

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

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

**Or**

**Via Microsoft Teams: [Click here to join the meeting](#)**

**Or**

**Via Teleconference: 1-984-204-1487 / Passcode: 152 312 409#**

**Friday, August 13, 2021**

**9:00 a.m.**

**Agenda**

- I. Meeting Opens – Roll Call**
- II. Chairman’s Comment.....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. Reappointment of Members.....Dr. John Meier**

The following members received reappointments:

- Dr. John Meier (See Exhibit B/6)
- Dr. Paul Cunningham (See Exhibit B/7)
- Linwood Hollowell (See Exhibit B/8)
- Karen Moriarty (See Exhibit B/9)
- Jeff Wilson (See Exhibit B/10)

**VI. Approval of Minutes (Action Items).....Dr. John Meier**

- **May 14, 2021 (Medical Care Commission Quarterly Meeting) (See Exhibit A)**
- **May 20, 2021 - To approve the sale of bonds, the proceeds of which are to be loaned to the Forest at Duke, Inc. (See Exhibit B/1)**
- **May 27, 2021 - To approve the sale of bonds, the proceeds of which are to be loaned to Lutheran Services for the Aging (See Exhibit B/2)**
- **June 24, 2021 – Preliminary refunding approval for Aldersgate Retirement Community (See Exhibit B/3)**
- **July 21, 2021 - To approve the sale of bonds, the proceeds of which are to be loaned to Arbor Acres (See Exhibit B/4)**
- **July 26, 2021 - To approve the sale of bonds, the proceeds of which are to be loaned to Arbor Acres (See Exhibit B/5)**

**VII. 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 29, 2021 – Scotland Memorial Hospital Series 1999**

- Par Value Outstanding: \$4,490,000
- Funds provided by: Cash

**August 2, 2021 – Rex Healthcare Series 2015B-1 & Series 2015B-2 (Conversion)**

- Par Value Outstanding: \$100,000,000
- New Interest Rate and New Holding Period

**Technical Rule Changes:**

- Adult Care Home and Family Care Home Rules – 2 rules updated repealed and recodified statute
- Emergency Medical Services and Trauma Rules – 1 rule title changed

**VIII. Bond Projects (Action Item)**

**A. United Church Homes and Services (Newton and Thomasville).....Geary W. Knapp**

**Resolution:** The Commission grants preliminary approval to a transaction for United Church to provide funds, to be used, together with other available funds, to **(1) advance refund**, on a *taxable* basis, the North Carolina Medical Care Commission Series 2015A (United Church) bonds, currently outstanding in the amount of \$21,530,000; and the North Carolina Medical Care Commission Series 2017C (United Church) bonds, currently outstanding in the amount of \$30,285,000; **(2) enter a forward purchase agreement** that allows the exchange of the taxable refunding bonds for *tax-exempt* bonds within 90 days of the corresponding call date (2022, 2023, & 2024) of the taxable bonds; **(3) current refund** the North Carolina Medical Care Commission Series 2017A (United Church) bonds, currently outstanding in the amount of \$10,300,000; and the North Carolina Medical Care Commission Series 2017B (United Church) bonds, currently outstanding in the amount of \$9,490,000; and **(4) fund routine capital improvements** at Piedmont Crossings and Abernathy Laurels. The proposed transaction in its entirety will result in an estimated NPV savings of \$4,928,354 and restructure debt to minimize exposure to interest rate risk. The proposed transaction is in accordance with an application received as follows:

## ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	\$84,295,000
<b>Total Sources of Funds</b>	<b>\$84,295,000</b>

## ESTIMATED USES OF FUNDS

Escrow Amount to refund Series 2015A & 2017C	\$57,241,775
Amount to refund Series 2017A & Series 2017B	19,790,000
Capital Improvements	4,100,000
Debt Service Reserve Fund	2,000,000
Underwriter Discount/Placement Fee	510,000
Rating Agencies	49,975
Printing Costs	10,000
SWAP Advisor Fee	75,000
Real Estate	80,000
Accountant Fee	25,000
Verification Agent	6,000
Blue Sky Filing Fee	3,500
Bank Commitment Fee	60,000
Local Government Commission Fee	8,750
Trustee & Trustee Counsel Fee	20,000
Corporation Counsel	25,000
Bank Counsel	50,000
Underwriter Counsel	65,000
Bond Counsel	175,000
<b>Total Uses</b>	<b>\$84,295,000</b>

Tentative approval is given with the understanding that the governing board of United Church 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 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%).

5. 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.
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 comply with the Commission’s Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRCs as adopted.
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.

Based on information furnished by applicant, the project is

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

**\*See Exhibit D for Compliance Information and Selected Application Information**

**IX. Old Business (Discuss rules, fiscal note, and comments submitted)**

**A. Rules for Adoption (Action Items)**

**1. Hospice\_Licensing Construction Rules .....Nadine Pfeiffer & Jeff Harms**

Readoption of 13 rules following Periodic Review & 3 rule amendments (Total 16 rules)

- Rules: 10A NCAC 13K .1109, .1112 - .1116, .1201, and .1204 - .1212  
(See Exhibits C thru C/3)

**2. Nursing Home Licensure Rules.....Nadine Pfeiffer, Jeff Harms & Beverly Speroff**

Amendment of one rule for technical changes

- Rule: 10A NCAC 13D .2001 (See Exhibit C/4)

**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 November 5, 2021 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 and amend previously approved projects to include refunding components only between this date and August 13, 2021. Refunding projects may include non-material, routine capital improvement expenditures.

**XI. Meeting Adjournment**

EXHIBIT A

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

Via Microsoft Teams: [Click here to join the meeting](#)

Or

Via Teleconference: 1-984-204-1487 / Passcode: 597 021 567#

Friday, May 14, 2021

9:00 a.m.

MINUTES

I. Meeting Attendance

MEMBERS PRESENT	MEMBERS ABSENT
John J. Meier, IV, M.D., Chairman Kathy G. Barger Sally B. Cone John A. Fagg, M.D. Bryant C. Foriest Linwood B. Hollowell, III Anita L. Jackson, M.D. Eileen C. Kugler, RN, MSN, MPH, FNP Ashley H. Lloyd, D.D.S. Karen E. Moriarty Robert E. Schaaf, M.D. Neel G. Thomas, M.D. Jeffrey S. Wilson	Joseph D. Crocker, Vice-Chairman Paul R.G. Cunningham, M.D. Albert F. Lockamy, Jr., RPh Stephen T. Morton
<b><u>DIVISION OF HEALTH SERVICE REGULATION</u></b> <b><u>STAFF</u></b> Mark Payne, DHSR Director/MCC Secretary Emery Milliken, DHSR Deputy Director Geary W. Knapp, JD, CPA, Assistant Secretary, MCC Jeff Harms, Acting DHSR Construction Chief Tom Mitchell, Chief, Office of Emergency Services Chuck Lewis, Asst. Chief, Office of Emergency Services Bethany Burgon, Attorney General's Office Kimberly Randolph, Attorney General's Office Nadine Pfeiffer, Rules Review Manager, DHSR Megan Lamphere, Chief, Adult Care Licensure Section	

<p>Crystal Abbott, Auditor, MCC  Kathy Larrison, Auditor, MCC  Alice Creech, Executive Assistant, MCC</p> <p><b><u>OTHERS PRESENT</u></b>  Tad Melton, Ziegler  David Matthews, Arbor Acres  Andrew Applegate, Arbor Acres  Zane Bennett, Plantation Village  Cara Arrans, Plantation Village  Melissa Messina, HJ Sims  Aaron Rulnick, HJ Sims  Brady Richardson, HJ Sims  Thomas Bowden, HJ Sims  Nick Herrick, LSC Development  Malcolm Nimick, Ascension Capital Enterprises, LLC</p>	
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**II. Chairman’s Comments.....Dr. John Meier**

Dr. Meier thanked everyone for attending the quarterly teleconference meeting. He encouraged the Medical Care Commission Members to complete their Ethics Training and he emphasized to everyone how important it is to get your COVID vaccine.

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

- **February 11-12, 2021 (Medical Care Commission Quarterly Meeting) (See Exhibit A)**
- **February 22, 2021 (Executive Committee Meeting) – To approve an Amended and Restated Master Trust Indenture for the Appalachian Regional Hospital System Obligated Group. (See Exhibit B/1)**
- **March 4, 2021 (Executive Committee Meeting) – To approve (1) amendments to Hugh Chatham Memorial Hospital, Inc.’s Series 2015 Trust Agreement, and authorize (2) the sale and issuance of Series 2021A revenue refunding bonds for Vidant Health. (See Exhibit B/2)**

- **March 10, 2021 (Medical Care Commission Meeting)** – To approve temporary rules for Adult Care Homes & Family Care Homes. (See Exhibit A/1)
- **April 12, 2021 (Executive Committee Meeting)** – To approve (1) amendments to Novant Health’s Master Trust Indenture and (2) grant preliminary approval for a Lutheran Services for the Aging, Inc refunding. (See Exhibit B/3)
- **April 29, 2021 (Executive Committee Meeting)** – To approve amendments to Hugh Chatham Memorial Hospital, Inc.’s Series 2008 Trust Agreement. (See Exhibit B/4)

**COMMISSION ACTION:** Motion was made to approve the minutes by Mrs. Sally Cone, seconded by Mrs. Eileen Kugler, and unanimously approved.

**VI. 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:

**April 1, 2021 – Appalachian Regional Health System, Series 2018 (Conversion)**

- Par Value: \$29,515,000
- Taxable Bonds converted to Tax-Exempt Bonds
- Bank Purchaser: PNC Bank

**April 2, 2021 – Hugh Chatham Memorial Hospital, Series 2015 (Conversion)**

- New interest rate for Medium-Term Period

**April 7, 2021 – Cone Health Series 2011A (Redemption)**

- Par Value Outstanding: \$16,310,000
- Funds provided by: Private bank loan

**May 3, 2021 – Hugh Chatham Memorial Hospital, Series 2008 (Conversion)**

- New LIBOR Index Rate
- New Holding Period: April 30, 2031
- New Bank Holder: First National Bank of Pennsylvania

**VII. Bond Projects (Action Items)**

- A. **Arbor Acres United Methodist Retirement Community (Winston-Salem).....G. Knapp**

**Resolution:** The Commission grants preliminary approval for the Arbor Acres United Methodist Retirement Community, Inc. project to (1) provide funds to be used, together with other available funds, to *refund* the \$28,473,682.10 NC Medical Care Commission **Series 2010** bonds, outstanding in the amount of \$23,935,000, (2) provide funds to be used, together with other available funds, to *refund* the \$13,159,000 NC Medical Care Commission **Series 2016** bonds, outstanding in the amount of \$9,706,000, (3) provide funds to be used, together with other available funds, to refund a private taxable loan, outstanding in the amount of \$7,915,332, and (4) provide funds to *construct* the following (See **Exhibit E** and **Exhibit G** for Selected Application Information and Presentation):



- 56 New Independent Living Apartments
  - 2 buildings connected by an enclosed pedestrian walkway
  - West building contains 24 living units with enclosed parking below
  - East building contains 32 apartments with enclosed parking below

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	\$ 99,000,000
<b>Total Sources</b>	<b>\$ 99,000,000</b>

### ESTIMATED USES OF FUNDS

Construction Contracts	\$ 45,444,949
Construction Contingency (1% of Construction Contracts)	2,643,409
Low Voltage	997,133
Construction Monitor	265,000
Entitlements	190,537
Architect Fees	2,390,549
Refund Series 2010, Series 2016, and Private Loan	40,731,148
Termination of Interest Rate Swaps	2,870,996
Swap Advisor	30,000
Furniture/Fixtures/Art	324,407
Marketing	900,000
Bond Interest during Construction	1,143,822
Underwriter Discount/Placement Fee	339,300
Accountant Fee	20,000
Corporation Counsel	80,000
Bond Counsel	95,000
Rating Agency	75,000
Trustee Fee & Counsel	12,500
Printing Cost	7,500
Local Government Commission	8,750
Underwriter Counsel	55,000
Placement Agent	165,000
Bank Origination	110,000
Bank Counsel	50,000
Survey/Title/Insurance	50,000
<b>Total Uses</b>	<b>\$ 99,000,000</b>

Tentative approval is given with the understanding that the governing board of Arbor Acres United Methodist Retirement Community 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. Final 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                          | <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 |

**COMMISSION ACTION:** *A motion for preliminary approval of the project was made by Mrs. Eileen Kugler, seconded by Dr. Robert Schaaf, and approved with the recusal of Dr. John Fagg, and disapproval of Dr. Anita Jackson.*

**B. Plantation Village (Wilmington).....G. Knapp**

**Resolution:** The Commission grants preliminary approval for the Plantation Village, Inc. project to provide funds to be used, together with other available funds, to (1) refund a private taxable construction loan, which is currently outstanding in the amount of \$12,500,000, and to (2) to **construct** and **renovate** the following (See **Exhibit F** and **Exhibit H** for Selected Application Information and Presentation):

- 4 buildings consisting of 44 Independent Living Apartments
  - 3 buildings will contain 12 Independent Living Apartments
  - 1 building will contain 8 Independent Living Apartments

- Renovate dining facilities; bistro; pub/bar; arts and crafts room; game room; marketplace; private dining; board room; cinema/classroom
- Relocate maintenance facilities; hobby shop; dog park; gardens

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	\$ <u>87,618,535</u>
<b>Total Sources</b>	<b>\$ 87,618,535</b>

### ESTIMATED USES OF FUNDS

Construction Contracts	\$ 50,442,365
Construction Contingency (1% of Construction Contracts)	464,438
Architect Fees	3,236,651
Land Acquisition Costs (Survey/Legal/Engineering) Fees	48,000
Utility Development	406,723
Refund Private Taxable Construction Loan	12,500,000
Moveable Equipment	306,000
Survey, Tests, Insurance	838,832
Consultant Fees (Zoning/Marketing/Legal/Design)	5,256,991
DHSR Reimbursables (G.S. § 131-E-267)	25,000
Bond Interest during Construction	7,907,070
Debt Service Reserve Fund	4,917,375
Underwriter Discount/Placement Fee	606,340
Feasibility Study Fee	150,000
Accountant Fee	30,000
Corporation Counsel	100,000
Bond Counsel	150,000
Rating Agency	85,000
Trustee Fee & Counsel	4,000
Printing Cost	10,000
Local Government Commission	8,750
Underwriter Counsel	<u>125,000</u>
<b>Total Uses</b>	<b>\$ 87,618,535</b>

Tentative approval is given with the understanding that the governing board of Plantation Village, 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. Final 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 |

**COMMISSION ACTION:** *A motion for preliminary approval of the project was made by Mrs. Sally Cone, seconded by Mrs. Kathy Barger, and approved with the abstainment of Dr. Anita Jackson.*

**VIII. Old Business** (Discuss Rules, Fiscal Note, and Comments submitted) (**Action Items**)

**A. Rules for Adoption**

1. Adult Care Home/FCH Rules.....Nadine Pfeiffer & Megan Lamphere  
  
 Readoption of 4 rules following Periodic Review & Amendment of 1 rule – Phase 2  
 (Total of 5 rules)
  - Rules: 10A NCAC 13F .0403, .0406; 10NCAC 13G.0402, .0403, .0405  
**(See Exhibits C thru C/3)**

**COMMISSION ACTION:** *A motion was made to approve the Adult Care Home/Family Care Home Rules by Mrs. Eileen Kugler, seconded by Mr. Bryant Foriest, and unanimously approved.*

2. Emergency Medical Services and Trauma Rules.....Nadine Pfeiffer & Tom Mitchell

Amendment of 21 rules for education and credentialing

- Rules: 10A NCAC 13P .0101, .0102, .0222, .0501, .0502, .0504, .0507, .0508, .0510, .0512, .0601, .0602, .0905, .1101, .1401, .1403, .1404, .1405, .01505, .1507, and .1511

**(See Exhibits C/4 thru C/6)**

**COMMISSION ACTION:** *A motion was made to approve the Emergency Medical Services and Trauma Rules by Mrs. Eileen Kugler, seconded by Mrs. Sally Cone, and unanimously approved.*

**IX. New Business (Discuss Rules & Fiscal Note) (Action Item)**

**A. Rules for Initiating Rulemaking Approval**

1. Adult Care Home/Family Care Home Rules.....Nadine Pfeiffer & Megan Lamphere

Readoption of 4 rules following Periodic Review, Amendment of 1 rule – Phase 2.5  
(Total of 5 rules)

- Rules: 10A NCAC 13F .0405, .0509, .1213; 10A NCAC 13G .0509, .1214

**(See Exhibits D thru D/3)**

**COMMISSION ACTION:** *A motion was made to approve the Adult Care Home/Family Care Home Rules by Mr. Bryant Foriest, seconded Mrs. Sally Cone, and unanimously approved.*

**X. Appointment of Executive Committee Member (Action Item).....Dr. John Meier**

The Chairman appointed Mr. Bryant Foriest to serve out Mr. Al Lockamy’s term on the Executive Committee, which will end on December 31, 2021.

**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

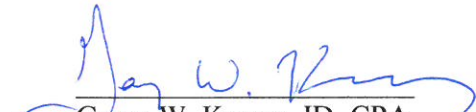
**WHEREAS,** the Commission will not meet again until August 13, 2021 in Raleigh, North Carolina;

**THEREFORE, BE IT RESOLVED;** that the Commission authorize its Executive Committee to approve projects involving the refunding of existing Commission debt and amend previously approved projects to include refunding components only between this date and August 13, 2021.

**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 13, 2021 by Mrs. Sally Cone, seconded by Mrs. Eileen Kugler, and unanimously approved.

