

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

SEPTEMBER 15, 2015

2:00 P.M.

Members of the Executive Committee Present:

John A. Fagg, MD, Chairman
Joseph D. Crocker, Vice-Chairman
Charles T. Frock
Charles H. Hauser
Albert F. Lockamy
Mary L. Piepenbring

Members of the Executive Committee Absent:

None

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary
Kathy C. Larrison, Auditor
Crystal Watson-Abbott, Auditor
Alice S. Creech, Executive Assistant

Others Present:

Alice P. Adams, Robinson Bradshaw & Hinson, P.A.
Greg Byers, Mission Health
Steve Cordell, Nexsen Pruettt, PLLC
Karen Frazier, The Pines at Davidson
Carol Goodrum, Mission Health
Mike Kelly, Ziegler
Anne Moffat, Sharon Towers
David Rainey, The Pines at Davidson
Allen K. Robertson, Robinson Bradshaw & Hinson, P.A.
Jim Wren, Sharon Towers

1. **Purpose of Meeting**

To (1) authorize the sale of bonds, the proceeds of which are to be loaned to The Pines at Davidson, Inc., (2) authorize the execution and delivery of a First Amendment to Amended and Restated Loan Agreement for the 2001 Bonds issued for the benefit of The Presbyterian Home at Charlotte, Inc. (the "Corporation"), (3) authorize a Series Resolution requesting preliminary approval to a refunding for Mission Health, and (8) discussion of the MCC Draft Policy on Compliance.

2. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$11,125,000 North Carolina Medical Care Commission Health Care Facilities Refunding Revenue Bonds (The Pines at Davidson) Series 2015** – Remarks were made by Mike Kelly, Karen Frazier and Alice Adams.

Executive Committee Action: Motion was made by Dr. Fagg, seconded by Ms. Piepenbring and unanimously approved.

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

WHEREAS, The Pines at Davidson, Inc. (the "Corporation") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "nonprofit agency" within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refund \$12,620,000 of the Commission's Health Care Facilities First Mortgage Revenue Bonds (The Pines at Davidson) Series 2006A (the "Prior Bonds") and (ii) pay certain expenses incurred in connection with the issuance of the Bonds (as hereinafter defined) by the Commission; and

WHEREAS, the proceeds of the Prior Bonds were used to (i) finance the costs of expanding and improving (the "2006 Project") the Corporation's continuing care retirement community (the "Facility"), (ii) refund a portion of the Commission's Health Care Facilities First Mortgage Revenue Refunding Bonds (The Pines at Davidson), Series 1994 (the "1994 Bonds"), (iii) pay interest accruing on the portion of the Prior Bonds attributable to the costs of the 2006 Project for approximately 18 months, (iv) fund a debt service reserve fund for the Prior Bonds, and (v) pay certain expenses incurred in connection with the issuance of the Prior Bonds; and

WHEREAS, the proceeds of the 1994 Bonds were used to refund the Commission's Health Care Facilities First Mortgage Revenue Bonds (Davidson Retirement Community Project), Series 1988, the proceeds of which were used for the construction of the Corporation's Facility; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on June 17, 2015, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

(a) a Trust Agreement, dated as of October 1, 2015 (the "Trust Agreement"), between the Commission and U.S. Bank National Association, as bond trustee (in such capacity, the "Bond Trustee");

(b) a Loan Agreement, dated as of October 1, 2015 (the "Loan Agreement"), between the Commission and the Corporation;

(c) a Supplemental Indenture for Obligation No. 6 dated as of October 1, 2015 ("Supplement No. 6") between the Corporation and U.S. Bank National Association, as master trustee (the "Master Trustee") under the Amended and Restated Master Trust Indenture dated as of June 1, 2006 (as supplemented, the "Master Indenture") between the Corporation and the Master Trustee;

(d) Obligation No. 6 dated as of the date of delivery thereof ("Obligation No. 6") from the Corporation to the Commission;

(e) a Contract of Purchase, to be dated as of the date of delivery of the Bonds (the "Purchase Agreement"), between the Local Government Commission of North Carolina (the "LGC") and STI Institutional & Government, Inc., as the initial purchaser of the Bonds (the "Purchaser"), and approved by the Commission and the Corporation;

(f) a Continuing Covenant Agreement, dated as of October 1, 2015 (the "Covenant Agreement") between the Corporation and the Purchaser;

