the Bond Trustee in the manner provided in the form of Series 2018A Bonds contained in Section 301(b) hereof), at the redemption price plus accrued interest to the redemption date as described in such form of the Series 2018A Bonds.

(c) Sinking Fund Installments and Annual Mandatory Redemptions of Series 2018A Bonds. The Series 2018A Bonds maturing in the year 2030 (to be selected by the Bond Trustee in the manner provided in the form of the Series 2018A Bonds contained herein) shall be redeemed by the Issuer at the principal amounts, or portions of such principal amounts being so redeemed, without premium, on July 1 of each of the years and in the amounts as follows:

Series 2018A Bonds Maturing July 1, 2030

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2019	\$[_____]	2025	\$[_____]
2020	\$[_____]	2026	\$[_____]
2021	\$[_____]	2027	\$[_____]
2022	\$[_____]	2028	\$[_____]
2023	\$[_____]	2029	\$[_____]
2024	\$[_____]	2030*	\$[_____]

*Maturity

The Corporation may purchase Series 2018A Bonds of any maturity and credit them against the principal payment for such maturity or, as the case may be, any sinking fund installment for such maturity at the principal amount or applicable redemption price, as the case may be, by delivering them to the Bond Trustee for cancellation at least sixty (60) days before the principal payment date or sinking fund installment date.

(d) Mandatory Redemption upon Determination of Taxability. The Series 2018A Bonds are subject to mandatory redemption in whole on the earliest practicable date for which the requisite notice of redemption can be given following the date on which a Determination of Taxability, as defined in this Section 315(d) of the Agreement, shall have occurred at a redemption price of (i) 105% of the principal amount thereof, plus accrued interest to the redemption date, or (ii) 100% of the principal amount thereof, plus accrued interest to the redemption date, if the Bond Trustee receives the written opinion of nationally recognized bond counsel that the event giving rise to such Determination of Taxability was not within the control of the Corporation.

[“Determination of Taxability” shall mean (a) the receipt by the Corporation, the Issuer or the Bond Trustee of notice (whether or not in writing) of the issuance by the Internal Revenue Service of a revenue ruling (including a private ruling), proposed deficiency letter (“30-day letter”) or other order or directive the effect of which is to establish that the interest payable on any of the Bonds is includable in the gross income of the taxpayer named therein, provided that no such ruling, proposed deficiency letter or other order or directive shall give rise to a Determination of Taxability until the occurrence of the earlier of (i) the expiration of all periods for judicial review or appeal thereof, or (ii) the date one year from the date of receipt by the Corporation, the Issuer or the Bond Trustee of such ruling, proposed deficiency letter or other order or directive, or (b) the receipt by the Bond Trustee of a written opinion by an attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds selected by a Bondowners to the effect that interest payable on any of the Series 2018A Bonds is includable in the gross income of any Bondowners for federal income tax purposes. Such Determination of Taxability shall be deemed to have occurred on the date of receipt by the Corporation, the Issuer or the Bond Trustee of such notice of issuance, proposed deficiency letter or other order or directive, or the date borne by such opinion, as the case may be.]

(e) Payment of Redemption Price and Accrued Interest. Whenever Series 2018A Bonds are called for redemption, the accrued interest thereon shall become due on the redemption date and shall be paid from the Bond Fund to the extent available therein. To the extent not otherwise provided, the Corporation shall deposit with the Bond Trustee prior to the redemption date a sufficient sum to pay the redemption price of and accrued interest on the Series 2018A Bonds.

(f) Notice of Redemption. When Series 2018A Bonds are to be redeemed, the Bond Trustee shall give notice in the name of the Issuer, which notice shall identify the Series 2018A Bonds to be redeemed, state the date fixed for redemption and state that such Series 2018A Bonds will be redeemed at the principal corporate trust office of the Paying Agent. The notice shall further state that on such date there shall become due and payable upon each Series 2018A Bond to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that moneys therefor having been deposited with the Paying Agent, from

and after such date, interest thereon shall cease to accrue. The Bond Trustee shall mail the redemption notice not more than forty-five (45) nor less than thirty (30) days prior to the date fixed for redemption, by first class mail, postage prepaid, to the registered Bondowners of any Series 2018A Bonds which are to be redeemed, at their addresses shown on the registration books maintained by the Paying Agent. Failure to mail notice to a particular Bondowners or any defect in the notice to such Bondowners shall not affect the redemption of any other Series 2018A Bond.

If on the date of mailing any such notice of redemption, there is not on deposit with the Bond Trustee sufficient funds to pay the redemption price, including accrued interest to the redemption date, such notice shall state that it is conditional, that is, subject to the deposit of funds for the payment of the redemption price and accrued interest on or prior to the redemption date and that such notice shall be of no effect unless such funds are so deposited.

Section 315. Investments.

(a) Any moneys held as part of the Bond Fund, Costs of Issuance Fund or Debt Service Reserve Fund shall be invested or reinvested by the Bond Trustee at the written request and direction of the Corporation (upon which the Bond Trustee is entitled to rely) in Permitted Investments. All Permitted Investments shall be either subject to redemption at any time at a fixed value at the option of the Bondowners thereof or shall mature or be marketable not later than the Business Day prior to the date on which the proceeds are expected to be expended. For the purpose of any investment or replacement under this Section, the Permitted Investments shall be deemed to mature at the earliest date on which the issuer of such investment is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. The Bond Trustee may make any and all investments permitted by the provisions of this Section through its trust department or other investment operations. In order to comply with the directions of the Corporation, the Bond Trustee may sell, at the best price obtainable, or present for redemption, or may otherwise cause liquidation prior to their maturities, any of the obligations in which funds have been invested, and the Bond Trustee shall not be liable for any loss or penalty of any nature resulting therefrom. In order to avoid loss in the event of any need for funds, the Corporation may instruct the Bond Trustee, in lieu of a liquidation or redemption of investments in the fund or account needing funds, to exchange such investment for investments in another fund or account that may be liquidated at no, or at reduced, loss. The Bond Trustee shall be under no liability for interest on any moneys received hereunder.

(b) Any investments in any Fund shall be held by or under the control of the Bond Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund. The Bond Trustee shall not be liable for any loss or penalty resulting from any such investment made in accordance with any direction by the Corporation or for the Series 2018A Bonds becoming "arbitrage bonds" by reason of any such investment. Any interest or other gain from any fund from any investment or reinvestment pursuant to Section 316 hereof shall be allocated and transferred as follows:

(i) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Cost of Issuance Fund, the Series 2018A Principal Account and the Series 2018A Interest Account of the Bond Fund shall be credited at least semiannually on

each Interest Payment Date to the Series 2018A Interest Account unless a deficiency exists in the Debt Service Reserve Fund, in which case such interest or other gain shall be paid into the Debt Service Reserve Fund forthwith.

(ii) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund if a deficiency exists therein at that time. If a deficiency does not exist in the Debt Service Reserve Fund at that time, such interest or other gain on other amounts paid into the Debt Service Reserve Fund shall be deposited into the Series 2018A Interest Account of the Bond Fund at least semiannually on each Interest Payment Date.

The Bond Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in any Fund is insufficient for the purposes of such Fund.

(c) Accounting and valuation of Permitted Investments in any Fund or Account will be performed as follows:

(i) On a monthly basis the Bond Trustee shall furnish or make available to the Corporation a full and complete statement of all receipts and disbursements and Permitted Investments in any Fund and Account covering such period.

