

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

Exhibit A

**MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE, RALEIGH, NC 27603
NOVEMBER 13, 2015
9:00 A.M.**

MINUTES

I. MEDICAL CARE COMMISSION MEETING –NOVEMBER 13, 2015:

| MEMBERS PRESENT | MEMBERS ABSENT |
|---|--|
| John A. Fagg, M.D., Chairperson Robert S. Alphin, M.D. Charles H. Hauser Elizabeth P. Kanof, M.D. Eileen C. Kugler, RN, MSN, MPH, FNP Albert F. Lockamy, Jr., R.Ph. G. Wayne Long Paul McGill, D.D.S. Mary L. Piepenbring Carl K. Rust, II, M.D. Robert E. Schaaf, M.D. Henry A. Unger, M.D. Paul M. Wiles | Joseph D. Crocker, Vice-Chairperson Charles T. Frock Harold E. Garland, Jr. Devdutta G. Sangvai, M.D. |
| <p style="text-align: center;"><u>DIVISION OF HEALTH SERVICE REGULATION STAFF</u></p> Drexdal Pratt, Director, DHSR/Secretary, MCC Christopher B. Taylor, CPA, Assistant Secretary, MCC Cheryl Ouimet, Chief Operating Officer, DHSR Steven Lewis, Chief, Construction Section, DHSR Nadine Pfeiffer, Rules Coordinator, DHSR Jesse Goodman, Chief, HCPR & Information Technology, DHSR Kathy Turner, Facility Survey Branch Manager, HCPR, DHSR Azzie Conley, Chief, Acute and Home Care, DHSR Becky Wertz, Nursing Home Licensure Section, DHSR Beverly Speroff, Nursing Home Licensure Section, DHSR Regina Godette-Crawford, Office of EMS, DHSR Tom Mitchell, Office of EMS, DHSR Diana Barbry, Executive Assistant, DHSR Alice Creech, Executive Assistant, MCC | |

Other Attendance: (attached as Exhibit P)

II. CHAIRPERSON'S COMMENTS:

Dr. Fagg welcomed everyone to the meeting and reemphasized the Commission's Policy on Conflict of Interest, which is in force for the meeting today.

Dr. Fagg then introduced the DHHS Secretary Brajer to the Commission. The Secretary thanked the Commission for setting time aside in our agenda for him. He shared with us where the Governor and Administration are headed with Medicaid Reform from now until June of 2016.

Dr. Fagg then asked Dr. Robert Alphin our newest appointed member of the Commission to introduce himself. Dr. Devdutta Sangvai was unable to attend the meeting due to coming down with what he thought was the flu.

**III. APPROVAL OF RESOLUTION OF APPRECIATION FOR DR. GEORGE A. BINDER
(attached as Exhibit A/1)**

COMMISSION ACTION: It was unanimously approved that the Resolution of Appreciation for Dr. George A. Binder be recorded in the permanent minutes of the Commission.

**IV. APPROVAL OF MINUTES from the July 10, 2015 Medical Care Commission.
(attached as Exhibit A).**

COMMISSION ACTION: Motion was made by Dr. Paul McGill, seconded by Ms. Mary Piepenbring and unanimously approved with one correction.

V. DIVISION DIRECTOR'S REPORT – Mr. Pratt reported on matters of interest to the Commission and gave a brief update of current DHSR projects. Mr. Pratt said this will be his last meeting before retiring on December 31, 2015. He thanked the Commission for all the support he has received over the years. Other items to report on are listed below (see Exhibits B-B/4):

1. Quarterly Report on Bond Program **(attached as Exhibit B)**
2. The Executive Committee held telephone conference meetings on the following dates:

July 20, 2015 – To consider a resolution authorizing the sale of bonds for Wayne Memorial Hospital. **(attached as Exhibit B/1).**

August 6, 2015 – To authorize the sale of bonds, the proceeds of which are to be loaned to Moravian Home, Incorporated d/b/a Salemtowne and to authorize a conversion for Hugh Chatham Memorial Hospital Project, Series 2008 to as new “Index Interest Rate” mode. **(attached as Exhibit B/2).**

September 15, 2015 – To 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., (3) authorize a Series Resolution requesting preliminary approval to a refunding for Mission Health, and (8) discussion of the MCC Draft Policy on Compliance. **(attached as Exhibit B/3).**