**XII. Meeting Adjournment** – There being no further business the meeting was adjourned at 11:15 a.m.

Respectfully Submitted

  
Geary W. Knapp, JD, CPA  
Assistant Secretary

NC Medical Care Commission  
 Quarterly Report on **Outstanding Debt** (End: 4th Quarter FYE 2021)

	FYE 2020	FYE 2021
<b>Program Measures</b>		
Outstanding Debt	Ending: 6/30/2020 <b>\$5,694,191,427</b>	Ending: 6/30/2021 <b>\$5,458,749,746</b>
Outstanding Series	<b>125<sup>1</sup></b>	<b>126<sup>1</sup></b>
<b>Detail of Program Measures</b>		
Outstanding Debt per Hospitals and Healthcare Systems	\$4,496,197,271	\$3,987,631,982
Outstanding Debt per CCRCs	\$1,141,594,156	\$1,416,747,763
Outstanding Debt per Other Healthcare Service Providers	\$56,400,000	\$54,370,000
<b>Outstanding Debt Total</b>	<b>\$5,694,191,427</b>	<b>\$5,458,749,746</b>
Outstanding Series per Hospitals and Healthcare Systems	73	68
Outstanding Series per CCRCs	50	56
Outstanding Series per Other Healthcare Service Providers	2	2
<b>Series Total</b>	<b>125</b>	<b>126</b>
Number of Hospitals and Healthcare Systems with Outstanding Debt	17	14
Number of CCRCs with Outstanding Debt	17	17
Number of Other Healthcare Service Providers with Outstanding Debt	1	1
<b>Facility Total</b>	<b>35</b>	<b>32</b>

Exhibit B (Outstanding Balance)

**Note 1:** For FYE 2021, NCMCC has closed 22 **Bond Series**. Out of the 22 closed Bond Series: 4 were conversions, 12 were new money projects, 6 were refundings. The Bond Series outstanding from FYE 2020 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 2021)

	FYE 2020	FYE 2021
<b>Program Measures</b>		
Total PAR Amount of Debt Issued	Ending: 6/30/2020 <b>\$26,550,874,158</b>	Ending: 6/30/2021 <b>\$27,586,164,692</b>
Total Project Debt Issued (excludes refunding/conversion proceeds) <sup>1</sup>	<b>\$12,940,409,253</b>	<b>\$13,433,214,540</b>
Total Series Issued	<b>643</b>	<b>665</b>
<b>Detail of Program Measures</b>		
PAR Amount of Debt per Hospitals and Healthcare Systems	Ending: 6/30/2020 \$21,575,249,855	Ending: 6/30/2021 \$22,123,409,855
PAR Amount of Debt per CCRCs	\$4,601,329,073	\$5,088,459,607
PAR Amount of Debt per Other Healthcare Service Providers	\$374,295,230	\$374,295,230
<b>Par Amount Total</b>	<b>\$26,550,874,158</b>	<b>\$27,586,164,692</b>
Project Debt per Hospitals and Healthcare Systems	\$10,167,759,674	\$10,273,019,674
Project Debt per CCRCs	\$2,525,635,665	\$2,913,180,952
Project Debt per Other Healthcare Service Providers	\$247,013,915	\$247,013,915
<b>Project Debt Total</b>	<b>\$12,940,409,253</b>	<b>\$13,433,214,540</b>
Series per Hospitals and Healthcare Systems	404	414
Series per CCRCs	200	212
Series per Other Healthcare Service Providers	39	39
<b>Series Total</b>	<b>643</b>	<b>665</b>
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
<b>Facility Total</b>	<b>185</b>	<b>185</b>

Exhibit B (History)

**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

## NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

### MINUTES

**CALLED MEETING OF THE EXECUTIVE COMMITTEE**  
**CONFERENCE TELEPHONE MEETING ORIGINATING**  
**FROM THE COMMISSION'S OFFICE**  
**MAY 20, 2021**  
**11:30 A.M.**

#### **Members of the Executive Committee Present:**

John J. Meier, IV, Chairman  
Joseph D. Crocker, Vice-Chairman  
Sally B. Cone  
Bryant C. Foriest  
Linwood B. Hollowell, III  
Eileen C. Kugler, RN, MSN, MPH, FNP  
Jeffrey S. Wilson

#### **Members of the Executive Committee Absent:**

None

#### **Members of Staff Present:**

Geary W. Knapp, JD, CPA, Assistant Secretary  
Crystal Watson-Abbott, MCC Auditor  
Alice S. Creech, Executive Assistant

#### **Others Present:**

Alice Adams, Robinson Bradshaw & Hinson, P.A.  
Tad Melton, Ziegler  
Adam Garcia, Ziegler  
Anita Holt, The Forest at Duke  
Karen Henry, The Forest at Duke

## **Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to The Forest at Duke, Inc.

1. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$44,415,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (The Forest at Duke Project), Series 2021**

***Executive Committee Action:*** *A motion was made to approve the resolution by Mrs. Eileen Kugler, seconded by Mr. Bryant Foriest, and unanimously approved with the recusal of Dr. John Meier.*

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

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

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) finance the expansion and renovation of the Corporation’s continuing care retirement center in Durham, North Carolina, including but not limited to, an approximately 110,000 square foot replacement health care center for skilled nursing and assisted living units and related improvements (the “Project”); (ii) pay interest accruing on the Bonds (as hereinafter defined) for approximately 17 months; and (iii) pay certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on February 12, 2021, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

- (a) a Contract of Purchase dated May 20, 2021 (the “Purchase Agreement”) between the Local Government Commission of North Carolina (the “LGC”) and B.C.

Ziegler & Company, as the underwriter of the Bonds (the “Underwriter”), and approved by the Commission and the Corporation;

(b) a Trust Agreement dated as of June 1, 2021 (the “Trust Agreement”) between the Commission and U.S. Bank National Association, as bond trustee (in such capacity, the “Bond Trustee”);

(c) a Loan Agreement dated as of June 1, 2021 (the “Loan Agreement”) between the Commission and the Corporation;

(d) a Supplemental Indenture for Obligation No. 4 dated as of June 1, 2021 (the “Supplemental Indenture”) between the Corporation and U.S. Bank National Association, as master trustee (in such capacity, the “Master Trustee”) under the Master Trust Indenture dated as of August 1, 2017 (as supplemented, the “Master Indenture”) between the Corporation and the Master Trustee;

(e) Obligation No. 4 dated as of the date of delivery thereof (the “Obligation”) from the Corporation to the Commission;

(f) a Preliminary Official Statement of the Medical Care Commission relating to the Bonds, dated May 5, 2021 (the “Preliminary Official Statement”);

(g) a First Amendment to Deed of Trust, dated as of June 1, 2021 (the “First Amendment to Deed of Trust”), between the Corporation and the Master Trustee, which amends the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of August 1, 2017 (the “Deed of Trust”) from the Corporation to the deed of trust trustee named therein for the benefit of the Master Trustee; and

(h) an Assignment of Contracts dated as of June 1, 2021 (the “Assignment of Contracts”), made by the Corporation to the Master Trustee; and

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

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

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of its Retirement Facilities First Mortgage Revenue Bonds (The Forest at Duke Project), Series 2021 (the “Bonds”) in the aggregate principal amount of \$44,415,000. The

Bonds shall mature in such amounts and at such times and bear interest at such rates as are set forth in Schedule 1 attached hereto.

The Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or any whole multiple thereof. The Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each March 1 and September 1, beginning September 1, 2021, to and including September 1, 2051. 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 redemption, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for loans to finance a portion of the costs of the Project, fund a portion of the interest on the Bonds, and pay certain costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

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

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

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

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriter at the purchase price of \$50,396,991.20 (representing the principal amount of the Bonds, plus original issue premium of \$6,403,933.70 and less underwriter's discount of \$421,942.50).

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

Section 11. The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "Official Statement"), both in connection with the offer and sale of the Bonds. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary are hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan Agreement, the Master Indenture, the Supplemental Indenture, the Obligation, the First Amendment to Deed of Trust, the Deed of Trust, and the Assignment of Contracts by the Underwriter in connection with such offer and sale.

Section 12. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the Bonds.

Section 13. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 14. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Anthony J. Harms, Acting Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

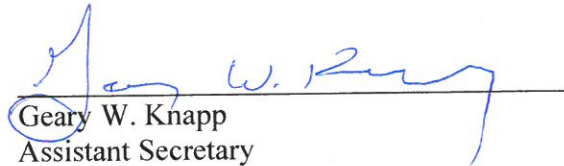
Section 15. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Purchase Agreement and the Official Statement.

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

2. **Adjournment**

There being no further business, the meeting was adjourned at 11:42 a.m.

Respectfully submitted,

  
Geary W. Knapp  
Assistant Secretary

Maturity Schedule for the Bonds

\$3,275,000 Serial Bonds

<u>Due September 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2033	\$1,605,000	4.0%
2034	1,670,000	4.0

\$13,715,000 4.0% Term Bonds due September 1, 2041

<u>Due September 1</u>	<u>Sinking Fund Requirement</u>
2035	\$1,735,000
2036	1,805,000
2037	1,880,000
2038	1,955,000
2039	2,030,000
2040	2,115,000
2041*	2,195,000

\* Maturity

\$12,375,000 4.0% Term Bonds due September 1, 2046

<u>Due September 1</u>	<u>Sinking Fund Requirement</u>
2042	\$2,285,000
2043	2,375,000
2044	2,470,000
2045	2,570,000
2046*	2,675,000

\* Maturity

\$15,050,000 4.0% Term Bonds due September 1, 2051

<u>Due September 1</u>	<u>Sinking Fund Requirement</u>
2047	\$2,780,000
2048	2,890,000
2049	3,005,000
2050	3,125,000
2051*	3,250,000

\* Maturity

Professional Fees Comparison for  
The Forest at Duke, Inc.  
Series 2021 Bonds

<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution*</u>	<u>Actual Fees</u>
Underwriter's discount/placement fee	\$574,700	\$421,942.50
Underwriter's Counsel/Blue Sky	75,000	75,000.00
Bond counsel	95,000	73,000.00
Corporation counsel	75,000	75,000.00
Auditor	20,000	40,000.00
Feasibility consultant	115,000	85,000.00
Trustee fee and counsel	11,250	10,000.00
Bank fee	25,000	N/A
Bank counsel	45,000	N/A

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\*Original approval contemplated a multi-series public offering and direct placement transaction.



NC MCC Bond Sale Approval Form						
Facility Name: Forest at Duke						
	Time of Preliminary Approval	Time of Mailing POS (if applicable)	Time of Final Approval	Total Variance	Explanation of Variance	
<b>SERIES: 2021</b>						
PAR Amount	\$57,575,000.00	\$48,960,000.00	\$44,415,000.00		- Lower yields resulted in more Original Issue Premium, leading to lower par amount.	
Estimated Interest Rate	3.28%	3.34%	3.15%			
All-in True Interest Cost	3.35%	3.40%	3.21%			
Maturity Schedule (Interest) - Date	9/1/2021 - 9/1/2051	9/1/2021 - 9/1/2051	9/1/2021 - 9/1/2051			
Maturity Schedule (Principal) - Date	9/1/2030 - 9/1/2051	9/1/2033 - 9/1/2051	9/1/2033 - 9/1/2051			
Bank Holding Period (if applicable) - Date	N/A	N/A	N/A	-		
Estimated NPV Savings (\$) (if refunded bonds)	N/A	N/A	N/A	-		
Estimated NPV Savings (%) (if refunded bonds)	N/A	N/A	N/A	-		
<b>NOTES:</b>						
- The Forest at Duke is rated BBB.						

# EXHIBIT B/2

## NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

### MINUTES

**CALLED MEETING OF THE EXECUTIVE COMMITTEE**  
**CONFERENCE TELEPHONE MEETING ORIGINATING**  
**FROM THE COMMISSION'S OFFICE**  
**MAY 27, 2021**  
**11:30 A.M.**

**Members of the Executive Committee Present:**

John J. Meier, IV, Chairman  
Joseph D. Crocker, Vice-Chairman  
Sally B. Cone  
Bryant C. Foriest  
Linwood B. Hollowell, III  
Eileen C. Kugler, RN, MSN, MPH, FNP  
Jeffrey S. Wilson

**Members of the Executive Committee Absent:**

None

**Members of Staff Present:**

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

**Others Present:**

John Semeniak, McGuire Woods, LLP  
Lisa Williams. McGuire Woods., LLP  
Ted Goins, Lutheran Services for the Aging  
Kirby Nickerson, Lutheran Services for the Aging  
Seth Wagner, Truist

**1. Purpose of Meeting**

To approve the final sale of bonds for Lutheran Services for the Aging, Series 2021A, Series 2021B, and Series 2021C.

**2. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$109,960,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES FIRST MORTGAGE REVENUE BONDS (LUTHERAN SERVICES FOR THE AGING), SERIES 2021A**

**EXECUTIVE COMMITTEE ACTION:** A motion was made to approve the Series 2021A Resolution by Mr. Joe Crocker, seconded by Mr. Bryant Foriest, 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**, 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., Lutheran Retirement Center – Hickory, Inc., Lutheran Retirement Center – Hickory West, 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) refund all of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2017, (ii) refund all of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2020A, (iii) 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, and (b) 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 (collectively, the “Project”), (iv) refinance all of an interim taxable loan that financed the acquisition of a 54-unit independent living facility that is known as Trinity Elms retirement, that is owned and operated by Lutheran Retirement Center – Clemmons, Inc., and that is located in Clemmonsville Township, Forsyth County, North Carolina, (v) fund a portion of the interest accruing on a portion of the Bonds (as hereinafter defined), (vi) fund a debt service reserve fund, and (vii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds; and

**WHEREAS**, the Project was preliminarily approved by a resolution adopted by the Commission on August 21, 2019 and was granted final approval in connection with the issuance of the Series 2020A Bonds referenced below by a resolution adopted by the Executive Committee of the Commission on July 30, 2020; and

**WHEREAS**, concurrently with the approval of the Bonds, the Commission has determined to approve its (a) Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2021B in the aggregate principal amount of up to \$41,250,000 (the “Series 2021B Bonds”), which are to be issued concurrently with the Bonds, and (b) Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2021C (Forward Delivery) in the aggregate principal amount of \$35,620,000 (the “Series 2021C Bonds”), which are to be issued December 2, 2021, pursuant to separate series resolutions, 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 the Project, (ii) refund a portion of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2012A, (iii) fund a portion of the interest accruing on a portion of the Series 2021B Bonds, (iv) fund a debt service reserve fund, and (v) pay certain expenses incurred in connection with the authorization and issuance of the Series 2021B Bonds and the Series 2021C Bonds, respectively; and

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Executive Committee of the Commission on April 12, 2021, 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 to the officers and the staff of the Commission the Preliminary Official Statement, dated May 7, 2021, as supplemented by the Supplement, dated May 25, 2021, to the Preliminary Official Statement (collectively, the “Preliminary Official Statement”), relating to the Bonds and the Series 2021C Bonds, and draft copies of the following documents relating to the issuance of the Bonds:

(a) the Contract of Purchase, to be dated the date of 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 Truist Securities, Inc., Davenport & Company LLC and Janney Montgomery Scott, LLC, as underwriters (collectively, the “Underwriters”), and approved by the Commission and the Members of the Obligated Group;

(b) the Loan Agreement, to be dated as of June 1, 2021 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 June 1, 2021 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. 13, to be dated as of June 1, 2021 or such other date as shall be agreed to by the parties thereto (“Supplemental Indenture No. 13”), 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; and

(e) Obligation No. 13, to be dated the date of its delivery (“Obligation No. 13”), to be issued by the Members of the Obligated Group to the Commission and assigned by the Commission to the Bond Trustee;

**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, Supplemental Indenture No. 13 and Obligation No. 13; 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 \$109,960,000 aggregate principal amount of North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2021A (the “Bonds”). The Bonds shall be dated as of their original date of issuance and shall mature in such amounts and at such times and shall initially bear interest at such rates as are set forth in Schedule 1 attached hereto and made a part hereof.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$5,000 or any integral multiple thereof, and the Bonds shall be initially issued in book-entry form as described in the Trust Agreement. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement until the Bonds are fully paid. Payments of principal 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. 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 Bonds shall also be subject to mandatory sinking fund redemption as set forth on Schedule 1 and made a part hereof.

**Section 4. 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 applied as set forth in Section 2.09 of the Trust Agreement.

**Section 5. 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 6. 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 7. 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 8. Approval of Other Financing Documents.** The forms, terms and provisions of the Supplemental Indenture No. 13 and Obligation No. 13 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 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

**Section 9. Purchase of Bonds.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the price of \$117,749,368.45 (representing the principal amount of the Bonds, plus net original issue premium of \$8,700,413.05, and less underwriters' discount of \$911,044.60).

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 2.09 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

**Section 10. Preliminary Official Statement and Official Statement.** The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the sale of the Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the maturities, redemption provisions and interest rates of the Bonds, is hereby approved, 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 to execute, on behalf of the Commission, the Official Statement; and such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan

Agreement, the Master Indenture, Supplemental Indenture No. 13, and Obligation No. 13 by the Underwriters in connection with such sale.

**Section 11. Book-Entry.** The Depository Trust Company (“DTC”), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

**Section 12. Commission Representatives.** S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Anthony J. Harms, Acting 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 13. 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, Supplemental Indenture No. 13 and Obligation No. 13 and the Contract of Purchase.

**Section 14. 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 2 and made a part hereof.

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



**Schedule 1**  
**Maturity Schedule**

**Serial Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2022	\$1,200,000	3.00%
2023	1,480,000	3.00
2024	1,530,000	4.00
2025	1,595,000	4.00
2026	1,670,000	5.00
2027	1,755,000	5.00
2028	1,845,000	5.00
2029	1,930,000	4.00
2030	2,010,000	4.00
2031	2,090,000	4.00

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2036	\$3,140,000	3.00%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2035	\$1,105,000
2036	2,035,000

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2036	\$8,635,000	4.00%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2032	\$2,175,000
2033	2,265,000
2034	2,355,000
2035	1,340,000
2036	500,000

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2041	\$14,235,000	4.00%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2037	\$2,625,000
2038	2,730,000
2039	2,840,000
2040	2,960,000
2041	3,080,000

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2051	\$66,845,000	4.00%

## Sinking Fund Requirements

<b>Year (March 1)</b>	<b>Amount</b>
2042	\$3,210,000
2043	5,995,000
2044	6,235,000
2045	6,490,000
2046	6,755,000
2047	7,035,000
2048	7,320,000
2049	7,620,000
2050	7,930,000
2051	8,255,000

### Schedule 2

#### Professional Fees<sup>1</sup>

Professional	Preliminary Approval	Actual
Underwriters' Counsel	\$60,000	\$95,000
Corporation Counsel	110,000	110,000
Bond Counsel	165,000	165,000
Trustee Counsel	13,500	19,000
Feasibility Study	120,000	137,300
Accountants	5,000	40,000
Financial Advisor to Corporation	45,000	45,000
Underwriter's Discount	1,880,112	1,381,592

<sup>1</sup> Amounts shown for professional fees represent fees in connection with the Bonds, the Series 2021B Bonds (except with respect to Underwriter's Counsel, Feasibility Study, Accountants and Underwriter's Discount) and the Series 2021C Bonds.

**3. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$41,250,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES FIRST MORTGAGE REVENUE BONDS (LUTHERAN SERVICES FOR THE AGING), SERIES 2021B**

**EXECUTIVE COMMITTEE ACTION:** A motion was made to approve the Series 2021B Resolution by Mrs. Eileen Kugler, seconded by Mr. Joe Crocker, 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**, 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., Lutheran Retirement Center – Hickory, Inc., Lutheran Retirement Center – Hickory West, 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, and (b) 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 (collectively, the “Project”), (ii) fund a portion of the interest accruing on a portion of the Bonds

(as hereinafter defined), and (iii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds; and

**WHEREAS**, the Project was preliminarily approved by a resolution adopted by the Commission on August 21, 2019 and was granted final approval in connection with the issuance of the Series 2020A Bonds referenced below by a resolution adopted by the Executive Committee of the Commission on July 30, 2020; and

**WHEREAS**, concurrently with the approval of the Bonds, the Commission has determined to approve its (a) Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2021A in the aggregate principal amount of \$109,960,000 (the “Series 2021A Bonds”), which are to be issued concurrently with the Bonds, and (b) Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2021C (Forward Delivery) in the aggregate principal amount of \$35,620,000 (the “Series 2021C Bonds”), which are to be issued December 2, 2021, pursuant to separate series resolutions, for the purpose of providing funds, together with other available funds, to (i) refund all of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2017, (ii) refund all of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2020A, (iii) refinance all of an interim taxable loan that financed the acquisition of a 54-unit independent living facility that is known as Trinity Elms retirement, that is owned and operated by Lutheran Retirement Center – Clemmons, Inc., and that is located in Clemmonsville Township, Forsyth County, North Carolina, (iv) pay, or reimburse certain Members of the Obligated Group for paying, the cost of the Project, (v) refund a portion of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2012A, (vi) fund a portion of the interest accruing on a portion of the Series 2021A Bonds, (vii) fund a debt service reserve fund, and (viii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2021A Bonds and the Series 2021C Bonds, respectively; and

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Executive Committee of the Commission on April 12, 2021, 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 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 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., as purchaser (the “Purchaser”), and approved by the Commission and the Members of the Obligated Group;

(b) the Loan Agreement, to be dated as of June 1, 2021 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 June 1, 2021 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. 14, to be dated as of June 1, 2021 or such other date as shall be agreed to by the parties thereto (“Supplemental Indenture No. 14”), 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. 14, to be dated the date of its delivery (“Obligation No. 14”), 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. 15, to be dated as of June 1, 2021 or such other date as shall be agreed to by the parties thereto (“Supplemental Indenture No. 15”), by and between the Members of the Obligated Group and the Master Trustee, supplementing the Master Indenture;

(g) Obligation No. 15, to be dated the date of its delivery, to be issued by the Members of the Obligated Group to the Purchaser, pursuant to the provisions of the Master Indenture and Supplemental Indenture No. 15; and

(h) the Guaranty and Credit Agreement, to be dated as of June 1, 2021 or such other date as shall be agreed to by the parties thereto (the “Guaranty and Credit Agreement”), by and between the Members of the Obligated Group and the Purchaser;

**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, Supplemental Indenture No. 14, Obligation No. 14, Supplemental Indenture No. 15, Obligation No. 15 and the Guaranty and Credit Agreement; 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 16. 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 17. 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 \$41,250,000 aggregate principal amount of North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2021B (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 Purchaser in any principal amount, and thereafter in denominations authorized by the provisions of the Trust Agreement. The Bonds shall mature on June 1, 2025 in the principal amount of up to \$41,250,000. 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 Guaranty and Credit Agreement. The Bonds may be converted to bear interest under another Interest Rate Determination Method as provided in the Trust Agreement.