(ii) The Bond Trustee shall also furnish on or before January 1 and July 1 of each year a statement of the assets contained in each Fund and Account. Assets will be valued at market value as of December 31 and June 30, respectively, by the Bond Trustee in such statement in accordance with the normal valuation procedures of the Bond Trustee. A separate delivery of the information will not be required if the information is displayed in the information delivered pursuant to Section 316(c)(i) above.

(iii) On a monthly basis the Bond Trustee shall furnish to the Corporation a full and complete statement of all receipts of the interest earned on Permitted Investments in any Fund and Account covering such period. A separate delivery of the information will not be required if the information is displayed in the information delivered pursuant to Section 316(c)(i) above.

(d) A security interest required by Subsection 316(a) shall be perfected by the Bond Trustee in such manner as may be required by the UCC or other applicable law, as evidenced by an opinion of counsel. In the case of a Repurchase Agreement, if under applicable law, including the United States Bankruptcy Code, the agreement is recognized as transferring Bondownership in the underlying securities to the investing party with a right to liquidate the securities and apply the proceeds against the repurchase obligation, all free and clear of the claims of creditors and transferees of the other party, the interest of the investing party shall be regarded as the equivalent of a perfected security interest for the purposes of this subsection. In any case, however, if the underlying securities or the securities subject to the security interest are certificated securities (as opposed to uncertificated or book entry securities), they shall be delivered to the Bond Trustee or to a depository satisfactory to the Bond Trustee, either as agent for the Bond Trustee or as bailee with appropriate instructions and acknowledgment, at the time of or prior to the investment, or, if the security interest is perfected without delivery, delivery

shall be made within three (3) Business Days. Possession by the Bond Trustee of the security for an obligation of the Bond Trustee shall not be deemed to satisfy the requirements of this subsection unless there is an opinion of counsel to the effect that such possession satisfies the requirements of this subsection.

(e) The Bond Trustee may hold undivided interests in Permitted Investments for more than one Fund (for which they are eligible) and may make interfund transfers in kind.

(f) The Corporation acknowledges that regulations of the Comptroller of the Currency grant the Corporation the right to receive brokerage confirmations of the security transactions as they occur. The Corporation specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements which will detail all investment transactions.

(g) Except as otherwise provided hereunder or agreed in writing among the parties hereto, the Corporation shall retain the authority to institute, participate and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any securities held hereunder, and, in general, to exercise each and every other power or right with respect to each such asset or investment as individuals generally have and enjoy with respect to their own assets and investments, including power to vote upon any securities.

Section 316. Paying Agent. The Issuer, at the direction of the Corporation, has designated the Bond Trustee as Paying Agent. The Issuer may discharge the Paying Agent from time to time and appoint a successor. The Issuer shall also designate a successor if the Paying Agent resigns or becomes ineligible. The Paying Agent shall be a bank or trust company having a capital and surplus of not less than \$50,000,000 and shall be registered as a transfer agent with the Securities and Exchange Commission. The Bond Trustee shall give notice of the appointment of a successor Paying Agent in writing to each Bondowner. The Bond Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required hereby. The Paying Agent may but need not be the same person as the Bond Trustee. The Paying Agent shall act as such and as Bond registrar and transfer agent.

Section 317. Unclaimed Moneys. In case any moneys deposited with the Paying Agent for the payment of the principal of, or interest or premium, if any, on any Bond remain unclaimed for two (2) years after such principal, interest or premium has become due and payable, the disposition of such moneys shall be governed by Act 29, Public Acts of Michigan, 1995, as amended.

Section 318. Bonds are Not General Obligations. The Bonds do not now and shall never constitute a general obligation of the Issuer, nor a debt or pledge of the faith and credit of the Issuer, nor a debt or pledge of the faith and credit of the Township, the State of Michigan or any of its political subdivisions, and all covenants and undertakings by the Issuer herein and in the Bonds to make payments are not general obligations of the Issuer, the Township, the State of Michigan or any of its political subdivisions nor a debt or a pledge of the faith and credit of the Issuer, the Township, the State of Michigan or any of its political subdivisions, but are limited obligations payable solely from the revenues and other monies pledged for their payment and are

valid claim of the Bondowners only against such revenues and other moneys (but in addition are secured by a mortgage of and security interest in the Mortgaged Property). Nothing herein shall be construed as requiring the Issuer to use any funds or revenues from any source other than the revenues and other monies pledged in Section 201.

Section 319. Unconditional Obligation. To the extent permitted by law the obligation of the Corporation to make payments to the Issuer under this Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever and shall not be subject to setoff, recoupment or counterclaim.

Section 320. Lost, Stolen, Destroyed and Mutilated Bonds. Subject to Act No. 354 of the Michigan Public Acts of 1972, as amended, and any other applicable law, upon receipt by the Bond Trustee of evidence satisfactory to it of the Bondownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to it, and upon surrender and cancellation of the Bond if mutilated, (i) the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of the same series, date and maturity as the lost, stolen, destroyed or mutilated Bond in lieu of such lost, stolen, destroyed or mutilated Bond or (ii) if such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, in lieu of executing and delivering a new Series 2018A Bond as aforesaid, the Issuer may pay such Bond. Any such new Series 2018A Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Issuer and of the Bond Trustee in connection with the issue of such new Series 2018A Bond. All Series 2018A Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Series 2018A Bonds, negotiable instruments or other securities. If, after the delivery of such new Series 2018A Bond, a bona fide purchaser of the original Series 2018A Bond in lieu of which such duplicate Series 2018A Bond was issued presents for payment such original Series 2018A Bond, the Corporation or the Bond Trustee shall be entitled to recover upon such new Series 2018A Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Corporation or the Bond Trustee in connection therewith.

ARTICLE IV: THE MORTGAGED PROPERTY.

Section 401. Use of Mortgaged Property.

(a) Compliance with Law. In the acquisition, construction, maintenance, improvement and operation of the Mortgaged Property, the Corporation covenants that it has complied and will comply with all applicable building, zoning, land use, environmental protection, sanitary, safety and health care laws, rules and regulations, and all applicable grant, reimbursement and insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of this subsection if the Corporation fails to comply with such laws, rules, regulations and requirements during any period in which the Corporation is diligently and in good faith contesting the validity thereof, provided that the security created or intended to be

created hereby is not, in the opinion of the Bond Trustee, unreasonably jeopardized thereby. The Corporation shall not suffer or permit a lien to be created of record with respect to the Mortgaged Property or created with respect to the Gross Revenues of the Corporation or the rights to the proceeds thereof.

(b) Payment of Lawful Charges. The Corporation shall make timely payment of all taxes and assessments and other municipal or governmental charges and all claims and demands for work, labor, services, materials or other objects which, if unpaid, might by law become a lien on the Mortgaged Property or any part thereof; but it shall not be a breach of this subsection if the Corporation fails to pay any such item during any period in which the Corporation is diligently and in good faith contesting the validity thereof, provided that the laws applicable to contesting its validity do not require payment thereof and proceedings for a refund and that the security created or intended to be created hereby is not, in the opinion of the Issuer, unreasonably jeopardized thereby.

(c) Permitted Purposes. The Corporation agrees with the Issuer and the Bond Trustee that the Mortgaged Property shall be used only as a retirement center consisting of independent living units, assisted care rental living units, memory enhancement residential living units, and a nursing home, each licensed to the extent required by Michigan law.

Section 402. Insurance to be Maintained. Throughout the term of this Agreement, the Corporation will, at its own expense, provide or cause to be provided insurance against loss or damage to each Project in accordance with the terms of the Master Indenture and this Agreement.