November 5, 2015 – To approve the sale of bonds for Aldersgate Retirement, Mission Health and a preliminary approval for Hugh Chatham Memorial Hospital. **(attached as Exhibit B/4).**

- VI. **REPORT ON COMPLIANCE EXAMINATIONS FOR 2013** - Kathy Larrison and Crystal Watson-Abbott – **(attached as Exhibit C)**
- VII. **EDUCATION PROGRAM ON CONTINUING CARE RETIREMENT CENTERS**
Tom Akins of LeadingAge of NC, Steve Fleming of Well-Spring Assisted Living and Tim Webster of Presbyterian Homes gave the Commission a brief update on Continuing Care Retirement Communities in North Carolina. **(attached as Exhibit K)**
- VIII. **A POWERPOINT PRESENTATION ON THE HEALTHCARE FACILITIES FINANCE ACT** - Allen Robertson of Robinson Bradshaw & Hinson, P.A. – **(attached as Exhibit L)**
- IX. **THE HEALTHCARE FACILITIES FINANCE ACT – A DISCUSSION AND EXPLAININATION** – Allen Robertson of Robinson Bradshaw & Hinson, P.A. **(attached as Exhibit M)**
- X. **HOSPITAL IMPROVEMENTS WITHOUT TAX MONEY NEWSPAPER ARTICLE** was passed out to the Commission Members by Allen Robertson of Robinson Bradshaw & Hinson, P.A. **(attached as Exhibit N)**
- XI. **BOND PROJECTS**

A. **United Church Homes and Services, Newton**

Brief Statements were given by: Christopher Taylor, Steven Lewis, Crystal Abbott, Lee Syria, CEO of United Church, and Gary Shull, CFO, of United Church.

COMMISSION ACTION: Motion was made by Dr. Unger, seconded by Dr. McGill and unanimously approved.

Resolved: The Commission grants preliminary approval to a project for United Church Homes and Services, to provide funds, to be used together with other available funds to (1) refund the \$13,755,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bond (United Church Homes and Services) Series 2005A outstanding in the amount of \$5,850,000 and (2) to fund a project composed of a two story 96-bed nursing building adjacent to the existing building with each floor organized into three households of 16 private beds and an enclosed connector from new to existing buildings and reconfiguration of some of the existing semi-private into private beds dedicated to long term nursing care, common and administrative space all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

| | |
|--|---------------------|
| Principal amount of bonds to be issued | \$33,050,000 |
| Other (2005A Principal Account) | 246,250 |
| Total Sources | \$33,296,250 |

ESTIMATED USES OF FUNDS

| | |
|--|------------|
| Site utility development and accessibility costs | \$102,850 |
| Construction contracts | 21,672,958 |

| | |
|--|---------------------|
| Construction contingency (5% of construction contract) | 1,053,330 |
| Architect/engineer fees and reimbursables | 1,510,217 |
| Moveable equipment | 1,621,649 |
| Consultants' fees related to construction | 253,129 |
| Amount required to refund Series 2005A Bonds | 5,850,000 |
| Bond interest during construction | 716,894 |
| Bond counsel | 55,000 |
| Borrower's Counsel | 25,000 |
| Bank Counsel | 35,000 |
| Bank Commitment Fee | 33,050 |
| Swap Advisor | 10,000 |
| Title, Recording | 25,000 |
| Survey | 25,000 |
| Environmental | 8,100 |
| Appraisal | 23,250 |
| Trustee fees | 4,000 |
| Trustee Counsel | 7,500 |
| Placement Agent Fee Refinancing | 28,250 |
| Placement Agent Fee New Money | 198,650 |
| DHSR reimbursables (G.S. 131E-267) | 21,212 |
| Local Government Commission fee | 8,750 |
| Contingency | <u>7,461</u> |
| Total Uses | \$33,296,250 |

Tentative approval is given with the understanding that the governing board of United Church Homes and Services accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance of 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 of bonds for 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 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 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. 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. 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 | <u> √ </u> | Yes | _____ | No | _____ N/A |

Notes:

1) Information from 2014 Audit for United Church Homes and Services and Affiliates:

| | |
|---|---------------|
| Operating Loss | (\$4,630,972) |
| Change in unrestricted net assets | \$769,002 |
| Change in net assets | (\$210,399) |
| Net cash provided by operating activities | \$5,724,305 |
| Net decrease in cash and cash equivalents | (\$673,980) |

2) Community Benefits Percentage per GS 105 for FYE 2014 18.10%

3) Neither the entity or the bonds are/or will be rated

4) Long Term Debt Source Coverage Ratios:

| | | |
|------------|---------------|------|
| Actual | FYE 9/30/2014 | 1.93 |
| Forecasted | FYE 9/30/2015 | 1.57 |
| Forecasted | FYE 9/30/2016 | 1.75 |
| Forecasted | FYE 9/30/2017 | 1.88 |

5) Transaction Participants

- Placement agent - Ziegler
- Purchaser of bonds - SunTrust
- Purchaser counsel - Parker Poe Adams & Bernstein, LLP
- Bond counsel -McGuire Woods, LLP
- Corporation counsel - Ellinger & Carr
- Swap advisor -Efficient Capital
- Trustee -Bank of New York Mellon Trust Company

A) Resident and Board Diversity

**UNITED CHURCH HOMES AND SERVICES
Board of Directors Diversity Composition
2015 - 2016 Members**

OFFICERS:

J. Ray Deal, Chairperson
Linda J. Morris, Vice Chairperson
Mark L. Burns, Secretary
Anthony J. Branch, Treasurer
Mark W. Sigmon, Member-At-Large
Jeffrey S. Gilliam, Past Board Chairperson

| Board Members: | Gender | Race | |
|-------------------------------|--------|---------------------------|--|
| 1. Rev. Mark L Burns | M | W | Secretary |
| 2. Ms. Brenda C Eckard | F | W | |
| 3. Mr. Parker D. Howell, III | M | W | |
| 4. Rev. Randall L. Orwig | M | W | |
| 5. Mr. James W. Buchanan, Sr. | M | W | |
| 6. Mrs. Joan K. Marsh | F | B | |
| 7. Mr. Anthony J. Branch | M | B | Treasurer |
| 8. Mr. Gregory M. Alcorn | M | W | |
| 9. Mr. J. Ray Deal | M | W | Chairperson |
| 10. Mrs. Naomi Y. East | F | Asian/Pacific Islander | |
| 11. Dr. Linda Morris | F | B | Vice Chairperson |
| 12. Mr. Kelsey McCleave | M | B | |
| 13. Mr. Mark W. Sigmon | M | W | Member-At-Large |
| 14. Mrs. Kathie Johnson | F | W | |
| 15. Rev. Brad Thie | M | W | |
| 16. Mr. Ray H. Walker | M | W | |
| 17. Mrs. Heather Paul | F | W | Abernethy Laurels Advisory Chair |
| 18. Rev. Darrell Sluder, Jr. | M | W | Piedmont Crossing Advisory Chair |
| 19. Dr. Ralph L. Howell, Jr. | M | W | Lake Prince Woods Advisory Chair |
| 20. Mr. Jeffrey S. Gilliam | M | W | Past Chairperson |
| 21. Rev. Edward Davis | M | B | Southern Conference Minister – exofficio (voice, no vote) |

Gender:

Male – 71.4% (15)
Female – 28.6% (6)

Race:

White – 71.4% (15)
Black or African American – 23.8% (5)
Asian and Pacific Islander – 4.8% (1)

B) Fee Schedules

**Village
Residential
Living**

| | Fully Declining | 50 Percent Refundable | Monthly Fee Single Occupancy | Monthly Fee Double Occupancy |
|--------------------------------------|----------------------------|----------------------------------|---|---|
| 1-Bedroom Apartment* | \$83,599- \$90,029 | \$117,039- \$126,041 | \$1,322 | \$1,950 |
| 2-Bedroom Apartment* | \$96,455- \$119,610 | \$135,037- \$167,454 | \$1,427 | \$2,055 |
| *Select apartments include utilities | | | | |
| Villa | \$97,970- \$200,672 | \$137,158- \$280,941 | \$1,533 | \$2,161 |
| Cottage | \$150,919- \$249,069 | \$211,287- \$348,696 | \$1,670 | \$2,298 |

Fully Declining Residency Plan

First 90 days or portion thereof

.....90% Beyond the first 90 days
- total fees less 2.73% per month for each month of occupancy through month 36. After the 36th month of occupancy, the refund will be zero.