**Section 18. 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.

**Section 19. 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 20. 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 21. 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 22. 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 23. 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 24. Approval of Other Financing Documents.** The forms, terms and provisions of the Supplemental Indenture No. 14, Obligation No. 14, Supplemental Indenture No. 15, Obligation No. 15 and the Guaranty and Credit Agreement 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 25. Purchase of Bonds.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Purchaser at a price not exceeding \$41,250,000 (representing the maximum principal amount of the Bonds). Payment for the Bonds by the Purchaser 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 Guaranty and Credit Agreement. The Members of the Obligated Group will separately pay, on the date of Closing, the Purchaser a fee of \$41,250 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 Purchaser against payment therefor.

**Section 26. Commission Representatives.** S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Anthony J. Harms, Acting 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 27. 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, Supplemental Indenture No. 14, Obligation No. 14, Supplemental Indenture No. 15, Obligation No. 15, the Guaranty and Credit Agreement and the Contract of Purchase.

**Section 28. 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 2 and made a part hereof.

**Section 29. Effective Date.** This Series Resolution shall take effect immediately upon its passage.

**Schedule 1**  
**Maturity Schedule**

- (79% of one-month LIBOR) + 1.3825%

The Adjusted LIBOR Rate will be subject to a 1.58% floor.

**Schedule 2**  
**Professional Fees<sup>1</sup>**

Professional	Preliminary Approval	Actual
Corporation Counsel	\$110,000	\$110,000
Bond Counsel	165,000	165,000
Purchaser Counsel	-	36,240
Trustee Counsel	13,500	19,000
Financial Advisor to Corporation	45,000	45,000
Bank Commitment Fee	-	41,250
Placement Agent Fee	-	206,250

<sup>1</sup> Amounts shown for professional fees represent fees in connection with the Bonds, the Series 2021A Bonds (except with respect to Purchaser Counsel, Bank Commitment Fee and Placement Agent Fee) and the Series 2021C Bonds (except with respect to Purchaser Counsel, Bank Commitment Fee and Placement Agent Fee).

**4. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF \$35,620,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES FIRST MORTGAGE REVENUE REFUNDING BONDS (LUTHERAN SERVICES FOR THE AGING), SERIES 2021C (FORWARD DELIVERY)**

**EXECUTIVE COMMITTEE ACTION:** A motion was made to approve the Series 2021C Resolution by Mr. Bryant Foriest, seconded by Mr. Joe Crocker, 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**, 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., Lutheran Retirement Center – Hickory, Inc., Lutheran Retirement Center – Hickory West, 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) refund a portion of the Commission's outstanding Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2012A, (ii) fund a debt service reserve fund, and (iii) pay certain expenses incurred in connection with the authorization and issuance of the Bonds (as hereinafter defined); and

**WHEREAS**, concurrently with the approval of the Bonds, the Commission has determined to approve its (a) Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2021A in the aggregate principal amount of \$109,960,000 (the “Series 2021A Bonds”) and (b) Health Care Facilities First Mortgage Revenue Bonds (Lutheran

Services for the Aging), Series 2021B in the aggregate principal amount of up to \$41,250,000 (the “Series 2021B Bonds”), pursuant to separate series resolutions, for the purpose of providing funds, together with other available funds, to (i) refund all of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2017, (ii) refund all of the Commission’s outstanding Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2020A, (iii) 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, and (b) 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 (collectively, the “Project”), (iv) refinance all of an interim taxable loan that financed the acquisition of a 54-unit independent living facility that is known as Trinity Elms retirement, that is owned and operated by Lutheran Retirement Center – Clemmons, Inc., and that is located in Clemmonsville Township, Forsyth County, North Carolina, (v) fund a portion of the interest accruing on a portion of the Series 2021A Bonds and the Series 2021B Bonds, (vi) fund a debt service reserve fund, and (vii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2021A Bonds and the Series 2021B Bonds, respectively; and

**WHEREAS**, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Executive Committee of the Commission on April 12, 2021, 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 to the officers and the staff of the Commission the Preliminary Official Statement, dated May 7, 2021, as supplemented by the Supplement, dated May 25, 2021, to the Preliminary Official Statement (collectively, the “Preliminary Official Statement”), relating to the Bonds and the Series 2021A Bonds, and draft copies of the following documents relating to the issuance of the Bonds:

the Contract of Purchase, to be dated the date of 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 Truist Securities, Inc., Davenport & Company LLC and Janney Montgomery Scott, LLC, as underwriters (collectively, the “Underwriters”), and approved by the Commission and the Members of the Obligated Group;

the Loan Agreement, to be dated as of December 1, 2021 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;

the Trust Agreement, to be dated as of December 1, 2021 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;

Supplemental Indenture for Obligation No. 16, to be dated as of December 1, 2021 or such other date as shall be agreed to by the parties thereto ("Supplemental Indenture No. 16"), 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; and

Obligation No. 16, to be dated the date of its delivery ("Obligation No. 16"), to be issued by the Members of the Obligated Group to the Commission and assigned by the Commission to the Bond Trustee;

**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, Supplemental Indenture No. 16 and Obligation No. 16; 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 30. 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.

**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 \$35,620,000 aggregate principal amount of North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2021C (Forward Delivery) (the "Bonds"). The Bonds shall be dated as of their original date of issuance, which is expected to be December 2, 2021, and shall mature in such amounts and at such times and shall initially bear interest at such rates as are set forth in Schedule 1 attached hereto and made a part hereof.

The Bonds shall be issued as fully registered bonds, initially in the denominations of \$5,000 or any integral multiple thereof, and the Bonds shall be initially issued in book-entry form as described in the Trust Agreement. Interest on the Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement until the Bonds are fully paid. Payments of principal 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.

**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 Bonds shall also be subject to mandatory sinking fund redemption as set forth on Schedule 1 and made a part hereof.

**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 applied as set forth in Section 2.09 of the Trust Agreement.

**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.

**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.

**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.

**Approval of Other Financing Documents.** The forms, terms and provisions of the Supplemental Indenture No. 16 and Obligation No. 16 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 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

**Purchase of Bonds.** The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the price of \$ 37,666,590.30 (representing the principal amount of the Bonds, plus original issue premium of \$2,517,137.50, and less underwriters' discount of \$470,547.20).

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 2.09 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

**Preliminary Official Statement and Official Statement.** The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the sale of the Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the maturities, redemption provisions and interest rates of the Bonds, is hereby approved, 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 to execute, on behalf of the Commission, the Official Statement; and such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves the use and distribution of an Official Statement Supplement (as defined in the Contract of Purchase) in connection with the issuance of the Bonds on December 2, 2021, and the execution and delivery of the Trust Agreement and the Loan Agreement shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Official Statement Supplement, the Trust Agreement, the Loan Agreement, the Master Indenture, Supplemental Indenture No. 16, and Obligation No. 16 by the Underwriters in connection with such sale.

**Book-Entry.** The Depository Trust Company ("DTC"), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

**Commission Representatives.** S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Anthony J. Harms, Acting 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.

**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, Supplemental Indenture No. 16 and Obligation No. 16 and the Contract of Purchase.

**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 2 and made a part hereof.

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



**Schedule 1**  
**Maturity Schedule**

**Serial Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2023	\$1,130,000	5.00%
2024	1,190,000	5.00
2025	1,250,000	5.00
2026	1,315,000	5.00
2027	1,380,000	5.00
2028	1,450,000	5.00
2029	1,515,000	4.00
2030	1,580,000	4.00
2031	1,645,000	4.00

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2036	\$9,280,000	4.00%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2032	\$1,710,000
2033	1,780,000
2034	1,855,000
2035	1,930,000
2036	2,005,000

**Term Bonds**

<b>Maturity Date (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2042	\$13,885,000	4.00%

**Sinking Fund Requirements**

<b>Year (March 1)</b>	<b>Amount</b>
2037	\$2,090,000
2038	2,175,000
2039	2,265,000
2040	2,355,000
2041	2,450,000
2042	2,550,000

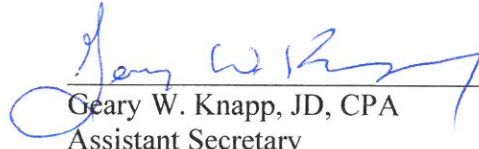
**Professional Fees<sup>1</sup>**

<b>Professional</b>	<b>Preliminary Approval</b>	<b>Actual</b>
Underwriters' Counsel	\$60,000	\$95,000
Corporation Counsel	110,000	110,000
Bond Counsel	165,000	165,000
Trustee Counsel	13,500	19,000
Feasibility Study	120,000	137,300
Accountants	5,000	40,000
Financial Advisor to Corporation	45,000	45,000
Underwriter's Discount	1,880,112	1,381,592

<sup>1</sup> Amounts shown for professional fees represent fees in connection with the Bonds, the Series 2021A Bonds and the 2021B Bonds (except with respect to Underwriter's Counsel, Feasibility Study, Accountants and Underwriter's Discount).

5. There being no further business, the meeting was adjourned at 12:00 p.m.

Respectfully submitted,

  
\_\_\_\_\_  
Geary W. Knapp, JD, CPA  
Assistant Secretary

<b>NC MCC Bond Sale Approval Form</b>					
<b>Facility Name: Lutheran Services Carolinas</b>					
	<b>Time of Preliminary Approval 2021A</b>	<b>Time of Mailing POS (if applicable)</b>	<b>Time of Final Approval</b>	<b>Total Variance</b>	<b>Explanation of Variance</b>
<b>SERIES: 2021A</b>					
PAR Amount	\$124,568,335.15	\$114,420,000.00	\$109,960,000.00	(\$4,460,000.00)	Lower interest rates obtained
Estimated Interest Rate	5.00% t/y 4.69% (2051)	5% t/y 4.25% (2051)	4.00% ty 3.15% (2051)	-1.10%	Lower interest rates obtained
All-in True Interest Cost	4.70%	4.33%	3.50%	-0.83%	Lower interest rate obtained
Maturity Schedule (Interest) - Date	9/1/2021	9/1/2021	9/1/2021	None	
Maturity Schedule (Principal) - Date	3/1/2022	3/1/2022	3/1/2022	None	
Bank Holding Period (if applicable) - Date	N/A	N/A	N/A	N/A	
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	
<b>SERIES: 2021B</b>					
PAR Amount	\$41,250,000.00	\$41,250,000.00	\$41,250,000.00	None	
Estimated Interest Rate	3.15 ty 3.15%	1.58%	1.58%	None	
All-in True Interest Cost	3.33%	1.62%	1.63%	0.01%	COI allocation increased slightly
Maturity Schedule (Interest) - Date	9/1/2021	7/1/2021	7/1/2021	None	
Maturity Schedule (Principal) - Date	3/1/2026	6/1/2025	6/1/2025	None	
Bank Holding Period (if applicable) - Date	N/A	4 years	4 years	Noe	
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	
<b>SERIES: 2021C</b>					
PAR Amount	\$38,641,355.55	\$35,640,000.00	\$35,620,000.00	(\$20,000.00)	Lower rates obtained
Estimated Interest Rate	5.00% ty 4.59% (2042)	5% ty 4.35% (2042)	4% ty 3.39% (2042)	-0.96	Lower rates obtained
All-in True Interest Cost	4.32%	4.49%	3.51%	-0.98%	Lower rates obtained
Maturity Schedule (Interest) - Date	9/1/2021	9/1/2022	9/1/2022	N/A	
Maturity Schedule (Principal) - Date	3/1/2022	3/1/2023	3/1/2023	N/A	
Bank Holding Period (if applicable) - Date	N/A	N/A	N/A	N/A	
Estimated NPV Savings (\$) (if refunded bonds)	\$1,736,335	\$1,171,957	\$4,998,940	\$3,826,983	Lower interest rates
Estimated NPV Savings (%) (if refunded bonds)	4.44%	3.00%	12.79%	9.79%	Lower interest rates
<b>NOTES:</b>					
The NPV savings are in regards to the refinancing of the Series 2012 Bonds.					
The Series 2021 Bonds consist of a Series 2021A, 2021B, and 2021C.					
The Series 2021A Bonds will refinance 2020A, finance remaining Trinity Landing costs, and refinancing existing bank debt.					
The Series 2021B Bonds will be Entrance Fee Bank Debt.					
The Series 2021C Bonds will refinance the Series 2012A Bonds (forward delivery).					

# EXHIBIT B/3

## NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

### MINUTES

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

June 24, 2021

11:30 A.M.

#### Members of the Executive Committee Present:

John J. Meier, IV, Chairman  
Joseph D. Crocker, Vice-Chairman  
Sally B. Cone  
Bryant C. Foriest  
Linwood B. Hollowell, III  
Eileen C. Kugler, RN, MSN, MPH, FNP  
Jeffrey S. Wilson

#### Members of the Executive Committee Absent:

None

#### Members of Staff Present:

Emery E. Milliken, DHR Deputy Director  
Geary W. Knapp, JD, CPA, Assistant Secretary  
Crystal Watson-Abbott, MCC Auditor  
Alice S. Creech, Executive Assistant

#### Others Present:

Suzanne Pugh, Aldersgate  
Michael Hill, Aldersgate  
Tom Riley, Aldersgate  
Tom Bowden, HJ Sims & Co. Inc.  
David Saustad, HJ Sims & Co. Inc.  
Aaron Rulnick, HJ Sims & Co. Inc.  
Jay Saunders, KPM Financial  
John Franklin, Pearl Creek Advisors, LLC

1. **Purpose of meeting**

To consider preliminary approval for a refunding for Aldersgate Retirement Community.

2. **Aldersgate United Methodist Retirement Community, Inc. – Charlotte, NC**

**Resolution:** The Commission grants preliminary approval to a transaction for Aldersgate to provide funds, to be used, together with other available funds, to **(1) advance refund**, on a *taxable* basis, the North Carolina Medical Care Commission \$38,025,000 Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate), Series 2013, currently outstanding in the amount of \$27,945,000; **(2) enter a forward purchase agreement** that allows the exchange of the taxable refunding bonds for *tax-exempt* bonds within 90 days of the first optional call date (4/1/2023) of the Series 2013 Bonds; and **(3) current refund** the North Carolina Medical Care Commission \$15,712,644.51 Retirement Facilities First Mortgage Revenue Bonds (Aldersgate), Series 2017B, currently outstanding in the amount of \$14,851,195.72. The intent of the proposed Bond Issue is to reduce maximum and annual debt service, produce cash flow savings, remove interest rate risk, push out put risk, and improve metrics. The proposed transaction in its entirety will result in an estimated NPV savings of \$1,926,559. The proposed transaction is in accordance with an application received as follows:

**ESTIMATED SOURCES OF FUNDS**

Principal amount of bonds to be issued	\$44,083,000
Transfer from Series 2013 Debt Service Reserve Fund	<u>756,103</u>
<b>Total Sources of Funds</b>	<b>\$44,839,103</b>

**ESTIMATED USES OF FUNDS**

Escrow Amount to refund Series 2013	\$29,166,714
Amount to refund Series 2017B	14,833,122
Survey/Title Insurance	10,000
Appraisal/Environmental	15,000
SWAP Cancellation Fee (2017B)	345,384
Underwriter Placement Fee	125,000
SWAP Advisor Fee	25,050
Bank Fee	44,083
Verification Agent Fee	3,000
Financial Advisor Fee	30,000
Escrow Agent Fee	3,000
Local Government Commission Fee	8,750
Trustee & Trustee Counsel Fee	15,000
Corporation Counsel	40,000
Bank Purchaser Counsel	35,000
Bond Counsel	<u>140,000</u>
<b>Total Uses</b>	<b>\$44,839,103</b>

Tentative approval is given with the understanding that the governing board of Aldersgate 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 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%).
5. 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.
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 comply with the Commission’s Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRCs as adopted.
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.

**Executive Committee Action:** *A motion was made to approve the resolution by Mr. Joe Crocker, seconded by Mrs. Eileen Kugler, and unanimously approved.*

Based on information furnished by applicant, the project is -

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

# EXHIBIT A

## Compliance Summary:

- **Compliant with NCMCC Compliance Policy**

1) Does Organization have a formal post tax issuance compliance policy?

**Yes**

2) Who in the Organization will be designated to ensure appropriate compliance with the issuance?

**Suzanne Hodge Pugh – President/CEO**

3) What is the Organization’s compliance monitoring plan?

**Quarterly reporting reviewed by the CEO and finance committee chair.**

4) How will the Organization report compliance deficiencies to leadership and the Board?

**Any deficiencies would be reported in a Board of Directors meeting.**

## Selected Application Information:

### 1) Information from FYE 2020 (12/31 Year End) Audit of Aldersgate UMRC, Inc.:

Net Income / (Loss)	(\$ 4,494,684)
Operating Revenue	\$ 41,061,213
Operating Expenses	\$ 46,413,102
Net Cash provided by Operating Activities	\$ 1,357,058
Change in Net Assets	(\$ 4,609,223)
Unrestricted Cash	\$ 4,799,303
Change in Cash	\$ 2,106,901

### 2) Ratings:

Not Rated

### 3) Community Benefits (FYE 2020):

Per N.C.G.S § 105 – 5.49% (Eligible for 100% property tax exclusion)

- Total Community Benefits and Charity Care - \$2,032,921

### 4) Long-Term Debt Service Coverage Ratios:

Actual FYE 2020	1.30
Forecasted FYE 2021	2.01
Forecasted FYE 2022	1.41
Forecasted FYE 2023	1.38



Forecasted FYE 2024	1.27
Forecasted FYE 2025	1.28

**5) Transaction Participants:**

Bond Counsel:	Parker Poe Adams & Bernstein LLP
Placement Agent:	Herbert J. Sims and Co., Inc.
Bank Purchaser:	Truist Bank
Bank Counsel:	Moore & Van Allen PLLC
Trustee:	The Bank of New York Mellon
Accountant (AUP Forecast):	Sanders, Walsh & Eaton CPAs, LLC

**6) Other Information:**

**(a) Board diversity**

Male:	12
<u>Female:</u>	<u>3</u>
Total:	15
Caucasian:	9
LatinX:	1
<u>African American:</u>	<u>5</u>
	15

**(b) Diversity of residents**

*Skilled Nursing*

Caucasian:	89
Hispanic or Latino:	1
American Indian:	1
<u>African American:</u>	<u>13</u>
Total:	104

*Independent Living*

Caucasian:	369
Asian:	2
<u>African American:</u>	<u>4</u>
Total:	375

**(c) Fee Schedule – Attached**

**(d) MCC Bond Sale Approval Policy Form – Attached**

**Aldersgate Monthly Fee Schedule**

<b>Apartments</b>	<b>No. of Units</b>	<b>Approx. SF</b>	<b>0% and 90% Refundable</b>	<b>50% Refundable</b>
<b>Epworth</b>				
1 Bedroom (Rose)	1	585	\$2,656	\$2,125
1 Bedroom (Knock-Out Rose)	27	585	\$2,719	\$2,188
1 Bedroom/Kitchen (Iris)	10	585	\$2,781	\$2,226
2 Bedroom (Tulip)	9	782	\$2,842	\$2,273
2 Bedroom/Kitchen (Lily)	10	1,067	\$2,942	\$2,354
2 Bedroom/Kitchen (Gardenia)	16	1,170	\$3,070	\$2,457
<b>Francis</b>				
1 Bedroom/1 Bath	8	750	\$3,184	\$2,546
1 Bedroom/1.5 Bath (Mimosa)	16	955	\$3,567	\$2,853
2 Bedroom/2 Bath/Balcony (Dogwood)	8	1,050	\$3,949	\$3,159
2 Bedroom/2 Bath/Balcony (Holly)	12	1,075	\$4,077	\$3,262
2 Bedroom/2 Bath/Dining (Magnolia)	9	1,150	\$4,204	\$3,362
2 Bedroom/2 Bath/Dining (Willow)	3	1,180	\$4,331	\$3,466
2 Bedroom/2 Bath/Dining/Balcony (Sycamore)	6	1,250	\$4,588	\$3,670
2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)	3	1,400	\$4,971	\$3,976
2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)	6	1,500	\$5,225	\$4,180
2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak)	3	1,660	\$5,606	\$4,486
<b>Gateway</b>				
1 Bedroom/1.5 bath (Catawba)	3	851	\$3,182	\$2,542
1 Bedroom/1.5 bath (Elk)	7	950	\$3,746	\$2,993
1 Bedroom/1.5 bath (Linville)	6	1,002	\$3,863	\$3,088
1 Bedroom/1.5 bath (Elk Deluxe)	2	1,034	\$3,984	\$3,192
2 Bedroom/2.5 bath (Mitchell)	6	1,192	\$4,603	\$3,689
2 Bedroom/2.5 bath (Pamlico)	6	1,280	\$4,781	\$3,827
2 Bedroom/2.5 bath (South Fork)	3	1,376	\$4,973	\$3,978
2 Bedroom/2.5 bath/Fireplace (Uwhaarie)	3	1,376	\$4,973	\$3,978
2 Bedroom/2.5 bath/Fireplace (Yadkin)	2	1,456	\$5,274	\$4,221
1 Bedroom/1.5 Bath (Badin)	6	985	\$3,683	\$2,943
2 Bedroom/2.5 Bath (James)	6	1,285	\$4,816	\$3,851
2 Bedroom/2.5 Bath (Jordan)	3	1,352	\$5,031	\$4,024
2 Bedroom/2.5 Bath /Fireplace (Norman)	3	1,352	\$5,031	\$4,024
2 Bedroom/2.5 Bath (Tillery)	3	1,475	\$5,274	\$4,221
2 Bedroom/2.5 Bath/Fireplace (Wylie)	3	1,475	\$5,274	\$4,221
<b>Subtotal Apartments</b>	<b>209</b>			