Section 403. Right of Access to the Mortgaged Property. The Issuer, the Bondowners and the Bond Trustee and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Mortgaged Property for the purpose of inspection or to carry out their powers hereunder. Unless there is an Event of Default hereunder, the Issuer, the Bondowners or the Bond Trustee shall give at least two (2) Business Days' notice to the Corporation before entering upon the premises pursuant to this section except that, in case of emergency as determined by the Issuer, the Bondowners or the Bond Trustee, as the case may be, the Issuer or the Bond Trustee may enter on lesser notice or give the notice promptly after rather than before such entry.

Section 404. Indemnification of the Corporation. The Corporation shall, to the extent legally permissible, indemnify and save harmless the Issuer and the Bond Trustee and their respective directors, officers, employees and agents against and from any and all liabilities, costs and expenses arising from their participation in the transactions contemplated hereby, including without limitation (a) all claims by or on behalf of any person arising out of (i) any condition of the Project or the Mortgaged Property, including any environmental condition arising under state or federal law, or (ii) the construction, reconstruction, improvement, use, occupancy, conduct or management of or from any work or anything done or omitted to be done in or about the Project or the Mortgaged Property, or (iii) any accident, injury or damage to any person occurring in or about the Project or the Mortgaged Property, or (iv) any breach or default by the Corporation of any of its obligations hereunder or under the Bond Purchase Agreement among the Issuer, the Underwriter and the Corporation relating to the purchase of the Series 2018A Bonds by the

Underwriter, or (v) any act or omission of the Corporation or any of its agents, contractors, servants, employees, or licensees, or (vi) the offering, issuance, or initial public offering of the Series 2018A Bonds by the Underwriter or any resale of any of the Series 2018A Bonds, and (b) any and all costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought therein, provided that the Bond Trustee and its directors, officers, employees and agents shall not be entitled to indemnification against any liabilities, costs or expenses arising from the gross negligence, willful dishonesty or intentional violation of law by the Bond Trustee or any of its directors, officers, employees and agents. Any indemnification of the Issuer or its directors, officers, employees and agents shall not be effective against any claim (i) caused by the willful dishonesty or intentional violation of law by the party seeking indemnification or (ii) in connection with the issuance of the Series 2018A Bonds, based upon the material under the section of the official statement prepared for the Series 2018A Bonds designated “The Issuer”. In case any action or proceeding is brought against the Issuer or the Bond Trustee by reason of any such claim, the Corporation upon notice from the affected party shall defend the same and the Issuer and the Bond Trustee shall cooperate with the Corporation at the expense of the Corporation in connection therewith. The Bond Trustee shall be entitled to select counsel of its choice in connection with said defense, but the Corporation shall pay all reasonable fees in connection therewith.

ARTICLE V: DEFAULT AND REMEDIES.

Section 501. Events of Default. If any of the following events occur, it is hereby defined as and shall be deemed an “Event of Default”:

(a) Default in the payment of the principal of or premium, if any, on any Series 2018A Bond when the same shall become due and payable, whether at the stated maturity thereof, upon proceedings for redemption, as required by the sinking fund provisions hereof or otherwise.

(b) Default in the payment of any installment of interest on any Series 2018A Bond when the same shall become due and payable.

(c) Declaration under the Master Indenture that the principal of, and accrued interest on, any Master Obligation issued thereunder is immediately due and payable.

(d) Failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part in this Agreement or in the Series 2018A Bonds contained, which failure shall continue for a period of 60 days after written notice specifying such failure and requesting that it be remedied is given to the Issuer and the Corporation by the Bond Trustee or to the Issuer, the Corporation and the Bond Trustee by the Holders of not less than 25% in aggregate principal amount of the Series 2018A Bonds Outstanding.

(e) Any failure of the Corporation (a) to pay any deposit required by Section 303(a) or (c) or 315(d) within 3 days after the date due or to make any payment on any Series 2018A Bond or any Series 2018A Master Obligation when due, or (b) to pay any other payment required to be made under this Agreement.

(f) The occurrence of an “Event of Default” as defined in the East Lansing EDC Bonds Indenture.

Section 502. Remedies for Events of Default. Upon the occurrence of an Event of Default, (i) if so directed by the Holders of at least 25% in Aggregate Principal Amount of Series 2018A Bonds then Outstanding, the Bond Trustee shall notify the Master Trustee (A) pursuant to Section 7.01(e) of the Master Indenture, that an Event of Default has occurred under this Agreement, and/or (B) if applicable, pursuant to Section 7.01(a) of the Master Indenture, that a default has occurred in the payment of the principal of, premium, if any, or interest on the Series 2018A Master Obligation and (ii) the Bond Trustee also shall have the following rights and remedies:

(a) In the event that the payment of the principal of and accrued interest on any Master Obligation has been declared due and payable immediately by the Master Trustee, the principal amount of all Series 2018A Bonds then Outstanding and the interest accrued thereon shall be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. If any other Event of Default occurs and is continuing, the Bond Trustee or the Holders of at least 25% in Aggregate Principal Amount of Series 2018A Bonds then Outstanding may declare all the Series 2018A Bonds of such series to be due and payable immediately by a notice in writing to the Issuer and the Corporation (and to the Bond Trustee if given by Holders). Upon any declaration of acceleration hereunder, the Bonds shall become due and payable immediately.

The provisions of the preceding paragraph, however, are subject to the condition that if, after the payment of the principal of, and accrued interest on, the Series 2018A Master Obligations and the Series 2018A Bonds has been declared due and payable immediately, the declaration of the acceleration of the Series 2018A Master Obligations shall be annulled in accordance with the provisions of the Master Indenture, the declaration of the acceleration of the Series 2018A Bonds shall be automatically annulled, provided that the expenses of the Bond Trustee, the Issuer and the Holders of such Series 2018A Bonds, including attorneys’ fees actually paid or incurred, have been paid or otherwise provided for; and the Bond Trustee upon receipt of notice of such annulments shall promptly give a copy of such notice to the Issuer and the Corporation and notice to Bondowners; but no such annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(b) The Bond Trustee may, by mandamus or other suit, action or proceeding at law or in equity, enforce the rights of the Bondowners and require the Issuer or the Corporation or both of them to carry out the agreements with or for the benefit of the Bondowners and to perform its or their duties under this Agreement.

(c) The Bond Trustee may, by action or suit in equity, require the Issuer to account as if it were the Bond Trustee of an express trust for the Bondowners but any such judgment against the Issuer shall be enforceable only against the funds and accounts hereunder on deposit with the Bond Trustee.

(d) The Bond Trustee may, upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Bondowner, have

appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

(e) The Bond Trustee, in its own name and as Bond Trustee of an express trust, or in the name of the Issuer without the necessity of joining the Issuer, will be entitled to institute any action or proceedings at law or in equity and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against any Corporation thereon and collect in the manner provided by law, but limited as provided in the Series 2018A Bond Documents, out of the property of any Corporation thereon wherever situated the moneys adjudged or decreed to be payable for the benefit of the Bondowner, or on behalf of the Issuer.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Subject to the provisions of subsection (a) above and Section 503 hereof, if any Event of Default shall have occurred and if requested by the Holders of at least 25% in Aggregate Principal Amount of Bonds then Outstanding and indemnified as provided herein, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as it, being advised by counsel, shall deem most expedient in the interests of such Bondowner. In the event the Bond Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Holders of Outstanding Series 2018A Bonds, each representing less than a majority of the aggregate principal amount of the Outstanding Series 2018A Bonds, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

Section 503. Court Proceedings.