(g) a Supplemental Indenture for Obligation No. 7 dated as of October 1, 2015 ("Supplement No. 7," and collectively with Supplement No. 6, the "Supplemental Indentures") between the Corporation and the Master Trustee;

(h) Obligation No. 7 dated as of the date of delivery thereof ("Obligation No. 7," and collectively with Obligation No. 6, the "Obligations") from the Corporation to the Purchaser; and

(i) a Second Amendment to Amended and Restated Deed of Trust dated as of October 1, 2015 (the "Second Amendment to Deed of Trust"), among the Corporation, the deed of trust trustee named therein and the Master Trustee; and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, the Supplemental Indentures, the Obligations, and the Covenant Agreement; and

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

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Health Care Facilities Refunding Revenue Bonds (The Pines at Davidson) Series 2015 (the "Bonds"), in the aggregate principal amount of \$11,125,000. The Bonds shall mature on January 1, 2030 (the "Maturity Date") and shall bear interest at such rates determined in accordance with the Trust Agreement and shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto. During the initial Direct Purchase Period (which is to the Maturity Date), the Bonds will bear interest at a fixed rate of 2.87% per annum, subject to adjustment under certain circumstances.

The Bonds shall be issued as fully registered bonds in (i) denominations of \$250,000 and multiples of \$5,000 in excess thereof during any Direct Purchase Period, (ii) denominations of \$100,000 and multiples of \$5,000 in excess of \$100,000 during any Short-Term Rate Period or any Medium-Term Rate Period that is not a Direct Purchase Period, and (iii) denominations of \$5,000 and integral multiples thereof during any Fixed Rate Period that is not a Direct Purchase Period. Except during a Direct Purchase Period, the Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to (i) optional, extraordinary and mandatory redemption, (ii) during any Weekly Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund the Prior Bonds and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together

with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Supplemental Indentures, the Obligations, the Second Amendment to Deed of Trust and the Covenant Agreement are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the Bonds to the Purchaser in accordance with the Purchase Agreement at the purchase price of 100% of the principal amount thereof; provided, however, that such approval shall be of no effect if the Local Government Commission does not so authorize such sale of the Bonds.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

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

Section 12. If the Bonds are converted to a Rate not in a Direct Purchase Period, the Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository of the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 13. Drexdal R. Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, Steven Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 14. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Purchase Agreement, the Second Amendment to Deed of Trust and the Covenant Agreement.

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

Schedule 1

<u>Due</u> <u>January 1</u>	<u>Sinking Fund</u> <u>Requirement</u>	<u>Due</u> <u>January 1</u>	<u>Sinking Fund</u> <u>Requirement</u>
2016	\$150,000	2024	\$790,000
2017	650,000	2025	815,000
2018	665,000	2026	835,000
2019	685,000	2027	860,000
2020	705,000	2028	885,000
2021	725,000	2029	910,000
2022	745,000	2030*	935,000
2023	770,000		

* Maturity

Professional Fees Comparison for
The Pines at Davidson, Inc.

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution</u>	<u>Actual Fees</u>
Accountant's fee	\$ 6,000	\$ 6,000
Bank fee	16,688	23,188
Bank Counsel	22,000	22,000
Bond counsel	45,000	40,000
Corporation counsel	22,000	20,000
Placement Agent	25,000	25,000

3. Letter from David Rainey regarding additional information on the Pines' Entry Assistance Fund



September 9, 2015

VIA EMAIL & FEDERAL EXPRESS
Chris.Taylor@dhhs.nc.gov
919-855-3750

Mr. Christopher B. Taylor
Assistant Secretary
North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, NC 27699-2701

Re: Request for additional information about The Pines' Entry Assistance Fund

Dear Chris:

Per our recent telephone conversation, The Pines' CEO and I are traveling to California on September 15, 2015, to attend the Ziegler industry conference. This is the same day the Executive Committee of the North Carolina Medical Care Commission is meeting by phone to grant final approval for The Pines' refinancing. If my flight lands in time I should be able to dial in to the call at 2:15 p.m. EST. I was unable to find any alternate flights out of Charlotte or nearby cities that would permit either of us to be on the ground during the entire call. I understand from you that the meeting time cannot be changed. As you suggested, The Pines' Controller, Karen Frazier, will participate in the entire portion of the call relating to The Pines in order to answer questions that may arise. I have also asked The Pines' attorney, Chase Coale, and investment banker, Mike Kelly, to join the call and they have indicated that they will participate. If there is anything I can provide in advance of the meeting please let me know.