<b>Cottages/Executive Homes</b>	<b>No. of Units</b>	<b>Approx. SF</b>	<b>0% and 90% Refundable</b>	<b>50% Refundable</b>
<b>Azalea View</b>				
2 or 3 Bedroom	30	1,362	\$3,755	\$3,008
2 or 3 Bedroom	5	1,754	\$3,954	\$3,162
<b>Lake Ridge</b>				
2 Bedroom/2 Bath/Garage (Maple)	10	1,598	\$4,313	\$3,457
2 Bedroom/2 Bath/Garage (Walnut)	1	1,740	\$4,792	\$3,835
2 Bedroom/2 Bath/Den/Garage (Hickory)	5	1,867	\$4,974	\$3,978
<b>Wesley Glen</b>				
2 Bedroom/2 Bath (Cedar)	2	1,548	\$4,178	\$3,349
2 Bedroom/2 Bath (Myrtle)	16	1,650	\$4,453	\$3,569
2 Bedroom/2.5 Bath/Den (Poplar)	4	1,880	\$5,131	\$4,107
2 Bedroom/2.5 Bath/Den (Redwood)	19	2,035	\$5,379	\$4,301
2 Bedroom/2.5 Bath/Den (Laurel)	1	1,700	\$5,438	\$4,352
<b>Subtotal Cottages/Executive Homes</b>	<b>93</b>			

<b>Total Independent Living Units</b>	<b>302</b>
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**Aldersgate Entrance Fee Schedule**

<b>Apartments</b>	<b>No. of Units</b>	<b>Approx. SF</b>	<b>90% and 50% Refundable</b>	<b>0% Refundable</b>
<b>Epworth</b>				
1 Bedroom (Rose)	1	585	\$147,849 - \$182,914	\$103,457 - \$128,151
1 Bedroom (Knock-Out Rose)	27	585	\$139,083 - \$204,460	\$109,630 - \$147,229
1 Bedroom/Kitchen (Iris)	10	585	\$191,572 - \$226,636	\$134,063 - \$158,756
2 Bedroom (Tulip)	9	782	\$191,572 - \$279,635	\$134,063 - \$195,968
2 Bedroom/Kitchen (Lily)	10	1,067	\$244,570 - \$279,635	\$171,275 - \$195,968
2 Bedroom/Kitchen (Gardenia)	16	1,170	\$276,398 - \$320,229	\$197,301 - \$228,168
<b>Francis</b>				
1 Bedroom/1 Bath	8	750	\$201,595 - \$247,408	\$141,079 - \$173,342
1 Bedroom/1.5 Bath (Mimosa)	16	955	\$262,111 - \$306,590	\$183,428 - \$214,751
2 Bedroom/2 Bath/Balcony (Dogwood)	8	1,050	\$287,921 - \$332,400	\$201,470 - \$232,792
2 Bedroom/2 Bath/Balcony (Holly)	12	1,075	\$303,207 - \$312,102	\$212,371 - \$218,635
2 Bedroom/2 Bath/Dining (Magnolia)	9	1,150	\$322,627 - \$353,762	\$225,776 - \$247,703
2 Bedroom/2 Bath/Dining (Willow)	3	1,180	\$337,913 - \$337,913	\$236,676 - \$236,676
2 Bedroom/2 Bath/Dining/Balcony (Sycamore)	6	1,250	\$352,885 - \$376,014	\$247,076 - \$263,364
2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)	3	1,400	\$360,465 - \$363,134	\$252,213 - \$254,093
2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)	6	1,500	\$421,858 - \$423,638	\$295,313 - \$296,566
2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak)	3	1,660	\$466,964 - \$489,203	\$327,013 - \$342,674
<b>Gateway</b>				
1 Bedroom/1.5 bath (Catawba)	3	851	\$324,903	\$227,432
1 Bedroom/1.5 bath (Elk)	7	950	\$362,409	\$253,686
1 Bedroom/1.5 bath (Linville)	6	1,002	\$375,296	\$262,708
1 Bedroom/1.5 bath (Elk Deluxe)	2	1,034	\$378,595	\$265,017
2 Bedroom/2.5 bath (Mitchell)	6	1,192	\$439,996	\$307,998
2 Bedroom/2.5 bath (Pamlico)	6	1,280	\$459,175	\$321,423
2 Bedroom/2.5 bath (South Fork)	3	1,376	\$478,355	\$334,848
2 Bedroom/2.5 bath/Fireplace (Uwhaarie)	3	1,376	\$503,885	\$352,720
2 Bedroom/2.5 bath/Fireplace (Yadkin)	2	1,456	\$530,038	\$371,028
1 Bedroom/1.5 Bath (Badin)	6	985	\$381,223	\$266,855
2 Bedroom/2.5 Bath (James)	6	1,285	\$478,355	\$334,848
2 Bedroom/2.5 Bath (Jordan)	3	1,352	\$490,559	\$343,392
2 Bedroom/2.5 Bath /Fireplace (Norman)	3	1,352	\$516,587	\$361,602
2 Bedroom/2.5 Bath (Tillery)	3	1,475	\$523,561	\$366,493
2 Bedroom/2.5 Bath/Fireplace (Wylie)	3	1,475	\$549,093	\$384,366
<b>Subtotal Apartments</b>	<b>209</b>			

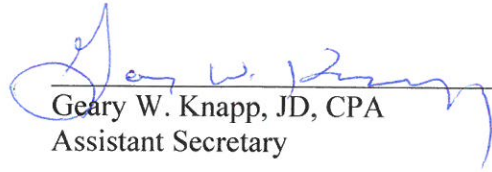
<b>Cottages/Executive Homes</b>	<b>No. of Units</b>	<b>Approx. SF</b>	<b>90% and 50% Refundable</b>	<b>0% Refundable</b>
<b>Azalea View</b>				
2 or 3 Bedroom	30	1,362	\$216,129 - \$306,627	\$151,291 - \$214,914
2 or 3 Bedroom	5	1,754	\$316,551 - \$375,751	\$221,680 - \$263,026
<b>Lake Ridge</b>				
2 Bedroom/2 Bath/Garage (Maple)	10	1,598	\$429,626 - \$491,897	\$300,701 - \$344,554
2 Bedroom/2 Bath/Garage (Walnut)	1	1,740	\$484,253	\$338,915
2 Bedroom/2 Bath/Den/Garage (Hickory)	5	1,867	\$517,205 - \$561,685	\$363,221 - \$394,545
<b>Wesley Glen</b>				
2 Bedroom/2 Bath (Cedar)	2	1,548	\$459,907 - \$462,931	\$321,940 - \$324,057
2 Bedroom/2 Bath (Myrtle)	16	1,650	\$488,998 - \$520,363	\$342,303 - \$364,260
2 Bedroom/2.5 Bath/Den (Poplar)	4	1,880	\$518,712 - \$547,298	\$363,104 - \$383,114
2 Bedroom/2.5 Bath/Den (Redwood)	19	2,035	\$533,657 - \$583,025	\$373,565 - \$408,123
2 Bedroom/2.5 Bath/Den (Laurel)	1	1,700	\$496,990	\$347,898
<b>Subtotal Cottages/Executive Homes</b>	<b>93</b>			

<b>Total Independent Living Units</b>	<b>302</b>
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NC MCC Bond Sale Approval Form				
Facility Name: Aldersgate United Methodist Retirement Community, Inc.				
	<b>Time of Preliminary Approval</b>	<b>Time of Final Approval</b>	<b>Total Variance</b>	<b>Explanation of Variance</b>
<b>SERIES: 2021A</b>				
PAR Amount	\$28,748,000.00			
Estimated Interest Rate	2.13% (taxable) through 04/01/2023 (90 days before call date); then 2.85% (tax-exempt) through 07/01/2033 (put date)			
All-in True Interest Cost	2.91%			
Maturity Schedule (Interest) - Date	Monthly			
Maturity Schedule (Principal) - Date	Monthly; final maturity: June 1, 2035			
Bank Holding Period (if applicable) - Date	Put date: July 1, 2033 (12-years)			
Estimated NPV Savings (\$) (if refunded bonds)	\$1,926,559			
Estimated NPV Savings (%) (if refunded bonds)	7.36%			
NOTES:				
	<b>Time of Preliminary Approval</b>	<b>Time of Final Approval</b>	<b>Total Variance</b>	<b>Explanation of Variance</b>
<b>SERIES: 2021B</b>				
PAR Amount	\$15,335,000.00			
Estimated Interest Rate	2.80%			
All-in True Interest Cost	2.98%			
Maturity Schedule (Interest) - Date	Monthly			
Maturity Schedule (Principal) - Date	Monthly; final maturity: June 1, 2044			
Bank Holding Period (if applicable) - Date	Put date: July 1, 2033 (12-years)			
Estimated NPV Savings (\$) (if refunded bonds)	Please see notes below on savings			
Estimated NPV Savings (%) (if refunded bonds)	Please see notes below on savings			
NOTES:				
<p>The Series 2021B Bonds will be refunding the Series 2017B Bonds held by Truist Bank. Over 50% of the 2017B Bonds is based on a variable interest rate (unhedged). Therefore, it is an imprecise exercise to estimate savings, as short-term rates will fluctuate between now and maturity of the loan (2044). For reference, the hedged/swapped portion of the Series 2017B Bonds has an all-in rate of 3.9215% through June 1, 2027 (expiration of swap and put date). Based on a ten-year history of LIBOR, the variable rate portion of the Series 2017B Bonds has an estimated all-in rate of 2.9592%. The weighted average of these two rates is 3.3947%.</p> <p>The main goals of the Series 2017B refinancing are to push out put risk an additional six years from June 1, 2027 to July 1, 2033 and to remove variable interest rate risk by hedging the majority (at least 75%) of the Series 2021B Bonds. This refinancing will also lower the credit spread and lower the all-in swap rate from 3.9215% to an estimated 2.80% rate (as of June 9, 2021).</p>				

3. There being no further business, the meeting was adjourned at 12:00 p.m.

Respectfully submitted,

  
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Geary W. Knapp, JD, CPA  
Assistant Secretary

# EXHIBIT B/4

## NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

### MINUTES

**CALLED MEETING OF THE EXECUTIVE COMMITTEE**  
**CONFERENCE TELEPHONE MEETING ORIGINATING**  
**FROM THE COMMISSION'S OFFICE**  
**JULY 21, 2021**  
**11:30 A.M.**

**Members of the Executive Committee Present:**

John J. Meier, IV, MD, Chairman  
Sally B. Cone  
Bryant C. Foriest  
Eileen C. Kugler

**Members of the Executive Committee Absent:**

Joseph D. Crocker, Vice-Chairman  
Linwood B. Hollowell, III  
Jeffrey S. Wilson

**Members of Staff Present:**

Geary W. Knapp, JD, CPA, Assistant Secretary  
Crystal Watson-Abbott, Auditor  
Kathy C. Larrison, Auditor  
Alice S. Creech, Executive Assistant

**Others Present:**

Alice Adams, Robinson Bradshaw & Hinson, P.A.  
David Matthews, Arbor Acres  
Tad Melton, Ziegler  
Adam Garcia, Ziegler

**1. Purpose of Meeting**

To authorize the execution and delivery of a (1) Third Supplemental Trust Agreement for the 2010 Bonds issued for the benefit of Arbor Acres United Methodist Retirement Community, Inc., (2) a First Supplemental Trust Agreement for the 2016 Bonds issued for the benefit of Arbor Acres United Methodist Retirement Community, Inc., and (3) authorize the sale of bonds, the proceeds of which are to be loaned to Arbor Acres United Methodist Retirement Community, Inc.

**2. Resolution of the North Carolina Medical Care Commission Approving and Authorizing Execution and Delivery of a Third Supplemental Trust Agreement Relating to the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Arbor Acres United Methodist Retirement Community Project), Series 2010**

**Executive Committee Action:** *A motion was made to approve the Third Supplemental Trust Agreement by Mrs. Eileen Kugler, seconded by Mrs. Sally Cone, and unanimously approved.*

WHEREAS, the North Carolina Medical Care Commission (the “Commission”), a commission of the Department of Health and Human Services of the State of North Carolina, agreed to issue up to \$28,875,000 aggregate principal amount of its Retirement Facilities Revenue Refunding Bonds (Arbor Acres United Methodist Retirement Community Project), Series 2010 (the “Bonds”) in the form of a “draw-down loan” (as described in Section 1.150-1(c)(4)(i) of the Treasury Regulations); and

WHEREAS, on June 10, 2010, the Commission initially issued \$2,279,620 principal amount of the Bonds and, through the completion of the Project (as described in Exhibit A to the hereinafter defined Loan Agreement), issued \$28,473,682.10 aggregate principal amount of the Bonds; and

WHEREAS, the Bonds were issued pursuant to the terms of a Trust Agreement, dated as of June 1, 2010, as amended by a First Supplemental Trust Agreement dated as of December 20, 2013 and a Second Supplemental Trust Agreement dated as of December 30, 2016 (as amended, the “Trust Agreement”), each between the Commission and Branch Banking and Trust Company, now known as Truist Bank, as bond trustee (the “Bond Trustee”), and the Commission loaned the proceeds from the sale of the Bonds to Arbor Acres United Methodist Retirement Community, Inc. (the “Corporation”) pursuant to a Loan Agreement, dated as of June 1, 2010 (the “Loan Agreement”), between the Commission and the Corporation; and

WHEREAS, the Bonds were purchased upon their initial issuance by Branch Banking and Trust Company, now known as Truist Bank, and continue to be held by Truist Bank (the “Bank Holder”); and

WHEREAS, on August 1, 2019 the Bonds were converted to bear interest at a new Bank-Bought Rate pursuant to a Conversion Notice to New Bank-Bought Rate dated July 31, 2019 (the

“2019 Conversion Notice”) delivered by the Corporation to the Bond Trustee and the Bank Holder; and

WHEREAS, the new Bank-Bought Rate Period began on August 1, 2019, the Bank-Bought Minimum Holding Period is the period from such date until January 1, 2038, which is the maturity date of the Bonds, and the 2019 Conversion Notice described the Bank-Bought Rate and certain other provisions relating to the Bonds to be applicable during such Bank-Bought Rate Period, beginning on page two thereof and continuing through page eight of the 2019 Conversion Notice (such pages being referred to herein as the “Existing Bank-Bought Rate Provisions”); and

WHEREAS, the Bank-Bought Rate is currently based on LIBOR; and

WHEREAS, the regulator of LIBOR has announced the final publication date for LIBOR in U.S. Dollars will be June 30, 2023; and

WHEREAS, the Corporation and the Bank Holder desire to amend the Existing Bank-Bought Rate Provisions to add the fallback provisions recommended by the Alternative Reference Rates Committee so that the interest rate on the Bonds can continue to be established after the cessation of LIBOR without further amendments to the Trust Agreement or the Bonds being necessary; and

WHEREAS, Section 11.02 of the Trust Agreement permits the Commission and the Bond Trustee, with the consent of the Bank Holder as the Holder (as defined in the Trust Agreement) of 100% of the Bonds, to enter into agreements supplemental to the Trust Agreement to make any change to the Trust Agreement, and Section 11.01 of the Trust Agreement permits the Commission and the Bond Trustee, with the consent of the Majority Bank Holders while the Bonds bear interest at a Bank-Bought Rate, to enter into agreements supplemental to the Trust Agreement to correct any provision therein; and

WHEREAS, there has been presented to the staff of the Commission a draft copy of a Third Supplemental Trust Agreement, to be dated the date of delivery thereof (the “Supplement”) between the Commission and the Bond Trustee; and

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

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

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



Section 2. The Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) or any duly authorized Commission Representative under the Trust Agreement are authorized and directed to execute and deliver a replacement Bond reflecting the terms of the Supplement to the Bank Holder and to take such other action and to execute and deliver any such other documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to effect the changes made in the Supplement and the reissuance of the Bonds.

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

3. **Resolution of the North Carolina Medical Care Commission Approving and Authorizing Execution and Delivery of a First Supplemental Trust Agreement Relating to the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Arbor Acres United Methodist Retirement Community), Series 2016.**

**Executive Committee Action:** *A motion was made to approve the First Supplemental Trust Agreement by Mrs. Eileen Kugler, seconded by Mrs. Sally Cone, and unanimously approved.*

WHEREAS, the North Carolina Medical Care Commission (the “Commission”), a commission of the Department of Health and Human Services of the State of North Carolina, issued \$13,159,000 aggregate principal amount of its Retirement Facilities First Mortgage Revenue Refunding Bonds (Arbor Acres United Methodist Retirement Community) Series 2016 (the “Bonds”) pursuant to the terms of a Trust Agreement dated as of December 1, 2016 (the “Trust Agreement”) between the Commission and the Bond Trustee, and the Commission loaned the proceeds of the Bonds to the Corporation pursuant to a Loan Agreement dated as of December 1, 2016 (the “Agreement”) between the Commission and the Corporation; and

WHEREAS, the Bonds were purchased upon their initial issuance and continue to be held by BB&T Community Holdings Co. (the “Bank Holder”); and

WHEREAS, all capitalized terms used herein which are defined in the Trust Agreement shall have the meanings assigned to them therein; and

WHEREAS, on August 1, 2019 the Bonds were converted to bear interest at a new Bank-Bought Rate pursuant to a Conversion Notice to New Bank-Bought Rate dated July 31, 2019 (the “2019 Conversion Notice”) delivered by the Corporation to the Bond Trustee and the Bank Holder; and

WHEREAS, the new Bank-Bought Rate Period began on August 1, 2019, the Bank-Bought Minimum Holding Period is the period from such date until January 1, 2031, which is the maturity date of the Bonds, and the 2019 Conversion Notice described the Bank-Bought Rate and certain other provisions relating to the Bonds to be applicable during such Bank-Bought Rate Period,

beginning on page two thereof and continuing through page eight of the 2019 Conversion Notice (such pages being referred to herein as the “Existing Bank-Bought Rate Provisions”); and

WHEREAS, the Bank-Bought Rate is currently based on LIBOR; and

WHEREAS, the regulator of LIBOR has announced the final publication date for LIBOR in U.S. Dollars will be June 30, 2023; and

WHEREAS, the Corporation and the Bank Holder desire to amend the Existing Bank-Bought Rate Provisions to add the fallback provisions recommended by the Alternative Reference Rates Committee so that the interest rate on the Bonds can continue to be established after the cessation of LIBOR without further amendments to the Trust Agreement or the Bonds being necessary; and

WHEREAS, Sections 11.02 and 11.08 of the Trust Agreement permit the Commission and the Bond Trustee, with the consent of the Bank Holder as the Holder of 100% of the Bonds, to enter into agreements supplemental to the Trust Agreement to make any change to the Trust Agreement; and

WHEREAS, there has been presented to the staff of the Commission a draft copy of a First Supplemental Trust Agreement, to be dated the date of delivery thereof (the “Supplement”) between the Commission and the Bond Trustee; and

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

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

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

Section 2. The Chairman, Vice Chairman, Secretary or Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) or any duly authorized Commission Representative under the Trust Agreement are authorized and directed to execute and deliver a replacement Bond reflecting the terms of the Supplement to the Bank Holder and to take such other action and to execute and deliver any such other documents, certificates, undertakings, agreements or other instruments as they, with the advice of bond counsel, may deem necessary or appropriate to effect the changes made in the Supplement and the reissuance of the Bonds.