(a) The Bond Trustee may, and upon the written request of the holders of a majority in principal amount of the Outstanding Series 2018A Bonds shall enforce the obligations of the Corporation under this Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained herein, whether or not any breach has become an Event of Default, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Corporation of the provisions of this Agreement, including (to the extent this Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Corporation hereunder.

(b) Subject to Subsection 709(c), the Bond Trustee may enforce the obligations of the Issuer under this Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained herein, whether or not an Event of Default exists, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Issuer of the provisions of this Agreement, including (to the extent this Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Issuer hereunder.

(c) Anything in this Agreement to the contrary notwithstanding, the Issuer and its officers, employees and agents may enforce their rights under Sections 314 and 404 of this Agreement by any lawful available remedy.

Section 504. Application of Moneys after Event of Default.

(a) Subject to the provisions of subparagraph (c) below, upon an Event of Default and if moneys held by the Bond Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys or properties received and held by the Bond Trustee pursuant to this Agreement (except for the Rebate Fund) and all moneys or properties received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the reasonable expenses, liabilities and advances incurred or made by the Bond Trustee, be deposited into the Bond Fund, and all moneys so deposited into the Bond Fund and all moneys held in or deposited into the Bond Fund during the continuance of an Event of Default and available for payment of the Bonds under the provisions of Section 312 hereof shall (after payment of all amounts due the Bond Trustee and the Issuer) be applied as follows (subject to Sections 504(c) and 504(d) below):

(i) Unless the principal of all of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any of the Series 2018A Bonds which shall have become due (other than Series 2018A Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Agreement), in the order of their due dates, with interest on such Series 2018A Bonds from the respective dates upon which they become due at the rate of interest borne by such Series 2018A Bonds and, if the amount available shall not be sufficient to pay in full Series 2018A Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege.

(ii) If the principal of all the Series 2018A Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Series 2018A Bonds (together with interest on overdue installments of principal at the rate of interest borne by each Series 2018A Bond), without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, of any Series 2018A Bond over any other Series 2018A Bond, or

of any series of Series 2018A Bonds over any other series of Series 2018A Bonds ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or privilege.

(iii) If the principal of all the Series 2018A Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (ii) of this Section in the event that the principal of all the Series 2018A Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of the foregoing paragraph (i) of this Section.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date and shall not be required to make payment to the Bondowners of any unpaid Series 2018A Bond until such unpaid Series 2018A Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Notwithstanding the foregoing, any moneys transferred pursuant to this Section into any Account of the Bond Fund from the Debt Service Reserve Fund shall be (i) held by the Bond Trustee separate and apart from any other moneys in such Account of the Bond Fund and (ii) applied solely first to all amounts due to the Bond Trustee arising from the Event of Default and then to payment of principal of and interest on the series of Bonds related to such Debt Service Reserve Fund.

(d) Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Bond Trustee and the Paying Agents and all Additional Payments have been paid, any balance remaining in any funds shall be paid to the Corporation as provided in Section 203 hereof.

Section 505. Bond Trustee May Perform Obligations. If the Corporation fails to observe or perform any covenant, condition, agreement or provision contained in this Agreement with including, without limitation, the insurance, maintenance or repair of the Mortgaged Property and the payment of taxes or other governmental charges thereon), whether or not there is an Event of Default hereunder, the Bond Trustee may perform such covenant, condition, agreement or provision in its own name or in the Corporation's name, and is hereby irrevocably appointed the Corporation's attorney-in-fact for such purpose. The Bond Trustee shall give at least seven (7) days' notice to the Corporation before taking action under this section, except that in the case of emergency as reasonably determined by the Bond Trustee, the Bond Trustee may act on lesser notice or give the notice promptly after rather than before taking the action. The

reasonable cost of any such action by the Bond Trustee shall be paid or reimbursed by the Corporation pursuant to Section 310.

Section 506. Remedies Cumulative. The rights and remedies under this Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Corporation or of the Issuer or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance or of the right to exercise any remedy for the violation.

ARTICLE VI: THE BOND TRUSTEE.

Section 601. Corporate Organization, Authorization and Capacity. The Bond Trustee represents and warrants that it is a national banking association duly organized and validly existing under the laws of the United States, having trust powers and the capacity to exercise the powers and duties of the Bond Trustee hereunder, and that by proper corporate action it has duly authorized the execution and delivery of this Agreement.

Section 602. Rights and Duties of the Bond Trustee.

(a) Moneys to be Held in Trust. All moneys received by the Bond Trustee under this Agreement shall be held by the Bond Trustee in trust and applied subject to the provisions of this Agreement.

(b) Accounts. The Bond Trustee shall keep proper accounts of its transactions hereunder (separate from its other accounts), which shall be open to inspection by the Issuer and the Corporation and their representatives duly authorized in writing.

(c) Performance of the Issuer's Obligations. If the Issuer shall fail to observe or perform any covenant or obligation contained in this Agreement, the Bond Trustee may to whatever extent it deems appropriate for the protection of the Bondowners or itself, perform any such obligation in the name of the Issuer and on its behalf.

(d) Actions for Protection of Bondowner. The Bond Trustee shall not be required to monitor the financial condition of the Corporation or the physical condition of the Mortgaged Property and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with it hereunder, except to make them available for inspection by Bondowner. Upon a failure of the Corporation to make a payment required of it under Subsection 313(a) within five (5) days after the same becomes due and payable, the Bond Trustee shall give written notice thereof to the Issuer and the Corporation. The Bond Trustee shall not be required to take notice of any other breach or default by the Corporation or the Issuer except when given written notice thereof by the Bondowners of at least fifteen percent (15%) in principal amount of the Outstanding Series 2018A Bonds. The Bond Trustee shall give default notices under Section 501 and accelerate payments under Section 502 when instructed to do so by the written direction of the Bondowners of at least a majority in principal amount of the Outstanding Bonds of the series required thereby. The Bond Trustee shall proceed under Section 503 for the benefit of the Bondowners in accordance with the written

directions of the Bondowners of a majority in principal amount of the Outstanding Bonds of the series required thereby. The Bond Trustee shall not be required, however, to take any remedial action (other than acceleration or the giving of notice) unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

Upon receipt of written notice, direction or instruction and indemnity (including provision for payment of all of the Bond Trustee's fees and expenses), as provided herein, and after making such investigation, if any, as it deems appropriate to verify the occurrence of any event of which it is notified as aforesaid, the Bond Trustee shall promptly pursue the remedy provided by this Agreement or any of such remedies (not contrary to any such direction) as it deems appropriate for the protection of the Bondowner, and in its actions under this paragraph, the Bond Trustee shall act for the protection of the Bondowners with the same promptness and prudence as would be expected of a prudent person in the conduct of such person's own affairs.

(e) Responsibility. The Bond Trustee agrees to comply with its obligations to the he Series 2018A Bondowners as set forth herein. The Bond Trustee shall be entitled to the advice of counsel (who may be counsel for any party including in-house counsel at the expense of the Corporation) and shall not be liable for any action taken in good faith in reliance on such advice. The Bond Trustee may rely conclusively on any notice, certificate or other document furnished to it under this Agreement and reasonably believed by it to be genuine. The Bond Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or to be beyond the discretion or power conferred upon it, as the case may be, or taken by it pursuant to any direction or instruction by which it is governed under this Agreement or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it, provided that the Bond Trustee shall be responsible for its own willful default or gross negligence. When any payment or consent or other action by the Bond Trustee is called for by this Agreement, the Bond Trustee may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. A permissive right or power to act shall not be construed as a requirement to act. The Bond Trustee shall in no event be liable for the application or misapplication of funds, or for other acts or defaults, by any person, firm or corporation except by its own directors, officers, agents and employees. No recourse shall be had by the Corporation, the Issuer, any Bondowners or any holder of Alternative Indebtedness for any claim based on this Agreement, the Bonds, any Alternative Indebtedness or any agreement securing the same against any director, officer, agent or employee of the Bond Trustee unless such claim is based upon the bad faith, fraud or deceit of such person. For the purposes of this Agreement matters shall not be considered to be known to the Bond Trustee unless they are known to an officer in its corporate trust department or to an employee in its corporate trust department.