During the conference call with the Executive Committee of the North Carolina Medical Care Committee on June 17, 2015, Dr. Fagg asked me to share information about The Pines' Entry Assistance Fund when we returned to the Executive Committee for final approval of The Pines' refinancing. This may have been prompted by a comment in the written material that I provided to you in advance of such call which stated that "The Pines maintains an Entry Assistance Fund financed with charitable gifts that is available to assist individuals who do not meet the minimum financial requirements for admission to The Pines." I am providing the following information about The Pines' Entry Assistance Fund.

Purpose of the Entry Assistance Fund. The purpose of the Entry Assistance Fund is to assist individuals in meeting the minimum financial requirements for admission to The Pines who would not otherwise qualify.

Who is eligible for the Entry Assistance Fund? Individuals who have not had an opportunity to accumulate net assets and/or who have insufficient fixed income are eligible to be considered for the Entry Assistance Fund.

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How much is currently in the Entry Assistance Fund? The Entry Assistance Fund is funded solely with charitable contributions that are raised for such purpose. The Pines' Entry Assistance Fund had approximately \$116,000 as of June 30, 2015.

How many times has The Pines' Entry Assistance Fund been used? To the best we can determine, the Entry Assistance Fund has been used approximately three to five times since it was established in the early 2000s. The most memorable recipient, and also the first, was Julia Maulden. Mrs. Maulden was a strong advocate for integration and this was reflected in her work with the Girl Scouts in Kannapolis, NC, and, after moving to Davidson, during her tenure on the Mecklenburg County School Board from 1966-1974 (the Salisbury Post described her as "...the board's most eloquent defender of the judge's order" to integrate through mandatory busing). At age 60 she joined the Peace Corps, served in Africa for a year and upon returning worked as a Presbyterian missionary in Haiti for 15 months. She helped start the Charlotte chapter of Habitat for Humanity, serving as its first Executive Director. Mrs. Maulden used her net worth to make it possible for her former students from Africa to attend college in the United States. Gifts raised for the Entry Assistance Fund made it possible for Mrs. Maulden to live out her final years at The Pines.

Why has the Entry Assistance Fund not been used more often? The Pines is affordable. The average age at entry to The Pines is 80 and an individual who owns an average home and has a small amount of Social Security (e.g. \$15,000/year) can meet The Pines' minimum financial admission requirements. The Entry Assistance Fund is funded by charitable contributions and there are not sufficient funds in the Entry Assistance Fund at this time to help a large number of people.

How does The Pines' make people aware of the Entry Assistance Fund? The Pines has a printed brochure describing its Entry Assistance Fund and has also shared information with potential applicants about it in Pines' newsletters and on The Pines' website.

Due to the important purpose it serves, the Entry Assistance Fund remains one of The Pines' top fund raising objectives. The current long range plan has set an aggressive objective to raise \$1,000,000 in gifts for the Entry Assistance Fund over the next 10 years, which we will strive to meet.

If you have any questions about the information I am submitting with this letter do not hesitate to contact me.

Sincerely yours,



David C. Rainey
Vice President/CFO

4. Resolution of the North Carolina Medical Care Commission Approving and Authorizing Execution and Delivery of a First Amendment to Amended and Restated Loan Agreement Relating to the North Carolina Medical Care Commission Variable Rate Demand Health Care Facilities Revenue Bonds (The Presbyterian Home at Charlotte, Inc. Project), Series 2001 (the "Bonds"). – Remarks were made by Alice Adams and Allen Robertson

Executive Committee Action: Motion was made by Ms. Piepenbring, seconded by Mr. Lockamy and unanimously approved with Dr. Fagg abstaining from the vote.