50% Refundable Residency Plan

First 90 days or portion thereof

.....90% Beyond the first 90 days - total fees less 1.21% per month for each month of occupancy through month 36. After the 36th month of occupancy, the refund will remain at the 50% level.

**Pavilion
Residential
Living with
Catered
Services**

| | Fully Declining | 50 Percent Refundable | Monthly Fee Single Occupancy | Monthly Fee Double Occupancy |
|-----------------------|----------------------------|----------------------------------|---|---|
| Efficiency Apartment | \$48,000 | \$67,200 | \$2,658 | \$3,674 |
| Deluxe Eff. Apartment | \$48,000 | \$67,200 | \$2,908 | \$3,924 |
| 1-Bedroom Apartment | \$60,197 | \$84,276 | \$3,378 | \$4394 |

Fully Declining Residency Plan

First 90 days or portion thereof

..... 90% Beyond the first 90 days -
total fees less 2.73% per month for each month of occupancy through
month 36. After the 36th month of occupancy, the refund will be zero.

50% Refundable Residency Plan

First 90 days or portion thereof

..... 90% Beyond the first 90 days -
total fees less 1.21% per month for each month of occupancy through
month 36. After the 36th month of occupancy, the refund will remain
at the 50% level.

**Daily AL with Daily AL without
Residency Plan Residency Plan**

| Assisted Living | | |
|------------------------|-------|-------|
| Studio A (half bath) | \$151 | \$158 |
| Studio B (full bath) | \$164 | \$169 |

Daily Rate

| | |
|--------------------------|-------|
| Health Center** | |
| Semi-private | \$236 |
| Private Room | \$262 |
| Respite Care | \$160 |
| Memory Care Semi-Private | \$244 |
| Memory Care Private | \$269 |

fee schedule The Pavilion

| | Fully Declining | 50 Percent Refundable Occupancy | Monthly Fee Single Occupancy | Monthly Fee Double |
|---|-----------------|---------------------------------|------------------------------|--------------------|
| The Pavilion - Residential Living with Catered Services* | | | | |
| Studio Apartment | \$46,750 | \$65,450 | \$2,145 | \$2,933 |
| 1-Bedroom Apartment | \$59,840 | \$83,776 | \$2,584 | \$3,372 |
| 2-Bedroom Apartment | \$73,500 | \$102,900 | \$2,926 | \$3,714 |

*Includes utilities (water/sewer/electric)

Support Fee Assisted Living and Health Care

| | Semi-Private | Private |
|-----------------|--------------|-------------|
| Assisted Living | \$116 | \$155 |
| Nursing Care** | \$207 | \$232-\$238 |

**Additional discount for contracted residents.

Fully Declining Residency Plan

First 90 days or portion thereof 90%
 Beyond the first 90 days - total fees less 2.73% per month for each month of occupancy through month 36.
 After the 36th month of occupancy, the refund will be zero.

50% Refundable Residency Plan

First 90 days or portion thereof 90%
 Beyond the first 90 days - total fees less 1.21% per month for each month of occupancy through month 36.
 After the 36th month of occupancy, the refund will remain at the 50% level.

All rates are subject to change. Prices effective October 1, 2015

fee schedule The Village

| | Fully Declining | 50 Percent Refundable Occupancy | Monthly Fee Single Occupancy | Monthly Fee Double |
|---|-------------------------|---------------------------------|------------------------------|--------------------|
| Veranda B* | | | | |
| 1-Bedroom Apartment | \$61,763 | \$86,468 | \$1,390 | \$1,979 |
| 2-Bedroom Apartment | \$89,213 | \$124,898 | \$1,481 | \$2,070 |
| <i>*Includes utilities (water/sewer/electric)</i> | | | | |
| Patio Homes* | | | | |
| Veranda A & C/Kennedy Court | | | | |
| 1-Bedroom Apartment | \$71,604- \$73,440 | \$100,246- \$102,816 | \$1,428 | \$2,017 |
| 2-Bedroom Apartment | \$100,980- \$105,754 | \$141,372- \$148,055 | \$1,537 | \$2,126 |
| <i>*Includes utilities (water/sewer/electric)</i> | | | | |
| Gallery** | | | | |
| 1-Bedroom Corner Apt. | \$62,998 | \$88,198 | \$1,857 | \$2,633 |
| 1-Bedroom Apartment | \$62,998 | \$88,198 | \$1,929 | \$2,705 |
| 2-Bedroom Apartment | \$90,997 | \$127,396 | \$2,077 | \$2,853 |
| <i>** Includes meal plan, utilities and housekeeping package.</i> | | | | |
| Villa | \$129,163- \$168,876 | \$180,828- \$236,427 | \$1,495 | \$2,084 |
| Cottage | \$149,084- \$226,231 | \$208,718- \$316,724 | \$1,618 | \$2,207 |