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

4. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of up to \$62,640,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Arbor Acres United Methodist Retirement Community Project) Series 2021A.**

**Executive Committee Action:** *A motion was made to approve the resolution by Mrs. Eileen Kugler, seconded by Mrs. Sally Cone, and unanimously approved.*

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

WHEREAS, Arbor Acres United Methodist Retirement Community, Inc. (the “Corporation”) is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a “nonprofit agency” within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (1) finance the expansion and renovation of the Corporation’s continuing care retirement center located at 1240 Arbor Road, Winston-Salem, North Carolina (the “Community”), including, but not limited to, constructing and equipping approximately 56 new independent living apartments in multiple buildings with enclosed parking for such buildings and other related improvements (the “2021 Project”); (2) refund certain taxable indebtedness (the “Prior Loans”) that was used to pay a portion of costs of the 2021 Project and the renovation and expansion of the Community’s skilled nursing and memory care facilities and independent living common spaces, including dining facilities (the “Prior Project,” and together with the 2021 Project, the “Project”); (3) pay interest accruing on the new money portion of the Bonds (as defined below) during the construction of the 2021 Project; and (4) pay certain expenses incurred in connection with the authorization and issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on May 14, 2021, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

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

(a) a Trust Agreement, dated as of July 1, 2021 (the “Trust Agreement”), between the Commission and Truist Bank, as bond trustee (the “Bond Trustee”);

(b) a Loan Agreement, dated as of July 1, 2021 (the “Loan Agreement”), between the Commission and the Corporation;

(c) a Supplemental Indenture for Obligation No. 13, dated as of July 1, 2021 (“Supplement No. 13”), between the Corporation and Truist Bank, as master trustee (in such capacity, the “Master Trustee”) under the Master Trust Indenture, dated as of March 1, 2002 (as amended and supplemented, the “Master Indenture”), between the Corporation and the Master Trustee (formerly known as Branch Banking and Trust Company);

(d) Obligation No. 13, to be dated the date of delivery of the Bonds (“Obligation No. 13”), from the Corporation to the Commission;

(e) a Supplemental Indenture for Obligation No. 14, dated as of July 1, 2021 (“Supplement No. 14” and together with Supplement No. 13, the “Supplemental Indentures”), between the Corporation and the Master Trustee;

(f) Obligation No. 14, to be dated the date of delivery of the Bonds (“Obligation No. 14” and together with Obligation No. 13, the “Obligations”), from the Corporation to BB&T Community Holdings Co. (the “Purchaser”);

(g) Seventh Amendment to Deed of Trust, dated as of July 1, 2021 (the “Seventh Amendment to Deed of Trust”), between the Corporation and the Master Trustee, amending and supplementing the Deed of Trust, dated as of March 1, 2002 (as amended, the “Deed of Trust”), from the Corporation to the deed of trust trustee named therein for the benefit of the Master Trustee;

(h) a Continuing Covenants Agreement, dated as of July 1, 2021 (the “Covenant Agreement”), between the Corporation and the Purchaser;

(i) a Contract of Purchase, to be dated as of the date of delivery of the Bonds (the “Purchase Agreement”), between the Local Government Commission of North Carolina (the “LGC”) and the Purchaser, and approved by the Commission and the Corporation; and

(j) an Assignment of Contracts dated as of July 1, 2021 (the “Assignment of Contracts”), made by the Corporation to the Master Trustee; and

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

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

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

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

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Arbor Acres United Methodist Retirement Community Project) Series 2021A (the “Bonds”), in the aggregate principal amount of up to \$62,640,000, which shall be issued as the Series 2021A-1 Bonds (\$33,000,000), the Series 2021A-2 Bonds (\$22,000,000) and the Series 2021A-3 Bonds (\$7,640,000) solely for the purpose of having different maturity dates and redemption requirements and being able to track the Qualifying Intermediate-Term Indebtedness (as defined in the Master Indenture) more easily. The 2021A-1 Bonds shall mature on January 1, 2052. The 2021A-2 Bonds shall mature on January 1, 2027. The 2021A-3 Bonds shall mature on January 1, 2035. The Bonds shall bear interest at such rates determined in accordance with the Trust Agreement and the 2021A-1 Bonds and the 2021A-3 Bonds shall be subject to Sinking Fund Requirements set forth in Schedule 1 hereto. During the initial Direct Purchase Rate Period (which is approximately twelve (12) years for the 2021A-1 Bonds and to maturity for the 2021A-2 Bonds and the 2021A-3 Bonds), the 2021A-1 Bonds and the 2021A-3 Bonds will bear interest at 79% of Daily Simple SOFR (as defined in the Trust Agreement) plus 1.027% and the 2021A-2 Bonds will bear interest at 79% of Daily Simple SOFR plus 0.948%, subject to adjustment under certain circumstances (e.g., taxability, event of default, corporate tax rate adjustments).

The Bonds shall be issued as fully registered bonds in (i) denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 during any Direct Purchase Rate Period or Weekly Rate Period and (ii) denominations of \$5,000 and any integral multiples thereof during any Long-Term Rate Period or Adjustable Rate Period. While bearing interest at the Weekly Rate, Long-Term Rate or Adjustable Rate, the Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

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

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.10 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to refund the Prior Loans, pay a portion of the costs of the Project, fund a portion of the interest on the Bonds and pay certain costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant

Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

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

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

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

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

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.10 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

Section 11. Trust Bank is hereby appointed as the initial Bond Trustee for the Bonds.

Section 12. If the Bonds are converted to the Weekly Rate, a Long-Term Rate or an Adjustable Rate, the Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository of the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 13. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Anthony J. Harms, Acting Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

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

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

Schedule 1

Required Redemption of the 2021A-1 Bonds (\$33,000,000)

<u>Due January 1</u>	<u>Sinking Fund Requirement</u>	<u>Due January 1</u>	<u>Sinking Fund Requirement</u>
2025	\$ 360,000	2039	\$1,190,000
2026	900,000	2040	1,220,000
2027	920,000	2041	1,245,000
2028	940,000	2042	1,270,000
2029	960,000	2043	1,300,000
2030	980,000	2044	1,325,000
2031	1,005,000	2045	1,355,000
2032	1,030,000	2046	1,385,000
2033	1,050,000	2047	1,415,000
2034	1,070,000	2048	1,450,000
2035	1,095,000	2049	1,480,000
2036	1,115,000	2050	1,510,000
2037	1,140,000	2051	1,545,000
2038	1,165,000	2052*	1,580,000

\* Maturity

Required Redemption of the 2021A-3 Bonds (\$7,640,000)

<u>Due January 1</u>	<u>Sinking Fund Requirement</u>	<u>Due January 1</u>	<u>Sinking Fund Requirement</u>
2022	\$205,000	2029	\$570,000
2023	490,000	2030	585,000
2024	505,000	2031	595,000
2025	515,000	2032	610,000
2026	530,000	2033	630,000
2027	545,000	2034	645,000
2028	555,000	2035*	660,000

\* Maturity

The 2021A-2 Bonds are to be paid with initial Entrance Fees from the 2021 Project.



Professional Fees Comparison for  
Arbor Acres United Methodist Retirement Community, Inc.

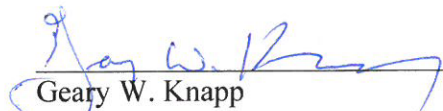
<u>Professional</u>	Fees Estimated In Preliminary Approval <u>Resolution*</u>	<u>Actual Fees</u>
Corporation counsel	\$ 80,000	\$70,000
Bond counsel	95,000	75,000
Purchaser counsel	50,000	50,000
Placement agent fee	165,000	187,920
Swap advisor fee	30,000	25,000
Commitment fee	110,000	125,280
Trustee and trustee counsel fees	12,500	16,000
Financial advisor fee	N/A	30,000
Accountant fee	20,000	N/A
Underwriter discount/placement fee	339,300	N/A

\*Preliminary approval contemplated the possibility of refunding the 2010 Bonds and 2016 Bonds and having a separate publicly offered series of bonds.

5. **Adjournment**

There being no further business, the meeting was adjourned at 11:45 a.m.

Respectfully submitted,

  
\_\_\_\_\_  
Geary W. Knapp  
Assistant Secretary

NC MCC Bond Sale Approval Form				
Facility Name: Arbor Acres				
	Time of Preliminary Approval	Time of Final Approval	Total Variance	Explanation of Variance
<b>SERIES: 2021A (Publicly Offered)</b>				
PAR Amount	\$44,000,000.00	\$0.00		Elected to keep Series 2010 and 2016 Outstanding in their current form.
Estimated Interest Rate	2.50%			
All-in True Interest Cost	3.50%			
Maturity Schedule (Interest) - Date	12/1/2021 - 12/1/2037			
Maturity Schedule (Principal) - Date	12/1/2021 - 12/1/2037			
Bank Holding Period (if applicable) - Date	N/A			
Estimated NPV Savings (\$) (if refunded bonds)	(\$208,311.00)			
Estimated NPV Savings (%) (if refunded bonds)	0.51%			
NOTES:				
- Interest rate assumption assumes Arbor Acres is rated BBB for the proposed financing.				
	Time of Preliminary Approval	Time of Final Approval	Total Variance	Explanation of Variance
<b>SERIES: Series 2021B (Bank Held)</b>				
PAR Amount	\$55,000,000.00	\$62,640,000.00	\$7,640,000.00	Moved a refunding component from bonds to bank
Estimated Interest Rate	2.75%	1.06%	1.69%	Conservative rates used at preliminary approval
All-in True Interest Cost	3.15%	2.15%	1.00%	Conservative rates used at preliminary approval
Maturity Schedule (Interest) - Date	9/1/2021 - 12/1/2051	9/1/2021 - 1/1/2052		Added a month to final maturity to align to existing debt bond year
Maturity Schedule (Principal) - Date	12/1/2023 - 12/1/2051	9/1/2021 - 1/1/2052		Added a month to final maturity to align to existing debt bond year
Bank Holding Period (if applicable) - Date	12 years	12-Years		
Estimated NPV Savings (\$) (if refunded bonds)	N/A	\$159,963		Added refunding noted above
Estimated NPV Savings (%) (if refunded bonds)	N/A	2.10%		Added refunding noted above
NOTES:				

# EXHIBIT B/5

## NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

### MINUTES

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

JULY 26, 2021

11:30 A.M.

#### Members of the Executive Committee Present:

John J. Meier, IV, Chairman  
Joseph D. Crocker, Vice-Chairman  
Sally B. Cone  
Bryant C. Foriest  
Eileen C. Kugler  
Jeffrey S. Wilson

#### Members of the Executive Committee Absent:

Linwood B. Hollowell, III

#### Members of Staff Present:

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

#### Others Present:

Suzanne Pugh, Aldersgate  
Michael Hill, Aldersgate  
Tom Riley, Aldersgate  
Tom Bowden, HJ Sims & Co. Inc.  
John Franklin, Pearl Creek Advisors, LLC  
Jay Saunders, KPM Financial

1) **Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to Aldersgate United Methodist Retirement Community, Inc.

2) **Series Resolution Authorizing the Sale and Issuance of the Taxable North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2021A (the “Taxable Bonds”), the Tax-Exempt North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2021B (the “2021B Bonds”), and a Subsequent Series of Tax-Exempt Bonds Entitled the Tax-Exempt North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2023 (the “Future Tax-Exempt Bonds”) to Refund the Taxable Bonds**

**Executive Committee Action:** *A motion was made to approve resolution by Mr. Joe Crocker, seconded by Mr. Bryant Foriest, 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**, Aldersgate United Methodist Retirement Community, Inc. (the “Corporation”) is a North Carolina nonprofit corporation and a “nonprofit agency” within the meaning and intent of the Act, which operates, by itself and through its controlled affiliates, certain health care facilities; and

**WHEREAS**, the Corporation has made application to the Commission for a loan to be made to the Corporation from the proceeds of the Taxable North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2021A (the “Taxable Bonds”) and the Tax-Exempt North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 2021B (the “2021B Bonds”) to be issued by the Commission for the purpose of providing funds, together with other available funds, to (a) refund the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds (Aldersgate), Series 2013 (the “Refunded 2013 Bonds”), (b) refund the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Aldersgate), Series 2017B (the “Refunded 2017 Bonds” and together with the Refunded 2013 Bonds, the “Refunded Bonds”), (c) pay a swap termination payment with respect to a hedging instrument for the Refunded 2017 Bonds, and (d) pay certain expenses incurred in connection with the authorization, sale and issuance of the Taxable Bonds, the 2021B Bonds and, if and when issued, the Future Tax-Exempt Bonds (hereinafter defined); and

**WHEREAS**, pursuant to the plan of finance set forth in such application, the Corporation also desires for the Commission to provide for the future sale and issuance by the Commission of a subsequent issue of tax-exempt bonds entitled the Tax-Exempt North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate), Series 20\_\_ (the “Future Tax-Exempt Bonds” and, together with the Taxable Bonds and the 2021B Bonds, the “Bonds”) in an aggregate principal amount equal to the outstanding principal amount of the Taxable Bonds at the time of issuance of the Future Tax-Exempt Bonds for the purpose of refunding and redeeming the Taxable Bonds; and

**WHEREAS**, the Executive Committee of the Commission has, by resolution adopted on June 24, 2021, 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 officers and staff of 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, 2021 (the “Trust Agreement”), between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Bond Trustee”), together with the form of the Bonds attached thereto;

(b) Loan Agreement, to be dated as of July 1, 2021 (the “Loan Agreement”), among 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”), Truist Bank (“Truist”), and STI Institutional & Government, Inc. (“STING” and together with Truist, the “Banks”), and approved by the Commission and the Corporation, relating to the sale and delivery of the Taxable Bonds and the 2021B Bonds;

(d) Forward Purchase Option Agreement, to be dated the date of delivery thereof (the “Forward Purchase Agreement” and together with the Contract of Purchase, the “Purchase Agreements”), between the LGC and STING, and approved by the Commission and the Corporation, relating to the sale and delivery of the Future Tax-Exempt Bonds;

(e) Master Trust Indenture, dated as of October 1, 2013 (as amended or supplemented from time to time in accordance with its terms, the “Master Indenture”), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”);

(f) Deed of Trust, dated as of October 1, 2013, as previously amended and as further amended by the Sixth Amendment to Deed of Trust, to be dated as of July 1, 2021 (the “Deed of Trust Amendment”), each from the Corporation to the deed of trust trustee named therein for the benefit of the Master Trustee;

(g) Supplemental Indenture for Obligation No. 11, to be dated as of July 1, 2021 (“Supplement No. 11”), between the Corporation and the Master Trustee;

(h) Obligation No. 11, to be dated the date of delivery thereof (“Obligation No. 11”), from the Corporation to the Commission;

(i) Supplemental Indenture for Obligation No. 12, to be dated as of July 1, 2021 (“Supplement No. 12” and together with Supplement No. 11, the “Supplemental Indentures”), between the Corporation and the Master Trustee;

(j) Obligation No. 12, to be dated the date of delivery thereof (“Obligation No. 12 and, together with Obligation No. 11, the “Obligations”), from the Corporation to the Banks;

(k) the Escrow Deposit Agreement, to be dated as of July 1, 2021 (the “Escrow Agreement”), among the Commission, the Corporation and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), relating to the defeasance, refunding and redemption of the Refunded Bonds;

(l) the Continuing Covenant Agreement, to be dated as of July 1, 2021 (the “Covenant Agreement”), among the Corporation and the Banks; and

**WHEREAS**, the Bonds bear interest at a variable interest rate equal the Adjusted SOFR Rate with a floor of 1.90% for the Taxable Bonds, a floor of 1.5405% for the 2021B Bonds and a floor of 1.501% for the Future Tax-Exempt Bonds. Although each series of Bonds is expected to be hedged to a fixed rate, the Adjusted SOFR Rate was 2.15% for the Taxable Bonds and 2.60% for the 2021B Bonds as of July 23, 2021; and

**WHEREAS**, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under each of the documents described above to which the Corporation is a party; and

**WHEREAS**, the Commission has determined that the public interest will be served by the proposed refunding 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 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 (a) the Taxable Bonds in an aggregate principal amount of \$28,685,000, (b) the 2021B Bonds in an aggregate principal amount of \$15,340,000, and (c) the Future Tax-Exempt Bonds in an aggregate principal amount equal to the outstanding principal amount of the Taxable Bonds at the time of issuance of the Future Tax-Exempt Bonds. The Taxable Bonds and the Future Tax-Exempt Bonds shall each be dated as of their respective dates of delivery and shall each mature, subject to prior redemption as provided therein, on June 1, 2035. The 2021B Bonds shall be dated as of their date of delivery and shall mature, subject to prior redemption as provided therein, on June 1, 2044. The Bonds will be subject to mandatory tender for purchase approximately twelve (12) years from the date of issuance of the Taxable Bonds and the 2021B Bonds. The preliminary mandatory sinking fund redemption schedules for the Bonds are set forth in Exhibit A hereto.

The Bonds shall be initially issued as fully registered bonds in denominations of \$0.01 so long as the Bonds are subject to the Lender Rate Period as described in the Trust Agreement. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be 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 optional and mandatory sinking fund redemption and optional and mandatory tender for purchase and shall be subject to conversion to different interest rate modes, at the times, upon the terms and conditions and, with respect to redemptions and tenders, at the prices set forth in the Trust Agreement.

**Section 4.** The proceeds of the Taxable Bonds and the 2021B Bonds shall be applied as provided in Section 2.08 of the Trust Agreement, and the proceeds of the Future Tax-Exempt Bonds (if and when issued) shall be applied on the date of issuance thereof to the redemption of the Taxable Bonds.

**Section 5.** The forms, terms and provisions of the Loan Agreement, the Trust Agreement and the Escrow 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, the Trust Agreement and the Escrow Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary 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 Purchase Agreements; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

**Section 6.** The form, terms and provisions of the Purchase Agreements 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 Purchase Agreements in substantially the forms presented at this meeting, 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 at this meeting, 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 Deed of Trust Amendment, the Supplemental Indentures, the Obligations and the Covenant Agreement are hereby approved in substantially the forms presented at this meeting, 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 Taxable Bonds to Truist and the 2021B Bonds to STING in accordance with the Contract of Purchase, and the sale of the Future Tax-Exempt Bonds to STING, if and when issued, pursuant to the Forward Purchase Agreement, in each case 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, with respect to the Taxable Bonds, and Section 2.16 of the Trust Agreement, with respect to the Future Tax-Exempt Bonds, the Bond Trustee shall deliver the Bonds to the respective Banks, as applicable, against payment therefor.

**Section 11.** The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the Bond Trustee for the Bonds and the Escrow Agent for the Refunded Bonds.



**Section 12.** S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary, Kathy C. Larrison, Auditor, and Crystal Watson-Abbott, Auditor, for the Commission, are each hereby appointed a Commission Representative (as that term is defined in the Loan Agreement) of the Commission with full power to carry out the duties set forth therein.

**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, the Escrow Agreement and the Purchase Agreements.

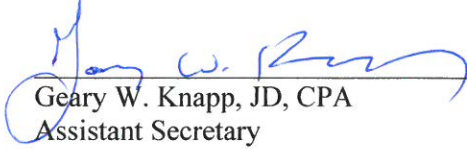
**Section 14.** A comparison of the professional fees as set forth in the resolution of the Executive Committee of the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with the financing is set forth as Exhibit B hereto.

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

3) **Adjournment**

There being no further business, the meeting was adjourned at 11:50 a.m.