WHEREAS, the North Carolina Medical Care Commission (the "Commission"), a commission of the Department of Health and Human Services of the State of North Carolina, has previously issued \$23,500,000 aggregate principal amount of its Variable Rate Demand Health Care Facilities Revenue Bonds (The Presbyterian Home at Charlotte, Inc. Project), Series 2001, of which \$8,345,000 aggregate principal amount is outstanding (the "Bonds"), pursuant to an Amended and Restated Trust Agreement dated as of September 24, 2010 (the "Trust Agreement") between the Commission and First-Citizens Bank & Trust Company, succeeded by U.S. Bank National Association (the "Trustee"); and

WHEREAS, the Commission has loaned the proceeds of the Bonds to the Corporation pursuant to an Amended and Restated Loan Agreement dated as of September 24, 2010 (the "Agreement") between the Commission and the Corporation; and

WHEREAS, Branch Banking and Trust Company (the "Bank Holder") is the Owner (as defined in the Trust Agreement) of 100% of the Outstanding Bonds; and

WHEREAS, the Corporation has requested the Commission to amend the provision in the Agreement relating to the incurrence of Qualifying Intermediate-Term Indebtedness (as defined in the Agreement) to make such provision consistent with other financing documents either entered into or approved by the Commission (the "Modifications"); and

WHEREAS, Section 10.2 of the Agreement provides that, subject to the terms and provisions and limitations contained in Section 11.02 of the Trust Agreement, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve changes in the provisions of the Agreement agreed to by the Corporation and the Commission; and

WHEREAS, there has been presented at this meeting a draft copy of a First Amendment to Amended and Restated Loan Agreement, to be dated the date of delivery thereof (the "First Amendment"), between the Commission and the Corporation, that would amend the Agreement to make the Modifications; and

WHEREAS, the Bank Holder has indicated that it will consent to the Modifications set forth in the First Amendment; and

WHEREAS, the Corporation has requested that the Commission approve the First Amendment and authorize its execution and delivery;

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

Section 1. The form, terms and provisions of the First Amendment are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to execute and deliver the First Amendment in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of bond counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 2. The Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) or any duly authorized Commission Representative under the Trust Agreement are authorized to take such other action and to execute and deliver any such other documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate in connection with the First Amendment.

Section 3. This Resolution shall take effect immediately upon its passage.

5. **FIRST AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT**

THIS FIRST AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT (the "Amendment"), dated September __, 2015, between the **NORTH CAROLINA MEDICAL CARE COMMISSION**, a commission of the Department of Health and Human Services of the State of North Carolina (the "Commission") and **THE PRESBYTERIAN HOME AT CHARLOTTE, INC.**, a private nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina (the "Corporation"), is made and entered into for the purpose of amending the Amended and Restated Loan Agreement, dated as of September 24, 2010 (the "Loan Agreement").

WITNESSTH:

WHEREAS, the Commission has previously issued its \$23,500,000 Variable Rate Demand Health Care Facilities Revenue Bonds (The Presbyterian Home at Charlotte, Inc.) Series 2001 (the "Bonds"), of which \$8,345,000 aggregate principal amount is outstanding, pursuant to an Amended and Restated Trust Agreement, dated as of September 24, 2010 (the "Trust Agreement"), between the Commission and First-Citizens Bank & Trust Company, succeeded by U.S. Bank National Association, as trustee (the "Trustee"), and loaned the proceeds from the sale thereof to the Corporation pursuant to the terms of the Loan Agreement; and

WHEREAS, Branch Banking and Trust Company is the Owner (as defined in the Trust Agreement) of 100% of the Outstanding Bonds; and

WHEREAS, the Commission and the Corporation desire to amend the Loan Agreement as provided herein; and

WHEREAS, Section 10.2 of the Loan Agreement provides that, subject to the terms and provisions and limitations contained in Section 11.02 of the Trust Agreement and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Loan Agreement to the contrary notwithstanding, to consent to and approve the execution by the Corporation and the Commission of such supplements and amendments to the Loan Agreement as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Loan Agreement;

NOW, THEREFORE, for good and valuable consideration, the parties intending legally to be bound, agree as follows:

1. Definitions. All capitalized terms used herein shall have the meaning assigned to them in the Loan Agreement unless otherwise defined herein.

2. Amendments to Loan Agreement.

(a) Section 5.10(b) of the Loan Agreement is amended by deleting it in its entirety and replacing it with the following:

(b) Qualifying Intermediate-Term Indebtedness may be incurred without limitation if no Event of Default has occurred and is continuing under Section 5.11 hereof (Long-Term Debt Service Coverage Ratio).

(b) The definition of Qualifying Intermediate-Term Indebtedness is hereby amended by adding the following sentence at the end of such definition:

Qualifying Intermediate-Term Indebtedness shall also be deemed to include the \$6,000,000 borrowed by the Corporation from Branch Banking and Trust Company pursuant to a Loan Agreement dated April 8, 2015 between the Corporation and Branch Banking and Trust Company.

