

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

**MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
809 RUGGLES DRIVE, RALEIGH NC 27603
EDGERTON BUILDING
CONFERENCE ROOM - 026A**

or

MICROSOFT TEAMS LINK (Provided via Email)

or

Dial-in#: 1-984-204-1487 (Conference ID#: 916 493 839#)

**Friday, August 14, 2020
9:00 a.m.**

I. Meeting Opens – Roll Call

II. Chairman’s Comments.....Dr. John Meier

III. Public Meeting Statement.....Dr. John Meier

This meeting of the Medical Care Commission is open to the public but is not a public hearing. Therefore, any discussion will be limited to members of the Commission and staff unless questions are specifically directed by the Commission to someone in the audience.

IV. Ethics Statement.....Dr. John Meier

The State Government Ethics Act requires members to act in the best interest of the public and adhere to the ethical standards and rules of conduct in the State Government Ethics Act, including the duty to continually monitor, evaluate, and manage personal, financial, and professional affairs to ensure the absence of conflicts of interest.

V. North Carolina Board of Ethics Letters.....Dr. John Meier

North Carolina Board of Ethics letters were received for the following newly-appointed members and were noted for a potential conflict of interest:

- Kathy G. Barger (See Exhibit D)
- Dr. Neel G. Thomas (See Exhibit D/1)
- Dr. Anita Jackson (Ethics Letter to be provided at future meeting)
- Ashley H. Lloyd – *Reappointment*
- Joseph D. Crocker – *Reappointment*

VI. Resolutions of Appreciation for Former Members and Staff.....Dr. John Meier

- Patrick D. Sebastian (See Exhibit E)
- J. William Paugh (See Exhibit E/1)
- Charles H. Hauser (See Exhibit E/2)
- Steven C. Lewis – DHSR Construction Section Chief (See Exhibit E/3)

VII. Approval of Minutes (Action Items).....Dr. John Meier

- **May 15, 2020 (Medical Care Commission Quarterly Meeting)** (See Exhibit A)
- **June 9, 2020 (Full Commission Emergency Conference Call)** – To authorize temporary rulemaking for nurse aide certification and registration reciprocity due to COVID-19 (See Exhibit A/1)
- **June 19, 2020 (Executive Committee)** – To authorize the amendment of The Presbyterian Home at Charlotte, Inc. and to gain preliminary approval for the sale of bonds, the proceeds of which are to be loaned to Rex Hospital, Inc. (See Exhibit B/1)
- **July 8, 2020 (Executive Committee)** – To approve the final sale of bonds for Rex Hospital, Inc. (See Exhibit B/2)
- **July 30, 2020 (Executive Committee)** – To approve the final sale of bonds for Lutheran Services for the Aging (See Exhibit B/3)

VIII. Bond Program Activities.....Geary W. Knapp

- A. Quarterly Report on Bond Program (See Exhibit B)
- B. The following notices and non-action items were received by the Executive Committee:

June 1, 2020 – Wake Forest Baptist Series 2010 (Redemption)

- Outstanding Balance: \$230,450,000
- Funds provided by Public Finance Authority (Wisconsin) bonds

August 10, 2020 – Blue Ridge HealthCare System, Inc. Series 2010A (Redemption)

- Outstanding Balance: \$34,940,000
- Funds provided by Public Finance Authority (Wisconsin) bonds

IX. New Business (Action Item)

- A. Rule for Initiating Rulemaking Approval (Discuss rule).....Nadine Pfeiffer
 - 1. Healthcare Personnel Registry Rule.....Nadine Pfeiffer & Jana Busick
Permanent amendment of one rule following emergency and temporary rulemaking for nurse aide reciprocity
 - Rule: 10A NCAC 13O .0301 (See Exhibits C thru C/2)

X. Appointment of one Executive Committee Member.....Dr. John Meier

The Chairman will appoint a member to fill out Mr. William Paugh’s term on the Executive Committee, which will end on 12/31/2020.

XI. Refunding of Commission Bond Issues (Action Item).....Geary W. Knapp

Recommended:

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 November 13, 2020 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 November 13, 2020.

XI. Review Compliance Policy.....Geary W. Knapp

See Exhibits F & G

XIII. NCMCC Policy/Process Review.....Geary W. Knapp

See Exhibits H & I

XIV. Meeting Adjournment

Exhibit A

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

**MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE
RALEIGH, NC 27603
CONFERENCE ROOM #104 - BROWN BUILDING
CONFERENCE CALL
FRIDAY, MAY 15, 2020
9:00 A.M.**

Minutes

I. Meeting Attendance

MEMBERS PRESENT	MEMBERS ABSENT
John J. Meier, IV, M.D., Chairman Joseph D. Crocker, Vice-Chairman Sally B. Cone Paul R.G. Cunningham, M.D. John A. Fagg, M.D. Bryant C. Foriest Charles H. Hauser Linwood B. Hollowell, III Eileen C. Kugler, RN, MSN, MPH, FNP Albert F. Lockamy, Jr., RPh Ashley H. Lloyd, D.D.S. Karen E. Moriarty Stephen T. Morton J. William Paugh Robert E. Schaaf, M.D. Patrick D. Sebastian Jeffrey S. Wilson <u>DIVISION OF HEALTH SERVICE REGULATION STAFF</u> Mark Payne, DHR Director/MCC Secretary Emery Milliken, DHR Deputy Director Geary W. Knapp, JD, CPA, Assistant Secretary, MCC Steven Lewis, DHR Construction Chief Jeff Harms, DHR Engineering Supervisor Bethany Burgon, Attorney General's Office Nadine Pfeiffer, Rules Review Manager, DHR Azzie Conley, Chief, Acute & Home Care Licensure Cindy Deporter, Acting Assistant Chief, Acute & Home Care Licensure Debbie McCarty, Acute & Home Care Licensure Becky Wertz, Chief, Nursing Home Licensure Beverly Speroff, Assistant Chief, Nursing Home Licensure Crystal Abbott, Auditor, MCC Kathy Larrison, Auditor, MCC Alice Creech, Executive Assistant, MCC	None

<p><u>OTHERS PRESENT</u> Dr. Elizabeth Tilson, NC Public Health Dave Richard, NC Medicaid Sister Lucy Hennessey, Pennybyrn Rich Newman, Pennybyrn Ted Shalek, Pennybyrn Chris Cole, Pennybyrn Tad Melton, Ziegler Adam Garcia, Ziegler Tim Webster, Presbyterian Homes Julia Hanover, Presbyterian Homes Chris Taylor, Board Member of Presbyterian Homes</p>	
---	--

II. Chairman’s Comments.....Dr. John Meier

Dr. John Meier thanked everyone for being on the conference call and serving the patients/citizens of North Carolina. Dr. Meier encouraged everyone to stay safe and practice social distancing. Dr. Meier explained SB 704, which covers remote meetings of public bodies and how all votes must be by roll call when time to vote. Dr. Meier Introduced Dr. Elizabeth Tilson, the State Health Director & Chief Medical Examiner and Mr. Dave Richard, Deputy Secretary for NC Medicaid to the Commission. Dr. Tilson updated the Commission about COVID-19 and the goals of the state to slow the rate of infection. Mr. Richard updated the Commission on what is being done inside of Medicaid regarding COVID-19 and addressed the long-term viability of hospitals.

III. Public Meeting Statement.....Dr. John Meier

This meeting of the Medical Care Commission is open to the public but is not a public hearing. Therefore, any discussion will be limited to members of the Commission and staff unless questions are specifically directed by the Commission to someone in the audience.

IV. Ethics Statement.....Dr. John Meier

The State Government Ethics Act requires members to act in the best interest of the public and adhere to the ethical standards and rules of conduct in the State Government Ethics Act, including the duty to continually monitor, evaluate, and manage personal, financial, and professional affairs to ensure the absence of conflicts of interest. Any conflicts of interest and recusals in connection with each proposed financing arrangement on the agenda were raised prior to any vote on the arrangement. Under the Health Care Financing Act, any ownership interest in the bank or financial institution that services the bond is a conflict of interest requiring a recusal.

V. Approval of Minutes (Action Items).....Dr. John Meier

- **February 14, 2020 (Medical Care Commission Quarterly Meeting)** (See Exhibit A)
- **March 26, 2020 (Executive Committee)** – To authorize the execution and delivery of First Supplemental Trust Agreements for the Series 2014A & Series 2017D Bonds issued for the benefit of FirstHealth of the Carolinas, Inc. (See Exhibit B/1)
- **April 9, 2020 (Full Commission Emergency Rule Conference Call)** – To authorize an emergency & temporary rule for the Nurse Aide I Registry. (See Exhibit B/2)

COMMISSION ACTION: Motion was made to approve the minutes with two changes on the April 9th, 2020 minutes ((1) adding a “no” vote by Mr. Jeff Wilson on the Commission Action and (2) adding Dr. Ashley Lloyd to the attendance roster) by Mr. Al Lockamy, seconded by Mr. Joe Crocker, and unanimously approved.

VI. Bond Program ActivitiesGeary W. Knapp

- A. Quarterly Report on Bond Program (See Exhibit B)
- B. The following notices and non-action items were received by the Executive Committee:

March 9, 2020 – Duke Health 2017 Master Lease Schedules 16 – 19 (Master Lease Additions)

- Schedule 18 – Somatom Force YMAT (\$1,805,000) – Duke Regional
- Schedule 19 – System Vascular IGS 740 (\$1,054,612.85) – Duke University
- Schedule 20 – Braun Super Chief Custom Ambulance (\$449,304) – Duke University
- Schedule 21 – ProxiDiagnostic N90 (\$496,16.83) – Duke Raleigh
- Funds provided by TD Equipment Finance, Inc.

March 10, 2020 – FirstHealth of the Carolinas Series 2008A (Redemption)

- Redemption Amount – \$29,420,000
- Funds provided by a taxable public offering

April 6, 2020 – Iredell Memorial Hospital Series 2007 (Redemption)

- Redemption Amount – \$24,820,000
- Funds provided by a public offering thru PFA (Wisconsin)

July 1, 2020 – CaroMont Health Series 2003 (Conversion)

- New Bank Bought Interest Rate
- New Holding Period
- New Bank Holder

VII. Bond Project (Action Items)

- A. **Maryfield, Inc. – Pennybyrn (High Point).....Geary W. Knapp**

Resolution: The Commission grants preliminary approval for a Maryfield Inc. (d/b/a Pennybryn) project to provide funds to be used, together with other available funds, to *construct* the following:

- (A) 42 Unit Independent Living Wing
 - 4 stories, 88,395 sq. ft.
 - Surface Parking
- (B) Renovations to Existing Independent Living Facility
 - Modifications to Dining, Community Room, Terraces
 - New Wellness Area and Clinic
 - Connector to New 42 Unit Independent Living
- (C) Renovations to Healthcare Neighborhoods
 - Interior Expansion and Re-configuration
 - Adult Day Center Neighborhood Addition

(D) 24 Bed Short-Term Stay Rehabilitation Facility

- 23,780 sq. ft. Transitional Rehab Therapy Household
- 3920 sq. ft. Therapy Space

Capital expenditures for the new construction shall be included as listed below, all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

Cash and Negotiable Securities from Reserves	\$ 5,000,000
Principal amount of bonds to be issued	<u>55,150,000</u>
Total Sources	\$ 60,150,000

ESTIMATED USES OF FUNDS

Land Acquisition	\$ 270,000
Site Utility Development	3,115,418
Construction Contracts	34,951,086
Construction Contingency (5% of Construction Contracts)	3,493,913
Architect Fees	1,453,641
Architect's Reimbursables	125,000
Moveable Equipment	195,000
Survey, Tests, Insurance	490,000
Consultant Fees (Development/Construction Monitoring)	1,787,102
DHSR Reimbursables (G.S. § 131-E-267)	40,301
Engineering Fees	1,048,977
Furniture/Fixtures/Art	1,853,199
Marketing Costs	1,125,000
Technology	595,000
Bond Interest during Construction	4,135,925
Debt Service Reserve Fund	4,402,000
Underwriter Discount/Placement Fee	550,188
Feasibility Study Fee	125,000
Accountant Fee	20,000
Corporation Counsel	50,000
Bond Counsel	100,000
Trustee Fee & Counsel	15,000
Bank Counsel	40,000
Printing Cost	20,000
Local Government Commission	8,750
Underwriter Counsel & Blue Sky Fee	65,000
Bank Fee	11,000
Appraisals	25,000
Placement Agent Fee	<u>38,500</u>
Total Uses	\$ 60,150,000

Tentative approval is given with the understanding that the governing board of Maryfield, 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 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 residents.
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 CCRCs as adopted.
9. The borrower will furnish, prior to the sale of or issuance 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.

Based on preliminary 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 |

See **Exhibits F** and **G** for compliance summary, selected application information and presentation.

Dr. John Meier conducted the discussion and voting on the Bond Project for Pennybyrn at Maryfield. A presentation was given by Sister Lucy Hennessey, Board Chair, Rich Newman, CEO, Chris Cole, Chief Development Officer for Action Pack, and Tad Melton of Ziegler.

Remarks were made on the presentation by Dr. Paul Cunningham, Mr. Joe Crocker, Sister Lucy Hennessey, Mr. Jeff Harms, Dr. John Fagg, and Dr. John Meier.

COMMISSION ACTION: A Motion for preliminary approval of the project was made by Dr. Paul Cunningham and seconded by Mr. Joe Crocker, and unanimously approved.

B. Presbyterian Homes – Glenaire (Cary).....Geary W. Knapp

Resolution: The Commission grants preliminary approval for a Presbyterian Homes, Inc. project on their Glenaire campus to provide funds to be used, together with other available funds, to *construct* a new building that includes the following:

- (A) 192 Independent Living Apartments
 - Sizes range from 1,450 to 2,700 square feet
 - Underground parking
 - 3 Dining Venues
 - Potter/Fine Arts/Music Studio
 - Auditorium/Theater
 - Chapel
 - Wellness Center

- (B) 38 Multi-Unit Housing with Service Units

- (C) Adult Day Center

Capital expenditures for the new construction shall be included as listed below, 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	\$ 216,270,000
Total Sources	\$ 216,270,000

ESTIMATED USES OF FUNDS

Site Costs	\$ 811,775
Construction Contracts	168,235,000
Construction Contingency (5% of Construction Contracts)	1,682,350
Architect Fees	6,086,125
Architect’s Reimbursables	26,170
Moveable Equipment	5,091,626
Survey, Tests, Insurance	538,427
Consultant Fees (Landscape/Kitchen/Acoustic/3 rd Party Commissioning)	436,000
DHSR Reimbursables (G.S. § 131-E-267)	103,079
Interior/Exterior Signage	418,000
Town of Cary - Permits	1,571,448
Bond Interest during Construction	17,531,570
Debt Service Reserve Fund	11,644,750
Underwriter Discount/Placement Fee	1,247,065
Feasibility Study Fee	175,000
Accountant Fee	20,000
Corporation Counsel	75,000
Bond Counsel	95,000
Rating Agency	105,000
Trustee Fee & Counsel	20,365
Bank Counsel	45,000
Printing Cost	15,000
Local Government Commission	8,750

Underwriter Counsel & Blue Sky Fee	85,000
Bank Fee	127,500
Placement Agent Fee	75,000
Total Uses	<u>\$216,270,000</u>

Tentative approval is given with the understanding that the governing board of Presbyterian Homes, 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 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 residents.
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 CCRCs as adopted.
9. The borrower will furnish, prior to the sale of or issuance 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.

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 |

See **Exhibits E** and **H** for compliance summary, selected application information, and presentation.

Dr. John Meier conducted the discussion and voting on the Bond Project for Presbyterian Homes, Inc. A presentation was given by Mr. Tim Webster, CEO, and Ms. Julia Hanover, CFO.

Remarks were made on the presentation by Mr. Joe Crocker, Mr. Tad Melton, Mr. Bryant Foriest, and Mrs. Eileen Kugler. A report and approval on the final construction documents was given by Mr. Jeff Harms.

COMMISSION ACTION: A motion for preliminary approval of the project was made by Mr. Joe Crocker, seconded by Dr. Paul Cunningham, and unanimously approved with the recusals of Dr. John Meier and Dr. John Fagg.

VIII. Old Business (Action Item)

A. Rules for Adoption (Discuss rules, fiscal note, and comments submitted)

1. Licensing of Hospital Bylaws Rules (11 Rules).....N. Pfeiffer & Dr. Fagg

Readoption of eight rules following Periodic Review & Amendment of three rules

- Rules: 10A NCAC 13B .3501 - .3503 and .3701 - .3708 (See Exhibits C - C/3)

COMMISSION ACTION: Motion was made to approve Hospital Bylaws by Mr. Bill Paugh, seconded by Mrs. Eileen Kugler, and unanimously approved.

IX. New Business (Action Items)

A. Rules for Adoption (Discuss rules, fiscal note, and comments submitted)

1. Ambulatory Surgical Center Rules.....N. Pfeiffer & A. Conley

Readoption of four rules following Periodic Review & Amendment of two rules

- Rules: 10A NCAC 13C .0202, .0203, .0301, .0501, .0702, and .0902 (See Exhibits D - D/1)

COMMISSION ACTION: Motion was made to approve Ambulatory Surgical Center Rules by Mr. Bill Paugh, seconded by Dr. Paul Cunningham, and unanimously approved.

2. Hospice Licensing Rules.....N. Pfeiffer & C. Deporter

Readoption of five rules following Periodic Review

- Rules: 10A NCAC 13K .0102, .0401, .0604, .0701, and .1104 (See Exhibits D/2 - D/3)

COMMISSION ACTION: Motion was made to approve the Hospice Rules by Dr. Paul Cunningham, seconded by Mr. Joe Crocker, and unanimously approved.

3. Licensing of Nursing Home Rules.....N. Pfeiffer & B. Speroff

Amendment of two rules and Repeal of one rule for ventilator assisted care

- Rules: 10A NCAC 13D .2001, .2506, and .3003 (See Exhibits D/4 - D/5)

COMMISSION ACTION: Motion was made to approve the Nursing Home Rules by Mrs. Eileen Kugler, seconded by Bryant Foriest, and unanimously approved.

X. Refunding of Commission Bond Issues (Action Item).....Geary W. Knapp

Recommended:

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 August 14, 2020 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 August 14, 2020.

COMMISSION ACTION: Motion was made to authorize the Executive Committee to approve projects involving the refunding of existing Commission debt between this date and August 14, 2020 by Mr. Joe Crocker, seconded by Dr. Paul Cunningham and unanimously approved.

XI. Rule Meeting Reminder.....Dr. John Meier

The Commission will meet **June 9th, 2020 at 9:00 am**, via teleconference, to review and adopt the temporary rules for nurse aide certification or registration reciprocity.

XII. Adjournment – There being no further business the meeting was adjourned at 11:43 a.m.

Respectfully Submitted,

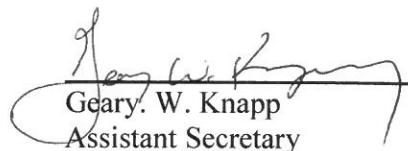

Geary W. Knapp
Assistant Secretary

Exhibit A/1

**MEDICAL CARE COMMISSION CONFERENCE CALL MEETING
DIVISION OF HEALTH SERVICE REGULATION
809 RUGGLES DRIVE RALEIGH, NC 27603
EDGERTON BUILDING**

TUESDAY, JUNE 9, 2020

9:00 A.M.

MINUTES

I. Meeting Attendance

MEMBERS PRESENT	MEMBERS ABSENT
John J. Meier, IV, M.D., Chairman Joseph D. Crocker, Vice-Chairman Paul R.G. Cunningham, M.D. John A. Fagg, M.D. Bryant C. Foriest Charles H. Hauser Linwood B. Hollowell, III Albert F. Lockamy, Jr., RPh Ashley H. Lloyd, D.D.S. Karen E. Moriarty Stephen T. Morton J. William Paugh Robert E. Schaaf, M.D. Patrick D. Sebastian Jeffrey S. Wilson	Sally B. Cone Eileen C. Kugler, RN, MSN, MPH, FNP
<u>DIVISION OF HEALTH SERVICE REGULATION STAFF</u> Mark Payne, DHSR Director/MCC Director/MCC Secretary Emery Milliken, DHSR Deputy Director Geary W. Knapp, JD, CPA, Assistant Secretary, MCC Jana Busick, Chief, Health Care Personnel Registry Section Bethany Burgon, Attorney General's Office Nadine Pfeiffer, Rules Review Manager, DHSR Crystal Abbott, Auditor, MCC Kathy Larrison, Auditor, MCC Alice Creech, Executive Assistant, MCC	

II. Chairman's Comments.....Dr. John Meier

Dr. John Meier thanked everyone for being on the emergency conference call and serving the patients/citizens of North Carolina. Dr. Meier encouraged everyone to stay safe and practice social distancing. Dr. Meier emphasized the meeting of the Medical Care Commission is a public **meeting**, open to the public, but is not a public **hearing**. Therefore, any discussion will be limited to members of the Commission and staff unless questions are specifically directed by the Commission to someone on the call.

