

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

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

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING FROM THE  
COMMISSION'S OFFICE**

**May 1, 2014**

**2:00 P.M.**

**Members of the Executive Committee Present:**

John A. Fagg, MD, Chairman  
Joseph D. Crocker, Vice-Chairman  
George H. V. Cecil  
Albert F. Lockamy  
Dr. Carl K. Rust

**Members of the Executive Committee Absent:**

Dr. George A. Binder  
Mary L. Piepenbring

**Members of Staff Present:**

Christopher B. Taylor, CPA, Assistant Secretary  
Crystal Watson-Abbott, Auditor  
Alice S. Creech, Bond Program Assistant

**Others Present:**

Jim Wren, Sharon Towers  
Richard Marvin, M2FAS

1. **Purpose of Meeting**

To consider a refunding/conversion for The Presbyterian Homes at Charlotte, Inc. dba Sharon Towers, Series 2010 Bank Bought Bonds.

2. **Presbyterian Home at Charlotte, Inc. dba Sharon Towers, Charlotte, NC** – Christopher B. Taylor and Jim Wren

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

**Resolution:** The Commission grants preliminary approval to a project for The Presbyterian Home at Charlotte, Inc. dba Sharon Towers to provide funds, to be used, together with other available funds, to refund/convert The North Carolina Medical Care Commission \$11,515,000 Variable Rate Demand Health Care Facilities Revenue Bonds (The Presbyterian Home at Charlotte, Inc. Project) Series 2001, which were previously converted to the Bank Bought Rate and purchased by Branch Banking and Trust Company on September 24, 2010. The 2010 conversion had an initial put period ending September 24, 2017. The refunding will extend the initial put period to August 1, 2024, which is the final maturity date of the 2001 Bonds. Branch Banking and Trust Company will purchase the 2014 Bonds and hold as Bank Bought Bonds. The Series 2014 Bonds will bear interest at 68% of LIBOR plus TBD basis points for the Put Period. The project is in accordance with an application received as follows:

**ESTIMATED SOURCES OF FUNDS**

Principal amount of bonds to be refunded/converted	\$9,375,000
Equity contribution	<u>68,500</u>
<b>Total Sources</b>	<b>\$9,443,500</b>

**ESTIMATED USES OF FUNDS**

Amount to refund/convert 2010 Bank Bought Bonds	\$9,375,000
Placement fee	14,500
Corporation counsel	10,500
Bond counsel	15,000
Bank counsel	8,500
Financial advisor	<u>20,000</u>
<b>Total Uses</b>	<b>\$9,443,500</b>

Tentative approval is given with the understanding that the governing board of Presbyterian Home at Charlotte, Inc. accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance/conversion of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance/conversion of bonds.
4. The project must, in all respects, meet requirements of §G.S. 131A (Health Care Facilities Finance Act).
5. The Executive Committee of the Commission is delegated the authority to approve the issuance/conversion of bonds for this project and may approve the issuance/conversion of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).
6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.
7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended (“Section 147(f)”), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the “Governor”) approve the issuance/conversion of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.
8. The borrower will comply with the Commission’s Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRC’s as adopted on November 9, 2007.
9. Based on information furnished by applicant, the project is -

- |  |                                     |     |                          |    |                                     |     |
|--|-------------------------------------|-----|--------------------------|----|-------------------------------------|-----|
| 1. Financially feasible                          | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No | <input type="checkbox"/>            | N/A |
| 2. Construction and related costs are reasonable | <input type="checkbox"/>            | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> | N/A |

**Notes:**

**1) Information from Audited Financial Statements FYE December 31, 2012.**

<b>Change in Unrestricted Net Assets</b>	<b>\$2,875,162</b>
<b>Change in Net Assets</b>	<b>\$2,906,846</b>
<b>Cash Flows from Operating Activities</b>	<b>\$3,964,167</b>
<b>Change in Cash (A)</b>	<b>\$499,794</b>

**2) Information from Unaudited Financial Statements for quarter ending for December 31, 2013**

<b>Operating Income</b>	<b>\$862,468</b>
<b>Net Increase in Net Assets</b>	<b>\$3,717,558</b>
<b>Net Cash Provided by Operations</b>	<b>\$1,650,318</b>
<b>Increase in cash and cash equivalents</b>	<b>\$ 552,194</b>

**3) Charity Care Percent Calculated under GS 105**

<b>FYE 2012 (Audited)</b>	<b>5.12%</b>
<b>FYE 2013 (Unaudited)</b>	<b>5.50%</b>

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

<b>Actual FYE</b>	<b>2012</b>	<b>3.81</b>
<b>Forecasted</b>	<b>2013</b>	<b>3.39</b>
<b>Forecasted</b>	<b>2014</b>	<b>3.41</b>
<b>Forecasted</b>	<b>2015</b>	<b>3.52</b>
<b>Forecasted</b>	<b>2016</b>	<b>3.70</b>
<b>Forecasted</b>	<b>2017</b>	<b>3.85</b>

**5) Financing Participants**

<b>Bank Purchaser for the Bonds</b>	<b>Branch Banking and Trust Company</b>
<b>Bond Counsel</b>	<b>Robinson Bradshaw &amp; Hinson, PA</b>
<b>Bank Counsel</b>	<b>Moore &amp; Van Allen</b>
<b>Corporation Counsel</b>	<b>Nexsen Pruet, PLLC</b>
<b>Financial Advisor</b>	<b>M2FAS (Richard Marvin)</b>

**3. Adjournment**

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

Respectfully submitted,

---

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