3. Each of the parties to this Amendment acknowledge and agree that, except as modified hereby, all of the terms and provisions of the Loan Agreement shall remain in full force and effect.

4. This Amendment is the sole agreement between the parties as to the amendment and modification of the Loan Agreement and supersedes all other agreements, written or oral, between the parties as to the subject matter hereof.

5. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. Facsimile or photocopy signatures shall be given the same force and effect as an original signature.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

COMMISSION:

NORTH CAROLINA MEDICAL CARE COMMISSION

By: _____
Assistant Secretary

CORPORATION:

THE PRESBYTERIAN HOME AT CHARLOTTE, INC.

By: _____
Chief Executive Officer

Consented to and Agreed to by:

Branch Banking and Trust Company

By: _____
Name: _____
Title: _____

U.S. Bank National Association,
as Trustee

By: _____
Name: _____
Title: _____

7. The Presbyterian Homes at Charlotte, Inc. (Sharon Towers) Additional Information

1) Information from 2014 Audit (Operations):

Changes in Unrestricted Net Assets	\$1,880,410
Changes in Net Assets	\$1,819,522
Cash Flows from Operating Activities	\$6,128,339
Change in Cash and Cash Equivalents	\$1,424,854

2) Sharon Towers is not rated.

3) Community Benefits Percentage under G.S. 105 (FYE 2014) for 100% Property Tax Exemption was 5.31%.

4) Long Term Debt Service Coverage Ratios

Actual FYE	2014	5.80
Forecasted	2015	2.76
Forecasted	2016	1.89
Forecasted	2017	6.19

5) Board Diversity

Male	10
Female	10
Caucasian	18
African American	2
Hispanic	0
Asian	0
Other	0
Total	20

6) Resident Diversity

Caucasian	326
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African American 3
Hispanic 0
Asian 1
Other 0
Total 330

7) Employee Diversity

Caucasian 86
African American 184
Hispanic 8
Asian 1
Other 7
Total 286

8) Attachments

- (a) Entrance fees and monthly fee schedules (attached as Exhibit A)
- (b) Update on Compliance (attached as Exhibit B) Supplied by Med Care Com.

8. Sharon Towers 2015 Pricing Information

Attachment A



2015 Price Information

<u>Independent Living</u>	<u>Single Occupancy</u>		<u>Double Occupancy</u>	
	<u>Entrance Fee*</u>	<u>Monthly Fee**</u>	<u>Entrance Fee*</u>	<u>Monthly Fee**</u>
Rose Plan Studio	\$10,000	\$950	\$12,500	\$1,000
Rose Plan Large Studio	\$15,000	\$1,000	\$17,500	\$1,050
Towers - Studio	\$35,000	\$2,226	\$50,000	\$3,335
Towers - Large Studio	\$45,000	\$2,325	\$60,000	\$3,479
Towers - One Bedroom	\$78,200	\$2,745	\$93,200	\$4,093
Towers - One Bedroom Lrg	\$92,000	\$2,814	\$107,000	\$4,191
Towers - One Bedroom Exp	\$125,000	\$3,013	\$140,000	\$4,521
Towers - Two Bedroom Sml	\$101,600	\$2,880	\$116,600	\$4,292
Towers - Two Bedroom	\$125,000	\$3,013	\$140,000	\$4,521
Towers - Two Bedroom Lrg	\$133,200	\$3,042	\$148,200	\$4,593
Towers - Two Bedroom Exp	\$147,000	\$3,336	\$162,000	\$5,021
Terrace "A"	\$237,500	\$3,143	\$252,500	\$4,743
Terrace "B"	\$281,390	\$3,398	\$296,390	\$5,021
Terrace "C"	\$341,620	\$3,777	\$356,620	\$5,370
Terrace "D"	\$218,690	\$3,080	\$233,690	\$4,578
Cottage "A"	\$178,500 to \$195,500	\$3,100	\$193,500 to \$210,500	\$4,603
Cottage "B"	\$212,500 to \$229,500	\$3,475	\$227,500 to \$244,500	\$4,841
Cottage "C"	\$246,500 to \$263,500	\$3,625	\$261,500 to \$278,500	\$5,086
Cottage "D"	\$280,500 to \$297,500	\$3,805	\$295,500 to \$312,500	\$5,265
Cottage "E"	\$314,000 to \$365,500	\$4,040	\$329,500 to \$380,500	\$5,592
Cottage "F"	\$382,500 to \$416,500	\$4,378	\$397,500 to \$431,500	\$5,936

*Entry Fee add-ons apply to Floors 1 and 8-10 for Terrace Apartments and Tower Apts. with balconies.