III. Public Meeting Statement.....Dr. John Meier

This meeting of the Medical Care Commission is open to the public but is not a public hearing. Therefore, any discussion will be limited to members of the Commission and staff unless questions are specifically directed by the Commission to someone in the audience.

IV. Ethics Statement.....Dr. John Meier

The State Government Ethics Act requires members to act in the best interest of the public and adhere to the ethical standards and rules of conduct in the State Government Ethics Act, including the duty to continually monitor, evaluate, and manage personal, financial, and professional affairs to ensure the absence of conflicts of interest.

V. Old Business

A. Rule for Initiating Rulemaking Approval (Discuss rule)

1. Healthcare Personnel Registry Rule.....Nadine Pfeiffer & Jana Busick

Temporary rulemaking for nurse aid certification or registration reciprocity due to COVID-19

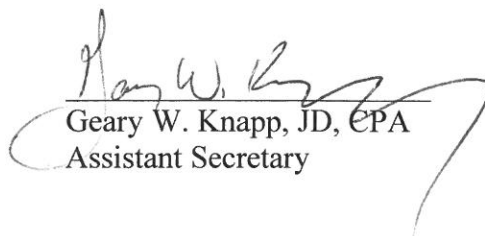
- Rule: 10A NCAC 130.0301 (See Exhibits A thru A/2)

Remarks were made on the Healthcare Personnel Registry Rule by Mr. Joe Crocker, Ms. Jana Busick, and Mr. Jeff Wilson.

COMMISSION ACTION: Motion to approve Healthcare Personnel Registry Rule was made by Mr. Bryant Foriest, seconded by Mr. Joe Crocker, and unanimously approved.

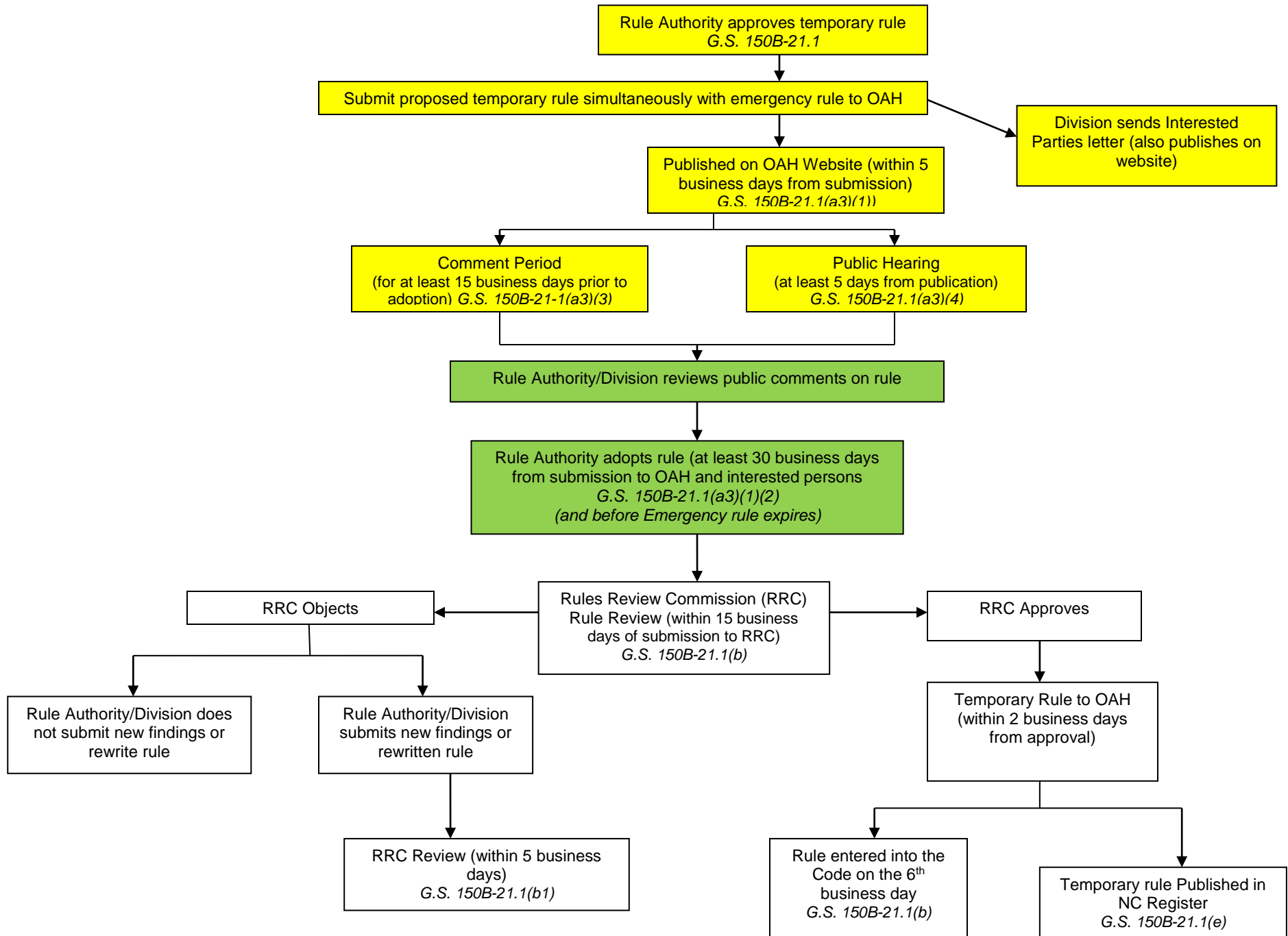
VI. Meeting Adjournment – There being no further business the meeting was adjourned at 9:15 a.m.

Respectfully Submitted,



Geary W. Knapp, JD, EPA
Assistant Secretary

Temporary Rulemaking Process



1 10A NCAC 130 .0301 is amended under temporary procedures with changes as follows:

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

SECTION .0300 - NURSE AIDE I REGISTRY

10A NCAC 130 .0301 NURSE AIDE I TRAINING AND COMPETENCY EVALUATION

(a) To be eligible to be listed on the NC Nurse Aide I Registry by the Health Care Personnel Education and Credentialing Section, a person ~~shall~~ shall:

- (1) pass a Nurse Aide I training program approved by the Department in accordance with 42 CFR Part 483.151 through Part 483.152 and the State of North Carolina's Nurse Aide I competency ~~exam~~ exam; or
- (2) apply to the Department for approval to be listed on the NC Nurse Aide I Registry by reciprocity transfer of a nurse aide certification or registration from another State to North Carolina.

(b) In applying for reciprocity transfer of a nurse aide certification or registration to be listed on the NC Nurse Aide I Registry pursuant to Subparagraph (a)(2) of this Rule, the applicant shall meet the following criteria:

- (1) submit a completed application to the Department that includes the following:
 - (A) first, middle, and last name;
 - (B) the applicant's prior name(s), if any;
 - (C) mother's maiden name;
 - (D) gender;
 - (E) social security number;
 - (F) date of birth;
 - (G) mailing address;
 - (H) email address;
 - (I) home telephone number;
 - (J) any other State registries of nurse aides upon which the applicant is listed;
 - (K) certification or registration numbers for any State nurse aide registries identified in Part (b)(1)(J) of this Rule;
 - (L) original issue dates for any certifications or registrations identified in Part (b)(1)(K) of this Rule;
 - (M) expiration dates for any certifications or registrations identified in Part (b)(1)(K) of this Rule; and
 - ~~(N) training program name(s);~~
 - ~~(O) training program locations(s);~~
 - ~~(P) training program completion date(s) with a passing score; and~~
 - (Q) employment history;

- 1 (2) provide documentation verifying that his or her registry listing is active and in good standing in the
2 State(s) of transfer, dated no older than 30 calendar days prior to the date the application is received
3 by the Department; and
- 4 (3) provide a copy of his or her Social Security card and a ~~valid~~ government-issued identification
5 containing a photograph and ~~signature;~~ signature that is not expired.

6 (c) For the applicant to be approved for reciprocity transfer of a nurse aide certification or registration to be listed on
7 the NC Nurse Aide I Registry, the Department shall verify the following:

- 8 (1) the applicant has completed an application in accordance with Subparagraph (b)(1) of this Rule;
9 (2) the applicant is listed on another State's registry of nurse aides with an active ~~status and good~~
10 standing status;
- 11 (3) the applicant has no pending or substantiated findings of abuse, neglect, exploitation, or
12 misappropriation of resident or patient property recorded on another State's registry of nurse aides;
- 13 (4) if the applicant has been employed as a nurse aide for monetary compensation consisting of at least
14 a total of eight hours of time worked performing nursing or nursing-related tasks delegated and
15 supervised by a Registered ~~Nurse~~ Nurse, then the applicant shall provide the employer name,
16 employer address, and dates of employment for the previous 24 consecutive months;
- 17 (5) the name listed on the Social Security card and government-issued identification containing a
18 photograph and signature submitted with the application matches the name listed on another State's
19 registry of nurse aides or that the applicant has submitted additional documentation verifying any
20 name changes; and
- 21 (6) ~~that~~ the applicant completed a State-approved nurse aide training and competency evaluation
22 program that meets the requirements of 42 CFR 483 Part 152 or a State-approved competency
23 evaluation program that meets the requirements of 42 CFR 483 Part 154.

24 (d) The Department shall within 10 business days of receipt of an application for reciprocity transfer of a nurse aide
25 certification or registration or receipt of additional information from the applicant:

- 26 (1) inform the applicant by letter whether he or she has been approved; or
27 (2) request additional information from the applicant.

28 The applicant shall be added to the NC Nurse Aide I Registry within three business days of Department approval.

29 ~~(b)~~ (e) This Rule incorporates 42 CFR Part 483 Subpart D by reference, including all subsequent amendments and
30 editions. Copies of the Code of Federal Regulations may be accessed electronically free of charge from
31 www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR.

32 ~~(e)~~ (f) The State of North Carolina's Nurse Aide I competency exam shall include each course requirement specified
33 in the Department-approved Nurse Aide I training program as provided for in 42 CFR Part 483.152.

34 ~~(d)~~ (g) The State of North Carolina's Nurse Aide I competency exam shall be administered and evaluated only by the
35 Department or its contracted testing agent as provided for in 42 CFR Part 483.154.

1 ~~(e)~~ (h) The Department shall include a record of completion of the State of North Carolina's Nurse Aide I competency
2 exam in the NC Nurse Aide I Registry within 30 business days of passing the written or oral exam and the skills
3 demonstration as provided for in 42 CFR Part 483.154.

4 ~~(f)~~ (i) If the State of North Carolina's Nurse Aide I competency exam candidate does not pass the written or oral exam
5 and the skills demonstration as provided for in 42 CFR Part 483.154, the candidate shall be advised by the Department
6 of the areas that the individual did not pass.

7 ~~(g)~~ (j) Every North Carolina's Nurse Aide I competency exam candidate shall have, as provided for in 42 CFR Part
8 483.154, the opportunity to take the exam three times before being required to retake and pass a Nurse Aide I training
9 program.

10 ~~(h)~~ (k) A person who is currently listed on any state's Nurse Aide I Registry shall not be required to take the
11 Department-approved Nurse Aide I training program to be listed or, if his or her 24-month listing period has expired,
12 relisted on the NC Nurse Aide I Registry, unless the person fails to pass the State of North Carolina's Nurse Aide I
13 competency exam after three attempts.

14 ~~(i)~~ (l) U.S. military personnel who have completed medical corpsman training and retired or non-practicing nurses
15 shall not be required to take the Department-approved Nurse Aide I training program to be listed or relisted on the
16 Nurse Aide I Registry, unless the person fails to pass the State of North Carolina's Nurse Aide I competency exam
17 after three attempts.

18

19 *History Note: Authority G.S. 131E-255; 42 CFR Part 483;*
20 *Eff. January 1, 2016;*
21 *Emergency Amendment Eff. April 20, ~~2020~~ 2020;*
22 *Temporary Amendment Eff. June 26, 2020.*

Healthcare Personnel Registry Temporary Rule
 10A NCAC 130 .0301 – Public Comments
 Comment Period 4/20/20 – 5/11/20

Introduction:

Three individuals submitted comments during the public comment period on the temporary amendment rule 10A NCAC 130 .0301. Of these comments, one person made statements during the public hearing conducted on May 5, 2020. The comments were submitted by representatives from the following: Lower Care Fear LifeCare, and the N.C. Health Care Facilities Association. A summary of all comments received on this rule is below:

1) Listing of Comments Received and Agency’s Consideration of Comments for Amendment Rule 130 .0301 – Nurse Aide I Training and Competency

Evaluation:

Commenter	Comment Summary
1) Lower Cape Fear LifeCare (written comments)	Due to our service location and SC being a reciprocity state, we are allowed to utilize our NC nurse aides who have applied and qualify when there is a need in SC. Reciprocity for NC would allow our agency’s SC nurse aide team members in turn to provide personal care to patients in NC when our patients and team members need the extra help. This would be advantageous for our patients during this pandemic when there are shortages in our work force. It will be advantageous to our agency and nurse aides in utilization of our work force and provide the opportunity to not deplete staff PDO banks to meet FTE hours.
2) N.C. Health Care Facilities Association (written comments)	<p>Suggest changes to the temporary rule, and/or the permanent rule that will follow. Remove Paragraph (b)(1) Parts (J)-(P) and Subparagraph (c)(6) because another State’s registry has evidence of these items if the Nurse Aide is listed on that registry so that should be sufficient evidence of those items. Paragraph (b)(2) should provide adequate evidence of the aide’s good standing on the other state’s registry, reflecting satisfactory completion of an adequate training program. If certain states do not meet the basic requirements, suggest listing those states whose NA registry NC will not accept reciprocity listing.</p> <p>Suggest removal of Paragraph (b)(1) Part Q and Subparagraph (c)(4) regarding employment history and earned income performing NA tasks under RN supervision within the previous two years. This prevents NA’s registered less than two years in another state from being registered in NC. There is no valid policy reason for this. The questions go beyond the regulatory function of the NA registry to determine whether the person meets the criteria for listing on the registry. A similar work history is not required for listing by training/testing in NC and should not be required for those trained and tested in another state. Efforts to gather this information will lead to delays in the process of applications for NA’s by reciprocity.</p> <p>Suggest adding a provision streamlining the process of listing by reciprocity during a declared State of Emergency by the federal or state government. The need for faster process is essential during a state of emergency. Suggest a process like that used by the Board of Nursing: <i>Nurses must hold an active unrestricted multi-state license in any Nurse Licensure Compact state can practice in NC at any time; Nurses holding an active, unrestricted single state license in a non-compact state can practice in NC during periods of official disaster designation; Prior to</i></p>

Commenter	Comment Summary
	<p><i>allowing practice, employing system/facility must verify active, unrestricted licensure of all nurses, from all states (compact or non-compact). Licensure information can be verified easily through NURSYS available at: www.nursys.com; Employing system/facility must maintain a record of the names and verified license number for a period of 1 yr. and provide this information to the Board if requested. Recommend similar process requiring prospective employers to verify an out-of-state NA's listing in good standing and retain documentation for 1 yr. The information could be shared with the NC NA Registry for temporary listing without examination during an emergency. After the emergency, then resume normal operations and NA's listed through this provision would no longer be able to work in NC unless going through reciprocity process.</i></p>
<p>3) N.C. Health Care Facilities Association, Adam Sholar (public hearing comments)</p>	<p>Asking for comments to be considered for temporary or permanent rule. Are a number of subsections in (b)(1) and (c) that might create an overly burdensome process for NA's registered in other states who already complied with process in another State and some information could be determined from information available in other State's registry. The rule should not ask for the same information that is produced in another State. The criteria in the process in (c) would all not be available to those being registered <2 years in another State and would prohibit some applicants, criteria would need to be available to all listed in another State. Ask that a provision be added, dormant in normal times, for a more streamlined process in emergency times to allow work in NC, ie. Hurricanes especially in border counties, for SC and VA to temporarily work in NC for those qualified to work. Adopt a process used by the Board of Nursing for this.</p>

DHSR Response to Comments Above:

1) Paragraph (b)(1) Parts (J) through (M) will remain in the rule for the following reasons:

- This information is needed for DHSR to verify an applicant's listing on another state's registry of nurse aides.
- Each state has their own Nurse Aide I Registry and the information provided to the public varies by state.
- Each state has their own application and many states request this information to be listed on the Nurse Aide I Registry.
- Supports North Carolina in the identification and validation of each applicant per 42 CFR 483.156 – (c)(1)(ii) Information necessary to identify each individual.
- Supports North Carolina to ensure compliance with 42 CFR 483.156 – (c)(1)(iii) The date the individual became eligible for placement in the registry through successfully completing a nurse aide training and competency evaluation program or competency evaluation program or by meeting the requirements of 42 CFR 483.150.
- Supports North Carolina to ensure compliance with 42 CFR 483.156 – (c)(2) The registry must remove entries for individuals who have performed no nursing or nursing-related services for a period of 24 consecutive months, unless the individual's registry entry includes documented findings of abuse, neglect, or misappropriation of property.
- Supports North Carolina to ensure applicants are not added to the North Carolina Nurse Aide I Registry with substantiated findings per the report from the DHHS Office of Inspector General (<https://oig.hhs.gov/oei/reports/oei-07-03-00380.pdf>).
- Supports North Carolina to ensure applicants with expired listings are not added to the North Carolina Nurse Aide I Registry per the report from the DHHS Office of Inspector General (<https://oig.hhs.gov/oei/reports/oei-07-03-00380.pdf>).

2) Paragraph (b)(1) Parts (N), (O), and (P) will be deleted in the rule based on the public comment.

- It is not the intent for DHSR to validate the state-approved training programs listed within each application.

3) Paragraph (b)(1) Part (Q) and Subparagraph (c)(4) will remain in the rule for the following reasons listed below. However, based on the public comment, the language in the rule should be revised to not exclude applicants that trained and tested in another State in the previous 24 consecutive months but have no work history as a nurse aide.

- Each state has their own Nurse Aide I Registry and the information provided to the public varies by state. For example, in Alabama, information regarding an individual's certification status (active or inactive) can only be obtained from a former or current employer.
- Each state has their own application and many states request this information to be listed on the Nurse Aide I Registry.
- Supports North Carolina to ensure compliance with 42 CFR 483.156 – (c)(2) The registry must remove entries for individuals who have performed no nursing or nursing-related services for a period of 24 consecutive months, unless the individual's registry entry includes documented findings of abuse, neglect, or misappropriation of property.
- In a report from the DHHS Office of Inspector General, most states verify nursing activity by requiring nurse aides to attest or provide information indicating that they have worked at least 8 hours in nursing care during the past 24 months (<https://oig.hhs.gov/oei/reports/oei-05-01-00031.pdf>).

4) Subparagraph (c)(6) will remain in the rule for the following reasons:

- Each state has their own requirements that align to the federal laws for listing on the Nurse Aide I registry. For example, in Maryland, an individual's registry listing must indicate that they completed the Nursing Assistant Certification and the Geriatric Nursing Assistant Certification.
- Per 42 CFR 483.156 – (b)(3) The State must determine which individuals who (i) have successfully completed a nurse aide training and competency evaluation program or nurse aide competency evaluation program; (ii) have been deemed as meeting these requirements; or (iii) have had these requirements waived by the State do not qualify to remain on the registry because they have performed no nursing or nursing-related services for a period of 24 consecutive months.