(f) Bondownership of Bonds. The Bond Trustee may be or become the Bondowners of or trade in Bonds with the same rights as if it were not the Bond Trustee.

(g) Surety Bond. The Bond Trustee shall not be required to furnish any bond or surety.

(h) Continuation Statements. It shall be the duty of the Bond Trustee to file, or cause to be filed, such continuation statements as may be required by the UCC to maintain the continuing effectiveness and priority of any security interests granted to the Bond Trustee hereunder and under the Mortgage for the benefit of the Bondowner. The Corporation shall furnish copies of such continuation statements to the Bond Trustee promptly after such filings, together with an opinion of counsel satisfactory to the Bond Trustee that such security interests remain fully perfected and of the same priority as at the time of issuance of the Series 2018A Bonds.

(i) Financial Obligations. Nothing contained in this Agreement shall in any way obligate the Bond Trustee to pay any debt or meet any financial obligations to any person in relation to the Mortgaged Property except from moneys received under the provisions of this Agreement or from the exercise of the Bond Trustee's rights hereunder other than the moneys received for its own purposes.

(j) Information to Bondowner. Upon the reasonable written request of any Bondowner, the Bond Trustee shall provide such Bondowners with copies of such financial and insurance information as the Bond Trustee has in its possession pertaining to the Series 2018A Bonds, the Funds established under this Agreement, and Project.

(k) Enforcement of Rights. The Bond Trustee, as pledgee and assignee for security purposes of all the right, title and interest of the Issuer in and to this Agreement (except the Reserved Rights) and Series 2018A Master Obligation, shall, upon compliance with applicable requirements of law and except as otherwise set forth in this Article VI, be the sole real party in interest in respect of, and shall have standing, exclusive of Bondowners of Bonds, to enforce each and every right granted to the Issuer under this Agreement and under Series 2018A Master Obligation. The Issuer may take any action available at law or in equity to enforce the Reserved Rights. The Issuer and the Bond Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Bond Trustee of any and all rights of the Issuer in and to the Series 2018A Master Obligation and this Agreement shall constitute an agency appointment coupled with an interest on the part of the Bond Trustee which, for all purposes of this Agreement, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Issuer or its default hereunder or on the Bonds.

Section 603. Fees and Expenses of the Bond Trustee. Except to the extent the Bond Trustee has been paid or reimbursed from the Cost of Issuance Fund, the Corporation shall pay to the Bond Trustee reasonable compensation for its services and pay or reimburse the Bond Trustee for its reasonable expenses and disbursements, including attorneys' fees, hereunder. The Corporation shall indemnify and save the Bond Trustee harmless against any expenses and liabilities which it may incur in the exercise of its duties hereunder and which are not due to its gross negligence or bad faith. Any fees, expenses, reimbursements or other charges which the Bond Trustee may be entitled to receive from the Corporation hereunder, together with any interest thereon, shall constitute Additional Payments, and if not otherwise paid, shall be a first lien (on a parity with the Issuer for any Additional Payments owed to the Issuer) upon any funds or other property then or thereafter held hereunder by the Bond Trustee. The Bond Trustee may apply any such funds to any of the foregoing items, and in that event the lien of this section shall

continue to apply to any other such funds, and the Corporation shall remain liable for the same. Any subsequent payment of any such item by the Corporation shall be used to restore the funds so applied.

Section 604. Resignation or Removal of the Bond Trustee. The Bond Trustee may resign on not less than thirty (30) days' notice given in writing by first class mail to the Issuer, the Bondowners and the Corporation, but such resignation shall not take effect until a successor has been appointed. The Bond Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required hereby. The Bond Trustee and any successor Bond Trustee may be removed at any time by written notice from the Bondowners of a majority in principal amount of the Outstanding Bonds to the Bond Trustee, the Issuer and the Corporation.

Section 605. Successor Bond Trustee. Any corporation or association which succeeds to the corporate trust business of the Bond Trustee as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Bond Trustee under this Agreement, without any further act or conveyance.

In case the Bond Trustee resigns, is removed, or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of the Bond Trustee or of its property is appointed, or if a public officer takes charge or control of the Bond Trustee, or of its property or affairs, a successor shall be appointed by the Corporation by written notice from the Corporation to the Bondowners in writing mailed by first class mail within twenty (20) days from the appointment. The Corporation shall promptly certify to the successor Bond Trustee that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required hereby. If no appointment of a successor is made within forty-five (45) days after the giving of written notice in accordance with Section 604 or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Bond Trustee or any Bondowners may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor Bond Trustee appointed under this section shall be a trust company or a bank having the powers of a trust company, having a capital and surplus of not less than \$50,000,000. Any such successor Bond Trustee shall notify the Issuer and the Corporation of its acceptance of the appointment and, upon giving such notice, shall become Bond Trustee, vested with all the property, rights and powers of the Bond Trustee hereunder, without any further act or conveyance. Such successor Bond Trustee shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and any predecessor Bond Trustee shall from time to time execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and any predecessor Bond Trustee shall from time to time execute, deliver, record and file such instruments as the incumbent Bond Trustee may reasonably require to confirm or perfect any succession hereunder.

ARTICLE VII: THE ISSUER.

Section 701. Corporate Organization, Authorization and Power. The Issuer represents and warrants that:

(a) it is a public body corporate organized and validly existing under the laws of the State of Michigan, with the power under the Act to enter into and perform this Agreement, and that by proper action it has duly authorized the execution and delivery of this Agreement and the Series 2018A Bonds.

(b) the Issuer has duly authorized the issuance of the Series 2018A Bonds and the execution and delivery of this Agreement under the terms and provisions of a resolution of the Issuer. The Issuer has taken all necessary action and has complied with all provisions of the Act, including, but not limited to, the making of the findings required by the Act, required to make the Series 2018A Bonds and this Agreement the valid and binding obligations of the Issuer, except to the extent limited by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights;

(c) none of this Agreement, the Series 2018A Bonds, the endorsement of the Series 2018A Master Obligation (excluding the Reserved Rights) to the order of the Bond Trustee, or any payments to be received by the Issuer under the this Agreement, the Series 2018A Master Obligation or the Series 2018A Bonds has been mortgaged, pledged or hypothecated by the Issuer in any manner or for any purpose or has been the subject of a grant of a security interest by the Issuer other than as provided in this Agreement as security for the payment of the Series 2018A Bonds; and

(d) All acts, conditions and things required to exist, happen and be performed by the Issuer precedent to and in the execution and delivery by the Issuer of the Series 2018A Bonds do exist, have happened and have been performed in due time, form and manner as required by law; the issuance of the Series 2018A Bonds, together with all other obligations of the Issuer, do not exceed or violate any constitutional or statutory limitation.