** Includes Meal Plan

West Suite Coordinator Services: Additional monthly fees for concierge services are \$495 per resident.

Entrance Fee Refund Options: Ask about our 90% and 50% refundable Entry Fees.

<u>Assisted Living</u>	<u>Entrance Fee</u>	<u>Monthly Fee**</u>
Assisted Living - Semi-private	\$16,000	\$3,967
Assisted Living - Studio	\$25,650	\$4,312
Assisted Living - Large Studio	\$30,650	\$4,407
Assisted Living - 2 rooms	\$38,500	\$6,448

Health Care

Health Care	\$35,000	\$6,297	(Daily rate = \$207)
Health Care - Direct Admit Opt.	\$2,000	\$7,733	(Daily rate = \$254)

Temporary Health Care is available to Independent & Assisted Living residents at a daily rate of \$123.

Prices are subject to change.

5100 Sharon Road • Charlotte, North Carolina 28210 • 704-553-3806 • Fax: 704-553-1454

9. Compliance

The Presbyterian Home at Charlotte, Inc. (Sharon Towers) did not have any covenant violations for FYE 2013 in relation to their Series 2010 Bank Qualified Bonds.

Upon a review of the document filings for FYE 2014 and FYE 2015, it should be noted that Presbyterian Home at Charlotte, Inc. (Sharon Towers) did not have any documents that were not filed to the Commission as required per the bond documents. It should be noted the information reviewed relates only to the typical bond document filings as required per the bond documents and a more extensive review of the bond documents will be completed during the annual compliance examinations.

10. Mission Health System, Inc. – Asheville

Christopher B. Taylor

Remarks were made by: Chris Taylor, Kathy Larrison, Carol Goodrum & Greg Byers

Executive Committee Action: Motion was made by Mr. Frock, seconded by Ms. Piepenbring and unanimously approved.

Resolution: The Commission grants preliminary approval to a project for Mission Health System, Inc., to provide funds to be used together, with other available funds, to refund (1) North Carolina Medical Care Commission \$18,500,000 Health Care Facilities Revenue Bonds (Angel Medical Center Project) Series 2007 converted to index interest rate August 17, 2011 and outstanding in the amount of 8,570,000 , (2) North Carolina Medical Care Commission \$32,270,000 Variable Rate Demand Health System Refunding Revenue Bonds (Mission Health Combined Group) Series 2011 and outstanding in the amount of 27,495,000 and (3) North Carolina Commission \$14,655,000 Variable Rate Demand Health System Refunding Revenue Bonds (Transylvania Regional Hospital) Series 2011 and outstanding in the amount of 11,200,000. The refunding of Angel, Mission and Transylvania bonds into one bond issue will result in Angel Medical Center and Transylvania Community Hospital becoming Members of the Mission Health Combined Group and reduce administrative and operating costs to the System. The proposed Series 2015 Bonds will be purchased by Wells Fargo and held as Bank Bought Bonds. The project is in accordance with an application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	\$47,265,000
Corporation equity	<u>171,281</u>
Total Sources	\$47,436,281

ESTIMATED USES OF FUNDS

Amount to refund Angel, Mission and Transylvania Bonds	\$47,265,000
Accrued interest to date of refunding	57,261
Corporation counsel	9,500
Bond counsel	65,000
Trustee fees and counsel	5,750
Local Government Commission fee	8,750
Bank counsel	<u>25,000</u>
Total Use	\$47,436,281

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

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

Based on information furnished by applicant, the project is:

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

Notes:

(1) Information from 2014 Audit on Mission Health System, Inc. and Affiliates.

Operating Income	\$21,500,000
Change in unrestricted net assets	\$122,226,000
Change in net assets	\$119,333,000
Net Cash provided by operating activities	\$107,543,000
Net (decrease) increase in cash and cash equivalents (A)	(\$17,876,000)

(A) Due primarily to capital expenditures and repayments of debt.

(2) Rating- Mission Health is rated AA. As the Bonds are being purchased by Wells Fargo as Bank Bought Bonds, the Series 2015 Bond Issue will not be rated.