After a review of the public comments and of the current process for reciprocity that was implemented on April 20, 2020, it has been determined that there is no need for additional processes or provisions during a state of emergency for the following reasons:

- From April 20, 2020 to May 25, 2020:
 - DHSR received applications from 263 individuals
 - 170 applications were approved
 - 4 applications were denied
 - 89 applications were deemed incomplete or had a pending status
 - DHSR average processing time is 3 business days
- The average number of days for DHSR staff to review and process a reciprocity application is in alignment with other states.
 - Georgia: 14 business days
 - Missouri: 7-10 days
 - Montana: 5-7 days
 - Nebraska: 30 days
 - Rhode Island: a minimum of 8 weeks for the entire licensure process to be completed

- Tennessee: 1 week
- Virginia: 30-45 business days
- NURSYS is a national database for verification of nurse licensure, discipline and practice privileges for RNs, LPN/VNs and APRNs licensed in participating jurisdictions, including all states in the Nurse Licensure Compact (NLC). There is no equivalent national database for nurse aides. Each state has their own public Nurse Aide I registry.
- Employers may not be knowledgeable of the state requirements and specifics for each Nurse Aide I Registry.
- Per 42 CFR 483.12 (a)(3)(ii) – long term care facilities must not employ or otherwise engage individuals who have had a finding entered into the State nurse aide registry concerning abuse, neglect, exploitation, mistreatment of residents or misappropriation of their property. Potential risk has been documented by the following two reports from the DHHS Office of Inspector General.
 - <https://oig.hhs.gov/oei/reports/oei-07-03-00380.pdf>: Over half of State survey respondents reported failure to remove records of inactive nurse aides from registries. In addition, some nurse aides with substantiated findings had certifications in at least one other State, and were, therefore, potentially employable in that other State.
 - <https://www.oig.hhs.gov/oei/reports/oei-07-10-00422.asp>: Nineteen percent of nurse aides with substantiated findings had at least one conviction in their criminal history records prior to their substantiated finding. In addition, nurse aides with substantiated findings of either abuse or neglect were 3.2 times more likely to have a conviction of crime against persons than nurse aides with substantiated findings of misappropriation.
- Per North Carolina General Statute 131E-265 – Criminal history record checks are required for certain applicants for employment in a nursing home or home care agency.
- The North Carolina Nurse Aide I Registry system does not have the capability to track temporary nurse aides.

NC Medical Care Commission
 Quarterly Report on **Outstanding Debt** (End: 4th Quarter FYE 2020)

	FYE 2019	FYE 2020
Program Measures		
Ending: 6/30/2019	Ending: 6/30/2020	
Outstanding Debt	\$5,878,126,412	\$5,694,191,427
Outstanding Series	131	125¹
Detail of Program Measures		
Ending: 6/30/2019	Ending: 6/30/2020	
Outstanding Debt per Hospitals and Healthcare Systems	\$4,672,572,057	\$4,496,197,271
Outstanding Debt per CCRCs	\$1,147,209,355	\$1,141,594,156
Outstanding Debt per Other Healthcare Service Providers	\$58,345,000	\$56,400,000
Outstanding Debt Total	\$5,878,126,412	\$5,694,191,427
Outstanding Series per Hospitals and Healthcare Systems	76	73
Outstanding Series per CCRCs	53	50
Outstanding Series per Other Healthcare Service Providers	2	2
Series Total	131	125
Number of Hospitals and Healthcare Systems with Outstanding Debt	19	17
Number of CCRCs with Outstanding Debt	20	17
Number of Other Healthcare Service Providers with Outstanding Debt	2	1
Facility Total	41	35

Exhibit B (Outstanding Balance)

Note 1: For FYE 2020, NCMCC closed 14 **Bond Series**. Out of the 14 closed Bond Series: 4 were conversions, 4 were new money projects, 3 were a combination of refundings and new money projects, and 3 were refundings. The loss of 5 Bond Series outstanding from FYE 2019 to current represents all new money projects, refundings, conversions, and redemptions.

GENERAL NOTES: Facility Totals represent a parent entity total and do not represent each individual facility owned/managed by the parent entity. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, and hospice facilities. The following parent entities represent the current "other healthcare service providers" with outstanding NC MCC debt: DePaul (Assisted Living)

NC Medical Care Commission

Quarterly Report on **History** of NC MCC Finance Act Program (End: 4th Quarter FYE 2020)

	FYE 2019	FYE 2020
Program Measures		
Total PAR Amount of Debt Issued	Ending: 6/30/2019 \$25,538,623,155	Ending: 6/30/2020 \$26,550,874,158
Total Project Debt Issued (excludes refunding/conversion proceeds) ¹	\$12,288,054,987	\$12,940,409,253
Total Series Issued	629	643
Detail of Program Measures		
PAR Amount of Debt per Hospitals and Healthcare Systems	Ending: 6/30/2019 \$20,794,927,185	Ending: 6/30/2020 \$21,575,249,855
PAR Amount of Debt per CCRCs	\$4,369,400,740	\$4,601,329,073
PAR Amount of Debt per Other Healthcare Service Providers	\$374,295,230	\$374,295,230
Par Amount Total	\$25,538,623,155	\$26,550,874,158
Project Debt per Hospitals and Healthcare Systems	\$9,643,788,740	\$10,167,759,674
Project Debt per CCRCs	\$2,397,252,332	\$2,525,635,665
Project Debt per Other Healthcare Service Providers	\$247,013,915	\$247,013,915
Project Debt Total	\$12,288,054,987	\$12,940,409,253
Series per Hospitals and Healthcare Systems	397	404
Series per CCRCs	193	200
Series per Other Healthcare Service Providers	39	39
Series Total	629	643
Number of Hospitals and Healthcare Systems issuing debt	99	99
Number of CCRCs issuing debt	40	40
Number of Other Healthcare Service Providers issuing debt	46	46
Facility Total	185	185

Exhibit B (History)

B-2

Note 1: Project Debt excludes bond proceeds that directly refunded prior NCMCC outstanding issues and conversion par amounts. Project Debt is an accumulation of all new project money, issuance costs (including issuance costs for refundings/conversions (if any)), and refundings of non-NCMCC debt.

GENERAL NOTES: Facility Totals represent each individual facility and do not represent parent entity totals. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, and hospice facilities.

Exhibit B/1

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

JUNE 19, 2020

11:00 A.M.

Members of the Executive Committee Present:

Dr. John J. Meier, IV, M.D., Chairman
Joseph D. Crocker, Vice-Chairman
Sally B. Cone
Linwood B. Hollowell, III
Albert F. Lockamy, Jr., RPh
J. William Paugh
Jeffrey S. Wilson

Members of the Executive Committee Absent:

None

Members of Staff Present:

Geary W. Knapp, JD, CPA, Assistant Secretary
Jeff Harms, Engineering Supervisor, DHR Construction
Alice S. Creech, Executive Assistant

Others Present:

Margie Blackford, Ponder & Co.
Paul Billow, Womble Bond Dickinson
Chuck Gaskins, Sharon Towers
Ann Marie Ladis, Sharon Towers
Anne Moffat, Sharon Towers
Jeff Poley, Parker Poe Adams & Bernstein, LLP
Andy Zukowski, UNC Rex Healthcare

1. **Purpose of Meeting**

To (1) authorize the amendment of The Presbyterian Home at Charlotte, Inc. and to (2) gain preliminary approval for the sale of bonds, the proceeds of which are to be loaned to Rex Hospital Inc.

2. **Resolution of the North Carolina Medical Care Commission Authorizing a First Amendment to the Series 2019A Loan Agreement with The Presbyterian Home at Charlotte, Inc.**

Remarks were made on the Amendment to the Series 2019A Loan Agreement by Dr. Meier, Mr. Jeff Poley, Mr. Joe Crocker, Ms. Anne Moffat, and Ms. Ann Marie Ladis

Executive Committee Action: Motion was made to approve the Amendment to the Series 2019A Loan Agreement by Mr. Joe Crocker, seconded by Mr. Al Lockamy, 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; and

WHEREAS, The Presbyterian Home at Charlotte, Inc. (the “*Corporation*”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “non-profit agency” within the meaning of the Act; and

WHEREAS, at the time of issuance of the Bonds (hereinafter defined), the Corporation expected to construct 46 independent living units; and

WHEREAS, the Corporation now expects to construct 42 independent living units; and

WHEREAS, the Corporation has requested the Commission to amend the Loan Agreement, dated as of December 1, 2019 (the “*Loan Agreement*”), relating to the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Sharon Towers) Series 2019A to change the marketing and occupancy requirements in the Loan Agreement from numbers based to percentage based; and

WHEREAS, there has been presented at this meeting a draft copy of First Amendment to Loan Agreement between the Commission and the Corporation (**See Exhibit A**), which First Amendment effectuates the changes as set forth above.

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

Section 1. The forms, terms and provisions of the First Amendment are hereby approved in all respects, and the Chairman or Vice Chairman and the Secretary or any Assistant

Secretary of the Commission are hereby authorized and directed to execute and deliver First Amendment in substantially the form 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 2. This resolution shall take effect immediately upon its passage.

3. Rex Hospital Inc. Refunding – Preliminary Approval

To gain preliminary approval for the sale of bonds, the proceeds of which are to be loaned to Rex Hospital Inc.

Executive Committee Action: Rex Hospital requested an exception to the Commission’s compliance policy. Motion was made to accept an exception to the policy by Mr. Joe Crocker, seconded by Mr. Al Lockamy, and unanimously approved allowing Rex Hospital to proceed with discussion of the preliminary refunding.

Resolution: The Commission grants preliminary approval to a transaction for Rex Hospital Inc. (Rex Hospital) to provide funds, to be used, together with other available funds, to currently refund the North Carolina Medical Care Commission \$122,965,000 Hospital Revenue Refunding Bonds Series 2010A, currently outstanding in the amount of \$76,995,000. The proposed transaction in its entirety will result in an estimated NPV savings of \$8,900,000. The proposed transaction is in accordance with an application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	<u>\$70,975,000</u>
Total Sources	\$70,975,000

ESTIMATED USES OF FUNDS

Escrow amount to current refund Series 2010A Bonds	\$70,535,000
Accrued Interest	189,017
Financial Advisor Fee	70,975
Local Government Commission Fee	8,750
Trustee Fee	3,250
Trustee Counsel	4,000
Corporation Counsel	47,500
Bank Purchaser Counsel	37,500
Bond Counsel	70,000
Contingency Expenses	<u>9,008</u>
Total Uses	\$70,975,000

Tentative approval is given with the understanding that the governing board of Rex Hospital accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.
2. Final financial feasibility must be determined prior to the issuance of bonds.
3. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).
4. The Executive Committee of the Commission is delegated the authority to approve the issuance or conversion of bonds for this project and may approve the issuance or conversion of such greater amount 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%).
5. The bonds or notes shall be sold or 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.
6. 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.
7. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North Carolina Healthcare 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. The borrower will furnish, prior to the sale of or issuance 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.
9. 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.

Based on information furnished by applicant, the project is:

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

See **Exhibit B** for compliance summary, selected application information, and bond sale approval form.

Remarks were made on the preliminary refunding by Mr. Joe Crocker, Ms. Margie Blackford, and Dr. John Meier.

Executive Committee Action: Motion was made to approve the preliminary refunding by Mr. Joe Crocker, seconded by Mr. Al Lockamy with the recusal of Dr. John Meier, and unanimously approved.

4. Adjournment

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

Respectfully submitted,

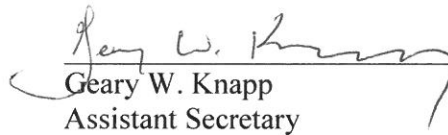

Geary W. Knapp
Assistant Secretary

EXHIBIT A

NORTH CAROLINA MEDICAL CARE COMMISSION

and

THE PRESBYTERIAN HOME AT CHARLOTTE, INC.

FIRST AMENDMENT TO LOAN AGREEMENT

Dated as of _____, 2020

Relating to

\$75,940,000

**North Carolina Medical Care Commission
Retirement Facilities First Mortgage Revenue Bonds
(Sharon Towers)
Series 2019A**

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT, dated as of December 1, 2019 (the “*Amendment*”), is between the **NORTH CAROLINA MEDICAL CARE 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 nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina d/b/a Sharon Towers (the “*Corporation*”).

WHEREAS, the Commission and the Corporation have entered into that certain Loan Agreement, dated as of December 1, 2019 (the “*Original Loan Agreement*”), relating to the Commission’s North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Sharon Towers) Series 2019A (the “*Bonds*”);

WHEREAS, at the time of issuance of the Bonds, the Corporation had anticipated expanding by 46 independent living units;

WHEREAS, the Corporation now desires to expand by 42 independent units; and

WHEREAS, the reduction of in the number of independent living units requires changes to Sections 5.14 and 5.15 of the Loan Agreement;

NOW THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Commission and the Corporation agree as follows

Section 1. Amendment to Section 5.14 of Loan Agreement. Section 5.14 of the Loan Agreement is hereby replaced in its entirety and shall read as follows:

Section 5.14 Marketing Covenant. Beginning with the fiscal quarter ending December 31, 2019 and ending with the Stabilization Date, the Corporation will use its best efforts to have Presold Project Independent Living Units at or above the levels set forth below (measured as of the last day of the applicable quarter):

Quarter Ending	Percentage of Project Independent Living Units Presold
December 31, 2019	65%
March 31, 2020	69
June 30, 2020	69
September 30, 2020	76
December 31, 2020	80
March 31, 2021	80
June 30, 2021	84
September 30, 2021	84
December 31, 2021	84
March 31, 2022 and thereafter	89

If the percentage of Project Independent Living Units Presold for any fiscal quarter is less than the percentage set forth above for that date, the Obligated Group Representative will within 30 days thereafter submit an Officer’s

Certificate to the Bond Trustee and the MSRB setting forth in detail the reasons therefor and the plan to increase the percentage of Project Independent Living Units Presold to at least the levels set forth above for future periods.

If the percentage of Project Independent Living Units Presold for any two consecutive fiscal quarters is less than the percentage set forth above for those dates, the Obligated Group Representative will retain a Management Consultant pursuant to the procedures set forth in Section 3.16 of the Master Indenture to make recommendations, within 30 days thereafter (or such later date as results from following the process described in Section 3.16 of the Master Indenture), regarding the actions to be taken to increase the percentage of Project Independent Living Units Presold to at least the levels set forth above for future periods. Within 60 days of retaining any such Management Consultant, the Obligated Group Representative will cause a copy of the Management Consultant's report and recommendations, if any, to be filed with the Bond Trustee and a copy or summary thereof with the MSRB. The Corporation will follow each recommendation of the Management Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

Notwithstanding any other provision of this Agreement, failure of the Corporation to achieve the required marketing covenant will not constitute an Event of Default under this Agreement if the Corporation takes all action necessary to comply with the procedures described above for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined by the Governing Body of the Corporation) and permitted by law. Notwithstanding the foregoing, in the event that the percentage of Project Independent Living Units Presold for any four consecutive fiscal quarters is less than the percentage set forth above for those dates, the Obligated Group Representative will retain a different Management Consultant following the fourth consecutive fiscal quarter than the Management Consultant(s) used for the prior fiscal quarters.

Section 2. Amendment to Section 5.15 of Loan Agreement. Section 5.15 of the Loan Agreement is hereby replaced in its entirety and shall read as follows:

Section 5.15 Occupancy Covenant. The Corporation covenants that for each fiscal quarter commencing with the fiscal quarter which ends not less than 60 days following the issuance of the occupancy certificate for the Project Independent Living Units (but no earlier than the quarter ended December 31, 2021) and ending with the Stabilization Date (each an "*Occupancy Quarter*"), the Corporation will use its best efforts to have Occupied Project Independent Living Units at or above the levels set forth below (measured as of the last day of the applicable quarter):

<u>Occupancy Quarter</u>	<u>Percentage of Project Independent Living Units Occupied</u>
1	10%
2	43
3	52
4	65
5	76
6	86
7	89
8	91
9 and thereafter	93

If the percentage of Project Independent Living Units Occupied for any fiscal quarter is less than the percentage set forth above for that date, the Obligated Group Representative will within 30 days thereafter submit an Officer's Certificate to the Bond Trustee and the MSRB setting forth in detail the reasons therefor and the plan to increase the percentage of Project Independent Living Units Occupied to at least the levels set forth above for future periods.

If the percentage of Project Independent Living Units Occupied for any two consecutive fiscal quarters is less than the percentage set forth above for that date, the Obligated Group Representative will retain a Management Consultant pursuant to the procedures set forth in Section 3.16 of the Master Indenture to make recommendations, within 30 days thereafter (or such later date as results from following the process described in Section 3.16 of the Master Indenture), regarding the actions to be taken to increase the percentage of Project Independent Living Units Occupied to at least the levels set forth above for future periods. Within 60 days of retaining any such Management Consultant, the Obligated Group Representative will cause a copy of the Management Consultant's report and recommendations, if any, to be filed with the Bond Trustee and a copy or summary thereof with the MSRB. The Corporation will follow each recommendation of the Management Consultant to the extent feasible (as been determined in the reasonable judgment of the Governing Board of the Corporation) and permitted by law.

Notwithstanding any other provision of the Loan Agreement, failure of the Corporation to achieve the required occupancy covenant will not constitute an Event of Default under this Agreement if the Corporation takes all action necessary to comply with the procedures described above for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined by the Governing Body of the Corporation) and permitted by law. Notwithstanding the foregoing, in the event that the percentage of Project Independent Living Units Occupied for any four consecutive fiscal quarters is less than the percentage set forth above for those dates, the Obligated Group Representative will retain a different Management Consultant following

the fourth consecutive fiscal quarter than the Management Consultant(s) used for the prior fiscal quarters.

Section 3. Limitation on Amendments. This Amendment is limited precisely as written and will not be deemed to be a consent to any waiver or modification of any other terms or conditions of the Loan Agreement. All of the terms of the Loan Agreement not modified by this Amendment shall remain in full force and effect.

Section 4. Representations and Warranties. The Borrower hereby represents and warrants that no event has occurred and is continuing, or would result from the execution of this Amendment, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

Section 5. Severability. If any portion of this Amendment is determined to be invalid under any applicable law, such provision shall be deemed void and the remainder of this Amendment shall continue in full force and effect.

Section 6. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Amendment.

Section 7. Entire Contract. The Loan Agreement, as amended by this Amendment, constitutes the entire contract between the parties with respect to the matters covered therein, and this Amendment shall not be modified, amended, altered or changed except as the parties may subsequently agree in writing.

Section 8. Binding Effect. Subject to the specific provisions of this Amendment, this Amendment is binding on and inures to the benefit of the parties and their respective successors and assigns.

Section 9. Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the North Carolina Medical Care Commission has caused these presents to be signed in its name and on its behalf by its Vice Chairman and its official seal to be hereunto affixed and attested by its Assistant Secretary, and The Presbyterian Home at Charlotte, Inc. has caused these presents to be signed in its name and on its behalf by its President and Chief Executive Officer all as of the 1st day of May, 2020.

NORTH CAROLINA MEDICAL CARE COMMISSION

By: _____
Vice Chairman

[SEAL]

ATTEST:

Assistant Secretary

THE PRESBYTERIAN HOME AT CHARLOTTE, INC.