Section 702. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every Series 2018A Bond and in all proceedings of the Governing Body pertaining hereto; provided, however, that except for the covenant of the Issuer set forth in Section 703 hereof relating to payment of the Bonds, the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Corporation or by the Bond Trustee, or shall have received the instrument to be executed, such action or instrument shall not be adverse to the interests of the Issuer and at the option of the Issuer shall have received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument or such expenses shall be paid in behalf of the Issuer. The Issuer covenants that it is duly authorized under the laws of the Issuer, including particularly and without limitation the Home Rule Act, to issue the Series 2018A Bonds, to execute this Agreement, to pledge the revenues and receipts hereby pledged, and to assign its rights under

and pursuant to the Agreement and the Series 2018A Master Obligation in the manner and to the extent herein set forth, that all action on its part, to the extent herein set forth, for the issuance of the Series 2018A Bonds and the execution and delivery of this Agreement has been duly and effectively taken and will be duly taken as provided herein, and that the Series 2018A Bonds in the hands of the Bondowners thereof are and will be valid and enforceable limited obligations of the Issuer according to the import hereof, except as enforcement thereof and hereof may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting the rights of creditors and by the application of general principles of equity, if such remedies are pursued.

Section 703. Payments of Principal, Premium, If Any, and Interest. The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Series 2018A Bonds issued hereunder according to the terms hereof; provided the principal, premium, if any, and interest payments are payable solely from revenues and other amounts derived from this Agreement, Series 2018A Master Obligation, and from the other security pledged hereby, which revenues and security are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Series 2018A Bonds or in this Agreement shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby or requiring or obligating the Issuer to pay the Series 2018A Bonds from any source other than the pledged revenues and security as provided herein.

Section 704. Supplemental Indentures; Recordation of Agreement and Supplemental Indentures. The Corporation will execute and deliver all indentures supplemental hereto and will cause this Agreement and all supplements hereto, as well as all security instruments, financing statements and continuation statements relating thereto, as well as any necessary supplements thereto, to be filed in each office required by law in order to perfect and maintain the liens created by this Agreement.

Section 705. Lien of Agreement. The Issuer hereby agrees not to create any lien having priority or preference over the lien of this Agreement upon the Trust Estate or any part thereof, other than the security interest granted by it to the Bond Trustee, except as otherwise specifically provided in Article II hereof. The Issuer agrees that no obligations the payment of which are secured by payments or other moneys or amounts derived from the Agreement and the other sources provided herein will be issued by it except in accordance with this Agreement.

Section 706. Rights under this Agreement. The Issuer will observe all of the obligations, terms and conditions required on its part to be observed or performed under this Agreement.

The Issuer agrees that the Bond Trustee as assignee of this Agreement may enforce, in its name or in the name of the Issuer, all rights of the Issuer (except for the Reserved Rights) and all obligations of the Corporation under and pursuant to the Agreement for and on behalf of the Bondowner, whether or not the Issuer is in default hereunder.

Section 707. Tax Covenants.

(a) The Issuer covenants and agrees that until the final maturity of any tax exempt Bonds, based upon the Corporation's covenants in this Agreement, it will not, to the extent within its control, knowingly take any action, use any money on deposit in any fund or account maintained in connection with any Series 2018A Bonds, whether or not such money was derived from the proceeds of the sale of the Series 2018A Bonds or from any other source, in a manner that would cause the Series 2018A Bonds to be arbitrage bonds, within the meaning of Section 148 of the Code. In the event the Corporation determines that it is necessary to restrict or limit the yield on the investment of moneys held by the Bond Trustee pursuant to this Agreement or to use such moneys in any certain manner to avoid the Series 2018A Bonds being considered arbitrage bonds, the Corporation (and, if necessary, the Issuer at the written direction and expense of the Corporation) shall deliver to the Bond Trustee appropriate written instructions of the Issuer, in which event the Bond Trustee shall take such action as instructed to restrict or limit the yield on such investment or to use such moneys in accordance with such instructions.

(b) The Issuer shall not knowingly use any proceeds of Series 2018A Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not knowingly take any other action or actions, that would result in any of the Series 2018A Bonds being treated other than as an obligation described in Section 103(a) of the Code.

(c) The Issuer will not knowingly use any portion of the proceeds of the Series 2018A Bonds, including any investment income earned on such proceeds, directly or indirectly, to make or finance loans to Persons who are not exempt persons. For purposes of the preceding sentence, a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, constitutes a loan to a Person who is not an exempt person.

(d) The Issuer will not knowingly take any action that would result in all or any portion of the Series 2018A Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

(e) For purposes of this Section, the Issuer's compliance shall be based solely on acts or omissions by the Issuer, and no acts, omissions or directions of the Corporation, the Bond Trustee or any other Persons shall be attributable to the Issuer.

Section 708. Change in Law. To the extent that published rulings of the Internal Revenue Service or amendments to the Code or the Regulations modify the covenants of the Issuer that are set forth in this Agreement or that are necessary for interest on any issue of Tax Exempt Bonds to be excludable from gross income for federal income tax purposes, the Issuer, upon receiving the written Opinion of Bond Counsel to such effect, will comply, at the expense of the Corporation, with such modifications and direct the Bond Trustee to take such action as may be required to comply with such modifications to the extent such compliance is not prohibited under State law.

Section 709. Rights and Duties of the Issuer.

(a) Actions for Protection of Bondowner. The Issuer shall not be required to monitor the financial condition of the Corporation or the physical condition of the Mortgaged

Property and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with it hereunder. The Issuer shall not be required to take notice of any breach or default by the Corporation except when given written notice thereof by the Bond Trustee. Upon receipt of written notice, direction or instruction and indemnity, as provided above, and after making such investigation, if any, as it deems appropriate to verify the occurrence of any event of which it is notified as aforesaid, the Issuer shall cooperate with the Bond Trustee to the extent reasonably necessary to enable the Bond Trustee to exercise any power granted to the Bond Trustee in this Agreement.

(b) Responsibility. The Issuer and its officers, employees and agents shall be entitled to the advice of counsel (who may also be counsel for any party) and as against all parties including Bondowners shall be wholly protected as to action taken or omitted to be taken in good faith in reliance on such advice. The Issuer may as against all parties including Bondowners rely conclusively on all communications or other documents furnished to it hereunder or under the Bond Purchase Agreement relating to the Series 2018A Bonds, and reasonably believed by it to be genuine and upon the truth and correctness of any statements or opinions therein. The Issuer shall not be liable to any party including any Bondowner for any action (i) taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, or (ii) in good faith not taken by it because reasonably believed by it to be beyond the discretion or powers conferred upon it, or (iii) taken by it pursuant to any direction or instruction by which it is governed hereby or by the Bond Purchase Agreement, or (iv) omitted to be taken by it by reason of the lack of any direction or instruction required hereby or by the Bond Purchase Agreement for such action; nor shall it be responsible to any party including any Bondowners for the consequences of any error or judgment reasonably made by it. The Issuer shall in no event be liable to any party including any Bondowners for the application or misapplication of funds, or for other acts or defaults, by any Person, except its own officers, officials, employees and agents. When any consent or other action by it is called for hereby, the Issuer may defer such action pending such investigation, inquiry, or receipt of such certificates, opinions, documents or other supporting evidence as it may require. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless reasonable indemnity is furnished for any expense or liability to be incurred thereby. The Issuer shall be entitled to reimbursement for expenses reasonably incurred or advances reasonably made, with interest at the “Prime Rate” declared from time to time by U.S. Bank National Association (or, if none, the nearest equivalent) plus three percent (3%) per annum, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which it may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect the subsequent exercise of that right or power. The Issuer shall not be required to take notice of any breach or default by the Corporation herein, except when given written notice thereof by the Bond Trustee. No recourse shall be had by the Corporation, the Bond Trustee, any Bondowner, or any holder of other Indebtedness for any claim based on this Agreement, the Bond Purchase Agreement or any other Indebtedness, against any officer, employee or agent of the Issuer alleging personal liability on the part of such person unless such claim is based upon the willful dishonesty or intentional violation of law of such Person.