Respectfully submitted,

  
\_\_\_\_\_  
Geary W. Knapp, JD, CPA  
Assistant Secretary

## EXHIBIT A

### MANDATORY SINKING FUND REDEMPTION SCHEDULE

The initial yearl mandatory sinking fund redemption schedule for the Taxable Bonds and Future Tax-Exempt Bonds is as follows:

Period Ending	Principal
12/31/2021	
12/31/2022	2,435,000
12/31/2023	2,355,000
12/31/2024	2,380,000
12/31/2025	2,465,000
12/31/2026	2,545,000
12/31/2027	2,585,000
12/31/2028	2,650,000
12/31/2029	2,735,000
12/31/2030	2,830,000
12/31/2031	2,870,000
12/31/2032	675,000
12/31/2033	710,000
12/31/2034	720,000
12/31/2035	730,000
	<hr/>
	28,685,000

The initial yearly mandatory sinking fund redemption schedule for the 2021B Bonds is as follows:

Period Ending	Principal
12/31/2021	165,000
12/31/2022	480,000
12/31/2023	535,000
12/31/2024	540,000
12/31/2025	540,000
12/31/2026	540,000
12/31/2027	580,000
12/31/2028	600,000
12/31/2029	600,000
12/31/2030	600,000
12/31/2031	650,000
12/31/2032	660,000
12/31/2033	660,000
12/31/2034	680,000
12/31/2035	720,000
12/31/2036	720,000
12/31/2037	725,000
12/31/2038	780,000
12/31/2039	780,000
12/31/2040	790,000
12/31/2041	840,000
12/31/2042	840,000
12/31/2043	865,000
12/31/2044	450,000
	<hr/>
	15,340,000

Please note that the purchaser is requiring monthly redemptions (not included herein).

## EXHIBIT B

### PROFESSIONAL FEES AND EXPENSES

<b>PROFESSIONAL</b>	<b>PRELIMINARY APPROVAL</b>	<b>ACTUAL*</b>
Financial Advisor	\$ 30,000	\$ 30,000
Appraisal/Environmental	15,000	10,850
Bond Counsel	140,000	140,000
Bank Counsel	35,000	35,000
Corporation Counsel	40,000	40,000
Placement Agent	125,000	125,000
Local Government Commission	8,750	8,750
Bank Fee	44,083	44,035
Trustee (including counsel)	15,000	16,500
Survey/Title Insurance	10,000	1,114
Swap Advisor	25,050	25,000
Verification Agent	3,000	2,000
Contingency	26,384	10,000

\* Not-to-exceed fees. Includes fees relating to issuance of the Taxable Bonds, the 2021B Bonds and the Future Tax-Exempt Bonds.



# EXHIBIT B/6



## STATE OF NORTH CAROLINA OFFICE OF THE GOVERNOR

ROY COOPER  
GOVERNOR

July 1, 2021

Dr. John J. Meier IV  
709 Wayne Drive  
Raleigh, North Carolina 27608

Dear John:

I am pleased to reappoint you to serve as a member of the North Carolina Medical Care Commission. Pursuant to N.C. Gen. Stat. § 143B-166, your reappointment is effective immediately. Your term will expire on June 30, 2025.

Your board or commission is covered by the State Ethics Act. As a result, please remember that you must participate in ethics training every two years, and you are required to file a Statement of Economic Interest by April 15 of each year.

Thank you for continuing to serve the people of North Carolina. I am grateful that you are willing to give your time and talents to move North Carolina forward.

Please read the enclosed instructions carefully so that we may complete the reappointment process. If you have any questions, contact the Office of Boards and Commissions at (919) 814-2077.

With kind regards, I am

Very truly yours,

A handwritten signature in black ink that reads "Roy Cooper". The signature is stylized and cursive.

Roy Cooper

cc: Dr. Mandy K. Cohen

# EXHIBIT B/7



## STATE OF NORTH CAROLINA OFFICE OF THE GOVERNOR

ROY COOPER  
GOVERNOR

July 1, 2021

Dr. Paul R.G. Cunningham  
124 Farmington Road  
Grimesland, North Carolina 27837

Dear Paul:

I am pleased to reappoint you to serve as a member of the North Carolina Medical Care Commission. Pursuant to N.C. Gen. Stat. § 143B-166, your reappointment is effective immediately. Your term will expire on June 30, 2025.

Your board or commission is covered by the State Ethics Act. As a result, please remember that you must participate in ethics training every two years, and you are required to file a Statement of Economic Interest by April 15 of each year.

Thank you for continuing to serve the people of North Carolina. I am grateful that you are willing to give your time and talents to move North Carolina forward.

Please read the enclosed instructions carefully so that we may complete the reappointment process. If you have any questions, contact the Office of Boards and Commissions at (919) 814-2077.

With kind regards, I am

Very truly yours,

A handwritten signature in black ink that reads "Roy Cooper".

Roy Cooper

cc: Dr. Mandy K. Cohen

# EXHIBIT B/8



## STATE OF NORTH CAROLINA OFFICE OF THE GOVERNOR

ROY COOPER  
GOVERNOR

July 1, 2021

Mr. Linwood B. Hollowell III  
800 E. Morehead Street  
Charlotte, North Carolina 28202

Dear Lin:

I am pleased to reappoint you to serve as a member of the North Carolina Medical Care Commission. Pursuant to N.C. Gen. Stat. § 143B-166, your reappointment is effective immediately. Your term will expire on June 30, 2025.

Your board or commission is covered by the State Ethics Act. As a result, please remember that you must participate in ethics training every two years, and you are required to file a Statement of Economic Interest by April 15 of each year.

Thank you for continuing to serve the people of North Carolina. I am grateful that you are willing to give your time and talents to move North Carolina forward.

Please read the enclosed instructions carefully so that we may complete the reappointment process. If you have any questions, contact the Office of Boards and Commissions at (919) 814-2077.

With kind regards, I am

Very truly yours,

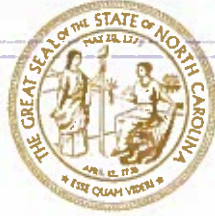
A handwritten signature in black ink that reads "Roy Cooper". The signature is written in a cursive style with a large, prominent "R" and "C".

Roy Cooper

cc: Dr. Mandy K. Cohen



# EXHIBIT B/9



## STATE OF NORTH CAROLINA OFFICE OF THE GOVERNOR

ROY COOPER  
GOVERNOR

July 1, 2021

Mrs. Karen E. Moriarty  
315 North Boundary Street  
Raleigh, North Carolina 27604

Dear Karen:

I am pleased to reappoint you to serve as a member of the North Carolina Medical Care Commission. Pursuant to N.C. Gen. Stat. § 143B-166, your reappointment is effective immediately. Your term will expire on June 30, 2025.

Your board or commission is covered by the State Ethics Act. As a result, please remember that you must participate in ethics training every two years, and you are required to file a Statement of Economic Interest by April 15 of each year.

Thank you for continuing to serve the people of North Carolina. I am grateful that you are willing to give your time and talents to move North Carolina forward.

Please read the enclosed instructions carefully so that we may complete the reappointment process. If you have any questions, contact the Office of Boards and Commissions at (919) 814-2077.

With kind regards, I am

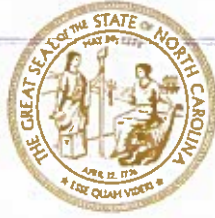
Very truly yours,

A handwritten signature in black ink that reads "Roy Cooper".

Roy Cooper

cc: Dr. Mandy K. Cohen

# EXHIBIT B/10



## STATE OF NORTH CAROLINA OFFICE OF THE GOVERNOR

ROY COOPER  
GOVERNOR

July 1, 2021

Mr. Jeffrey S. Wilson  
4906 Glennburn Court  
Wilmington, North Carolina 28409

Dear Jeff:

I am pleased to reappoint you to serve as a member of the North Carolina Medical Care Commission. Pursuant to N.C. Gen. Stat. § 143B-166, your reappointment is effective immediately. Your term will expire on June 30, 2025.

Your board or commission is covered by the State Ethics Act. As a result, please remember that you must participate in ethics training every two years, and you are required to file a Statement of Economic Interest by April 15 of each year.

Thank you for continuing to serve the people of North Carolina. I am grateful that you are willing to give your time and talents to move North Carolina forward.

Please read the enclosed instructions carefully so that we may complete the reappointment process. If you have any questions, contact the Office of Boards and Commissions at (919) 814-2077.

With kind regards, I am

Very truly yours,

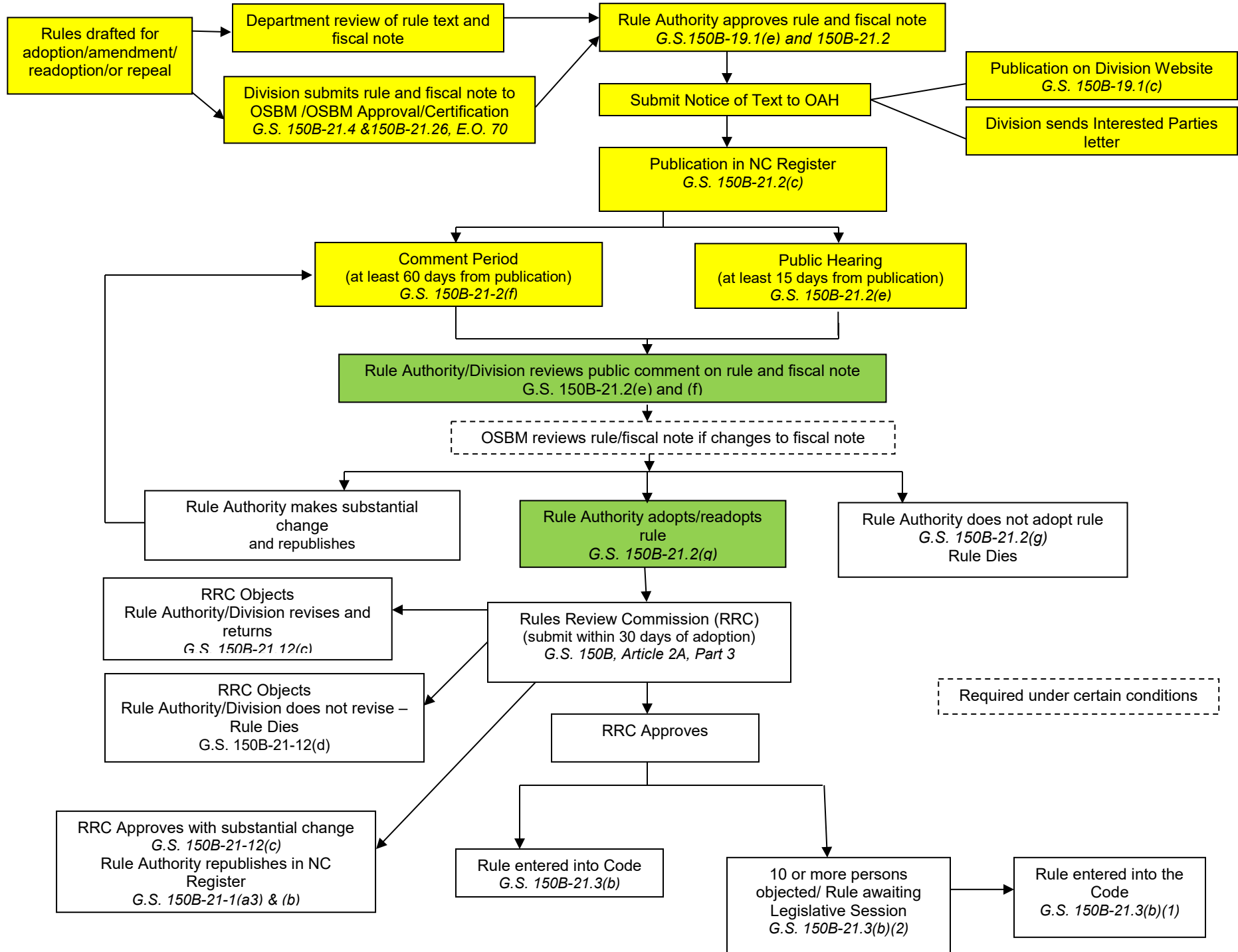
A handwritten signature in black ink that reads "Roy Cooper".

Roy Cooper

cc: Dr. Mandy K. Cohen

# Process for Medical Care Commission to Adopt/Readopt Rule

**Exhibit C**



1 10A NCAC 13K .1109 is readopted with changes as published in 35:18 NCR 2029-2039 as follows:

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**10A NCAC 13K .1109 RESIDENT CARE AREAS**

(a) ~~Resident rooms shall meet the following requirements:~~ A facility shall meet the following requirements for resident bedrooms:

- (1) ~~There shall be private or semiprivate rooms;~~ private bedroom with not less than 100 square feet of floor area or semi-private bedroom with not less than 80 square feet of floor area per bed shall be provided;
- (2) ~~Infants~~ infants and small children shall not ~~be assigned to share a room~~ bedroom with an adult resident unless requested by ~~residents~~ the resident and families;
- (3) ~~Each resident room~~ each bedroom shall ~~contain at least be~~ furnished with a bed, a mattress protected by waterproof material, a mattress pad, a pillow, and ~~a chair;~~ one chair per resident;
- (4) ~~Each resident room shall have a minimum of 48 cubic feet of closet space or wardrobe for clothing and personal belongings that provides security and privacy for each resident. Each resident room shall be equipped with a towel rack for each individual;~~ each bedroom shall be provided with one closet or wardrobe per bed. Each closet or wardrobe shall have clothing storage space of not less than 48 cubic feet per bed with one-half of this space for hanging clothes;
- (5) ~~Each resident~~ each bedroom shall:
  - (A) be located at or above grade level;
  - (B) have provisions to ensure visual privacy for treatment or visiting; ~~[be provided with a cubicle curtain enclosing each bed to ensure visual privacy;]~~ and
  - (C) be equipped with a towel rack for each resident;
- (6) ~~Artificial lighting shall be provided sufficient~~ each bedroom shall provide lighting for treatment and non-treatment needs, ~~50 foot candles~~ foot-candles for ~~treatment,~~ treatment needs, and ~~35 foot candles~~ foot-candles for non-treatment ~~areas;~~ needs; and
- (7) ~~A room where access is through a bathroom, kitchen or another bedroom will not be approved for a resident's bedroom.~~ no resident bedroom shall be accessed through a bathroom, kitchen, or another bedroom.

(b) ~~Bathrooms shall meet the following requirements:~~ A facility shall meet the following requirements for bathrooms:

- (1) ~~Bathroom facilities~~ bathrooms shall be ~~conveniently~~ directly accessible to ~~resident rooms.~~ each resident bedroom without going through the general corridors. One bathroom may serve up to four ~~residents and staff.~~ residents. Minimum size of any bathroom shall be 18 square feet. The ~~door~~ bathroom doorway shall ~~be at least 32 inches wide.~~ be a minimum 32-inch clear opening;
- (2) ~~The~~ each bathroom shall be furnished with the following:
  - (A) a toilet with grab bars;
  - (B) lavatory with four inch wrist blade controls; a sink trimmed with valves that can be operated without hands. If the sink is equipped with blade handles, the blade handles shall

1 not be less than four inches in length. If the sink faucet depends on the building electrical  
2 service for operation, the faucet must have an emergency power source or battery backup  
3 capability. If the faucet has battery operated sensors, the facility shall have a maintenance  
4 policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;

5 (C) a mirror;

6 (D) soap, paper towel dispensers, and waste paper receptacle with a removable impervious  
7 liner; and

8 ~~(E)~~ water closet; and

9 ~~(F)~~~~(E)~~ a tub or shower.

10 (c) ~~Space shall be provided for:~~ Each facility shall provide:

11 (1) ~~charting, storage of supplies and personal effects of staff;~~ an area for charting;

12 (2) ~~the storage of resident care equipment;~~ storage provisions for personal effects of staff;

13 (3) ~~housekeeping equipment and cleaning supplies;~~ storage areas for supplies and resident care  
14 equipment;

15 (4) ~~storage of test reagents and disinfectants distinct from medication;~~ storage area(s) for housekeeping  
16 equipment and cleaning supplies;

17 (5) ~~locked medication storage and preparation; and~~ a medication preparation area with a counter, a sink  
18 trimmed with valves that can be operated without hands, locked medication storage, and a double  
19 locked narcotic storage area under visual control of staff. If the sink is equipped with blade handles,  
20 the blade handles shall not be less than four inches in length. If the sink faucet depends on the  
21 building electrical service for operation, the faucet must have an emergency power source or battery  
22 backup capability. If the faucet has battery operated sensors, the facility shall have a maintenance  
23 policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;

24 (6) ~~drugs requiring refrigeration. They may be stored in a separate locked box in the refrigerator or in~~  
25 ~~a lockable drug only refrigerator, capable of maintaining a temperature range of 36 degrees F (2~~  
26 ~~degrees C) to 46 degrees F (8 degrees C). The storage and accountability of controlled substances~~  
27 ~~shall be in accordance with the North Carolina Controlled Substances Act, Article 5 of Chapter 90~~  
28 ~~of the General Statutes. a lockable refrigerator for drug storage only or a separate locked box in a~~  
29 ~~facility refrigerator. The refrigerator must be capable of maintaining a temperature range of 36~~  
30 ~~degrees F (2 degrees C) to 46 degrees F (8 degrees C);~~

31 ~~(7)~~ a kitchen with:

32 (A) a refrigerator;

33 (B) a cooking appliance ventilated to the outside;

34 (C) a 42-inch minimum double-compartment sink and domestic dishwashing machine capable  
35 of sanitizing dishes with 160 degrees F water; and

36 (D) storage space for non-perishables;

37 (8) a separate dining area measuring not less than 20 square feet per resident bed;

1           (9)     a recreational and social activities area with not less than 150 square feet of floor area exclusive of  
2           corridor traffic;

3           (10)    a nurses' calling system shall be provided:

4           (A)     in each resident bedroom for each resident bed. The call system activator shall be such that  
5           they can be activated with a single action and remain on until deactivated by staff at the  
6           point of origin. The call system activator shall be within reach of a resident lying on the  
7           bed. In rooms containing two or more call system activators, indicating lights shall be  
8           provided at each calling station;

9           (B)     nurses' calling systems which provide two-way voice communication shall be equipped  
10          with an indicating light at each calling station which lights and remains lighted as long as  
11          the voice circuit is operating;

12          (C)     a nurses' call emergency activator shall be ~~proved~~ provided at each residents' use toilet  
13          fixture, bath, and shower. The call system activator shall be accessible to a resident lying  
14          on the floor; and

15          (D)     calls shall register with the floor staff and shall activate a visible signal in the corridor at  
16          the resident's door. In multi-corridor units, additional visible signals shall be installed at  
17          corridor intersections;

18          (11)    heating and air conditioning equipment that can maintain a temperature range between 68 degrees  
19          and 80 degrees Fahrenheit, even upon loss of utility power.

20    ~~(d) Kitchen and dining areas shall have:~~

21          ~~(1) — a refrigerator;~~

22          ~~(2) — a cooking unit ventilated to the outside;~~

23          ~~(3) — a 42 inch minimum double compartment sink and domestic dishwashing machine capable of~~  
24          ~~sanitizing dishes with 160 degrees F. water;~~

25          ~~(4) — dining space of 20 square feet per resident; and~~

26          ~~(5) — storage space for non-perishables.~~

27    ~~(e) Other areas shall include:~~

28          ~~(1) — a minimum of 150 square feet exclusive of corridor traffic for recreational and social activities;~~

29          ~~(2) — an audible and accessible call system furnished in each resident's room and bathroom; and~~

30          ~~(3) — heating and air cooling equipment to maintain a comfort range between 68 degrees and 80 degrees~~  
31          ~~Fahrenheit.~~

32  
33    History Note:    Authority G.S. 131E-202;

34                    Eff. June 1, 1991;

35                    Amended Eff. February 1, 1995- 1995;

36                    Readopted Eff. October 1, 2021.

1 10A NCAC 13K .1112 is amended as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1112 DESIGN AND CONSTRUCTION**

4 (a) ~~Hospice residences and inpatient units~~ A new facility or remodeling of an existing facility must shall meet the  
5 requirements of the North Carolina State Building ~~Code~~ Codes, which are incorporated by reference, including all  
6 subsequent amendments and editions, in effect at the time of licensure, construction, additions, alterations or repairs.

7 Copies of these codes may be purchased from the International Code Council online at <https://shop.iccsafe.org/> at a  
8 cost of eight hundred fifty-eight dollars (\$858.00) or accessed electronically free of charge at  
9 <https://codes.iccsafe.org/codes/north-carolina>. Existing licensed facilities shall meet the requirements of the North  
10 Carolina State Building Codes in effect at the time of licensure, construction or remodeling.

11 (b) Each facility shall be planned, constructed, and equipped to support the services to be offered in the facility.