By: _____
President and Chief Executive Officer

[FIRST AMENDMENT TO LOAN AGREEMENT / THE PRESBYTERIAN HOME AT CHARLOTTE, INC.,
SERIES 2019A BONDS]

EXHIBIT B

Rex Hospital

Compliance Summary:

- **Violation of MCC Compliance policy (Section A Only)**
 - 1) Violation of 12 month compliance requirement (**Section B** of MCC Compliance Policy):
 - NONE
 - 2) Violation of multi-year history of non-compliance requirement (**Section A** of MCC Compliance Policy):
 - VIOLATION (FYE 2018, FYE 2017, & FYE 2016)
 - **FYE 2019 – No Findings**
 - FYE 2018 (Review of Routine Annual & Quarterly Filings) – 4 Findings
 - Late Schedule K filing
 - Late Operating and Capital Budget filing
 - Late Project Fund Status Report filing
 - Late 2nd Quarter Financial Report filing
 - FYE 2017 (Review of Routine Annual & Quarterly Filings) – 2 Findings
 - Late Schedule K filing
 - Late Project Fund Status Report filing
 - FYE 2016 – 2 Findings
 - Late Schedule K filing
 - Late Officer’s Certificate filing with regards to incurring new debt

Selected Application Information:

1) Information from FYE 2019 (6/30 Year End) Audit of Rex Hospital:

Operating income	\$ 62,207,000
Change in unrestricted net assets	\$224,491,000
Change in net assets	\$227,648,000
Net cash provided by operating activities	\$ 75,464,000
Unrestricted cash	\$312,044,000
Change in cash	\$172,275,000

2) Ratings:

S&P Global:	AA-; Stable
Fitch:	A+; Stable
Moody’s:	A2; Stable

3) Community Benefits (FYE 2019):

- Total Community Benefits and Charity Care - \$211,808,404
- Estimated Cost of Treating Bad Debt Patients - \$19,517,569

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2019	7.19
Forecasted	FYE	2020	5.70
Forecasted	FYE	2021	3.90
Forecasted	FYE	2022	5.90
Forecasted	FYE	2023	6.60
Forecasted	FYE	2024	7.10

5) Transaction Participants:

Financial Advisor	Ponder & Co.
Bond Counsel	Womble Bond Dickinson (US) LLP
Corporation Counsel	K&L Gates, LLP
Bank Purchaser	J.P. Morgan Chase Bank, N.A.
Bank Counsel	Parker Poe Adams & Bernstein LLP
Trustee	U.S. Bank National Association

6) Other Information:

(a) Board diversity

Male: 9
Female: 3
Total: 12

Caucasian: 10
African American: 2
12

(b) MCC Bond Sale Approval Policy Form – Attached (B-3)

NC MCC Bond Sale Approval Form	
Facility Name: Rex Hospital, Inc.	
	Time of Preliminary Approval
SERIES:	
PAR Amount	\$70,975,000.00
Estimated Interest Rate ⁽¹⁾	2.03%
All-in True Interest Cost	2.10%
Maturity Schedule (Interest) - Date	1/1/2021 - 7/1/2030
Maturity Schedule (Principal) - Date	7/1/2021 - 7/1/2030
Bank Holding Period (if applicable) - Date	7/1/2030
Estimated NPV Savings (\$) (if refunded bonds)	\$8,915,653
Estimated NPV Savings (%) (if refunded bonds)	12.64%
NOTES:	
(1) True Interest Cost is shown for Estimated Interest Rate.	

Exhibit B-2

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

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

MINUTES

**CALLED MEETING OF THE EXECUTIVE COMMITTEE OF THE COMMISSION
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE OFFICES OF THE COMMISSION**

**July 8, 2020
11:00 A.M.**

Members of the Commission Present:

John J. Meier, Jr. IV, M.D. , Chairman
Joseph D. Crocker, Vice-Chairman
Sally B. Cone
Albert F. Lockamy, Jr., RPh
Jeffrey S. Wilson

Members of the Executive Committee Absent:

Linwood B. Hollowell, III

Members of Staff Present:

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

Others Present:

Paul Billow, Womble Bond Dickinson, LLP (US)
Jon Mize, Womble Bond Dickinson, LLP (US)
Jeff Sahrbeck, Ponder & Co.
Andy Zukowski, Rex Hospital

1. **Purpose of Meeting**

To consider a resolution authorizing the sale and issuance of bonds, the proceeds of which will be loaned to Rex Hospital, Inc.

2. **Series Resolution Authorizing the Sale and Issuance of North Carolina Medical Care Commission Health Care Facilities Revenue Refunding Bonds (Rex Healthcare), Series 2020B (the “Bonds”)**.

Remarks were made on the refunding by Dr. John Meier, Mr. Joe Crocker, Mr. Paul Billow, Mr. Jeff Sahrbeck, and Mr. Geary Knapp.

Executive Committee Action: Motion by Mr. Joe Crocker, seconded by Mr. Al Lockamy, and unanimously adopted.

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

WHEREAS, Rex Hospital, Inc. (the “Corporation”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina which owns and operates, by itself and through controlled affiliates, various health care facilities; and

WHEREAS, the Corporation has made application to the Commission for a loan to be made to the Corporation for the purpose of providing funds, together with other available funds, to (a) currently refund all of the outstanding North Carolina Medical Care Commission Health Care Facilities Revenue and Revenue Refunding Bonds (Rex Healthcare), Series 2010A (the “2010A Bonds”) and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Bonds; and

WHEREAS, the Commission has, by resolution adopted on June 19, 2020, approved the issuance of the Bonds, subject to compliance 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 the Commission drafts or copies, as applicable, of the following documents relating to the issuance of the Bonds:

(a) Trust Agreement, to be dated as of July 1, 2020 (the “Trust Agreement”), between the Commission and U.S. Bank National Association, as trustee (the “Bond Trustee”), together with the form of the Bonds attached thereto;

(b) Loan Agreement, to be dated as of July 1, 2020 (the “Loan Agreement”), between the Commission and the Corporation;

(c) Contract of Purchase, to be dated the date of delivery thereof (the “Contract of Purchase”), between the North Carolina Local Government Commission (the “LGC”) and JPMorgan Chase Bank, National Association (the “Purchaser”), and approved by the Commission and the Corporation;

(d) Supplemental Indenture for Obligation No. 10, to be dated as of July 1, 2020 (“Supplemental Indenture No. 10”), between the Corporation and U.S. Bank National Association (in such capacity, the “Master Trustee”), supplementing an Amended and Restated Master Trust Indenture, dated as of October 1, 2010 (as amended or supplemented from time to time in accordance with its terms, the “Master Indenture”), by and among the Corporation, Rex Healthcare, Inc. (the “Parent Corporation”) and the Master Trustee;

(e) Supplemental Indenture for Obligation No. 11, to be dated as of July 1, 2020 (“Supplemental Indenture No. 11” and, together with Supplemental Indenture No. 10, the “Supplemental Indentures”), between the Corporation and the Master Trustee, supplementing the Master Indenture;

(f) the Master Indenture;

(g) Obligation No. 10, to be dated the date of delivery thereof (“Obligation No. 11” and, together with Obligation No. 10, the “Obligations”), to be issued by the Corporation to the Commission

(h) Obligation No. 11, to be dated the date of delivery thereof (“Obligation No. 10”), to be issued by the Corporation to the Purchaser;

(i) the Continuing Covenants Agreement, to be dated as of July 1, 2020 (the “Continuing Covenants Agreement”), among the Corporation, the Parent Corporation and the Purchaser; and

(j) the Rate Lock Letter Agreement, to be dated the date of delivery thereof (the “Rate Lock Agreement”), between the Corporation and the Purchaser; and

WHEREAS, the Commission has determined that the Parent Corporation and the Corporation are financially responsible and capable of fulfilling their respective obligations, as applicable, under each of the documents described above to which the Parent Corporation and/or the Corporation is a party; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed refinancing and that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the North Carolina Medical Care Commission as follows:

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the Bonds in the aggregate principal amount not-to-exceed \$72,000,000. The Bonds shall be dated as of the date of delivery thereof. The Bonds shall initially bear interest at a rate not-to-exceed 4.00% per annum, subject to adjustment in the manner provided in the Trust Agreement. The final maturity date of the Bonds shall be July 1, 2030. The preliminary mandatory sinking fund redemption schedule for the Bonds is set forth in Exhibit A hereto, which will be subject to change upon final sizing and pricing of the Bonds to achieve approximately level annual debt service savings.

The Bonds shall be issued as fully registered bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. Interest on the Bonds shall be payable semiannually on each January 1 and July 1, beginning January 1, 2021, until the Bonds are fully paid. Payments of principal of and interest on the Bonds shall be forwarded by the Bond Trustee to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption 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.

Section 5. The forms, terms and provisions of the Loan Agreement and the Trust Agreement are hereby approved in all respects, and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement and the Trust Agreement in substantially the forms presented to the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary or appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds as shall be set forth in the Contract of Purchase and the Rate Lock Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The forms, terms and provisions of the Contract of Purchase are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose is hereby authorized and directed to execute and deliver the Contract of Purchase in substantially the form presented to the Commission, together with such changes, modifications, insertions and deletions as such Chairman, the Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary or appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

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

Section 9. The Commission hereby approves the action of the LGC in authorizing the private sale of the Bonds to the Purchaser in accordance with the Contract of Purchase at a purchase price equal to 100% of the principal amount thereof.

Section 10. Upon execution of the Bonds 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 compliance with the provisions of 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 Bond Trustee for the Bonds.

Section 12. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary, Kathy C. Larrison, Auditor, Crystal M. Watson-Abbott, Auditor, and Jeff Harms, Interim Chief of the Construction Section of the Division of Health Service Regulation, 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 and the Trust Agreement.

Section 13. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman, the Secretary and any Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Loan Agreement, the Trust Agreement and the Contract of Purchase.

Section 14. The redemption of all of the outstanding 2010A Bonds in accordance with the provisions of the 2010A Bonds and the trust agreement relating thereto is hereby authorized, ratified and approved, and all prior actions taken by the Commission and its officers in connection with such redemption are hereby authorized, ratified and approved.

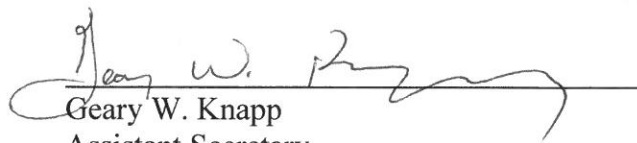
Section 15. A comparison of the professional fees as set forth in the resolution of the Commission granting preliminary approval of the Bonds with the actual professional fees incurred in connection with the Bonds is set forth as Exhibit B hereto.

Section 16. This Series Resolution shall take effect immediately upon its adoption.

3. **Adjournment**

There being no further business, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,


Geary W. Knapp
Assistant Secretary

PRELIMINARY MANDATORY SINKING FUND SCHEDULE

<u>Due July 1</u>	<u>Principal Amount</u>
2021	\$7,495,000
2022	7,630,000
2023	7,790,000
2024	6,395,000
2025	6,525,000
2026	6,660,000
2027	6,800,000
2028	6,940,000
2029	7,080,000
2030*	7,220,000*

* Maturity

PROFESSIONAL FEES

<u>Professional</u>	<u>Preliminary Approval</u>	<u>Actual</u>
Financial Advisor	\$70,975	\$70,535
Bond Counsel	70,000	65,000
Purchaser's Counsel	37,500	35,000
Corporation Counsel	47,500	45,000
Trustee (including counsel)	7,250	7,250

NC MCC Bond Sale Approval Form				
Facility Name: Rex Hospital, Inc.				
	Time of Preliminary Approval	Time of Final Approval	Total Variance	Explanation of Variance
SERIES:	Series 2020B	Series 2020B		
PAR Amount	\$70,975,000.00	\$70,535,000.00	(\$440,000.00)	Rex is funding COI / Accrued Interest from Equity
Estimated Interest Rate ⁽¹⁾	2.03%	1.64%	-0.39%	Bank interest rates have decreased
All-in True Interest Cost	2.10%	1.71%	-0.39%	Bank interest rates have decreased
Maturity Schedule (Interest) - Date	1/1/2021 - 7/1/2030	1/1/2021 - 7/1/2030	No Change	--
Maturity Schedule (Principal) - Date	7/1/2021 - 7/1/2030	7/1/2021 - 7/1/2030	No Change	--
Bank Holding Period (if applicable) - Date	7/1/2030	7/1/2030	No Change	--
Estimated NPV Savings (\$) (if refunded bonds)	\$8,915,653	\$10,117,521	\$1,201,868.59	Lower refunding cost of capital results in higher interest savings
Estimated NPV Savings (%) (if refunded bonds)	12.64%	14.34%	1.70%	Lower refunding cost of capital results in higher interest savings
NOTES:				
(1) True Interest Cost is shown for Estimated Interest Rate.				
(2) As of time of final approval, interest rates remain subject to change.				

Exhibit B/3

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

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

MINUTES

**CALLED MEETING OF THE EXECUTIVE COMMITTEE OF THE COMMISSION
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE OFFICES OF THE COMMISSION**

**July 30, 2020
11:00 A.M.**

Members of the Commission Present:

John J. Meier, IV, M.D., Chairman
Joseph D. Crocker, Vice-Chairman
Sally B. Cone
Linwood B. Hollowell, III
Albert F. Lockamy, Jr.
Jeffrey S. Wilson

Members of the Executive Committee Absent:

None

Members of Staff Present:

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

Others Present:

Kevin Dougherty,
John Franklin, Lutheran Services
Ted Goins, Lutheran Services
Kirby Nickerson, Lutheran Services
Seth Wagner, BB&T Capital Markets

1. Purpose of Meeting

To Consider a resolution authorizing the sale and issuance of bonds, the proceeds of which will be loaned to Lutheran Services for the Aging.

2. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$115,338,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES FIRST MORTGAGE REVENUE BONDS (LUTHERAN SERVICES FOR THE AGING), SERIES 2020A

Remarks were made on the financing by Mr. Kevin Dougherty, Mr. Geary Knapp, Dr. Meier, Mr. Joe Crocker, Mr. Kirby Nickerson, and Mr. Ted Goins.

Executive Committee Action: Motion was made to approve the financing by Mr. Joe Crocker, seconded by Mr. Al Lockamy, 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;

WHEREAS, each of Lutheran Services for the Aging, Inc. (the “Parent Corporation”), Lutheran Home Wilmington Property, Inc., Lutheran Home – Wilmington, Inc., LSA Elms Property, Inc., LSA Elms at Tanglewood, Inc., Lutheran Home Winston-Salem Property, Inc., Lutheran Home Forsyth County Property, Inc., Lutheran Home – Forsyth County, Inc., Lutheran Home Hickory West Property, Inc., Lutheran Home – Hickory West, Inc., LSA Management, Inc., LSA Pharmacy, Inc., Lutheran Home – Albemarle, Inc., Lutheran Home – Hickory, Inc., Lutheran Home at Trinity Oaks, Inc., Lutheran Home – Winston-Salem, Inc., Lutheran Home Albemarle Property, Inc., Lutheran Home Hickory Property, Inc., Lutheran Home at Trinity Oaks Property, Inc., Lutheran Services Property, Inc., Lutheran Retirement Center – Salisbury, Inc., Lutheran Retirement Center – Wilmington, Inc., Lutheran Retirement Center at Lutheridge, Inc., Lutheran Retirement Center – Clemmons, Inc., The Foundation For Abundant Living (formerly known as Lutheran Services for the Aging Foundation, Inc.) and Abundant Living Adult Day Services, Inc. (collectively with the Parent Corporation, the “Members of the Obligated Group”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “non-profit agency” within the meaning and intent of the Act; and

WHEREAS, the Parent Corporation has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) pay, or reimburse certain Members of the Obligated Group for paying, the cost of (a) constructing, equipping and furnishing an independent living retirement community that will be known as Trinity Landing, that will consist of a total of 184 residences in six two-story villa buildings with

six units each, three three-story villa buildings with eight units each, and a three-story main building with 124 apartments, that will be owned and operated by Lutheran Retirement Center-Wilmington, Inc., and that will be constructed on a site located in Wilmington, North Carolina, (b) renovating an existing assisted living and skilled nursing facility that is known as Trinity Place and constructing, equipping and furnishing a new wing to house 27 assisted living units at Trinity Place, that is owned by Lutheran Home Albemarle Property, Inc. and operated by Lutheran Home-Albemarle, Inc., and that is located in Albemarle, North Carolina, and (c) renovating an existing assisted living and skilled nursing facility that is known as Trinity Oaks health and rehab, that is owned by Lutheran Home at Trinity Oaks Property, Inc. and operated by Lutheran Home at Trinity Oaks, Inc., and that is located in Salisbury, North Carolina, (ii) fund the interest accruing on the Bonds (as hereinafter defined) for approximately 36 months and (iii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 21, 2019, has approved the issuance of the Bonds, subject to compliance by the Members of the Obligated Group with the conditions set forth in such resolution, and the Members of the Obligated Group have complied with such conditions to the satisfaction of the Commission; and

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

(a) the Contract of Purchase, to be dated the date of the issuance and sale of the Bonds or such other date as shall be agreed upon by the parties thereto (the “Contract of Purchase”), by and between the Local Government Commission of North Carolina (the “Local Government Commission”) and BB&T Community Holdings Co., First-Citizens Bank & Trust Company and Atlantic Union Public Finance, Inc., as Purchasers (collectively, the “Purchasers”), and approved by the Commission and the Members of the Obligated Group;

(b) the Loan Agreement, to be dated as of August 1, 2020 or such other date as shall be agreed upon by the parties thereto (the “Loan Agreement”), by and between the Members of the Obligated Group and the Commission, pursuant to which the Commission will lend the proceeds of the Bonds to certain Members of the Obligated Group;

(c) the Trust Agreement, to be dated as of August 1, 2020 or such other date as shall be agreed upon by the parties thereto (the “Trust Agreement”), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”), securing the Bonds;

(d) Supplemental Indenture for Obligation No. 10, to be dated as of August 1, 2020 or such other date as shall be agreed to by the parties thereto (“Supplemental Indenture No. 10”), by and between the Members of the Obligated Group and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”), supplementing the Master Trust Indenture, dated as of December 1, 2012 (as

supplemented and amended from time to time, the “Master Indenture”), by and between the Members of the Obligated Group and the Master Trustee;

(e) Obligation No. 10, to be dated the date of its delivery (“Obligation No. 10”), to be issued by the Members of the Obligated Group to the Commission and assigned by the Commission to the Bond Trustee;

(f) Supplemental Indenture for Obligation No. 11, to be dated as of August 1, 2020 or such other date as shall be agreed to by the parties thereto (“Supplemental Indenture No. 11”), by and between the Members of the Obligated Group and the Master Trustee, supplementing the Master Indenture;

(g) Obligation No. 11, to be dated the date of its delivery, to be issued by the Members of the Obligated Group to Truist Bank, as Administrative Agent (the “Administrative Agent”), for the benefit of the Purchasers, pursuant to the provisions of the Master Indenture and Supplemental Indenture No. 11;

(h) the Credit Agreement, to be dated as of August 1, 2020 or such other date as shall be agreed upon by the parties thereto (the “Credit Agreement”), by and among the Members of the Obligated Group, the Administrative Agent and the Purchasers;

(i) three Deeds of Trust, to be dated as of August 1, 2020 or such other date as shall be agreed to by the parties thereto (the “Additional Deeds of Trust”), from certain Members of the Obligated Group to a deed of trust trustee for the benefit of the Master Trustee; and

(j) Supplemental Master Trust Indenture No. 1, dated as of August 1, 2020 or such other date as shall be agreed to by the parties thereto (the “Supplemental Master Trust Indenture”), by and between the Members of the Obligated Group and the Master Trustee, amending in certain respects the Master Indenture; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and the financial forecast prepared by the Parent Corporation and examined by CliftonLarsonAllen LLP, the Members of the Obligated Group are financially responsible and capable of fulfilling their obligations under the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 10, Obligation No. 10, Supplement No. 11, Obligation No. 11, the Credit Agreement, the Additional Deeds of Trust and the Supplemental Master Trust Indenture; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that, taking into account historical financial performance and the financial forecast prepared by the Parent Corporation and examined by CliftonLarsonAllen LLP, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, AS FOLLOWS:

Section 1. Defined Terms. 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 Loan Agreement or the Trust Agreement.

Section 2. Authorization of Bonds. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of a series of revenue bonds consisting of up to \$115,338,000 aggregate principal amount of North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2020A (the “Bonds”).

The Bonds shall be dated the date of their issuance and delivery and shall be issued as fully registered bonds, initially in the denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, provided that the Bonds may be initially issued to, and purchased by, the Purchasers in any principal amount, and thereafter in denominations authorized by the provisions of the Trust Agreement. The Bonds shall consist of two maturities: (1) the Intermediate Term Bonds maturing on September 1, 2025 in the principal amount of up to \$41,250,000 and (2) the 2049 Term Bonds maturing on September 1, 2049 in the principal amount of up to \$74,088,000. Commencing on the date of Closing, the Bonds shall bear interest at the Bank-Bought Rate as set forth on Schedule 1 and made a part hereof. Interest on the Bonds shall be payable on each Interest Payment Date on so much of the principal amount of the Bonds as shall be advanced from time to time pursuant to the Contract of Purchase and the Credit Agreement. The Bank-Bought Minimum Holding Period for the Bonds shall commence on the Closing Date and shall end on September 1, 2025. The Bonds may be converted to bear interest under another Interest Rate Determination Method as provided in the Trust Agreement.

Section 3. Redemption. The Bonds shall be subject to optional and extraordinary optional redemption at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement. The 2049 Term Bonds shall also be subject to mandatory sinking fund redemption as set forth on Schedule 2 and made a part hereof.

Section 4. Optional and Mandatory Tender for Purchase. The Bonds shall be subject to optional and mandatory tender for purchase at the times, upon the terms and conditions, and at the price set forth in the Trust Agreement.