(c) Financial Obligations. Nothing contained in this Agreement shall in any way obligate the Issuer to pay any debt or meet any financial obligations to any person at any time in

relation to the Project or the Mortgaged Property except from moneys received under the provisions of this Agreement or from the exercise of the Issuer's rights hereunder other than moneys received for its own purposes.

ARTICLE VIII: THE BONDOWNERS.

Section 801. Action by Bondowner. Any request, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Agreement (except as otherwise herein expressly provided) if made in the following manner, but either the Issuer or the Bond Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

The fact and date of the execution by any Bondowners or his or her attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Issuer or to the Bond Trustee or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondowners may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its clerk or secretary or an assistant clerk or secretary.

The Bondownership of Series 2018A Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

Any request, consent or vote of the Bondowners of any Series 2018A Bond shall bind all future Bondowners of such Bond. Bonds owned or held by or for the account of the Issuer or the Corporation shall not be deemed Outstanding Series 2018A Bonds for the purpose of any consent or other action by Bondowner.

Section 802. Proceedings by Bondowner. No Bondowners shall have any right to institute any legal proceedings for the enforcement of this Agreement or any applicable remedy hereunder, unless the Bondowners have directed the Bond Trustee to act and furnished the Bond Trustee indemnity as provided in Subsection 702(d) and have afforded the Bond Trustee reasonable opportunity to proceed, and the Bond Trustee shall thereafter fail or refuse to take such action.

Subject to the foregoing, any Bondowners may by any available legal proceeding enforce and protect its rights hereunder and under the laws of the State of Michigan.

ARTICLE IX: THE CORPORATION.

Section 901. Corporate Organization, Authorization and Powers. The Corporation represents and warrants that it is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of Michigan, with the power to enter into and perform this Agreement, that it is a retirement center, assisted care center and nursing home, licensed as a “home for the aged” to the full extent required by the Department of Public Health of the State of Michigan and that by proper corporate action it has duly authorized the execution and delivery of this Agreement. The Corporation further represents and warrants that the execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with or constitute a breach of or default under any bond, indenture, note or other evidence of indebtedness of the Corporation, the articles of incorporation or by-laws of the Corporation, any gifts, bequests or devises pledged to or received by the Corporation, or any contract, lease or other instrument to which the Corporation is a party or by which it is bound or cause the Corporation to be in violation of any applicable statute or rule or regulation of any governmental authority.

Section 902. Tax Status. (a) The Corporation represents and warrants that (i) it is an organization described in Section 501(c)(3) of the IRC and it is not a “private foundation” as defined in Section 509 of the IRC; (ii) it has received letters from the Internal Revenue Service to that effect; (iii) such letters have not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letters; (v) the facts and circumstances which form the basis of such letters continue substantially to exist as represented to the Internal Revenue Service; and (vi) it is exempt from federal income taxes under Section 501(a) of the IRC. To the extent consistent with its status as a nonprofit continuing care retirement community, the Corporation agrees that it will not take any action or omit to take any action if such action or omission would cause any revocation or adverse modification of such federal income tax status of the Corporation.

(a) The Corporation shall not take or permit any action which would cause the Bonds to be “arbitrage bonds” under Section 148 of the IRC or cause the Bonds to cease to be “qualified 501(c)(3) bonds” under Section 145 of the IRC. The Corporation’s “Tax Compliance Certificate” delivered at the time of the initial delivery of the 1989 Bonds is incorporated herein by reference in its entirety and the Corporation represents and warrants that the information and statements contained therein are accurate and truthful.

(b) The Corporation represents and warrants that internal advances to be repaid from the proceeds of the Series 2018A Bonds under Subsection 302(d) of this Agreement are in every instance internal advances shown on the Corporation’s books of account as advances or loans, with respect to each of which it was the intention and expectation of the Corporation that the expenditure would be permanently financed through the Issuer or other external lenders unless gifts or grants were obtained for the purpose; that no arrangements have been made for permanent financing of any of these expenditures by means other than financing through the Issuer; and that any internal repayment schedules which have been arranged with respect to any of the advances are subject to modification to reflect the maturity schedule of permanent Issuer financing.

(c) The Corporation represents and warrants that no arrangement, formal or informal, has been, and covenants that none shall be, authorized, permitted or made for the purchase of any of the Series 2018A Bonds by the Corporation or any related person (as defined in Section 144(a)(3) of the IRC) in an amount related to the amount loaned by the Issuer to the Corporation.

(d) The Corporation's "Tax Compliance Certificate" delivered to the Bond Trustee at the time of the initial delivery of the Series 2007A-1 Bonds is incorporated herein by reference in its entirety and made a part hereof, and the Corporation represents and warrants that the information and statements contained therein are accurate and truthful.

Section 903. Securities Law Status. The Corporation represents and warrants that it is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit; and that no part of its net earnings inures to the benefit of any person, private stockholder or individual, all within the meaning of the Securities Act of 1933, as amended. The Corporation shall not take any action or omit to take any action if such action or omission would change its status as set forth in this Section.

Section 904. License. The Corporation shall maintain its licenses from the State Department of Licensing and Regulatory Affairs (or any successor agency) required to operate a "home for the aged" and a "skilled nursing facility", and shall secure any additional licenses necessary for the Community in the future.

Section 905. Covenants of Corporation.

(a) This Agreement and the obligations created hereunder in addition to the Mortgage and Series 2018A Master Obligation are general obligations of the Corporation, to which its full faith and credit are pledged.

(b) This Agreement shall constitute a security agreement within the meaning of the UCC. In addition to all other rights and remedies hereunder, the Bond Trustee shall have all rights and remedies of a secured party under the UCC. The Corporation shall join with the Bond Trustee in the execution and filing of all financing statements, continuation statements and other documents as may be necessary from time to time to perfect or continue the perfection of the security interest granted hereunder.

(c) This Agreement, the Master Indenture, Series 2018A Master Obligation, the Mortgage, the Tax Agreement, the Bond Purchase Agreement and the Continuing Disclosure Certificate ("Issuer Documents"), when assigned to or issued to the Bond Trustee, as applicable, pursuant to the this Agreement, will constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation by the Bond Trustee in accordance with their terms for the benefit of the Bondowners of the Series 2018A Bonds, and any rights of the Issuer and obligations of the Corporation not so assigned to the Bond Trustee constitute the legal, valid, and binding agreements of the Corporation enforceable against the Corporation by the Issuer in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the

application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(d) The execution and delivery of the Issuer Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Corporation, its bylaws, any applicable law or administrative rule or regulation, any applicable court or administrative decree or order or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Corporation Documents or the financial condition, assets, properties or operations of the Corporation.

(e) No consent or approval of any Bond Trustee or holder of any indebtedness of the Corporation or any guarantor of indebtedness of or other provider of credit or liquidity of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) is necessary in connection with the execution and delivery of the Issuer Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Corporation, after reasonable investigation, threatened, against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Issuer Documents, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Issuer Documents or the financial condition, assets, properties or operations of the Corporation. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(g) No written information, exhibit or report furnished to the Issuer or the Underwriter by the Corporation in connection with the delivery of the Corporation Documents

contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) The Corporation has good and marketable title to the Mortgaged Property and the Community free and clear from all encumbrances other than Existing Liens, as described on Exhibit A to the Master Indenture.

(i) The Corporation complies and covenants to comply in all material respects with all applicable Environmental Laws.