Fully Declining Residency Plan

First 90 days or portion thereof 90%

Beyond the first 90 days - total fees less 2.73% per month for each month of occupancy through month 35.
After the 36th month of occupancy, the refund will be zero.

50% Refundable Residency Plan

First 90 days or portion thereof 90%

Beyond the first 90 days - total fees less 1.21% per month for each month of occupancy through month 36.
After the 36th month of occupancy, the refund will remain at the 50% level.

All rates are subject to change. Prices effective October 1, 2015

PIEDMONT CROSSING | Thomasville, North Carolina | www.piedmontcrossing.org

| | | | |
|--------------------------------|------------|------------|----------|
| Studio Apartments Studio Combo | \$73,356 | \$102,698 | \$1,180 |
| | \$125,988 | \$176,383 | \$1,945 |
| 1-Bedroom Apartments | \$90,678- | \$126,949- | \$1,872 |
| | \$141,339 | \$197,874 | \$1,992. |
| 2-Bedroom Apartments | \$131,478- | \$184,069- | \$2,061 |
| | \$187,392 | \$262,349 | \$2,186 |
| Villa Homes | \$169,900- | \$237,860- | \$1,662 |
| | \$263,440 | \$368,816 | |
| Cottage Homes | \$198,750- | \$278,250- | \$1,930 |
| | \$303,854 | \$425,396 | |

Second person monthly support \$637 per month.

Fully Declining Plan

First 90 days or portion thereof

..... 90%

Beyond the first 90 days - total fees less 2.73% per month for each month of occupancy through month 36. After the 36th month of occupancy, the refund will be zero.

50% Refundable Residency Plan

First 90 days or portion thereof

..... 90%

Beyond the first 90 days - total fees less 1.21% per month for each month of occupancy through month 36. After the 36th month of occupancy, the refund will remain at the 50% level.

| | Daily |
|------------------------|--------------------|
| Assisted Living | Support Fee |
| Studio | \$146 |
| One Bedroom Deluxe | \$199 |
| Respite Care | \$205 |
| Memory Care | \$203 |
| | Daily Rate |
| Health Center | |
| Semi-private | \$212 |
| Private Room | \$252 |

All rates are subject to change. Prices effective October 1, 2015

LAKE PRINCE WOODS | *Suffolk, Virginia* | www.lakeprincewoods.org

C) Compliance

United Church Homes and Services came before the Executive Committee on February 27, 2015 to obtain approval to refund their 2010 Series Bonds. At that time, the Commission was made aware that for FYE 2014 and FYE 2015, United Church Homes and Services would have findings involving documents not being timely filed with the Commission. Since United Church Homes and Services received approval to refund the 2010 Bonds, they have been in compliance with all covenant requirements. In addition, the Commission's auditor met with the CFO and supporting staff on August 19, 2015 and reviewed in detail the bond documents and covenant requirements for the 2005A/B and 2015 Series Bonds.

B. The Presbyterian Homes, Inc., Colfax,

Brief statements were given by: Christopher B. Taylor, Steven C. Lewis, Crystal Watson-Abbott, Tim Webster, CEO of Presbyterian Homes and Julia Hanover, CFO of Presbyterian Homes.

COMMISSION ACTION: Motion was made by Mr. Lockamy, seconded by Dr. McGill and unanimously approved with Dr. Alphin, Dr. Fagg and Dr. Rust abstaining from the vote.