Section 5. Use of Bond Proceeds. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to certain Members of the Obligated Group for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act. The proceeds of the Bonds shall be advanced as set forth in Section 2.10 of the Trust Agreement.

Section 6. Authorization of Loan Agreement and Trust Agreement. The forms, terms and provisions of the Loan Agreement and the Trust Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in

writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement and the Trust Agreement in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. Authorization of Contract of Purchase. The form, terms and provisions of the Contract of Purchase are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Contract of Purchase in substantially the form presented to the officers and staff of the Commission, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. Form of Bonds. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, 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 to the officers and staff of the Commission, 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 9. Approval of Other Financing Documents. The forms, terms and provisions of the Supplement No. 10, Obligation No. 10, Supplement No. 11, Obligation No. 11, the Credit Agreement, the Additional Deeds of Trust and the Supplemental Master Trust Indenture are hereby approved in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 6 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 9.

Section 10. Purchase of Bonds. The Commission hereby approves the action of the Commission in awarding the Bonds to the Purchasers at a price not exceeding \$115,338,000 (representing the maximum principal amount of the Bonds). Payment for the Bonds by the Purchasers from time to time shall be made at the purchase price of 100% of so much of the principal amount of the Bonds as shall be advanced from time to time pursuant to the Contract of

Purchase and the Credit Agreement. The Members of the Obligated Group will separately pay, on the date of Closing, the Purchasers an aggregate fee of \$432,517.50 in consideration for such purchase.

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, subject to the satisfaction of the terms of Section 2.10 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Purchasers against payment therefor.

Section 11. Commission Representatives. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Jeff Harms, Chief of the Construction Section of the Division of Health Service Regulation, Crystal M. Watson-Abbott, Auditor to the Commission, and Kathy C. Larrison, Auditor to the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement and Trust Agreement, with full power to carry out the duties set forth therein.

Section 12. Ancillary Actions. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 10, Obligation No. 10, Supplement No. 11, Obligation No. 11, the Contract of Purchase, the Credit Agreement, the Additional Deeds of Trust and the Supplemental Master Trust Indenture.

Section 13. Professional Fees. A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is attached to this Series Resolution as Schedule 3 and made a part hereof.

Section 14. Effective Date. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Intermediate Term Bonds

- (79% of One-Month LIBOR) + 1.9750%⁽¹⁾
- (79% of One-Month LIBOR) + 1.7775%⁽²⁾

⁽¹⁾ Before Certificate of Occupancy for Trinity Landing.

⁽²⁾ On and after Certificate of Occupancy for Trinity Landing.

No Sinking Fund Requirements: Due 9/01/2025

2049 Term Bonds

- (79% of One-Month LIBOR) + 2.0935%⁽¹⁾
- (79% of One-Month LIBOR) + 1.7775%⁽²⁾

⁽¹⁾ Before Stabilization (90% occupancy of the independent living units at Trinity Landing).

⁽²⁾ On and after Stabilization (90% occupancy of the independent living units at Trinity Landing).

In each case, One-Month LIBOR will be subject to a 0.75% floor.

Schedule 2

2049 Term Bonds

Sinking Fund Requirements

Year (September 1)	Amount
2024	\$ 161,000
2025	2,008,000
2026	2,070,000
2027	2,132,000
2028	2,193,000
2029	2,268,000
2030	2,334,000
2031	2,406,000
2032	2,476,000
2033	2,557,000
2034	2,638,000
2035	2,717,000
2036	2,798,000
2037	2,888,000
2038	2,975,000
2039	3,070,000
2040	3,159,000
2041	3,262,000
2042	3,361,000
2043	3,463,000
2044	3,572,000
2045	3,682,000
2046	3,794,000
2047	3,915,000
2048	4,033,000
2049*	4,156,000

* Maturity

Schedule 3

Professional Fees

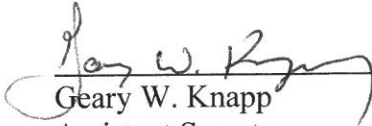
Professional	Preliminary Approval ⁽¹⁾	Actual
Underwriters' Counsel	\$78,000	\$95,000
Corporation Counsel	80,000	97,500
Bond Counsel	175,000	180,000
Trustee Counsel	25,000	7,500
Bank Counsel	65,000	110,000
Feasibility Study	158,059	224,463
Accountants	35,000	58,000
Underwriter Discount/Placement Fee	2,019,600	576,690
Financial Advisor to Corporation	—	85,000
Syndication Agent	—	461,352
Swap Advisor to Corporation	—	20,000

(1) At the time of the preliminary approval of this plan of finance, the precise number of series of bonds and the terms of such series of bonds had not yet been determined. It is now contemplated that one series of bonds, Series 2020A, placed with a syndicate of banks, will be issued for this plan of finance.

3. Adjournment

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

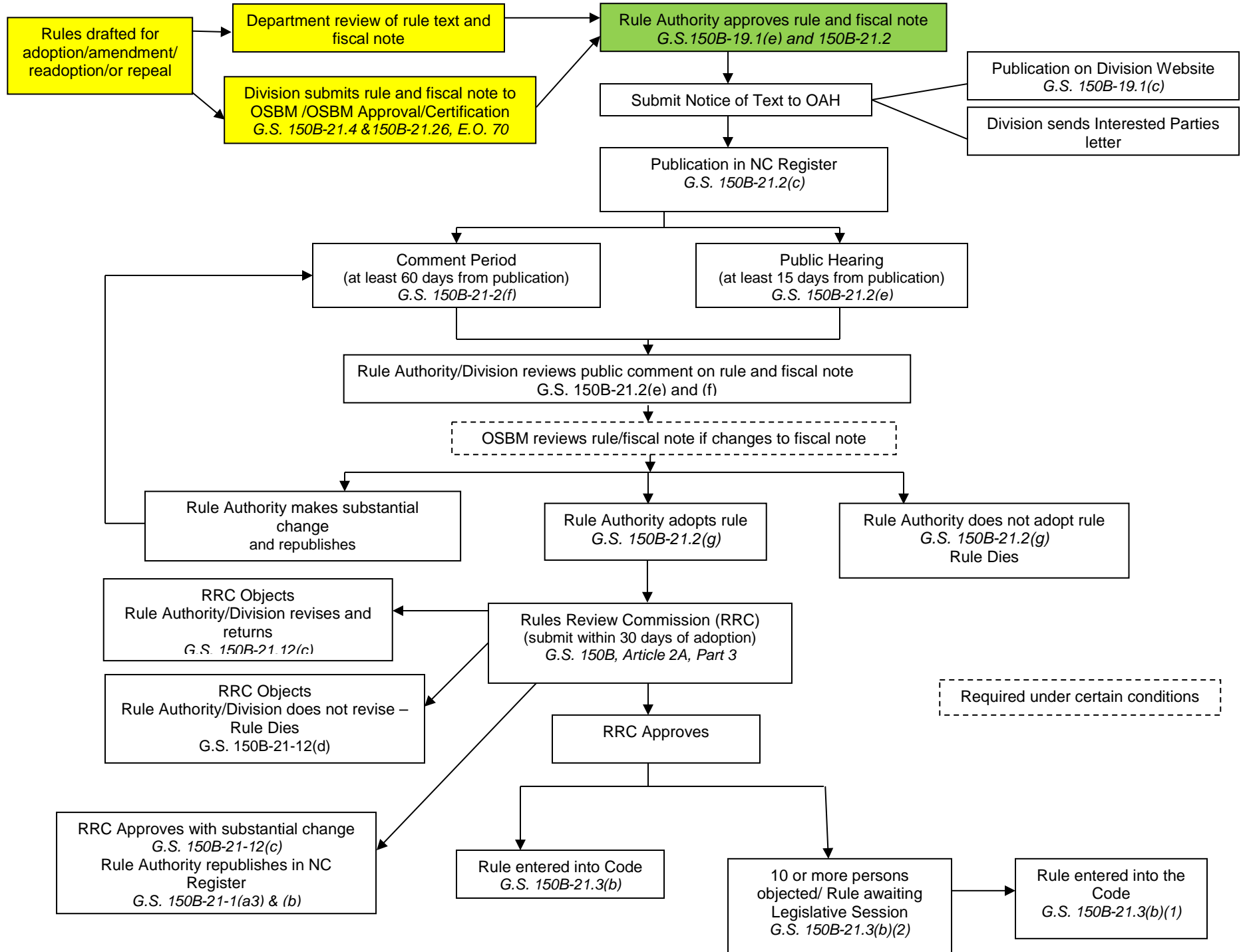
Respectfully submitted,


Geary W. Knapp
Assistant Secretary

NC MCC Bond Sale Approval Form					
Facility Name: Lutheran Services Carolinas					
	Time of Preliminary Approval	Time of Mailing POS (if applicable)	Time of Final Approval	Total Variance	Explanantion of Variance
SERIES: 2020A (Entrance Fee Portion)	Series 2019 Entrance Fee Bank Loan				
PAR Amount	\$46,250,000.00	\$41,250,000.00	\$41,250,000.00	(\$5,000,000.00)	Lowered EF Loan to keep cash for general corporate purposes
Estimated Interest Rate	2.34%	2.17%	2.47%	0.13%	Higher credit spreads
All-in True Interest Cost	2.31%	2.14%	3.14%	0.83%	Higher credit spreads, higher COI
Maturity Schedule (Interest) - Date	12/1/2024	3/1/2025	9/1/2025	6 months	Delay in financing, re: COVID
Maturity Schedule (Principal) - Date	12/1/2024	3/1/2025	9/1/2025	6 months	Delay in financing, re: COVID
Bank Holding Period (if applicable) - Date	12/11/2019 to 12/1/2024	4/15/2020 to 3/1/2025	8/6/2020 to 9/1/2025	6 months	Delay in financing, re: COVID
Estimated NPV Savings (\$) (if refunded bonds)	N/A	N/A	N/A		
Estimated NPV Savings (%) (if refunded bonds)	N/A	N/A	N/A		
NOTES:	\$46,250,000 of the PAR amount is assumed to be an Entrance Fee backed Bank Loan				
	Time of Preliminary Approval	Time of Mailing POS (if applicable)	Time of Final Approval	Total Variance	Explanantion of Variance
SERIES: 2020A					
PAR Amount	\$111,515,000.00	\$117,505,000.00	\$74,088,000.00	(\$37,427,000.00)	Not refinancing any existing debt
Estimated Interest Rate	5% to 5.50%	4% to 5.00%	2.85%	-2.65%	Bank Loan structure
All-in True Interest Cost	5.53%	4.63%	2.96%	-2.57%	Bank Loan structure
Maturity Schedule (Interest) - Date	3/1/2049	3/1/2050	9/1/2049	6 months	Delay in financing, re: COVID
Maturity Schedule (Principal) - Date	3/1/2049	3/1/2050	9/1/2049	6 months	Delay in financing, re: COVID
Bank Holding Period (if applicable) - Date	N/A	N/A	8/6/2020 to 8/1/2025		Bank Loan structure
Estimated NPV Savings (\$) (if refunded bonds)	N/A	N/A	N/A	N/A	
Estimated NPV Savings (%) (if refunded bonds)	N/A	N/A	N/A	N/A	
NOTES:	Project and CapEx reimbursement as Fixed Rate Bonds MCC Series 2017 refinanced as Fixed Rate Bonds				

Process for Medical Care Commission to Initiate Rulemaking

Exhibit C



1 10A NCAC 130 .0301 is proposed for amendment as follows:
2

3 **SECTION .0300 - NURSE AIDE I REGISTRY**
4

5 **10A NCAC 130 .0301 NURSE AIDE I TRAINING AND COMPETENCY EVALUATION**

6 (a) To be eligible to be listed on the NC Nurse Aide I Registry by the Health Care Personnel Education and
7 Credentialing Section, a person ~~shall~~ shall:

8 (1) pass a Nurse Aide I training program approved by the Department in accordance with 42 CFR ~~Part~~
9 483.151 through ~~Part~~ 42 CFR 483.152 and the State of North Carolina's Nurse Aide I competency
10 ~~exam.~~ exam; or

11 (2) apply to the Department for approval to be listed on the NC Nurse Aide I Registry by reciprocity of
12 a nurse aide certification or registration from another State to North Carolina.

13 (b) In applying for reciprocity of a nurse aide certification or registration to be listed on the NC Nurse Aide I Registry
14 pursuant to Subparagraph (a)(2) of this Rule, the applicant shall:

15 (1) submit a completed application to the Department that includes the following:

16 (A) first, middle, and last name;

17 (B) the applicant's prior name(s), if any;

18 (C) mother's maiden name;

19 (D) gender;

20 (E) social security number;

21 (F) date of birth;

22 (G) mailing address;

23 (H) email address;

24 (I) home telephone number;

25 (J) any other State registries of nurse aides upon which the applicant is listed;

26 (K) certification or registration numbers for any State nurse aide registries identified in Part
27 (b)(1)(J) of this Rule;

28 (L) original issue dates for any certifications or registrations identified in Part (b)(1)(K) of this
29 Rule;

30 (M) expiration dates for any certifications or registrations identified in Part (b)(1)(K) of this
31 Rule; and

32 (N) employment history;

33 (2) provide documentation verifying that his or her registry listing is active and in good standing in the
34 State(s) of reciprocity, dated no older than 30 calendar days prior to the date the application is
35 received by the Department; and

36 (3) provide a copy of his or her Social Security card and an unexpired government-issued identification
37 containing a photograph and signature.

1 (c) For the applicant to be approved for reciprocity of a nurse aide certification or registration and be listed on the NC
2 Nurse Aide I Registry, the Department shall verify the following:

- 3 (1) the applicant has completed an application in accordance with Subparagraph (b)(1) of this Rule;
- 4 (2) the applicant is listed on another State's registry of nurse aides as active and in good standing;
- 5 (3) the applicant has no pending or substantiated findings of abuse, neglect, exploitation, or
6 misappropriation of resident or patient property recorded on other State registries of nurse aides;
- 7 (4) if the applicant has been employed as a nurse aide for monetary compensation consisting of at least
8 a total of eight hours of time worked performing nursing or nursing-related tasks delegated and
9 supervised by a Registered Nurse, then the applicant shall provide the employer name, employer
10 address, and dates of employment for the previous 24 consecutive months;
- 11 (5) the name listed on the Social Security card and government-issued identification containing a
12 photograph and signature submitted with the application matches the name listed on another State's
13 registry of nurse aides or that the applicant has submitted additional documentation verifying any
14 name changes; and
- 15 (6) the applicant completed a State-approved nurse aide training and competency evaluation program
16 that meets the requirements of 42 CFR 483.152 or a State-approved competency evaluation program
17 that meets the requirements of 42 CFR 483.154.

18 (d) The Department shall within 10 business days of receipt of an application for reciprocity of a nurse aide
19 certification or registration or receipt of additional information from the applicant:

- 20 (1) inform the applicant by letter whether he or she has been approved; or
- 21 (2) request additional information from the applicant.

22 The applicant shall be added to the NC Nurse Aide I Registry within three business days of Department approval.

23 ~~(b)~~ (e) This Rule incorporates 42 CFR Part 483 Subpart D by reference, including all subsequent amendments and
24 editions. Copies of the Code of Federal Regulations may be accessed electronically free of charge from
25 www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR.

26 ~~(e)~~ (f) The State of North Carolina's Nurse Aide I competency exam shall include each course requirement specified
27 in the Department-approved Nurse Aide I training program as provided for in 42 CFR ~~Part~~ 483.152.

28 ~~(d)~~ (g) The State of North Carolina's Nurse Aide I competency exam shall be administered and evaluated only by the
29 Department or its contracted testing agent as provided for in 42 CFR ~~Part~~ 483.154.

30 ~~(e)~~ (h) The Department shall include a record of completion of the State of North Carolina's Nurse Aide I competency
31 exam in the NC Nurse Aide I Registry within 30 ~~business~~ days of passing the written or oral exam and the skills
32 demonstration as provided for in 42 CFR ~~Part~~ 483.154.

33 ~~(f)~~ (i) If the State of North Carolina's Nurse Aide I competency exam candidate does not pass the written or oral exam
34 and the skills demonstration as provided for in 42 CFR ~~Part~~ 483.154, the candidate shall be advised by the Department
35 of the areas that the individual did not pass.

1 ~~(g)~~ (j) Every North Carolina's Nurse Aide I competency exam candidate shall ~~have, as provided for in 42 CFR Part~~
2 ~~483.154,~~ have, the opportunity to take the exam at maximum three times before being required to retake and pass a
3 Nurse Aide I training program.

4 ~~(h)~~ A person who is currently listed on any state's Nurse Aide I Registry shall not be required to take the Department-
5 approved Nurse Aide I training program to be listed or, if his or her 24 month listing period has expired, relisted on
6 the NC Nurse Aide I Registry, unless the person fails to pass the State of North Carolina's Nurse Aide I competency
7 exam after three attempts.

8 ~~(i)~~ (k) U.S. military personnel who have completed medical corpsman training and retired or non-practicing nurses
9 shall not be required to take the Department-approved Nurse Aide I training program to be listed or relisted on the
10 Nurse Aide I Registry, unless the person fails to pass the State of North Carolina's Nurse Aide I competency exam
11 after three attempts.

12
13 *History Note:* Authority G.S. 131E-255; 42 CFR ~~Part 483;~~ 483.150; 42 CFR 483.151; 42 CFR 483.152; 42 CFR
14 483.154; 42 CFR 483.156; 42 CFR 483.158;
15 Eff. January 1, 2016;
16 Emergency Amendment Eff. April 20, 2020;
17 Temporary Amendment Eff. June 26, 2020. 2020;
18 Amended Eff. April 1, 2021.

Impact Analysis: Healthcare Personnel Registry Nurse Aide Reciprocity Permanent Rule Amendment

Agency: N.C. Medical Care Commission

Rule Citation(s): 10A NCAC 130 .0301
 (*See proposed rule in Appendix)

Agency Contact: Jana Busick, Chief, HCPEC
 jana.busick@dhhs.nc.gov
 919-855-3757
 Nadine Pfeiffer, Rule Review Manager
 Nadine.pfeiffer@dhhs.nc.gov
 919-855-3811

Rulemaking Authority: G.S. 131E-255

Impact Summary: State Government: Yes
 Local Government: No
 Private Entities: Yes
 Substantial Impact: No

Introduction

In April 2020, the North Carolina Medical Care Commission, in accordance with General Statute 150B-21.1A(b), adopted an emergency rule amendment and simultaneously proposed a temporary rule amendment for 10A NCAC 130 .0301 Nurse Aide I Training and Competency Evaluation due to the serious and unforeseen threat to the public health and safety by the COVID-19 virus. The emergency amendment, that became effective April 26, 2020, allowed reciprocity for out-of-state nurse aides who are active and in good standing on another State’s nurse aide registry, waiving the state’s competency examination. The temporary rule amendment that continued allowing reciprocity became effective June 26, 2020.

This rule proposes to make permanent the amendments to the rule allowing reciprocity for out-of-state nurse aides who are active and in good standing on another State’s nurse aide registry. Thus, reciprocity will directly benefit the citizens of North Carolina during the COVID-19 crisis and in the future as the population continues to grow and as more citizens are over the age of 65 and receive care in Skilled Nursing Facilities (SNFs) and Nursing Facilities (NFs).

Background and Purpose

Nurse aides augment the care nurses provide by performing routine duties of caring for patients or residents under the direction of a Registered Nurse or Licensed Practical Nurse. Federal law requires states to confirm and register nurse aides who provide care in nursing homes. This confirmation and registration is obtained through a state-approved nurse aide training program and a state-approved competency examination.