(3) Long Term Debt Service Coverage Ratios

Actual	FYE 2014	5.8
Forecasted	FYE 2015	4.7
Forecasted	FYE 2016	4.8
Forecasted	FYE 2017	5.2

(4) Mission Health System Board of Trustees

Caucasian	19
African American	<u>2</u>
Total	21

Male	18
Female	<u>3</u>
Total	21

(5) Community Benefits per 2014 NCHA ANDI Report

Community Benefits	\$130,213,625
Estimated Cost of Treating Bad Debt Patients	<u>\$20,593,982</u>
Total Community Benefits	\$150,807,607

(6) **Transaction Participants**

Bond counsel	Womble Carlyle Sandridge & Rice, PLLC
Corporation Counsel	Patla, Straus, Robinson & Moore, P.A.
Bank Counsel	Kutak Rock, LLP
Trustee	Bank of New York Mellon, NA
Bank Purchaser of Bonds	Wells Fargo, NA

(7) **Compliance Update - Attachment A**

Attachment A

Compliance Update: Routine/Typical Document Filing as of September 11, 2015 – Mission Health System, Inc.

The last report on bond compliance for Mission Health System, Inc. was for their fiscal year ending September 30, 2013 at the May 15, 2015 Medical Care Commission (MCC) meeting held in Asheville, NC.

As of September 11, 2015, the routine/typical documents for fiscal year ending September 30, 2014 and fiscal year to date 2015 have been filed timely to the Commission.

Mission Health is in compliance with the Days Cash on Hand and Long-Term Debt Service Coverage Ratio requirements as of 9/11/2015.

Secondary Market Disclosure filing requirements have been timely filed with the exception of certain annual statistical data for fiscal year ending 2014. Discovery of the omitted data occurred during the due diligence period for the new refunding Mission Series 2015 Commission bonds issued March 25, 2015. The omitted data and notice of failure to file has been filed.

An in depth bond compliance examination of FYE 2014 and 2015 will be completed at a later date. At that time, other findings may be identified that are not routine and typical.

11. **MCC Draft Policy on Compliance** – The attached draft policy on MCC Compliance was discussed and will be introduced again at the next quarterly meeting of the Commission which will take place in November.

CBT: 8/25/2015

Discussion Draft No. 3

Policy on Compliance by Borrowers

Whereas, the North Carolina Medical Care Commission (the “Commission”), in order to facilitate the delivery of quality healthcare services to the citizens of the State of North Carolina, issues tax-exempt debt to finance qualifying projects in accordance with the “Health Care Facilities Finance Act”, General Statute 131A, and

Whereas, the Commission has issued in excess of \$21 Billion in tax-exempt debt, and whereas, the Commission’s bonds command a premium in the market, and

Whereas, the Commission believes that the healthcare entities that enjoy the benefits of borrowing through the Commission’s tax-exempt debt program have a responsibility to comply with the requirements set forth within the various agreements governing their respective debt, and

Whereas, the Commission believes that failure by the borrowing entities to comply with the various agreements can have a detrimental effect on the reputation of the Commission’s tax-exempt bond program and result in higher borrowing cost for entities financing projects through the program, and

Whereas, it is the desire of the Commission to take such steps as are available to it to ensure compliance by the borrowing entities with its program;

Therefore, the Commission does hereby resolve:

- (A) The Commission will not issue tax exempt debt for a health care entity which has exhibited a multiyear history of noncompliance.
- (B) The Commission will not issue tax-exempt debt for a health care entity which has not been in compliance for at least twelve months prior to the filing of an application with the Commission for consideration of a tax-exempt debt issue.
- (C) A healthcare entity which is denied approval under A or B above may petition the Commission for consideration of an exemption to the policy, if (1) if the health care entity provides documentation to the Commission that it has been in compliance for a period of at least six months prior to the filing of an application for financing and (2) if the health care entity provides documentation of mitigating circumstances warranting consideration by the Commission.

(D) The Commission may at its discretion grant an exemption to the policy.

Adopted and effective this ____ day of _____, 2015

Note: This resolution does not attempt to define noncompliance as either material or immaterial, but leaves it to the judgement of the Commission as to whether or not an event of noncompliance is considered to be material or immaterial when viewed in the context of the circumstances within which it occurred.

12. Adjournment

There being no further business, the meeting was adjourned at 3:00 p.m.

Respectfully submitted,



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