Resolved: The Commission grants preliminary approval to a project for the Presbyterian Homes, Inc. Communities to provide funds to be used together with other available funds, to pay for the costs of (1) total renovation of the skilled nursing and assisted living areas in order to implement the household model for care and to add a 12 unit apartment building with underground parking at Glenaire in Cary, (2) total renovation of the skilled nursing and common spaces in order to implement the household model of care at Scotia Village in Laurinburg, (3) common space renovation with repurposing of programming space for River Landing at Sandy Ridge in Greensboro, and (4) capital expenditures for Information technology, furniture, fixtures, apartment and other common area renovations and upgrades at all three locations all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

| | |
|--|---------------------|
| Principal amount of bonds to be issued | \$20,000,000 |
| Cash and negotiable securities from reserves | <u>5,300,693</u> |
| Total Sources | \$25,300,693 |

ESTIMATED USES OF FUNDS

| | |
|---|---------------------|
| Construction contracts | \$20,019,437 |
| Construction contingency (5% of construction contract | 713,000 |
| Architect/engineer fees and reimbursables | 930,000 |
| Moveable equipment | 3,290,316 |
| Surveys, tests, insurance | 98,519 |
| Consultants' fees related to construction | 69,421 |
| Placement fee | 20,000 |
| Accountants fees | 4,000 |
| Legal fees for Corporation counsel | 20,000 |
| Bond counsel | 50,000 |
| Trustee fees | 2,500 |
| DHSR reimbursables (G.S. 131E-267) | 10,000 |
| Local Government Commission Fee | 8,750 |
| Bank Counsel | 30,000 |
| Trustee Attorney | 4,500 |
| Bank Commitment Fee | 30,000 |
| Miscellaneous Fees | <u>250</u> |
| Total Uses | \$25,300,693 |

Tentative approval is given with the understanding that the governing board of Presbyterian Homes accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.
3. Financial feasibility must be determined prior to the issuance of 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 of bonds for 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 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 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. 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. Based on information furnished by applicant, the project is:

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

Notes:

(1) Information from 2014 Audit

| | |
|---|----------------------|
| Increase in Unrestricted Net Assets from Operations | \$3,743,150 |
| Increase in Unrestricted Net Assets | \$9,120,191 |
| Change in Net Assets | \$9,637,125 |
| Net Cash Provided by Operating Activities | \$14,679,976 |
| Net Decrease in Cash and Cash Equivalents | (\$4,772,708) |
| (Due primarily to purchase of property, equipment and investments) | |

(2) Rating – Neither the corporate entity or the bonds are or will be rated as a result of this proposed transaction.

(3) Community Benefits – per GS 105 for 100% property tax exemption 7%

(4) Long Term Debt Coverage

| | | |
|-------------------|-----------------|-------------|
| Actual | FYE 2014 | 2.48 |
| Forecasted | FYE 2015 | 1.91 |
| Forecasted | FYE 2016 | 2.22 |
| Forecasted | FYE 2017 | 1.98 |

(5) Transaction Participants:

Placement Agent – Ziegler
Bond Counsel – Parker Poe Adams & Bernstein, LLP
Bank Counsel – Moore & Van Allen
Corporation Counsel – Wyatt Early Harris Wheeler, LLP
Trustee – US Bank

A) Rate Schedule

The Presbyterian Homes
Rate Schedule - 9/30/2015
SCOTIA VILLAGE - RATE SCHEDULE

INDEPENDENT UNIT

| | |
|-----------------|-------|
| STUDIO | 2,076 |
| EXP STUDIO | 2,228 |
| 1 BR | 2,358 |
| EXP 1 BR | 2,485 |
| Delux 1BR Suite | 2,497 |
| 2 BR | 2,748 |
| Exp 2 BR | 2,976 |
| CL 1 BR | 2,556 |
| CL 2 BR | 2,806 |
| CL EXP 2BR | 3,089 |
| DUPLEX-2BR | 2,962 |
| DUPLEX-3BR | 3,062 |
| COTT-2BRM | 3,072 |
| COTT-3BRM | 3,191 |
| 2ND PERSON | 934 |

ASSISTED UNIT

| | |
|--------------|-------|
| AL | 3,722 |
| MAL - STUDIO | 4,347 |
| MAL - 1BR | 4,990 |
| 2ND PERSON | 3,710 |

SKILLED UNIT

| | |
|-------------------|--------|
| MEDICAID | 128.25 |
| DIRECT ADMIT | 312.00 |
| SPECIAL CARE UNIT | 252.00 |
| MEDICARE | 312.00 |
| PRIVATE | 248.00 |