North Carolina’s population is growing and aging. In 2019, North Carolina had an estimated population of approximately 10.5 million people. In addition, approximately 16.5.% of individuals were aged 65 or

over. By 2038, North Carolina is projected to have a population of 12.9 million people. Between years 2019 and 2038, the population aged 65 and over is projected to grow at a rate of more than 2.5 times faster than the total population. By 2038, projections indicate that 21% of the population will be aged 65 and over.¹

Every two years, in conjunction with the Bureau of Labor Statistics (BLS), the North Carolina Department of Commerce publishes a 10-year industry and occupation employment projections for statewide and sub-state areas. It is predicted that by 2026, the Healthcare Support Occupations group will be one of the fastest growing occupational groups in North Carolina with an annualized growth rate of 1.9%. The Healthcare Support Occupations group includes healthcare aides, assistants, etc. Table 1 depicts the employment estimate in 2017 and 2026 for the Health Care Support Occupations group.²

Table 1

Occupational Group	Employment Estimate 2017	Employment Estimate 2026	Net Change	Percent Change	Annualized Growth Rate	2017 Annual Median Wage
Healthcare Support Occupations	154,974	183,303	29,329	18.9%	1.9%	\$25,420

Mercer, a global health care staffing consultancy, conducted a labor market analysis and projected that the US will likely face a shortage of 95,000 nursing assistants in 2020.³ Table 2 depicts the North Carolina Department of Commerce’s projected average annual openings for the Healthcare Support Occupations group from years 2017 to 2026.²

Table 2

Average Annual Openings	Number of Positions
Due to Occupational Separations	18,883
Due to Growth	3,259

On March 10, 2020, the Governor of North Carolina, by issuing Executive Order No.116, declared a state of emergency to coordinate a response and enact protective measures to help prevent the spread of COVID-19. The COVID-19 is a respiratory disease that can result in serious illness or death. The World Health Organization, the Center for Disease Control and Prevention and the United States Department of Health and Human Services declared COVID-19 a public health emergency. In conjunction with government guidance, on March 16, 2020, the state-approved nurse aide I competency exam vendor, NCS Pearson, Inc. d/b/a Pearson VUE, suspended all nurse aide competency examinations in North Carolina until conditions were deemed safe to re-open.

In response to the COVID-19 crisis, the Center for Medicaid and Medicare Services (CMS) waived 42 CFR §483.35(d), except for 42 CFR §483.35(d)(1)(i)), so that they do not present barriers for skilled nursing facilities (SNFs) or nursing facilities (NFs) to provide adequate levels of staffing for the duration of the COVID-19 pandemic. Included in the waiver was 42 CFR §483.35(d)(1)(ii)(A) which references the requirement that a facility must not use an individual working in the facility as a nurse aide for more

¹ OSBM population estimates and projections: <https://www.osbm.nc.gov/demog/county-projections>

² NC Department of Commerce – Labor & Economic Analysis Division: https://files.nc.gov/nccommerce/documents/LEAD/Projections/2026_NC_Employment_Projections_Summary.pdf

³ CNN Business: <https://money.cnn.com/2018/05/04/news/economy/health-care-workers-shortage/index.html>

than 4 months, on a full-time basis, unless the individual has completed a training and competency evaluation program approved by the State.

Prior to COVID-19, states and health care providers were reporting a shortage of nurse aides. In a report to Congress, CMS determined that 2.4 nurse aide staffing hours per resident per day provided the most impact on short-stay quality outcomes related to hospital transfers for potentially avoidable causes (e.g., urinary tract infections, sepsis, electrolyte imbalance). In addition, CMS determined that 2.8 nurse aide staffing hours per resident per day provided the most impact on long-stay quality outcomes (e.g., functional improvement, incidence of pressure sores, incidence of skin trauma, resisting care improvement and weight loss).⁴ Overall, an overwhelming majority of North Carolina’s skilled nursing facilities do not meet the recommended nurse aide staffing hours per resident per day threshold (Table 3 and Table 4).⁵ The average nurse aide staffing hours per resident per day in North Carolina is 2.17.⁵

Table 3

State	The Percentage of Skilled Nursing Facilities Below the 2.4 Nurse Aide Staffing Hours Per Resident Per Day Threshold	N Value
US	62%	9,213
NC	78%	319
GA	87%	305
SC	66%	117
TN	87%	270
VA	82%	230

Table 4

State	The Percentage of Skilled Nursing Facilities Below the 2.8 Nurse Aide Staffing Hours Per Resident Per Day Threshold	N Value
US	84%	9,213
NC	90%	319
GA	96%	305
SC	83%	117
TN	96%	270
VA	90%	230

Description of Proposed Rule

By implementing reciprocity, North Carolina will recognize the validity of other State nurse aide registries. An out-of-state nurse aide, provided they meet the criteria listed below, will no longer be required to complete the North Carolina nurse aide I competency examination in order to be listed on the North Carolina Nurse Aide I Registry. The current competency examination includes both a written (or oral) examination and a skills evaluation. An individual must pass both components of the examination to be listed on the North Carolina Nurse Aide I Registry.

⁴ Congressional Report:

https://www.justice.gov/sites/default/files/elderjustice/legacy/2015/07/12/Appropriateness_of_Minimum_Nurse_Staffing_Ratios_in_Nursing_Homes.pdf

⁵ Centers for Medicare and Medicaid Services: Nursing Home Compare data analyzed on May 1, 2020

The following reciprocity criteria must be met for an out-of-state nurse aide to be listed on the North Carolina Nurse Aide I Registry.

- The applicant must submit a complete reciprocity application.
- The applicant must be listed on another State’s registry of nurse aides as active and in good standing.
- The applicant has no pending or substantiated findings of abuse, neglect, exploitation, or misappropriation of resident or patient property recorded on other State registries of nurse aides.
- if the applicant has been employed as a nurse aide for monetary compensation consisting of at least a total of eight hours of time worked performing nursing or nursing-related tasks delegated and supervised by a Registered Nurse, then the applicant shall provide the employer name, employer address, and dates of employment for the previous 24 consecutive months.
- The name listed on an applicant’s Social Security card and unexpired government-issued identification containing a photograph and signature submitted with the application must match the name listed on another State’s registry of nurse aides or that the applicant has submitted additional documentation verifying any name changes.
- The applicant completed a State-approved nurse aide training and competency evaluation program that meets the requirements of 42 CFR 483.152 or a State-approved competency evaluation program that meets the requirements of 42 CFR 483.154.

Impact Analysis

By allowing reciprocity, the agency expects to reduce costs and turnaround times for out-of-state nurse aides seeking work in North Carolina. In addition, reciprocity could increase the number of out-of-state applicants seeking approval to work in North Carolina compared to the past three years, but the extent of this effect is uncertain. Compared to current rules, reciprocity may help to address nurse aide staffing needs but waiving the competency exam also increases the potential risk to residents and patients.

Out-of-State Nurse Aides

Under current rules, out-of-state nurse aides must pass the North Carolina nurse aide I competency examination. The fee to complete both the written (or oral) examination and skills evaluation is \$120. An individual continues to pay an examination fee each time they do not pass a component of the exam. An out-of-state nurse aide has three opportunities to complete and pass the examination before they are required to retake nurse aide training. Table 5 depicts the fees associated with the North Carolina nurse aide I competency examination.⁶

Table 5*

Examination Type	Fee
Written Examination and Skills Evaluation	\$120
Oral (English or Spanish) Examination & Skills Evaluation	\$120
Written Examination Only (re-test)	\$30
Oral (English or Spanish) Examination Only (re-test)	\$30
Skills Evaluation Only (re-test)	\$90

* The first time an individual takes the competency examination, they must complete both the written (or oral) examination and the skills evaluation.

⁶ Fees are associated with NCS Pearson, Inc. d/b/a Pearson VUE. Pearson VUE is the state-approved nurse aide I competency evaluation program vendor

Reciprocity waives the competency examination requirement to be listed on the North Carolina Nurse Aide I Registry and therefore the associated fees that must be incurred by an out-of-state nurse aide. Table 6 indicates that in each of the last three years, at minimum, approximately 700 out-of-state nurse aides were approved by the agency to take the North Carolina nurse aide I competency examination in order to be listed on the NC Nurse Aide I Registry. If the trend continues, the total savings to out-of-state nurse aides is a minimum of \$84,000.

Table 6*

Calendar Year	The Total Number of Training Waivers Approved by the Agency	The Number of Training Waivers Approved from Out-of-State Nurse Aides to Take the Competency Examination in North Carolina	The Percentage of Total Training Waivers Approved from Out-of-State Nurse Aides
2017	1520	900	59%
2018	1365	800	59%
2019	1300	700	54%

*Approximations

Reciprocity expedites the timeframe by at least 12 days for an out-of-state nurse aide to be listed on the NC Nurse Aide I Registry and thus supports healthcare facilities in the ability to fill nurse aide vacancies sooner. Prior to reciprocity, out-of-state nurse aides were required to apply for a training waiver in order to not have to complete the state-approved nurse aide training in North Carolina. On average, each training waiver application is reviewed by the agency within two or three business days. Once the waiver application is approved, then the agency notifies the state-approved competency examination vendor so that the out-of-state nurse aide can register and select a date to take the competency examination. Out-of-state nurse aides can register within approximately two days of agency approval but must wait an additional 12 days to take the exam so that the state-approved competency examination vendor can ensure adequate examination personnel and testing materials are at each test site. In some instances, an out-of-state nurse aide may have to wait beyond the 12 days depending on the availability of test dates.

Healthcare Facilities and Clients

According to a report published in 2002 by the Office of Inspector General, nurse aides care for between 10-15 nursing home residents per shift and find it difficult to deliver quality care to all residents entrusted to them, especially when positions remain unfilled.⁷ Therefore, reciprocity does address the nurse aide staffing shortage in North Carolina. However, reciprocity may increase the risk to clients and place an additional burden on healthcare facilities for on-the-job training since approximately 66% of out-of-state nurse aides do not pass the nurse aide I competency examination the first time. Assuming applicant trends continue, over 450 out of state nurse aide applicants fail their competency exam annually; these applicants would be added to North Carolina’s Registry under reciprocity.⁸

Tables 7 indicates that approximately 33% of out-of-state nurse aides successfully passed the North Carolina nurse aide I competency examination the first time. Table 8 depicts the number of out-of-state nurse aides that took the competency examination more than once and passed.⁸

⁷ Office of Inspector General: <https://oig.hhs.gov/oei/reports/oei-05-01-00030.pdf>

⁸ Data provided by NCS Pearson, Inc. d/b/a Pearson VUE. Pearson VUE is the state-approved nurse aide I competency evaluation program vendor.

Table 7*

Fiscal Year	Written (Or Oral) Examination Passed	Skills Evaluation Examination Passed	Passed Both Examinations
July 1, 2016 to June 30, 2017	483	137	135
July 1, 2017 to June 30, 2018	430	137	134
July 1, 2018 to June 30, 2019	399	159	156

*First time test takers only

Table 8*

Fiscal Year	Written (Or Oral) Examination Passed	Skills Evaluation Examination Passed
July 1, 2016 to June 30, 2017	19	75
July 1, 2017 to June 30, 2018	12	72
July 1, 2018 to June 30, 2019	11	76

*Repeat test takers only

To ensure the safety of those receiving care by nurse aides, the North Carolina Board of Nursing has determined the nursing tasks which can be performed by nurse aides in North Carolina. In addition, the North Carolina Board of Nursing requires that a registered nurse validate the competencies of each nurse aide prior to delegating nursing tasks. Ultimately, a licensed nurse maintains accountability and responsibility for the delivery of safe and competence care. The licensed nurse must monitor the client's status and response to care provided on an ongoing basis.⁹

Decisions regarding the delegation of tasks to nurse aides are made by the licensed nurse on a case-by-case basis. All the following criteria must be met before delegation of any task can occur:⁹

- The task is performed frequently in the daily care of a client or group of clients
- The task is performed according to an established sequence of steps.
- The task involves little to no modification from one client situation to another.
- The task may be performed with a predictable outcome.
- The task does not involve on-going assessment, interpretation or decision-making that cannot be separated from the task itself.
- The task does not endanger the client's life or well-being.

Division of Health Service Regulation (DHSR)

From April 20, 2020 to June 20, 2020, DHSR received 788 reciprocity applications.

- 368 applications were approved
- 27 applications were denied
- 374 applications were deemed incomplete
- 19 applications had a pending status

DHSR receives approximately 20 reciprocity applications per business day. If this trend continues, DHSR will receive approximately 5,000 reciprocity applications annually.

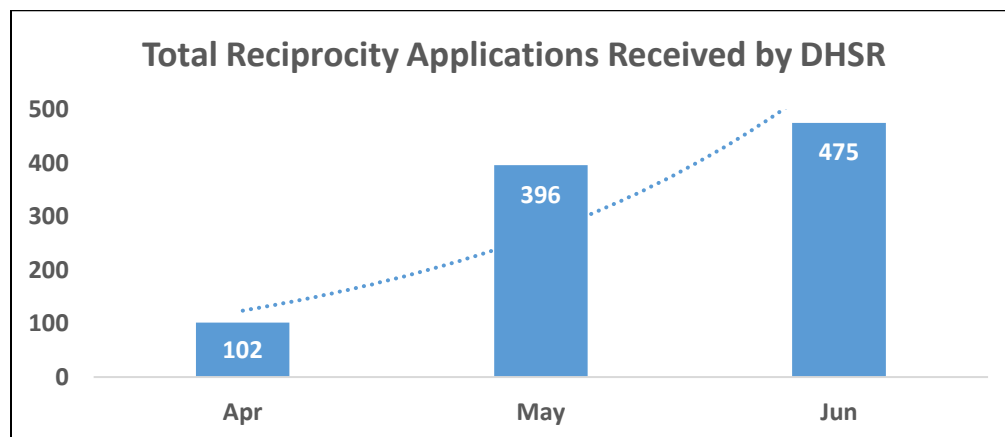
⁹ North Carolina Board of Nursing: <https://www.ncbon.com/vdownloads/nurse-aide/nurse-aide-i-tasks-2010-revisions.pdf>

The amount of time needed by staff to process each reciprocity application is approximately 60 minutes. Staffing costs are approximately \$27 per hour including wages and benefits. The total estimated annual cost for DHSR staff to process 5,000 reciprocity applications is \$135,000.

The average number of days from when DHSR receives a reciprocity application to when DHSR notifies the applicant of the agency’s decision is approximately 4 business days. This timeframe is in alignment with other states.

- Georgia: 14 business days
- Missouri: 7-10 days
- Montana: 5-7 days
- Nebraska: 30 days
- Rhode Island: a minimum of 8 weeks for the entire licensure process to be completed
- Tennessee: 1 week
- Virginia: 30-45 business days

The permanent rule allows DHSR 10 business days to process a reciprocity application. Currently, DHSR’s processing rate is 4 business days. According to the graph below, the number of reciprocity applications received from April 20, 2020 to June 28, 2020 has increased each month. The rule currently allows for adequate processing time. However, if the number of applications continues to increase exponentially, DHSR will need additional staff to meet the 10-business day timeframe.



Summary

Overall, North Carolina should implement reciprocity not only during the COVID-19 pandemic but seek to make reciprocity a permanent rule in year 2021. As the population in North Carolina continues to increase, specifically regarding individuals aged 65 and older, North Carolina will likely experience an annual nurse aide staffing shortage due to either occupational separations or occupational growth.¹⁰ As vacancies regarding nurse aide positions in nursing homes increase, it becomes even more challenging for existing nurse aides to deliver quality of care to all residents entrusted to them.¹¹

Reciprocity aims to reduce the nurse aide shortage in North Carolina. By implementing reciprocity, the requirement for all out-of-state nurse aides, in active and good standing status, to take the nurse aide I competency examination in order to be listed on the NC Nurse Aide I Registry is no longer required. In addition, reciprocity eliminates the financial burden for out-of-state nurse aides to pay at least \$120 to

¹⁰ NC Department of Commerce – Labor & Economic Analysis Division: https://files.nc.gov/nccommerce/documents/LEAD/Projections/2026_NC_Employment_Projections_Summary.pdf

¹¹ Office of Inspector General: <https://oig.hhs.gov/oei/reports/oei-05-01-00030.pdf>

take the nurse aide I competency examination. Furthermore, reciprocity expedites the timeframe by at least 12 days for an out-of-state nurse aide to be listed on the NC Nurse Aide I Registry and thus supports healthcare facilities in the ability to fill nurse aide vacancies sooner.

However, reciprocity may increase the risk to clients and place an additional burden on healthcare facilities for on-the-job training. Assuming applicant trends continue, approximately 66% of out-of-state nurse aide applicants fail the competency examination annually; these applicants would be added to the North Carolina Nurse Aide I Registry under reciprocity.¹²

The overall estimated projected annual cost to DHSR to implement reciprocity is \$135,000. Since the implementation of reciprocity in April 2020, as an emergency rule and temporary rule, DHSR has received approximately 20 reciprocity applications per business day. Of the applications received, approximately 50% are approved. Thus, if this trend continues, reciprocity has the potential to add more than 2,000 nurse aides annually to help alleviate the nurse aide shortage in North Carolina.

¹² Data provided by NCS Pearson, Inc. d/b/a Pearson VUE. Pearson VUE is the state-approved nurse aide I competency evaluation program vendor.

Appendix: Proposed Rule Text

10A NCAC 130 .0301 is proposed for amendment as follows:

SECTION .0300 - NURSE AIDE I REGISTRY

10A NCAC 130 .0301 NURSE AIDE I TRAINING AND COMPETENCY EVALUATION

(a) To be eligible to be listed on the NC Nurse Aide I Registry by the Health Care Personnel Education and Credentialing Section, a person ~~shall~~ shall:

- (1) pass a Nurse Aide I training program approved by the Department in accordance with 42 CFR ~~Part~~ 483.151 through ~~Part~~ 42 CFR 483.152 and the State of North Carolina's Nurse Aide I competency ~~exam.~~ exam; or
- (2) apply to the Department for approval to be listed on the NC Nurse Aide I Registry by reciprocity of a nurse aide certification or registration from another State to North Carolina.

(b) In applying for reciprocity of a nurse aide certification or registration to be listed on the NC Nurse Aide I Registry pursuant to Subparagraph (a)(2) of this Rule, the applicant shall:

- (1) submit a completed application to the Department that includes the following:
 - (A) first, middle, and last name;
 - (B) the applicant's prior name(s), if any;
 - (C) mother's maiden name;
 - (D) gender;
 - (E) social security number;
 - (F) date of birth;
 - (G) mailing address;
 - (H) email address;
 - (I) home telephone number;
 - (J) any other State registries of nurse aides upon which the applicant is listed;
 - (K) certification or registration numbers for any State nurse aide registries identified in Part (b)(1)(J) of this Rule;
 - (L) original issue dates for any certifications or registrations identified in Part (b)(1)(K) of this Rule;
 - (M) expiration dates for any certifications or registrations identified in Part (b)(1)(K) of this Rule; and
 - (N) employment history;
- (2) provide documentation verifying that his or her registry listing is active and in good standing in the State(s) of reciprocity, dated no older than 30 calendar days prior to the date the application is received by the Department; and
- (3) provide a copy of his or her Social Security card and an unexpired government-issued identification containing a photograph and signature.

(c) For the applicant to be approved for reciprocity of a nurse aide certification or registration and be listed on the NC Nurse Aide I Registry, the Department shall verify the following:

- (1) the applicant has completed an application in accordance with Subparagraph (b)(1) of this Rule;
- (2) the applicant is listed on another State's registry of nurse aides as active and in good standing;
- (3) the applicant has no pending or substantiated findings of abuse, neglect, exploitation, or misappropriation of resident or patient property recorded on other State registries of nurse aides;
- (4) if the applicant has been employed as a nurse aide for monetary compensation consisting of at least a total of eight hours of time worked performing nursing or nursing-related tasks delegated and supervised by a Registered Nurse, then the applicant shall provide the employer name, employer address, and dates of employment for the previous 24 consecutive months;
- (5) the name listed on the Social Security card and government-issued identification containing a photograph and signature submitted with the application matches the name listed on another State's registry of nurse aides or that the applicant has submitted additional documentation verifying any name changes; and
- (6) the applicant completed a State-approved nurse aide training and competency evaluation program that meets the requirements of 42 CFR 483.152 or a State-approved competency evaluation program that meets the requirements of 42 CFR 483.154.

(d) The Department shall within 10 business days of receipt of an application for reciprocity of a nurse aide certification or registration or receipt of additional information from the applicant:

- (1) inform the applicant by letter whether he or she has been approved; or
- (2) request additional information from the applicant.

The applicant shall be added to the NC Nurse Aide I Registry within three business days of Department approval.

~~(b)~~ (e) This Rule incorporates 42 CFR Part 483 Subpart D by reference, including all subsequent amendments and editions. Copies of the Code of Federal Regulations may be accessed electronically free of charge from www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR.

~~(e)~~ (f) The State of North Carolina's Nurse Aide I competency exam shall include each course requirement specified in the Department-approved Nurse Aide I training program as provided for in 42 CFR ~~Part~~ 483.152.

~~(d)~~ (g) The State of North Carolina's Nurse Aide I competency exam shall be administered and evaluated only by the Department or its contracted testing agent as provided for in 42 CFR ~~Part~~ 483.154.