(j) Neither the Corporation nor the Project are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Laws or to respond to a release of any hazardous substances into the environment.

(k) The Corporation does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

The representations, warranties and covenants of the Corporation set forth in the Tax Agreement are incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein.

Section 906. Corporation Books and Records; Audits. The Corporation covenants to keep accurate records and books of account with respect to its financial condition and operations and to have its financial statements examined annually by an Independent Public Accountant. Except as it may conflict with Section 907, below, the Corporation shall provide the Bond Trustee (other than items (a) and (d) below) and the Underwriter, and if requested in writing, the Issuer and any Series 2018A Bondowner, with copies of the following items:

(a) Within 45 days after the end of each fiscal quarter unaudited quarterly financial statements, including a statement of operations and balance sheet.

(b) Within 150 days after the end of each Fiscal Year, the Corporation's audited financial statements and the Independent Public Accountant's report thereon.

(c) Within 30 days after the start of each Fiscal Year, the Corporation's annual budget for its operations for such Fiscal Year.

(d) Within 45 days after the end of each quarter, quarterly reports indicating the actual occupancy of the Corporation's facilities as a percentage of capacity for each class of service or type of unit, and payor mix for health care beds, classifying occupants by source of payments (e.g. Medicare, Medicaid).

The Bond Trustee shall have no responsibility to interpret, verify or act upon the information contained in such documents.

Section 907. Continuing Disclosure. The Corporation has executed a Continuing Disclosure Certificate. While this Continuing Disclosure Certificate is in effect, the Corporation shall at all times remain party to the Continuing Disclosure Certificate, or if the Continuing Disclosure Certificate terminates, it shall enter into a similar agreement to provide for the dissemination of the financial statements and notices required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Corporation agrees that while the Series 2018A Bonds are Outstanding, it will perform its obligations under the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the Corporation to comply with the Continuing Disclosure Certificate shall not be an Event of Default.

ARTICLE X: MISCELLANEOUS

Section 1001. Amendment. This Agreement may be amended by the parties without Bondowners consent for any of the following purposes: (a) to add to the covenants and agreements of the Corporation or to surrender or limit any right or power of the Corporation, or (b) to cure any ambiguity or defect, or to add provisions which do not impair the security for the Bonds.

Except as provided in the foregoing paragraph, this Agreement may be amended only with the written consents of the Bondowners of a majority in principal amount of the Outstanding Series 2018A Bonds; provided, however, that no amendment of this Agreement may be made without the unanimous written consent of the affected Bondowners for any of the following purposes: (i) to extend the maturity of any Series 2018A Bond, (ii) to reduce the principal amount or interest rate of any Series 2018A Bond, (iii) to make any Series 2018A Bond redeemable other than in accordance with its terms, (iv) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds, and (v) to reduce the percentage of the Bonds required to be represented by the Bondowners giving their consent to any amendment.

Any amendment of this Agreement shall be accompanied by an opinion of nationally recognized bond counsel selected by the Issuer to the effect that the amendment is permitted by this Agreement.

When the Bond Trustee determines that the requisite number of consents have been obtained for an amendment which requires Bondowners consents, it shall, within ninety (90) days, file a certificate to that effect in its records and mail notice to the Bondowner. No action or proceeding to invalidate the amendment shall be instituted or maintained unless it is commenced within sixty (60) days after such mailing. The Bond Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required hereby. A consent to an amendment may be revoked by a notice given by the Bondowners and received by the Bond Trustee prior to the Bond Trustee's certification that the requisite consents have been obtained.

Section 1002. Successors and Assigns. The rights and obligations of the parties to this Agreement shall inure to their respective successors and assigns. The officers, employees and agents of the Issuer (including without limitation the members of the Authority and the Authority's counsel) shall be entitled to the rights expressly granted to them in this Agreement.

Section 1003. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Bond Trustee, the Paying Agent, the Corporation and the Underwriter shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during a Business Day as follows: (a) to the Issuer at the Charter Township of Meridian, 5151 Marsh Road, Okemos, Michigan 48864, attention of Township Manager, (b) to the Bond Trustee at [Address, City, State, Zip], attention of Corporate Trust Services, (c) to the Paying Agent at [Address, City, State, Zip], attention of Corporate Trust Services, (d) to the Corporation at 2700 Burcham Drive, East Lansing, Michigan 48823, attention of Executive Director, and (e) to the Underwriter at Herbert J. Sims & Co., Inc., 3530 Post Road, Suite 301,

Southport, Connecticut 06890-1169, attention of President, or as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice. All notices to a Bondowners shall be in writing and shall be deemed sufficiently given if sent by first class mail, postage prepaid, to the Bondowners at the address shown on the registration books maintained by the Paying Agent. A Bondowners may direct the Paying Agent to change its address as shown on the registration books by written notice to the Paying Agent.

Notice hereunder may be waived prospectively or retrospectively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons.

Section 1004. The Underwriter. The Underwriter shall be under no obligation to any holder of Series 2018A Bonds for any action that it may or may not take or in respect of anything that it may or may not do by reason of any information contained in any reports or other documents received by it under the provisions of this Agreement. The immunities and exemptions from liability of the Underwriter hereunder shall extend to its partners, directors, officers, successors, employees and agents.

Section 1005. Extent of Covenants; No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer contained in this Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, officer, employee or agent of the Issuer in his or her individual capacity; and no such person (including any such person executing the Series 2018A Bonds) shall be liable personally on the Series 2018A Bonds or be subject to any personal liability or accountability by reason of their issuance.

Section 1006. Agreement Not for the Benefit of Other Parties. This Agreement is not intended for the benefit of and shall not be construed to create rights in parties other than the Corporation, the Issuer, the Bond Trustee, the Bondowners and the others expressly provided for herein.

Section 1007. Severability. In the event that any provision of this Agreement shall be held to be invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

Section 1008. Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

Section 1009. Captions. The captions and table of contents of this Agreement are for convenience only and shall not affect the construction hereof.

Section 1010. Governing Law. This instrument shall be governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their Authorized Officers all as of the date first above written.

THE ECONOMIC DEVELOPMENT
CORPORATION OF THE CHARTER
TOWNSHIP OF MERIDIAN

By: _____
[Name]
Its: [Title]

BURCHAM HILLS RETIREMENT
CENTER II

By: _____
[Name]
Its: [Title]

By: _____
[Name]
Its: [Title]

U.S. BANK NATIONAL ASSOCIATION
As Bond Trustee

By: _____
[Name]
Its: [Title]

EXHIBIT A
COST OF ISSUANCE FUND REQUISITION CERTIFICATE

TO: U.S. Bank National Association, as Bond Trustee

FROM: Burcham Hills Retirement Center II (the "Corporation")

SUBJECT: Loan Agreement and Trust Indenture dated as of July 1, 2018, among the Company, the Bond Trustee and The Economic Development Corporation of the Charter Township of Meridian (the "Agreement").

This represents Requisition Certificate No. __ in the total amount of \$_____ for payment from the Costs of Issuance Fund of those costs of issuance of the Series 2018A Bonds detailed in the schedule attached.

Capitalized terms used herein undefined shall have the respective meanings set forth in the Agreement.

The undersigned does certify that all of the expenditures for which moneys are requested hereby represent proper costs of issuance of the Series 2018A Bonds, have not been included in a previous Requisition Certificate and have been properly recorded on the Corporation's books.

BURCHAM HILLS RETIREMENT
CENTER II

By: _____

Its: [Title]

Dated: _____

SCHEDULE TO REQUISITION CERTIFICATE NO. _____

Payee and Location

Amount

\$ _____