12 (c) Any existing building converted to a hospice facility shall meet all requirements of a new facility.

13 (d) The sanitation, water supply, sewage disposal, and dietary facilities ~~must comply with the rules of the Commission~~  
14 ~~for Public Health.~~ shall meet the requirements of 15A NCAC 18A .1300, which is incorporated by reference including  
15 subsequent amendments and editions.

16

17 *History Note: Authority G.S. 131E-202;*

18 *Eff. June 1, 1991;*

19 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December*  
20 *22, ~~2018.~~ 2018;*

21 *Amended Eff. October 1, 2021.*

1 10A NCAC 13K .1113 is readopted as published in 35:18 NCR 2029-2039 as follows:

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**10A NCAC 13K .1113 PLANS AND SPECIFICATIONS**

(a) When construction or remodeling of a facility is planned, final working drawings and specifications must one copy of construction documents and specifications shall be submitted by the owner or the owner's appointed representative to the Department of Health and Human Services, Division of Health Service Regulation for review and approval. Schematic design drawings and preliminary working design development drawings shall may be submitted by the owner prior to the required submission of final working drawings. for approval prior to the required submission of construction documents. ~~The Department shall forward copies of each submittal to the Department of Insurance and Division of Environmental Health for review and approval. Three copies of the plans shall be provided at each submittal.~~

(b) ~~Construction work shall not be commenced until written approval has been given by the Department. Approval of final plans construction documents and specifications shall be obtained from the Department prior to licensure. Approval of construction documents and specifications shall expire one year from the date granted unless a contract for the construction has been signed prior to the expiration date. after the date of approval unless a building permit for the construction has been obtained prior to the expiration date of the approval of construction documents and specifications.~~

(c) If an approval expires, a renewed approval shall be issued by the Department, provided revised plans construction documents and specifications meeting all current regulations, codes, and the standards established in Sections .1100 and .1200 of this Subchapter are submitted. ~~submitted by the owner or owner's appointed representative and reviewed by the Department.~~

(d) ~~Completed construction shall conform to the minimum standards established in these Rules. Any changes made during construction shall require the approval of the Department to ensure compliance with the standards established in Sections .1100 and .1200 of this Subchapter.~~

(e) ~~The owner or designated agent shall notify the Department when actual construction starts and at points when construction is 75 percent and 90 percent complete and upon final completion, so that periodic and final inspections can be performed. Completed construction or remodeling shall conform to the standards established in Sections .1100 and .1200 of this Subchapter. Construction documents and building construction, including the operation of all building systems, shall be approved in writing by the Department prior to licensure or patient and resident occupancy.~~

(f) The owner or owner's designated agent appointed representative shall submit for approval by the Department all alterations or remodeling changes which affect the structural integrity of the building, functional operation, fire safety or which add beds or facilities over those for which the facility is licensed. notify the Department in writing either by U.S. Mail or e-mail when the construction or remodeling is complete.

*History Note: Authority G.S. 131E-202;  
Eff. June 1, 1991;  
Amended Eff. February 1, 1996. 1996.*





1 10A NCAC 13K .1114 is readopted as published in 35:18 NCR 2029-2039 as follows:

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3 **10A NCAC 13K .1114 PLUMBING**

4 ~~(a) The water supply shall be designed, constructed and protected so as to assure that a safe, potable and adequate~~  
5 ~~water supply is available for domestic purposes in compliance with the North Carolina State Building Code.~~

6 ~~(b) All plumbing in the residence or unit shall be installed and maintained in accordance with the North Carolina~~  
7 ~~State Plumbing Code. All plumbing shall be maintained in good repair and free of the possibility of backflow and~~  
8 ~~backsiphonage, through the use of vacuum breakers and fixed air gaps, in accordance with state and local codes.~~

9 ~~(c) For homes hospice residential facilities~~ with five or more residents, a 50-gallon quick recovery water heater is  
10 required. For ~~homes hospice residential facilities~~ with fewer than five residents, a 40-gallon quick recovery water  
11 heater is required.

12

13 *History Note: Authority G.S. 131E-202;*

14 *Eff. June 1, 1991, 1991;*

15 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1115 is readopted as published in 35:18 NCR 2029-2039 as follows:

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3 **10A NCAC 13K .1115 WASTE DISPOSAL**

4 (a) Sewage shall be discharged into a public sewer system, or ~~if such is not available, it~~ in the absence of a public  
5 sewer system, sewage shall be disposed of in a manner approved by the North Carolina ~~Division of Environmental~~  
6 ~~Health.~~ Department of Health and Human Services, Division of Public Health, Environmental Health Section.

7 (b) Garbage and rubbish shall be stored in impervious containers in ~~such~~ a manner as ~~not to become a nuisance or a~~  
8 ~~health hazard.~~ to prevent insect breeding and public health nuisances. A sufficient number of impervious Impervious  
9 containers with tight-fitting lids shall be provided and kept clean and in good repair. ~~Refuse~~ Garbage shall be removed  
10 from the outside storage at least once a week to a disposal site approved by the local health ~~department.~~ department  
11 having jurisdiction.

12 (c) The ~~home~~ facility or unit shall ~~be maintained free of infestations of insects and rodents, and all openings to the~~  
13 ~~outside shall be screened.~~ take measures to keep insects, rodents, and other vermin out of the residential care facility.  
14 All openings to the outer air shall be protected against the entrance of flying insects by screens, closed doors, closed  
15 windows, or other means.

16

17 *History Note: Authority G.S. 131E-202;*

18 *Eff. June 1, 1991. 1991;*

19 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1116 is readopted as published in 35:18 NCR 2029-2039 as follows:

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**10A NCAC 13K .1116 APPLICATION OF PHYSICAL PLANT REQUIREMENTS**

The physical ~~plan~~ plant requirements for each hospice residential facility or unit shall be applied as follows:

- (1) New construction shall comply with all the requirements of ~~Section .1100 of this Subchapter; this~~ Section;
- (2) ~~Existing~~ Except where otherwise specified, existing buildings shall meet the licensure and code requirements in effect at the time of licensure, construction, alteration ~~alteration, or modification;~~ modification.
- ~~(3) New additions, alterations, modifications, and repairs shall meet the technical requirements of Section .1100 of this Subchapter; however, where strict conformance with current requirements would be impracticable, the authority having jurisdiction may approve alternative measures where the facility can demonstrate to the Department's satisfaction that the alternative measures do not reduce the safety or operating effectiveness of the facility;~~
- ~~(4)~~(3) Rules contained in ~~Rule .1109 of this Section~~ are minimum requirements and are not intended to prohibit buildings, ~~systems~~ systems, or operational conditions that exceed minimum ~~requirements;~~ requirements.
- ~~(5)~~(4) ~~Equivalency: Alternate methods, procedures, design criteria, and functional variations from the physical plant requirements, because of extraordinary circumstances, new programs, or unusual conditions, may be approved by the authority having jurisdiction when the facility can effectively demonstrate to the Department's satisfaction that the intent of the physical plant requirements are met and that the variation does not reduce the safety or operational effectiveness of the facility; and~~ The Division may grant an equivalency to allow alternate methods, procedures, design criteria or functional variation from the requirements of this Rule and the rules contained in this Section. The equivalency may be granted by the Division when a governing body submits a written equivalency request to the Division that states the following:
  - (a) the rule citation and the rule requirement that will not be met due to strict conformance with current requirements would be impractical, extraordinary circumstances, new programs, or unusual conditions;
  - (b) the justification for the equivalency; and
  - (c) how the proposed equivalency meets the intent of the corresponding rule requirement.
- ~~(5)~~ In determining whether to grant an equivalency request the Division shall consider whether the request will reduce the safety and operational effectiveness of the facility. The governing body shall maintain a copy of the approved equivalence issued by the Division.
- (6) Where ~~rules or codes~~ rules, codes, or standards have any conflict, the more stringent requirement shall apply.

- 1 *History Note: Authority G.S. 131E-202;*
- 2 *Eff. February 1, ~~1996~~ 1996;*
- 3 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1201 is readopted as published in 35:18 NCR 2029-2039 as follows:

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**SECTION .1200 - HOSPICE INPATIENT CARE**

4

**10A NCAC 13K .1201 REQUIREMENTS FOR HOSPICE INPATIENT UNITS**

6 (a) Hospice inpatient facilities or units must shall conform to the rules outlined in ~~10A NCAC 13K~~ Sections .0100  
7 through .1100 of this Subchapter and those in this Section. the rules of this Section.

8 (b) Hospice inpatient units located in a licensed hospital shall meet the requirements of 10A NCAC ~~13B with the~~  
9 exception of: 13B, which is incorporated by reference with subsequent amendments and editions except for rules: 10A  
10 NCAC 13B .1912, .1919, .1922, and .1923.

11 (c) Hospice inpatient units located in a licensed nursing facility shall meet the requirements of 10A NCAC ~~13D with~~  
12 the exception of: 10A NCAC 13D .0507, .0600, .0800, .0907, .1004, .1200 and .1300. 13D, which is incorporated by  
13 reference with subsequent amendments and editions.

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15 *History Note: Authority G.S. 131E-202;*

16 *Eff. June 1, 1991. 1991;*

17 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1204 is readopted as published in 35:18 NCR 2029-2039 as follows:

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3 **10A NCAC 13K .1204 ADDITIONAL PATIENT CARE AREA REQUIREMENTS FOR HOSPICE**

4

**INPATIENT UNITS**

5 (a) ~~The floor area of a single bedroom shall not be less than 100 square feet and the floor area of a room for more~~  
6 ~~than one bed shall not be less than 80 square feet per bed. The 80 square feet and 100 square feet requirements shall~~  
7 ~~be exclusive of closets, toilet rooms, vestibules or wardrobes. A facility shall meet the following requirements for~~  
8 ~~patient bedrooms:~~

- 9 (1) private bedrooms shall be provided with not less than 100 square feet of floor area;  
10 (2) semi-private bedrooms with not less than 80 square feet of floor area per bed; and  
11 (3) floor space for closets, toilet rooms, vestibules, or wardrobes shall not be included in the floor areas  
12 required by this Paragraph.

13 (b) ~~The total space set aside for dining, recreation and other common uses shall not be less than 30 square feet per~~  
14 ~~bed. Physical therapy and occupational therapy space shall not be included in this total. A facility shall meet the~~  
15 ~~following requirements for dining, recreation, and common use areas:~~

- 16 (1) floor space for dining, recreation, and common use shall not be less than 30 square feet per bed;  
17 (2) the dining, recreation, and common use areas required by this Paragraph may be combined; and  
18 (3) floor space for physical and occupational therapy shall not be included in the areas required by this  
19 Paragraph.

20 (c) ~~A toilet room shall be directly accessible from each patient room and from each central bathing area without going~~  
21 ~~through the general corridor. One toilet room may serve two patient rooms but not more than eight beds. The lavatory~~  
22 ~~may be omitted from the toilet room if one is provided for each 15 beds not individually served. There shall be a~~  
23 ~~wheelchair and stretcher accessible central bathing area for staff to bathe a patient who cannot perform this activity~~  
24 ~~independently. There shall be at least one such area per each level in a multi-level facility. A facility shall meet the~~  
25 ~~following requirements for toilet rooms, tubs, showers, and central bathing areas:~~

- 26 (1) a toilet room shall contain a toilet fixture and a sink trimmed with valves that can be operated without  
27 hands. If the sink is equipped with blade handles, the blade handles shall not be less than four inches  
28 in length. If the sink faucet depends on the building electrical service for operation, the faucet shall  
29 be connected to the essential electrical system. If the faucet has battery operated sensors, the facility  
30 shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on  
31 premises for the faucets;  
32 (2) if a sink is provided in each bedroom, the toilet room is not required to have a sink;  
33 (3) a toilet room shall be accessible from each bedroom without going through the general corridors;  
34 (4) one toilet room may serve two bedrooms, but not more than four beds; and  
35 (5) a minimum of one central bathing area. In multi-level facilities, each patient floor shall contain a  
36 minimum of one central bathing area. Central bathing area(s) shall be provided with the following;

- 1           (A)     wheelchair and stretcher accessible for staff to bathe a patient who cannot perform this  
2                     activity independently;
- 3           (B)     a bathtub, a manufactured walk-in bathtub, a similar manufactured bathtub designed for  
4                     easy transfer of patients and residents into the tub, or a shower designed and equipped for  
5                     unobstructed ease of stretcher entry and bathing on three sides. Bathtubs shall be accessible  
6                     on three sides. Manufactured walk-in bathtubs or a similar manufactured bathtub shall be  
7                     accessible on two sides;
- 8           (C)     a roll-in shower designed and equipped for unobstructed ease of shower chair entry and  
9                     use. If a bathroom with a roll-in shower designed and equipped for unobstructed ease of  
10                    shower chair entry adjoins each bedroom in the facility, the central bathing area is not  
11                    required to have a roll-in shower;
- 12           (D)     toilet fixture and lavatory; and
- 13           (E)     an individual cubicle curtain enclosing each toilet, tub, and shower. A closed cubicle  
14                     curtain at one of these plumbing fixtures shall not restrict access to the other plumbing  
15                     fixtures.

16 (d) For each nursing unit ~~or fraction thereof~~ on each floor, the following shall be provided:

- 17           (1)     ~~an adequate medication preparation area with counter, sink with four inch handles, medication~~  
18                    ~~refrigerator, eye level medication storage, cabinet storage, and double locked narcotic storage room,~~  
19                    ~~located adjacent to the nursing station or under visual control of the nursing station; a medication~~  
20                    ~~preparation area with:~~

- 21                    (A)     a counter;
- 22                    (B)     a double locked narcotic storage area under the visual control of nursing staff;
- 23                    (C)     a medication refrigerator;
- 24                    (D)     medication storage visible by staff standing on the floor;
- 25                    (E)     cabinet storage; and
- 26                    (F)     a sink trimmed with valves that can be operated without hands. If the sink is equipped with  
27                     blade handles, the blade handles shall not be less than four inches in length. If the sink  
28                     faucet depends on the building electrical service for operation, the faucet shall be connected  
29                     to the essential electrical system. If the faucet has battery operated sensors, the facility shall  
30                     have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on  
31                     premises for the faucets;

- 32           (2)     ~~a clean utility room with counter, sink with four inch handles, wall and under counter storage; a~~  
33                    ~~clean utility room with:~~

- 34                    (A)     a counter;
- 35                    (B)     storage; and
- 36                    (C)     a sink trimmed with valves that can be operated without hands. If the sink is equipped with  
37                     blade handles, the blade handles shall not be less than four inches in length. If the sink



1 faucet depends on the building electrical service for operation, the faucet shall be connected  
2 to the essential electrical system. If the sink has battery operated sensors, the facility shall  
3 have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on  
4 premises for the faucets;

5 (3) ~~a soiled utility room with counter, sink with four inch handles, wall and under counter storage, a~~  
6 ~~flush rim clinical sink or water closet with a suitable device for cleaning bedpans and a suitable~~  
7 ~~means for washing and sanitizing bedpans and other utensils; a soiled utility room with:~~

8 (A) a counter;

9 (B) storage; and

10 (C) a sink trimmed with valves that can be operated without hands. If the sink is equipped with  
11 blade handles, the blade handles shall not be less than four inches in length. If the sink  
12 faucet depends on the building electrical service for operation, the faucet shall be connected  
13 to the essential electrical system. If the faucet has battery operated sensors, the facility shall  
14 have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on  
15 premises for the faucets. The soiled utility room shall be equipped for the cleaning and  
16 sanitizing of bedpans as required by 15A NCAC 18A .1312, which is incorporated by  
17 reference including subsequent amendments and editions;

18 (4) a nurses' toilet and locker space for personal belongings;

19 (5) an audiovisual nurse-patient call system arranged to ensure that a patient's call in the facility ~~is noted~~  
20 ~~at a staffed station;~~ notifies and directs staff to the location where the call was activated;

21 (6) a soiled linen storage ~~area;~~ room with a hand sanitizing dispenser. If the soiled linen storage room  
22 is combined with the soiled utility room, a separate soiled linen storage room is not required;

23 (7) a clean linen storage room ~~area;~~ and provided in one or more of the following:

24 (A) a separate linen storage room;

25 (B) cabinets in the clean utility room; or

26 (C) a linen closet; and

27 (8) ~~at least one~~ a janitor's closet.

28 (e) Dietary and laundry each ~~must~~ shall have a separate janitor's closet.

29 (f) Stretcher and wheelchair storage shall be provided.

30 (g) ~~Bulk~~ The facility shall provide storage shall be provided at the rate of not less than five square feet of floor area  
31 per licensed bed. This storage space shall:

32 (1) be used by patients to store personal belongings and suitcases;

33 (2) be either in the facility or within 500 feet of the facility on the same site; and

34 (3) be in addition to the other storage space required by this Rule.

35 (h) Office space shall be provided for ~~persons with administrative responsibilities for the unit.~~ business transactions.

36 Office space shall be provided for persons holding the following positions if these positions are provided:

37 (1) administrator;

- 1           (2)     director of nursing;
- 2           (3)     social services director;
- 3           (4)     activities director; and
- 4           (5)     physical therapist.

5

6     *History Note:     Authority G.S. 131E-202;*  
7                     *Eff. June 1, 1991;*  
8                     *Amended Eff. February 1, ~~1996~~ 1996;*  
9                     *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1205 is readopted as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1205 FURNISHINGS FOR HOSPICE INPATIENT CARE**

4 (a) ~~Handgrips shall be provided for~~ A facility shall provide handgrips at all toilet and bath facilities used by patients.  
5 Handrails shall be provided on both sides of all corridors where corridors are defined by walls and used by patients.

6 (b) For each nursing unit ~~or fraction thereof~~ on each floor, the following shall be provided:

7 (1) a nourishment station ~~with work space, cabinet, and refrigerated storage, a small stove or hotplate~~  
8 ~~in an area physically separated from the nurses' station; and~~ station with:

9 (A) work space;

10 (B) cabinets;

11 (C) refrigerated storage;

12 (D) a sink trimmed with valves that can be operated without hands. If the sink is equipped with  
13 blade handles, the blade handles shall not be less than four inches in length. If the sink  
14 faucet depends on the building electrical service for operation, the faucet shall be connected  
15 to the essential electrical system. If the faucet has battery operated sensors, the facility shall  
16 have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on  
17 premises for the faucets;

18 (E) a small stove, microwave, or hot plate; and

19 (2) ~~one a nurses' station consisting of adequate desk space for writing, storage space for office supplies~~  
20 ~~and storage space for patients' records.~~ with:

21 (A) desk space for writing;

22 (B) storage space for office supplies; and

23 (C) storage space for patients' records.

24 (c) ~~Flameproof privacy screens or curtains shall be provided~~ A facility shall provide flame resistant cubicle curtains  
25 in multi-bedded rooms.

26

27 *History Note: Authority G.S. 131E-202;*

28 *Eff. June 1, 1991. 1991;*

29 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1206 is readopted as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1206 HOSPICE INPATIENT FIRE AND SAFETY REQUIREMENTS**

4 ~~(a) A new facility shall meet the requirements of the current North Carolina State Building Code and the following~~  
5 ~~additional requirements:~~

6 (1) ~~Where nursing units are located on the same floor with other departments or services, the facility~~  
7 ~~shall be designed to provide separation from the other departments or services with a smoke barrier.~~

8 (2) ~~Horizontal exits are not permitted in any new facility.~~

9 (3) ~~An addition to an existing facility shall meet the same requirements as a new facility except that in~~  
10 ~~no case shall more than one horizontal exit be used to replace a required exit to the outside. For all~~  
11 ~~construction, an emergency generating set, including the prime mover and generator, shall be~~  
12 ~~located on the premises and shall be reserved exclusively for supplying the emergency electrical~~  
13 ~~system.~~

14 ~~(b)(a) The hospice shall establish written policies and procedures governing disaster preparedness and fire protection.~~

15 ~~(c) The hospice shall have an acceptable written plan periodically rehearsed with staff with procedures to be followed~~  
16 ~~in the event of an internal or external disaster, and for the care of casualties of patients and personnel arising from~~  
17 ~~such disasters.~~

18 (b) The hospice shall have detailed written plans and procedures to meet potential emergencies and disasters,  
19 including fire and severe weather.

20 (c) The plans and procedures shall be made available upon request to local or regional emergency management offices.