~~(e)~~ (h) The Department shall include a record of completion of the State of North Carolina's Nurse Aide I competency exam in the NC Nurse Aide I Registry within 30 ~~business~~ days of passing the written or oral exam and the skills demonstration as provided for in 42 CFR ~~Part~~ 483.154.

~~(f)~~ (i) If the State of North Carolina's Nurse Aide I competency exam candidate does not pass the written or oral exam and the skills demonstration as provided for in 42 CFR ~~Part~~ 483.154, the candidate shall be advised by the Department of the areas that the individual did not pass.

~~(g)~~ (j) Every North Carolina's Nurse Aide I competency exam candidate shall ~~have, as provided for in 42 CFR Part 483.154,~~ have the opportunity to take the exam at maximum three times before being required to retake and pass a Nurse Aide I training program.

~~(h) A person who is currently listed on any state's Nurse Aide I Registry shall not be required to take the Department-approved Nurse Aide I training program to be listed or, if his or her 24-month listing period has expired, relisted on~~

~~the NC Nurse Aide I Registry, unless the person fails to pass the State of North Carolina's Nurse Aide I competency exam after three attempts.~~

(+) (k) U.S. military personnel who have completed medical corpsman training and retired or non-practicing nurses shall not be required to take the Department-approved Nurse Aide I training program to be listed or relisted on the Nurse Aide I Registry, unless the person fails to pass the State of North Carolina's Nurse Aide I competency exam after three attempts.

History Note: Authority *G.S. 131E-255; 42 CFR ~~Part 483;~~ 483.150; 42 CFR 483.151; 42 CFR 483.152; 42 CFR 483.154; 42 CFR 483.156; 42 CFR 483.158;*

Eff. January 1, 2016;

Emergency Amendment Eff. April 20, 2020;

Temporary Amendment Eff. June 26, ~~2020~~ 2020;

Amended Eff. April 1, 2021.

Exhibit D



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

June 24, 2020

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Re: **Evaluation of Statement of Economic Interest Filed by Ms. Kathy Barger**
Prospective Appointee to the North Carolina Medical Care Commission

Dear Governor Cooper:

Our office has received **Ms. Kathy Barger's** 2020 Statement of Economic Interest as a prospective appointee to the **North Carolina Medical Care Commission (the "Commission")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest or the likelihood for a conflict of interest.

The North Carolina Medical Care Commission was created to adopt statewide plans for the construction and maintenance of public and private hospitals, medical centers, and related facilities, including the approval of projects in the amounts of grants-in-aid from funds by both federal and state governments. The Commission is charged with administering the Health Care Facilities Finance Act (N.C.G.S. Chapter 131A), which enables the Commission to issue tax-exempt revenue bonds to finance healthcare facility projects, including those that involve medical equipment. In addition, the Commission has the authority to adopt rules, regulations and standards for the different types of hospitals to be licensed, the operation of nursing homes, the inspection, licensure and operation of adult care homes, including personnel requirements of staff employed in adult care homes. The Commission also adopts rules providing for the accreditation of facilities that perform mammography and other procedures.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated

persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Ms. Barger would fill the role of a member nominated by the North Carolina Hospital Association. She retired March 31, 2020 and was previously employed by the law firm of K&L Gates LLP, as a healthcare consultant.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Kathy Barger
Attachment: Ethics Education Guide

Exhibit D/1



STATE ETHICS COMMISSION

POST OFFICE BOX 27685
RALEIGH, NC 27611
PHONE: 919-814-3600

Via Email

June 23, 2020

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Re: **Evaluation of Statement of Economic Interest Filed by Dr. Neel G. Thomas**
Prospective Appointee to the North Carolina Medical Care Commission

Dear Governor Cooper:

Our office has received **Dr. Neel G. Thomas'** 2020 Statement of Economic Interest as a prospective appointee to the **North Carolina Medical Care Commission (the "Commission")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The North Carolina Medical Care Commission was created to adopt statewide plans for the construction and maintenance of public and private hospitals, medical centers, and related facilities, including the approval of projects in the amounts of grants-in-aid from funds by both federal and state governments. The Commission is charged with administering the Health Care Facilities Finance Act (N.C.G.S. Chapter 131A), which enables the Commission to issue tax-exempt revenue bonds to finance healthcare facility projects, including those that involve medical equipment. In addition, the Commission has the authority to adopt rules, regulations and standards for the different types of hospitals to be licensed, the operation of nursing homes, the inspection, licensure and operation of adult care homes, including personnel requirements of staff employed in adult care homes. The Commission also adopts rules providing for the accreditation of facilities that perform mammography and other procedures.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated

persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Dr. Thomas would fill the role of an at-large member on the Commission. Because he is a physician with Regional Anesthesia, PLLC which could seek financing through the Commission, he has the potential for a conflict of interest. Therefore, Dr. Thomas should exercise appropriate caution in the performance of his public duties should issues involving Regional Anesthesia, PLLC come before the Commission for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

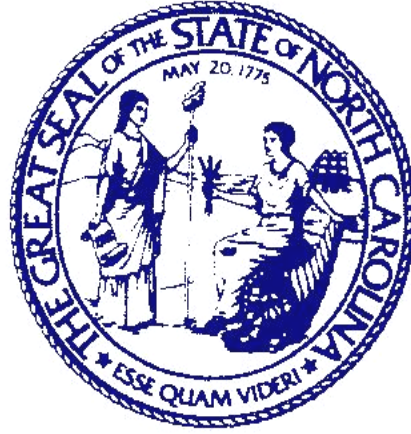
Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Dr. Neel G. Thomas
Attachment: Ethics Education Guide



**THE NORTH CAROLINA
MEDICAL CARE COMMISSION
RESOLUTION OF APPRECIATION**

PATRICK D. SEBASTIAN

WHEREAS, Patrick D. Sebastian was a member of the North Carolina Medical Care Commission from September 21, 2016 until June 30, 2020; and

WHEREAS, Mr. Sebastian served with a devotion of interest far beyond the call of duty with the highest integrity, graciousness, and efficiency; and

WHEREAS, during Mr. Sebastian's tenure, the Medical Care Commission assisted many hospitals and other health care facilities with tax exempt bond financing; and

WHEREAS, during Mr. Sebastian's tenure, significant program rules were revised and/or adopted to ensure the quality of health services to the people of North Carolina; and

NOW, THEREFORE, BE IT RESOLVED that the North Carolina Medical Care Commission does hereby record its great appreciation for the services of Mr. Sebastian; and

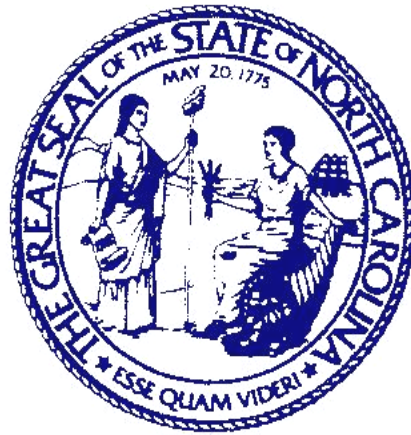
BE IT RESOLVED, FURTHER, that this resolution be recorded in the permanent minutes of the Commission.

Resolved this the 14th day of August 2020.

John J. Meier, IV, M.D., Chairman

ATTEST:

S. Mark Payne, Secretary



**THE NORTH CAROLINA
MEDICAL CARE COMMISSION
RESOLUTION OF APPRECIATION
J. WILLIAM PAUGH**

WHEREAS, William J. Paugh was a member of the North Carolina Medical Care Commission from September 21, 2016 until June 30, 2020; and

WHEREAS, Mr. Paugh served with a devotion of interest far beyond the call of duty with the highest integrity, graciousness, and efficiency; and

WHEREAS, during Mr. Paugh's tenure, the Medical Care Commission assisted many hospitals and other health care facilities with tax exempt bond financing; and

WHEREAS, during Mr. Paugh's tenure, significant program rules were revised and/or adopted to ensure the quality of health services to the people of North Carolina; and

WHEREAS, Mr. Paugh has further devoted his time and attention to the Medical Care Commission activities of serving as a member of its Executive Committee;

NOW, THEREFORE, BE IT RESOLVED that the North Carolina Medical Care Commission does hereby record its great appreciation for the services of Mr. Paugh; and

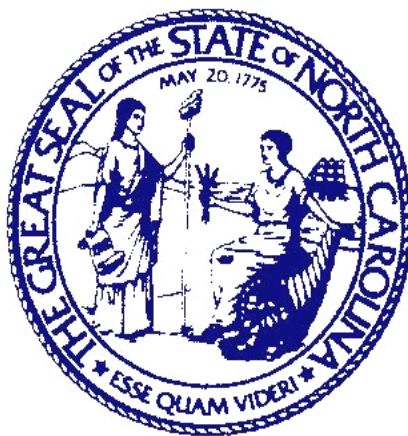
BE IT RESOLVED, FURTHER, that this resolution be recorded in the permanent minutes of the Commission.

Resolved this the 14th day of August 2020.

John J. Meier, IV, M.D., Chairman

ATTEST:

S. Mark Payne, Secretary



**THE NORTH CAROLINA
MEDICAL CARE COMMISSION
RESOLUTION OF APPRECIATION
CHARLES H. HAUSER**

WHEREAS, Charles H. Hauser was a member of the North Carolina Medical Care Commission from May 10, 2014 until June 30, 2020; and

WHEREAS, Mr. Hauser served with a devotion of interest far beyond the call of duty with the highest integrity, graciousness, and efficiency; and

WHEREAS, during Mr. Hauser's tenure, the Medical Care Commission assisted many hospitals and other health care facilities with tax exempt bond financing; and

WHEREAS, during Mr. Hauser's tenure, significant program rules were revised and/or adopted to ensure the quality of health services to the people of North Carolina; and

WHEREAS, Mr. Hauser has further devoted his time and attention to the Medical Care Commission activities of serving as a member of its Executive Committee;

NOW, THEREFORE, BE IT RESOLVED that the North Carolina Medical Care Commission does hereby record its great appreciation for the services of Mr. Hauser; and

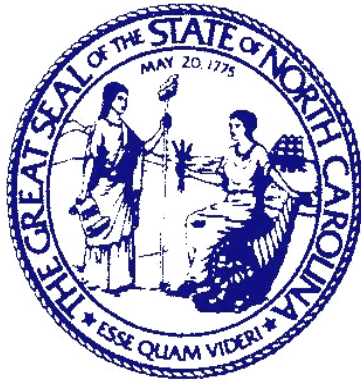
BE IT RESOLVED, FURTHER, that this resolution be recorded in the permanent minutes of the Commission.

Resolved this the 14th day of August 2020.

John J. Meier, IV, M.D., Chairman

ATTEST:

S. Mark Payne, Secretary



**THE NORTH CAROLINA
MEDICAL CARE COMMISSION
RESOLUTION OF APPRECIATION**

STEVEN C. LEWIS

WHEREAS, Steven C. Lewis served as the Chief of the Construction Section of the Division of Health Service Regulation from February 1, 2010 until May 31, 2020 and in that position served as an instrumental member of the Commission's staff; and

WHEREAS, Mr. Lewis served with a devotion of interest beyond the call of duty with integrity, graciousness, and efficiency; and

WHEREAS, during Mr. Lewis' tenure, the Commission assisted many healthcare entities with tax exempt financing for the construction, renovation and equipping of many healthcare facilities; and

WHEREAS, Mr. Lewis' fostered a spirit of cooperation and partnership between the borrowers and the Commission ensuring the delivery of quality projects that both enhanced the ability of the borrowers to serve their patients and clients and the reputation of the Commission in the financial markets; and

WHEREAS, during Mr. Lewis' tenure, significant program rules were revised and /or adopted to ensure the delivery of quality healthcare services to the people of North Carolina; and

NOW, THEREFORE, BE IT RESOLVED that the North Carolina Medical Care Commission does hereby record its great appreciation for the services of Mr. Lewis; and

BE IT RESOLVED, FURTHER, that this resolution be recorded in the permanent minutes of the Commission.

Resolved this 14th day of August 2020.

John J. Meier, IV, M.D., Chairman

ATTEST:

S. Mark Payne, Secretary

Exhibit F

NC Medical Care Commission

Compliance Policy

NC MCC Compliance Policy

- ▶ Two-pronged Approach
 - ▶ Multi-Year History
 - ▶ NC MCC will not issue debt if entity has exhibited multi-year history on noncompliance
 - ▶ Noncompliance in past 12 Months
 - ▶ NC MCC will not issue debt if entity has not been in compliance for at least the past 12 months prior to filing an application
- ▶ Authority to Grant Exemption to the Policy
 - ▶ 6 Month Compliance Prong
 - ▶ NC MCC can grant an Exemption if entity has been in compliance for past 6 months prior to filing an application and documents mitigating circumstances for noncompliance
 - ▶ Overall Exemption Prong (Exemption to the Exemption)
 - ▶ NC MCC can, at its discretion, grant an complete exemption to the policy

Compliance Determinants

- ▶ Bond Documents
 - ▶ Master Trust Agreement
 - ▶ Approximately 25 covenants/requirements
 - ▶ Trust Agreement
 - ▶ Approximately 20 covenants/requirements
 - ▶ Loan Agreement
 - ▶ Approximately 45 - 50 covenants/requirements
 - ▶ Tax Certificate
 - ▶ Approximately 10 - 12 covenants/requirements
 - ▶ Bank Agreements (Bank-Bought Bond Deals)
 - ▶ NC MCC gets certification they are in compliance with Bank's requirements

Compliance Process

- ▶ Compliance “Checklist” prepared by Bond Counsel
 - ▶ Contains both routine and non-routine requirements
 - ▶ Staff provides training/reviews on the Bond Documents
- ▶ Full Compliance Review by Staff (Annual)
 - ▶ Staff provides questionnaire covering non-routine events
 - ▶ “Checklist” for routine events provided/available
 - ▶ No assessment of Materiality
- ▶ Compliance Results Provided to Entity

Current Compliance Status

- ▶ 35 Health Care Facilities Finance Act Participants
 - ▶ 17 Hospitals/Health Care Systems
 - ▶ 17 CCRCs
 - ▶ 1 “Other” (DePaul - Assisted Living)
- ▶ 5 Participants are “Problems”
 - ▶ Repeat offenders
 - ▶ Difficulty in getting consistency in filings / Poor Communication
 - ▶ Common theme among group: Constant change of who is in charge of compliance
- ▶ 30 Participants are “Good”
 - ▶ Make compliance a priority
 - ▶ Good communication
 - ▶ Majority would still need an “exemption” to our current compliance policy

Feedback From Participants

- ▶ Materiality Assessment
- ▶ Always Ask for Exemption?
- ▶ Exemption Ruling on a Quarterly Basis
- ▶ Excessive Amount of Covenants/Requirements
- ▶ No Violation of SEC & IRS Rules/Filing Requirements
- ▶ No Opportunity to Remedy/Adjustments w/out Penalty

Materiality

- ▶ Public Company Audit Oversight Board (PCAOB)
 - ▶ Set Audit/Attestation Standards for CPA/CPA Firms
 - ▶ For Compliance Attestation Engagements: Materiality must be assessed even if engagement is for complete compliance review of all terms (AT § 601.36 - .37)
- ▶ Materiality Assessment for Tax-Exempt Bond Compliance Includes:
 - ▶ Entities Compliance Culture
 - ▶ Consequential and Significant Events
 - ▶ Goals/Needs of Compliance

Goal and Needs of Compliance

- ▶ MSRB (SEC) rules and regulations are met
 - ▶ 16 Filing Requirement to EMMA (MSRB's website for investors)
- ▶ Market-driven covenants are met (Bond Holders)
 - ▶ Bond-holders require certain metrics/disclosures as part of the buying process
- ▶ Bonds maintain tax-exempt status (IRS)
 - ▶ 2 main categories for IRS requirements
 - ▶ Arbitrage & Rebate
 - ▶ Use of Bond Proceeds & Bond-Financed Facilities
- ▶ Facility is maintaining financial viability (NC MCC)
 - ▶ Approximately 5 key items NC MCC needs
 - ▶ Quarterly Financials; Annual Audited Financial Statements; Covenant to Maintain Debt Service Ratio; Certificates from Officers regarding Compliance; Various Restrictions on Future Debt

Role of NC MCC in Compliance Policy

- ▶ Regulatory Function vs. Protection Function
 - ▶ Regulatory = Focus on Penalty
 - ▶ Protection = Focus on Steps to Remain Compliant
- ▶ Facilitate Communication
 - ▶ Time component
- ▶ Ensure Appropriate Compliance Environment
 - ▶ Designated Compliance Officer
 - ▶ Training / Succession Plan
 - ▶ Reporting mechanisms for noncompliance
 - ▶ Record Retention

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, it is the policy of the Commission to make reviews as in its judgment are necessary and desirable to determine the feasibility and desirability of health care entities; and

Whereas, it is the policy of the Commission to provide guidance to the health care entities as to what the Commission considers feasible and desirable; 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) 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) 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 13th day of November, 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.

New Policy:

- (A) A health care entity shall have fifteen (15) days to provide a response to the Commission upon notice of a compliance deficiency.
- (B) A health care entity shall have thirty (30) days after providing the initial response required under A to remedy the compliance deficiency.
- (C) The Commission will not issue debt for a health care entity which has violated A or B in the past 18 months.
- (D) A health care entity which is denied the issuance of debt under C may petition the Commission for consideration of an exemption to the policy, if the health care entity provides documentation of mitigating circumstances warranting consideration by the Commission.
- (E) The Commission, may at its discretion, grant an exemption to the policy.

Application Changes:

The NCMCC Application will contain the following questions:

- 1) Does organization have a formal post tax issuance compliance policy?
- 2) Who in the organization will be designated to ensure appropriate compliance with the future tax-exempt issuance?
- 3) What is your organization's compliance monitoring plan?
- 4) How will the organization report compliance deficiencies to leadership and the Board?