GLENAIRE - RATE SCHEDULE

INDEPENDENT UNIT

| | |
|----------|-------|
| STUDIO | 2,188 |
| 1 BR | 2,561 |
| 1 BR EXP | 2,996 |
| 2 BR | 2,996 |
| 3 BR | 4,174 |

| | |
|--------------|-------|
| COTTAGE | 3,105 |
| NEW COTTAGES | 3,438 |
| 2ND PERSON | 1,045 |

ASSISTED UNIT

| | |
|---------------------------|-------|
| RESIDENTIAL ASSIST LIVING | 3,509 |
| MEDICAL ASSIST LIVING | 5,219 |

SKILLED UNIT

| | |
|-------------|--------|
| PRIVATE | 271.00 |
| MEDICARE | 328.00 |
| PVT LG ROOM | 297.00 |
| MEDICAID | 120.92 |

RIVER LANDING AT SANDY RIDGE RATE SCHEDULE

INDEPENDENT UNIT

| | |
|-----------------------|-------|
| 1 BR APT | 2,643 |
| 2 BR APT | 3,252 |
| 3 BR APT | 3,457 |
| 3 BR COMBO (DELUXE) | 3,598 |
| 3 BR COMBO (DELUXE 2) | 4,647 |
| 3 BR COMBO Gleneagles | 3,891 |
| 2BR TOWNHOME | 3,289 |
| 3BR TOWNHOME | 3,493 |
| 2BR VILLA | 3,316 |
| 3BR VILLA | 3,536 |
| 2BR COTTAGE | 3,401 |
| 3BR COTTAGE | 3,578 |
| SECOND PERSONS | 1,171 |

ASSISTED UNIT

| | |
|---------------|-------|
| AL - STUDIO | 4,338 |
| AL - 1BR | 5,328 |
| SAINT ANDREWS | 6,870 |

SKILLED UNIT

| | |
|-----------------------------|--------|
| PRIVATE | 296.00 |
| SEMI-PRIVATE | 279.00 |
| MEDICAID (includes ALZ res) | 134.83 |
| MEDICARE | 370.00 |
| DIRECT ADMITS | 370.00 |

B) The Presbyterian Homes
 Resident and Board Diversity
 As of 5/1/2015

| | # Resident Male | # Resident Female | # Resident Diversity | # Board Male | # Board Female | # Board Diversity |
|-----------------------------|-----------------|-------------------|----------------------|--------------|----------------|-------------------|
| Scotia Village | 63 | 162 | 2 | 12 | 5 | 1 |
| Glenaire | 117 | 257 | 3 | 13 | 6 | 0 |
| River Landing @ Sandy Ridge | 189 | 319 | 16 | 9 | 6 | 5 |

Note: Board Executive Committee

- Scotia Village Female Chair and Female Vice Chair
- Glenaire Female Chair and Female Vice Chair
- River Landing @ SR Female Chair

C. Compliance

Presbyterian Homes, Inc. came before the Executive Committee on June 17, 2015 to obtain preliminary approval to refund their 2005A and 2010 Series Bonds. At that time, the Commission was made aware that for FYE 2014 and FYE 2015, Presbyterian Homes would have findings involving documents not being timely filed; however, the Commission's auditor was aware of the documents that would be filed late for FYE 2014 and FYE 2015 due to the communication between the Commission's auditor and the controller at Presbyterian Homes. Since Presbyterian Homes received approval to refund the 2005A and 2010 Series Bonds, they have been in compliance with all covenant requirements and the CFO and controller of Presbyterian Homes continues to be in contact with the Commission's auditor to ensure they are maintaining compliance with the bond covenant requirements.