Exhibit H

NC Medical Care Commission

Health Care Facilities Finance Act Process

Health Care Facilities Finance Act

- ▶ Goal of HCFFA: Promote the public health and welfare by providing means for financing, refinancing, acquiring, constructing, equipping and providing of health care facilities to serve the people of the State and to make accessible to them modern and efficient health care facilities (G.S 131A - 2).
- ▶ NCMCC accomplishes the goal of the HCFFA by issuing tax-exempt bonds to qualified health care facilities (501(c)3 CCRCs) for construction and equipment projects

STEP 1: APPLICATION

- ▶ Application Components:
 - ▶ Description of project
 - ▶ Financing Structure
 - ▶ Sources & Uses of Funds for the Project
 - ▶ Past 3 years of Audited Financial Statements
 - ▶ Over past 15 years, only a small number of “new” program participants
 - ▶ Current & 5 Year Forecast of LTDSCR
 - ▶ Diversity Info
 - ▶ Hospitals - Provide Board Diversity
 - ▶ CCRCs - Provide Board & Resident Diversity
 - ▶ Community Benefits
 - ▶ Hospitals - As reported on IRS Form 990 (Schedule H)
 - ▶ CCRCs - As reported on NC DOR Form AV-11
 - ▶ Resident Fees for CCRCs
 - ▶ Any required Certificate of Need for project

STEP 2: REVIEW APPLICATION

- ▶ NCMCC Staff
 - ▶ Goal: Project meets initial standards of financial feasibility and qualifies for an approval request from the NCMCC
 - ▶ Statutory Guidance (G.S. § 131A-5)
 - ▶ Need
 - ▶ Financially responsible and capable of fulfilling obligation
 - ▶ Adequate provisions for payment (principle and interest)
 - ▶ Public services and facilities available (utilities)
 - ▶ Review Audited Financial Statements
 - ▶ Review compliance history for current program participants
 - ▶ For non-program participant would review any EMMA filings for past public debt obligations (if any)
 - ▶ Review 5 year forecasted LTDSCR Ratio
- ▶ DHSR Construction Staff
 - ▶ Goal: Project appears to be code compliant; has the potential to meet applicable Licensure rules, NC Building Codes, and any referenced standards; and useful life of project will equal term of the bond
 - ▶ Review drawings/description of project (SDs/DDs/CDs)
- ▶ Preliminary meeting with Facility to vet project, discuss project timeline, and any compliance issues

STEP 3: PREPARE NCMCC PRELIMINARY RESOLUTION

- ▶ “Attachment”
 - ▶ Compliance Findings
 - ▶ Financial Information from last Audited Financial Statements
 - ▶ Operating Income; Net Income; Change in Unrestricted Net Assets; Change in Net Assets; Net Cash provided by Operating Activities; Unrestricted Cash; Change in Cash
 - ▶ Ratings
 - ▶ Community Benefits
 - ▶ LTDSVC Coverage Ratio Forecast
 - ▶ Transaction Participants
 - ▶ Diversity Numbers
 - ▶ Bond Sale Approval Form (Interest Estimates)
- ▶ Presentation
 - ▶ Address any concerns raised by NCMCC Staff (Financial trends/Diversity/Community Benefits)
 - ▶ Overview of Facility; Description of Project; Forecasted Financials; Summary of Financing
- ▶ Resolution
 - ▶ Project Description
 - ▶ Sources & Uses of Funds
 - ▶ Asking for preliminary Approval

STEP 4: PRELIMINARY APPROVAL OF PROJECT

- ▶ Preliminary Approval subject to final financial feasibility & final construction approval
- ▶ New Construction Projects are presented at Quarterly Meeting
- ▶ Refundings can occur via teleconference with Executive Committee of NCMCC
- ▶ Statutory Guidance (G.S. § 131A-5) for approving a project
 - ▶ Need
 - ▶ Financially responsible and capable of fulfilling obligation
 - ▶ Adequate provisions for payment (principle and interest)
 - ▶ Public services and facilities available (utilities)

STEP 5: FINALIZE FINANCIAL FEASIBILITY & LEGAL DOCUMENTS

- ▶ Final Financial Feasibility
 - ▶ Feasibility Study
 - ▶ 5 Year AUP Forecast (Independent Auditor)
 - ▶ 5 Year AUP Forecast (Internally generated)
- ▶ Feasibility Study/Forecast contain 5 year forecasted:
 - ▶ Balance Sheet; Statement of Operations and Changes in Net Assets; Statement of Cash Flows; Financial Ratios; Summary of Significant Forecast Assumptions and Accounting Policies
- ▶ NCMCC Staff will notify the Executive Committee if the “final” financial feasibility has materially changed from what was presented on initial application/presentation
 - ▶ Further approval required
- ▶ Legal Documents include:
 - ▶ Loan Agreement; Trust Agreement; Official Statement; Continuing Disclosure Agreement; Bond Purchase Agreement; Tax Certificate

STEP 6: FINALIZE DH SR CONSTRUCTION REVIEW

- ▶ Sign-off on CDs
 - ▶ Complete set of architectural, structural, & engineering drawings
 - ▶ Used by contractor to bid, obtain permits, & build the project
- ▶ GMP (Guaranteed Maximum Price) is fixed
- ▶ Local Jurisdiction has approved drawings/issues
- ▶ Project meets relevant Licensure Rules, applicable codes, applicable standards, and has a useful life equal to the term of the bonds (30 years)

STEP 7: OBTAIN LGC APPROVAL

- ▶ NC requires LGC approval before NCMCC can issue bonds
- ▶ LGC facilitates the issuance of NCMCC bonds after approval
- ▶ Currently, LGC requires Steps 1 thru 6 to be complete prior to putting a NCMCC Bond Project on their agenda
 - ▶ For CCRCs, LGC also requires NC Department of Insurance (NCDOI) to approve “Step 3” for Independent Living construction
 - ▶ NCDOI is charged with annual financial review of CCRCs
- ▶ LGC meets monthly to approve projects

STEP 8: OBTAIN NCMCC FINAL APPROVAL

- ▶ Resolution containing final Bond sizing and Legal Documents executed for the transaction
- ▶ NCMCC Staff schedules a final approval call only after final feasibility and final DHSR Construction approval is secured
- ▶ Executive Committee Grants Final Approval
 - ▶ For a public offering; Approval occurs the day after the bonds are sold
- ▶ Executive Committee meets when needed via teleconference

STEP 9: ANNUAL COMPLIANCE REVIEW

- ▶ Compliance is based on the terms agreed upon in the various legal documents
- ▶ Terms in the legal documents address:
 - ▶ SEC Filing Requirements (if a Public Offering)
 - ▶ Bank Filing Requirements (if a Private Placement (Bank-Bought) Offering)
 - ▶ Bond-Holder Requirements
 - ▶ Items Bond-Holders require for their interest in purchasing
 - ▶ NCMCC Requirements
 - ▶ Quarterly Financial Statements
 - ▶ Officer Certificates
 - ▶ Independent Auditor Certificate
 - ▶ Various “notice” requirements

MCC Rulemaking Process Overview

Why, what, how, who, and when for rulemaking

Nadine Pfeiffer, Rule-Review Manager –August 2020

Why is the MCC involved with the rulemaking process?

Commission has statutory authority for rulemaking
in G.S. 131D, 131E, 143, 143B-165

- Hospital rules: 131E-79; 131E-214.13
- ASC rules: 131E-149; 131E-214.13
- Nursing Home rules: 131E-104
- Overnight Respite rules: 131D-6.1
- Adult Care Home rules: 131D-4.3; 131D-2.16; 143B-165
- Family Care Home rules: 131D-2.7; 131D-2.16; 143B-165
- Home Care Agencies rules: 131E-140

Rulemaking authority for rules

- Hospice rules: 131E-202
- Nursing Pool rules: 131E-154.4
- Mammogram and Pap Smear Certification rules: 143B-165
- Health Care Personnel Registry rules: 131E-256
- Emergency Medical Services and Trauma rules: 131E-157, 131E-158, 131E-159, 131E-162; 143-508; 143-518
- Nursing Home Hearings: Transfers and Discharges rules: 143-165

MCC is the “Rulemaking Agency” for all these rules

What are rules? Why do them?

- Regulations, standards, or statements of general applicability that implement or interpret an enactment of the General Assembly or Congress; or
- a regulation adopted by a federal agency; or
- describes the procedure or practice requirements of an agency

- Providers use rules for requirements for standards of practice, facility operations, licensing, etc.

- An agency may not seek to enforce or implement against any person a policy, guideline, or other interpretive statement that meets the definition of a rule if it has not been adopted as a rule.

How does MCC do rulemaking?

G.S. 150-B, the Administrative Procedure Act (APA)

Uniform system of administrative rule making for agencies

- Procedures for all types of rulemaking (permanent, temporary, emergency)
- Fiscal note
- Rules with Fees
- Periodic Review of Existing Rules and Expiration of Rules

When does MCC do rulemaking?

- Petitioner request
- Agency determines need
- Law change
 - Temporary rules, permanent rules
 - May direct rules to be written
- Readoption of rules following periodic review of rules

Who is involved with rulemaking?

Multiple entities in accordance with G.S. 150B and in the Department/Division procedure.

G.S. 150B ensures all functions are not all performed by the same person in the administrative process.

DHSR & MCC

DHSR staff

- Follow G.S. 150B for rulemaking
- SME to develop rule and fiscal note in collaboration with stakeholders
- Staff to MCC

MCC (rulemaking agency)

- Reviews, approves all rules & fiscal notes for NCR publication
- Reviews rules, comments, & fiscal notes, adopts/readopts rules

MCC Rulemaking Agency Principles (G.S. 150B-19.1)

Rules:

- May only be adopted that are expressly authorized by federal or State law and are necessary to serve the public interest.
- Shall seek to reduce the burden on persons or entities that must comply with the rule.
- Shall be written in a clear and an unambiguous manner and must be reasonably necessary to implement or interpret federal or State law.
- The cumulative effect of all rules shall be considered related to a specific purpose for which the rule is proposed. Shall not adopt a rule that is unnecessary or redundant.
- Shall be based on sound, reasonably available scientific, technical, economic, and other relevant information.
- Shall be designed to achieve the regulatory objective in a cost-effective and timely manner.

Office of Administrative Hearings (OAH)

- Office of the Codifier of Rules and staff attorneys for RRC
- Keeper of the NC Administrative Code of Rules
- Office to submit all rules in accordance with G.S. 150B
- Publish NC Register, post temporary rules, approve emergency rules
- Location for Rules Review Commission meetings

Department (DHHS)

Review procedure for all Divisions

- Rules and fiscal notes

Reviewed and approved by:

- Legal Counsel
- Budget Office

Before submission to MCC

Office of State Budget and Management (OSBM)

- Economic Analyst reviews fiscal and regulatory impact analysis of permanent rule changes proposed by Executive Branch Agencies
- Approval based on analysis requirements in G.S. 150B, Executive Order 70, and OSBM Budget Manual Section #7 for Rules Analysis
 - ❖ Cost effective, no undue burden on regulated public
 - ❖ Fiscal note to OSBM 60 days before publication in the NC Register if local government impact

Rules Review Commission (RRC)

- Executive Agency created by General Assembly in 1986 (G.S. 143B-30.1)
- Responsible for reviewing and approving rules adopted by State rulemaking agencies for inclusion in the NC Administrative Code (of rules) using 4 principles:
 - Statutory authority for rule
 - Clear and unambiguous
 - Necessary to fulfill duty delegated by the General Assembly
 - Compliance with G.S. 150B

RRC

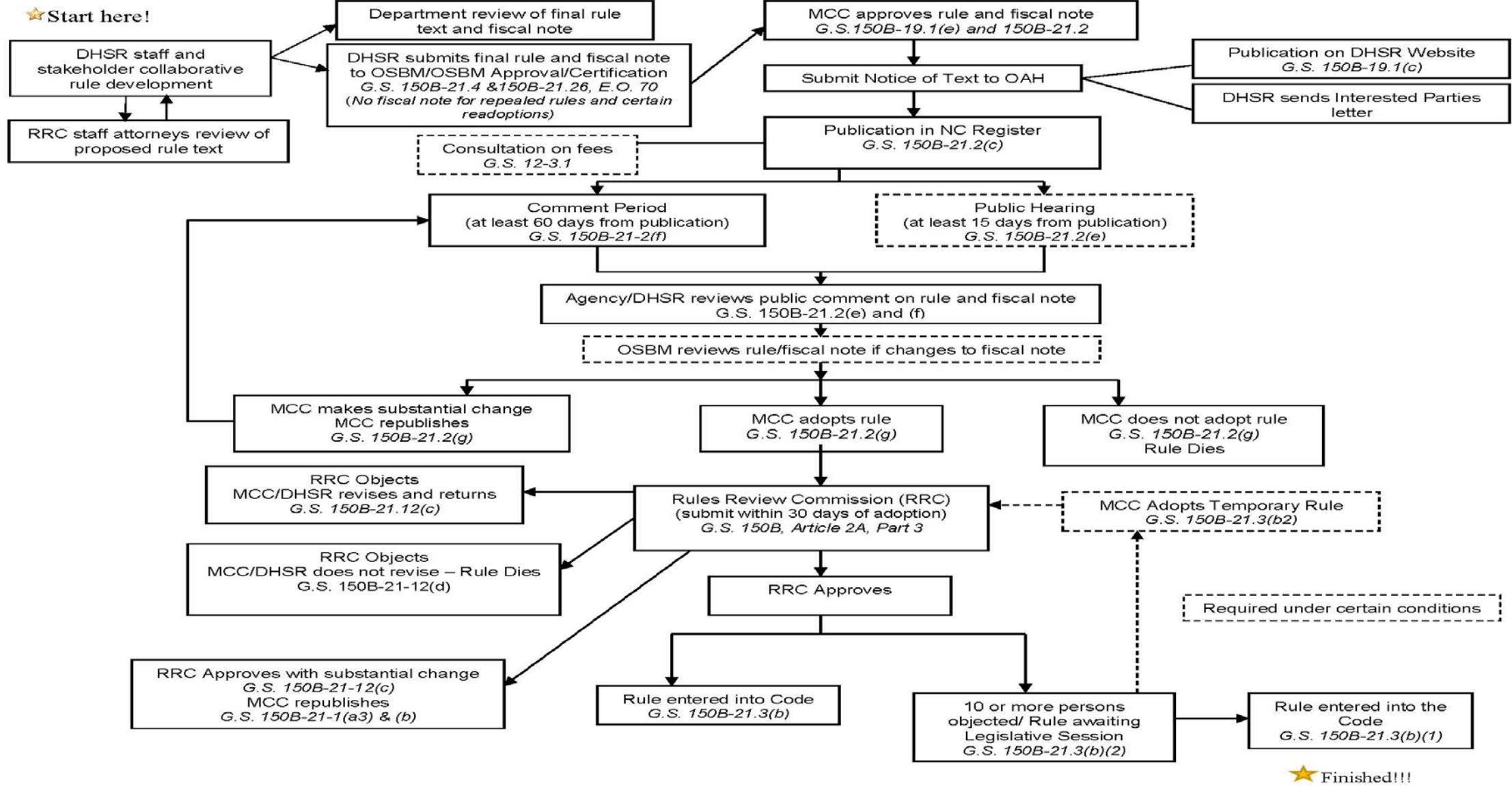
- 10 Commissioners appointed by the General Assembly
(5 by House, 5 by Senate)
- Staffed by 4 attorneys

What is the process for rule making?

When does each step occur?

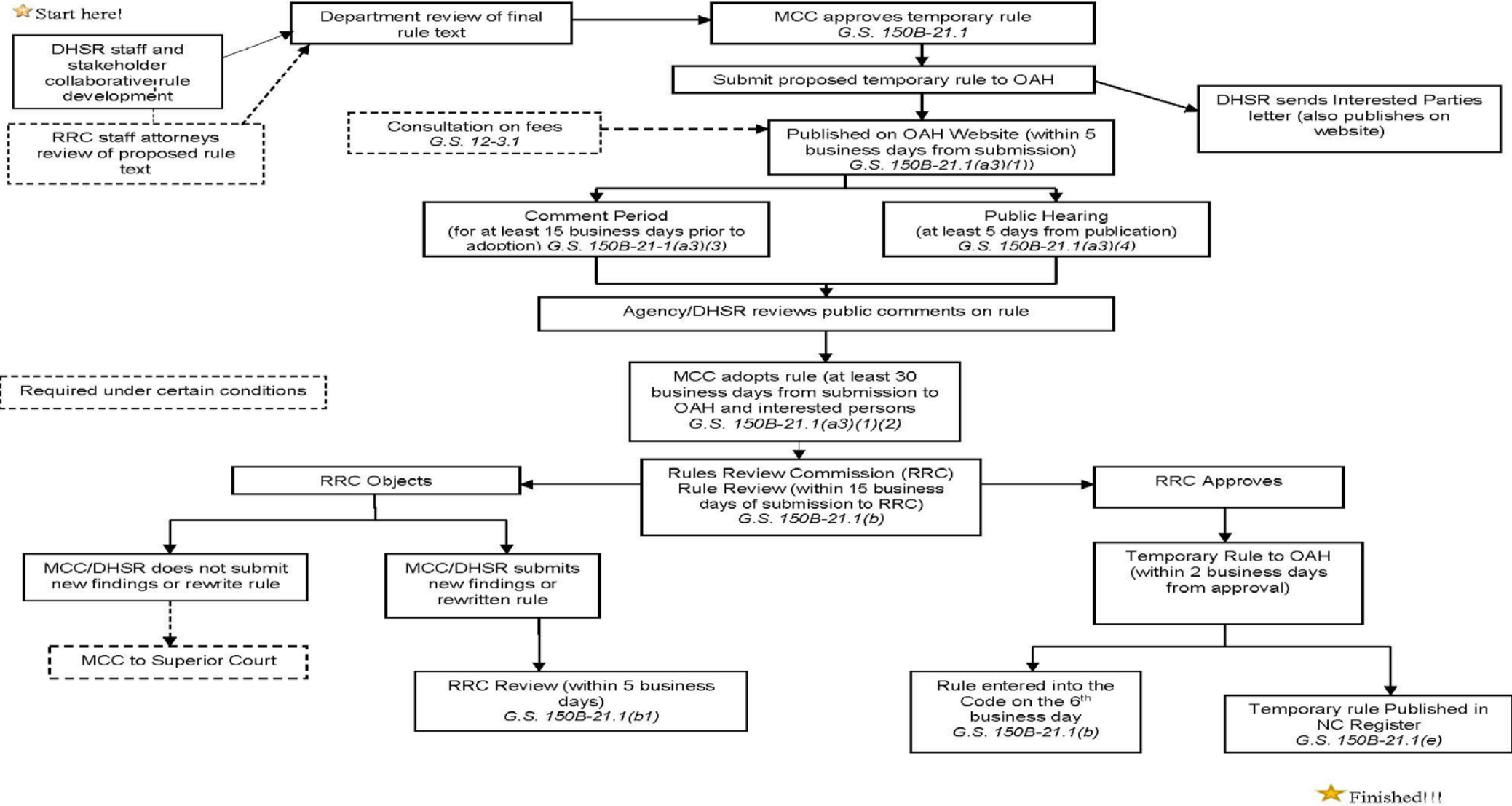
Permanent Rules

DHSR Permanent Rulemaking Process for MCC



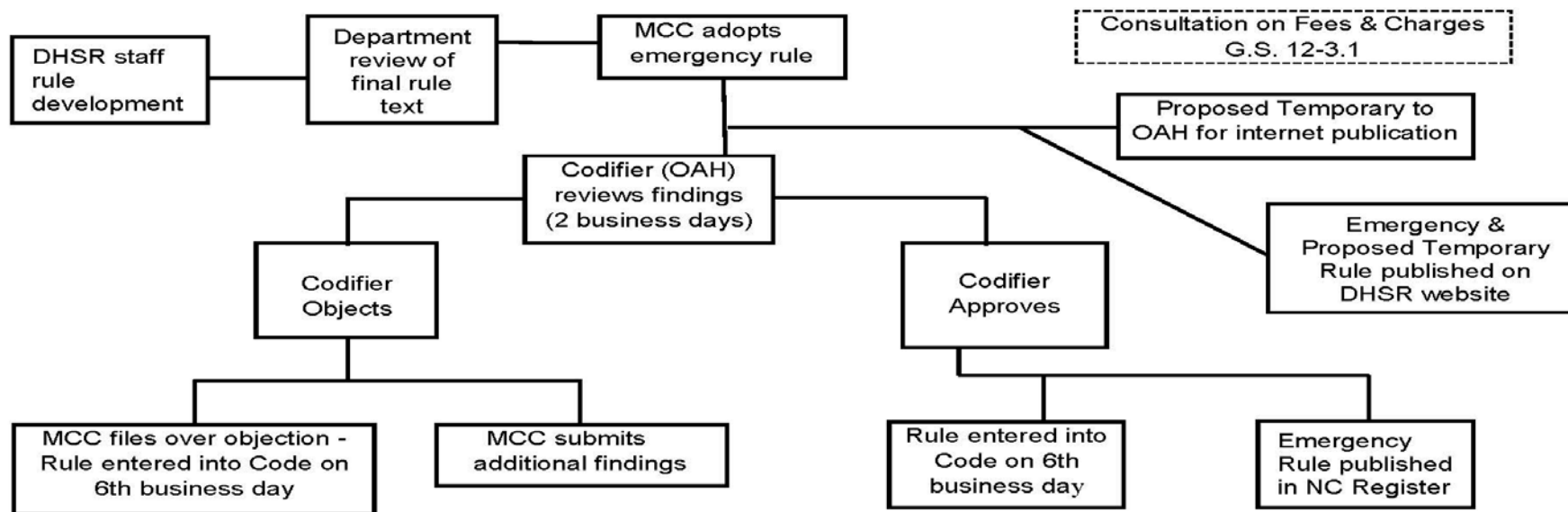
Temporary Rules

DHSR Temporary Rulemaking Process for MCC



Emergency Rules

DHSR EMERGENCY RULEMAKING PROCESS FOR MCC
(G.S. 150B-21.1A)



Emergency Rule expires on the earliest of the following dates:

- (1) The date specified in the rule.
- (2) The effective date of the temporary rule adopted to replace the emergency rule, if the Rules Review Commission approves the temporary rule.
- (3) The date the Rules Review Commission returns to an agency a temporary rule the MCC adopted to replace the emergency rule.
- (4) Sixty days from the date the emergency rule was published in the North Carolina Register, unless the temporary rule adopted to replace the emergency rule has been submitted to the Rules Review Commission.

MCC Rule “Fun Facts”

For SFY 19-20 the MCC:

- ✓ Initiated rulemaking on 5 separate rule packages
 - 40 rules

- ✓ Adopted 7 separate rule packages
 - 57 rules

Periodic Review Readoption Summary:

- 210 MCC rules required readoption following the periodic review of rules

- MCC has readopted 90 rules

- MCC has 120 more rules to readopt

Questions?