XII. RULES PROCESS OVERVIEW - Nadine Pfeiffer presented PowerPoint slides on the Rules Process Overview, which explained flow diagrams on the rules adoption and periodic review and expiration of existing rules processes. **(attached as Exhibits D – D/4)**

XIII. OLD BUSINESS

A. Rules for Final Adoption..... Nadine Pfeiffer
(attached as Exhibits E-E/1)

- Health Care Personnel Registry Rule
Nurse Aide I Training, 10A NCAC 13O .0301

B. Periodic Review of Existing Rules (HB 74) – Final Category Determination

- 10A NCAC 13P, Emergency Medical Services and Trauma Rules
Nadine Pfeiffer **(attached as Exhibits F-F/2)**

COMMISSION ACTION: Motion was made by Ms. Kugler, seconded by Dr. Rust and unanimously approved.

XIV. NEW BUSINESS

Rules for Initiating Rulemaking Approval

- 1. Nursing Home Rules.....** Nadine Pfeiffer
Readoption of 6 rules following Periodic Review: 10A NCAC 13D .2001, .2210, .2303, .2402, .2503 and .3201 (Rules and fiscal note)
(attached as Exhibits G-G/1)

COMMISSION ACTION: Motion was made by Ms. Kugler, seconded by Dr. McGill and unanimously approved.

**2. Health Care Cost Reduction & Transparency Temporary rules...Nadine Pfeiffer
(attached as Exhibits H-H/2)**

- (1) Licensing of Hospitals, 10A NCAC 13B .2102
- (2) Licensing of Ambulatory Surgical Facilities, 10A NCAC 13C .0206

COMMISSION ACTION: Motion was made by Dr. McGill, seconded by Ms. Piepenbring and unanimously approved.

**3. Rule Items for Future Consideration.....Megan Lamphere
Adult Care Home and Family Care Home Administrator Rules
(attached as Exhibit O)**

COMMISSION ACTION: Motion was made by Dr. Rust, seconded by Mr. Hauser and unanimously approved.

**XV. MCC CONFLICT OF INTEREST POLICY.....Dr. John A. Fagg
(attached as Exhibit J)**

Dr. Fagg and Bethany Burgon introduced a copy of the Conflict of Interest Policy they have been working on for the Members to look over that will be on the February agenda for approval.

**XVI. MCC COMPLIANCE AND ISSUANCE OF BONDS POLICY.....Chris Taylor
(attached as Exhibit I)**

COMMISSION ACTION: Motion was made by Dr. Unger, seconded by Dr. McGill and unanimously approved.

XVII. REFUNDING OF COMMISSION BOND ISSUES.....Chris Taylor

COMMISSION ACTION: Motion was made by Dr. Unger, seconded by Ms. Kugler and unanimously approved.

Resolved:

WHEREAS, the bond market is in a period of generally fluctuating interest rates, and

WHEREAS, in the event of decline of rates during the next quarter, refunding of certain projects could result in significant savings in interest expense thereby reducing the cost of health care to patients, and

WHEREAS, the Commission will not meet again until February 12, 2016 in Raleigh, North Carolina;

THEREFORE, BE IT RESOLVED; that the Commission authorize its Executive Committee to approve projects involving the refunding of existing Commission debt between this date and February 12, 2016.

XVII. MEMBER REPORT – Nothing to report.

XVIII. ELECTION OF EXECUTIVE COMMITTEE MEMBERS.....Dr. John A. Fagg

The following three members were elected to serve two year terms ending December 31, 2017:

- 1) **Paul A. McGill, D.D.S.**
- 2) **Carl K. Rust, II, M.D.**
- 3) **Robert E. Schaaf, M.D.**

Other members of the Executive Committee are:

John A. Fagg, M.D., Chairperson
Joseph D. Crocker, Vice-Chairperson
Charles T. Frock
Charles H. Hauser

XIX. APPROVAL OF THE 2016 MCC MEETING DATES:

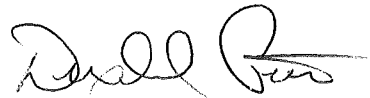
February 11-12, 2016
May 19-20, 2016
August 11-12, 2016
November 17-18, 2016

COMMISSION ACTION: The 2016 meeting dates were unanimously approved.

XX. QUESTIONS FROM THE PUBLIC - The Chairperson will receive questions from the public.

XXI. ADJOURNMENT - A motion to adjourn the meeting was made by Dr. Unger, seconded by Dr. McGill and unanimously approved. There being no further business, the meeting was adjourned at 12:20 P.M.

Drexdal R. Pratt, Secretary



Date: November 30, 2015