21 (d) The facility shall provide training for all employees in emergency procedures upon employment and annually.

22 (e) The facility shall conduct unannounced drills using the emergency procedures.

23 (f) The facility shall ensure that:

24 (1) the patients' environment remains as free of accident hazards as possible; and

25 (2) each patient receives adequate supervision and assistance to prevent accidents.

26 ~~(d)(g)~~ The fire protection plan shall include:

27 (1) instruction for all personnel in use of alarms, ~~fire fighting~~ firefighting equipment, methods of fire  
28 containment, evacuation ~~routes and routes,~~ procedures for calling the fire ~~department~~ department,  
29 and the assignment of specific tasks to all personnel in response to an alarm; and

30 (2) fire drills for each shift of personnel at least quarterly.

31

32 *History Note: Authority G.S. 131E-202;*

33 *Eff. June 1, 1991. 1991;*

34 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1207 is readopted as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1207 HOSPICE INPATIENT REQUIREMENTS FOR HEATING/AIR CONDITIONING**

4 ~~Heating and cooling systems shall meet the current American Society of Heating, Refrigeration, and Air Conditioning~~  
5 ~~Engineers Guide and National Fire Protection Association Code 90A, which is hereby adopted by reference pursuant~~  
6 ~~to G.S. 150B-14(e), with the following modification: A facility shall provide heating and cooling systems complying~~  
7 ~~with the following:~~

8 (1) ~~Soiled linen, bathrooms, janitor closets and soiled utility rooms must have negative pressure with~~  
9 ~~relationship to adjacent areas. The American National Standards Institute and American Society of~~  
10 ~~Heating, Refrigerating, and Air Conditioning Engineers Standard 170: Ventilation of Health Care~~  
11 ~~Facilities, which is incorporated by reference, including all subsequent amendments and editions,~~  
12 ~~and may be purchased for a cost of ninety-four dollars (\$94.00) online at~~  
13 ~~<https://www.techstreet.com/ashrae/index.html>. This incorporation does not apply to Section 9.1,~~  
14 ~~Table 9-1 Design Temperature for Skilled Nursing Facility. The environmental temperature control~~  
15 ~~systems shall be capable of maintaining temperatures in the facility at 71 degrees F. minimum in~~  
16 ~~the heating season and a maximum of 81 degrees F. during non-heating season, even upon loss of~~  
17 ~~utility power; and~~

18 (2) ~~Clean linen, clean utility and drug rooms must have positive pressure with relationship to adjacent~~  
19 ~~areas. The National Fire Protection Association 90A: Standard for the Installation of Air-~~  
20 ~~Conditioning and Ventilating Systems, which is incorporated by reference, including all subsequent~~  
21 ~~amendments and editions, and may be purchased at a cost of fifty dollars and fifty cents (\$50.50)~~  
22 ~~from the National Fire Protection Association online at <http://www.nfpa.org/catalog/> or accessed~~  
23 ~~electronically \_\_\_\_\_ free \_\_\_\_\_ of \_\_\_\_\_ charge \_\_\_\_\_ at~~  
24 ~~<http://www.nfpa.org/aboutthecodes/AboutTheCodes.asp?DocNum=90A>.~~

25 (3) ~~All areas not covered in Paragraphs (1) and (2) of this Rule must have neutral pressure.~~

26

27 *History Note: Authority G.S. 131E-202;*  
28 *Eff. June 1, 1991; 1991;*  
29 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1208 is readopted as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1208 HOSPICE INPATIENT ~~REQUIREMENTS/EMERGENCY~~ REQUIREMENTS**  
4 **FOR EMERGENCY ELECTRICAL SERVICE**

5 ~~Emergency electrical service shall be provided~~ A facility shall provide an emergency electrical service for use in the  
6 event of failure of the normal electrical service. This emergency electrical service shall ~~be made up as follows:~~ consist  
7 of the following:

- 8 (1) In any existing ~~facility, the following must be provided:~~ facility:
- 9 (a) type 1 or 2 emergency lights as required by the North Carolina State Building ~~Code;~~ Codes:  
10 Electrical Code;
  - 11 (b) additional emergency lights for all ~~nursing stations,~~ nurses' stations required by Rule  
12 .1205(b)(2) of this Section, ~~drug medication~~ preparation areas required by Rule .1204(d)(1)  
13 of this Section, and storage areas, and for the telephone switchboard, if applicable;
  - 14 (c) one or more portable battery-powered lamps at each ~~nursing station;~~ nurses' station; and
  - 15 (d) a ~~suitable~~ source of emergency power for life-sustaining ~~equipment~~ equipment, if the  
16 facility admits or cares for occupants needing such equipment, to ensure continuous  
17 operation with on-site fuel storage for a minimum of 72 hours.
- 18 (2) ~~Any addition to an existing facility shall meet the same requirements as new construction. An~~ An  
19 emergency power generating set, including the prime mover and generator, shall be located on the  
20 premises and shall be reserved exclusively for supplying the essential electrical system. For the  
21 purposes of this Rule, the "essential electrical system" means a system comprised of alternate  
22 sources of power and all connected distribution systems and ancillary equipment, designed to ensure  
23 continuity of electrical power to designated areas and functions of a facility during disruption of  
24 normal power sources, and also to minimize disruption within the internal wiring system as defined  
25 by the North Carolina State Building Codes: Electrical Code.
- 26 (3) ~~Any conversion of an existing building such as a hotel, motel, abandoned hospital or abandoned~~  
27 ~~school, shall meet the same requirements for emergency electrical services as required for new~~  
28 ~~construction. Emergency electrical services shall be provided as required by the North Carolina~~  
29 ~~State Building Codes: Electric Code with the following modification: Section 517.10(B)(2) of the~~  
30 ~~North Carolina State Building Codes: Electrical Code shall not apply to new facilities.~~
- 31 (4) ~~Battery powered corridor lights shall not replace the requirements for the emergency circuit nor be~~  
32 ~~construed to substitute for the generator set. Sufficient fuel shall be stored for the operation of the~~  
33 ~~emergency generator for a period not less than 72 hours, on a 24 hour per day operational basis.~~  
34 ~~The system shall be test run for a period of not less than 15 minutes on a weekly schedule. Records~~  
35 ~~of running time shall be maintained and kept available for reference.~~
- 36 (5) ~~To ensure proper evaluation of design of emergency power systems, the owner or operator shall~~  
37 ~~submit with final working drawings and specifications a letter describing the policy for admissions~~

1 and discharges to be used when the facility begins operations. If subsequent inspections for  
2 licensure indicate the admission policies have been changed, the facility will be required to take  
3 immediate steps to meet appropriate code requirements for continued licensure.

4 ~~(6)~~ Lighting for emergency electrical services shall be provided in the following places:

5 (a) — exit ways and all necessary ways of approach exits, including exit signs and exit direction  
6 signs, exterior of exits exit doorways, stairways, and corridors;

7 (b) — dining and recreation rooms;

8 (c) — nursing station and medication preparation area;

9 (d) — generator set location, switch gear location, and boiler room, if applicable; and

10 (e) — elevator, if required for emergency.

11 ~~(7)~~ The following emergency equipment which is essential to life, safety, and the protection of  
12 important equipment or vital materials shall be provided: The following equipment, devices, and  
13 systems that are essential to life safety and the protection of important equipment or vital materials  
14 shall be connected to the equipment branch of the essential electrical system as follows:

15 (a) nurses' calling system;

16 ~~(b)~~ alarm system, including fire alarm actuated at manual stations, water flow alarm devices  
17 of sprinkler systems if electrically operated, fire detecting and smoke detecting systems,  
18 paging or speaker systems if intended for issuing instructions during emergency conditions,  
19 and alarms required for nonflammable medical gas systems, if installed;

20 ~~(c)~~(b) fire pump, if installed;

21 ~~(d)~~(c) sewerage or sump lift pump, if installed;

22 ~~(e)~~(d) one elevator, where elevators are used for vertical transportation of patients;

23 ~~(f)~~(e) equipment such as burners and pumps necessary for operation of one or more boilers and  
24 their necessary auxiliaries and controls, required for heating and sterilization, if installed;  
25 and

26 ~~(g)~~ equipment necessary for maintaining telephone service.

27 ~~(h)~~ task illumination of boiler rooms, if applicable.

28 (5) The following equipment, devices, and systems that are essential to life safety and the protection of  
29 important equipment or vital materials shall be connected to the life safety branch of the essential  
30 electrical system as follows:

31 (a) alarm system, including fire alarm actuated at manual stations, water flow alarm devices  
32 of sprinkler systems if electrically operated, fire detecting and smoke detecting systems,  
33 paging or speaker systems if intended for issuing instructions during emergency conditions,  
34 and alarms required for nonflammable medical gas systems, if installed; and

35 (b) equipment necessary for maintaining telephone service.

36 ~~(8)~~(6) Where electricity is the only source of power normally used for space heating, the emergency service  
37 the heating of space, an essential electrical system shall be provided for heating of patient rooms.

1 Emergency heating of patient rooms ~~will~~ shall not be required in areas where the facility is supplied  
2 by at least two separate generating ~~sources,~~ sources or a network distribution system with the facility  
3 feeders so routed, connected, and protected that a fault any place between the ~~generators~~ generating  
4 sources and the facility will not likely cause an ~~interruption.~~ interruption of more than one of the  
5 facility service feeders.

6 ~~(9)(7)~~ The emergency An essential electrical system shall be so controlled that after interruption of the  
7 normal electric power supply, the generator is brought to full voltage and frequency and connected  
8 within ~~ten~~ 10 seconds through one or more primary automatic transfer switches to all emergency  
9 lighting, alarms, ~~nurses' call,~~ and equipment necessary for maintaining telephone ~~service,~~ and  
10 ~~receptacles in patient corridors.~~ service. All other lighting and equipment required to be connected  
11 to the ~~emergency~~ essential electrical system shall either be connected through the ~~ten~~ 10 second  
12 primary automatic transfer switching or shall be ~~subsequently~~ connected through ~~other~~ delayed  
13 automatic or manual transfer switching. If manual transfer switching is provided, staff of the facility  
14 shall operate the manual transfer switch. Receptacles Electrical outlets connected to the ~~emergency~~  
15 essential electrical system shall be ~~distinctively~~ marked for identification.

16 ~~(8)~~ Fuel shall be stored for the operation of the emergency power generator for a period not less than  
17 72 hours, on a 24-hour per day operational basis with on-site fuel storage. The generator system  
18 shall be tested and maintained per National Fire Protection Association Health Care Facilities Code,  
19 NFPA 99, 2012 edition, which is incorporated by reference, including all subsequent amendments  
20 and editions. Copies of this code may be purchased at a cost of seventy-nine dollars and fifty cents  
21 (\$79.50) from the National Fire Protection Association - online at <http://www.nfpa.org/catalog/> or  
22 accessed \_\_\_\_\_ electronically \_\_\_\_\_ free \_\_\_\_\_ of \_\_\_\_\_ charge \_\_\_\_\_ at  
23 <http://www.nfpa.org/aboutthecodes/AboutTheCodes.asp?DocNum=99>. The facility shall maintain  
24 records of the generator system tests and shall make these records available to the Division for  
25 inspection upon request.

26 ~~(9)~~ The electrical emergency service at existing facilities shall comply with the requirements established  
27 in this Section in effect at the time a license is first issued. Any remodeling of an existing facility  
28 that results in changes to the emergency electrical service shall comply with the requirements  
29 established in this Section in effect at the time of remodeling.

31 *History Note:* Authority G.S. 131E-202;  
32 Eff. June 1, 1991. 1991;  
33 Readopted Eff. October 1, 2021.



1 10A NCAC 13K .1209 is amended as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1209 HOSPICE INPATIENT REQUIREMENTS FOR GENERAL ELECTRICAL**

4 (a) All main water supply shut off valves in the sprinkler system must be electronically supervised so that if any valve  
5 is closed an alarm will sound at a continuously manned central station.

6 (b) No two adjacent emergency life safety branch lighting fixtures shall be on the same circuit.

7 (c) Receptacles in bathrooms must have ground fault protection.

8 (d) Each patient bed location must be provided with a minimum of ~~four~~ eight single or ~~two~~ four duplex receptacles.

9 (e) Each patient bed location must be supplied by at least two branch ~~circuits~~ circuits, one from the equipment branch  
10 and one from the normal system.

11 (f) The fire alarm system must be installed to transmit an alarm automatically to the fire department that is, legally  
12 committed to serve the area in which the facility is located, by the direct and reliable method approved by local  
13 ordinances.

14 (g) In patient areas, fire alarms shall be gongs or chimes rather than horns or bells.

15

16 *History Note: Authority G.S. 131E-202;*

17 *Eff. June 1, 1991;*

18 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December*  
19 *22, ~~2018~~, 2018;*

20 *Amended Eff. October 1, 2021.*

1 10A NCAC 13K .1210 is amended as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1210 OTHER HOSPICE INPATIENT REQUIREMENTS**

4 (a) ~~In general patient areas, each room shall be served by at least one calling station and each bed shall be provided~~  
5 ~~with a call button. Two call buttons serving adjacent beds may be served by one calling station. Calls shall register~~  
6 ~~with the floor staff and shall activate a visible signal in the corridor at the patient's or resident's door. In multi-corridor~~  
7 ~~nursing units, additional visible signals shall be installed at corridor intersections. In rooms containing two or more~~  
8 ~~calling stations, indicating lights shall be provided at each station. Nurses' calling systems which provide two-way~~  
9 ~~voice communication shall be equipped with an indicating light at each calling station which lights and remains lighted~~  
10 ~~as long as the voice circuit is operating. A nurses' call emergency button shall be provided for patients' use at each~~  
11 ~~patient toilet, bath, and shower room. A nurses' calling system shall be provided:~~

12 (1) in each patient bedroom for each patient bed. The call system activator shall be such that they can  
13 be activated with a single action and remain on until deactivated by staff at the point of origin. The  
14 call system activator shall be within reach of a patient lying on the bed. In rooms containing two or  
15 more call system activators, indicating lights shall be provided at each calling station;

16 (2) nurses' calling systems which provide two-way voice communication shall be equipped with an  
17 indicating light at each calling station which lights and remains lighted as long as the voice circuit  
18 is operating;

19 (3) a nurses' call emergency activator shall be proved at each patients' use toilet fixture, bath, and  
20 shower. The call system activator shall be accessible to a patient lying on the floor; and

21 (4) calls shall register with the floor staff and shall activate a visible signal in the corridor at the patient's  
22 door. In multi-corridor units, additional visible signals shall be installed at corridor intersections.

23 (b) At least one telephone shall be available in each area to which patients are admitted and additional telephones or  
24 extensions as are necessary to ensure availability in case of need.

25 (c) General outdoor lighting shall be provided adequate to illuminate walkways and drive.

26

27 *History Note: Authority G.S. 131E-202;*

28 *Eff. June 1, 1991;*

29 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December*  
30 *22, 2018. 2018;*

31 *Amended Eff. October 1, 2021.*

1 10A NCAC 13K .1211 is readopted as published in 35:18 NCR 2029-2039 as follows:

2

3 **10A NCAC 13K .1211 ADDITIONAL PLUMBING REQUIREMENTS/HOSPICE INPATIENT UNITS**

4 ~~For inpatient units, the hot water system shall be adequate to provide:~~

5

	Patient Areas	Dietary	Laundry
Gallons per hour per bed	6 ½	4	4 1/2
Temperature degrees F.	110-116	140 (min)	140 (min)

9 Hospice inpatient facilities or units shall provide a flow of hot water within safety ranges specified as follows:

- 10 (1) Patient Areas – 6 ½ gallons per hour per bed and at a temperature of 100 to 116 degrees F;
- 11 (2) Dietary Services – 4 gallons per hour per bed and at a minimum temperature of 140 degrees F; and
- 12 (3) Laundry Area – 4 ½ gallons per hour per bed and at a minimum temperature of 140 degrees F.

13

14 *History Note: Authority G.S. 131E-202;*

15 *Eff. June 1, 1991. 1991;*

16 *Readopted Eff. October 1, 2021.*

1 10A NCAC 13K .1212 is readopted as published in 35:18 NCR 2029-2039 as follows:

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**10A NCAC 13K .1212 APPLICATION OF PHYSICAL PLANT REQUIREMENTS**

The physical plant requirements for each hospice inpatient facility or unit shall be applied as follows:

- (1) New construction shall comply with all the requirements of ~~Section .1200 of this Subchapter; this~~ Section.
- (2) ~~Existing~~ Except where otherwise specified, existing buildings shall meet the licensure and code requirements in effect at the time of licensure, construction, alteration, or ~~modification;~~ modification.
- (3) ~~New additions, alterations, modifications, and repairs shall meet the technical requirements of Section .1100 of this Subchapter; however, where strict conformance with current requirements would be impracticable, the authority having jurisdiction may approve alternative measures where the facility can demonstrate to the Department's satisfaction that the alternative measures do not reduce the safety or operating effectiveness of the facility;~~
- (4)(3) Rules contained in ~~Rule .1210 of this Section~~ are minimum requirements and are not intended to prohibit buildings, ~~systems~~ systems, or operational conditions that exceed minimum ~~requirements;~~ requirements.
- (5)(4) ~~Equivalency: Alternate methods, procedures, design criteria, and functional variations from the physical plant requirements, because of extraordinary circumstances, new programs, or unusual conditions, may be approved by the authority having jurisdiction when the facility can effectively demonstrate to the Department's satisfaction, that the intent of the physical plant requirements are met and that the variation does not reduce the safety or operational effectiveness of the facility; and~~ The Division may grant an equivalency to allow alternate methods, procedures, design criteria or functional variation from the requirements of this Rule and the rules contained in this Section. The equivalency may be granted by the Division when a governing body submits a written equivalency request to the Division that states the following:
  - (a) the rule citation and the rule requirement that will not be met due to strict conformance with current requirements would be impractical, extraordinary circumstances, new programs, or unusual conditions;
  - (b) the justification for the equivalency; and
  - (c) how the proposed equivalency meets the intent of the corresponding rule requirement.
- (5) In determining whether to grant an equivalency request the Division shall consider whether the request will reduce the safety and operational effectiveness of the facility. The governing body shall maintain a copy of the approved equivalence issued by the Division.
- (6) Where ~~rules or codes~~ rules, codes, or standards have any conflict, the more stringent requirement shall apply.

- 1 *History Note: Authority G.S. 131E-202;*
- 2 *Eff. February 1, ~~1996~~ 1996;*
- 3 *Readopted Eff. October 1, 2021.*

**Fiscal Impact Analysis of  
Permanent Rule Readoption without Substantial Economic Impact**

**Agency Proposing Rule Change**

North Carolina Medical Care Commission

**Contact Persons**

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**Impact Summary**

Federal Government:	No Impact
State Government:	No Impact
Local Government:	No Impact
Private Sector:	Negligible Impact
Substantial Impact:	No

**Titles of Rule Changes and Statutory Citations**

(See Appendix for rule text)

**10A NCAC 13K**

**Section .1100 – Hospice Residential Care**

- Resident Care Areas 10A NCAC 13K .1109 (Readopt)
- Design and Construction 10A NCAC 13K .1112 (Amended)
- Plans and Specifications 10A NCAC 13K .1113 (Readopt)
- Plumbing 10A NCAC 13K .1114 (Readopt)
- Waste Disposal 10A NCAC 13K .1115 (Readopt)
- Application of Physical Plant Requirements 10A NCAC 13K .1116 (Readopt)

**Section .1200 – Hospice Inpatient Care**

- Requirements for Hospice Inpatient Units 10A NCAC 13K .1201 (Readopt)
- Additional Patient Care Area Requirements for Hospice Inpatient Units 10A NCAC 13K .1204 (Readopt)
- Furnishings for Hospice Inpatient Care 10A NCAC 13K .1205 (Readopt)
- Hospice Inpatient Fire and Safety Requirements 10A NCAC 13K .1206 (Readopt)
- Hospice Inpatient Requirements for Heating/Air Conditioning 10A NCAC 13K .1207 (Readopt)
- Hospice Inpatient Requirements for Emergency Electrical Service 10A NCAC 13K .1208 (Readopt)

- Hospice Inpatient Requirements for General Electrical 10A NCAC 13K .1209 (Amended)
- Other Hospice Inpatient Requirements 10A NCAC 13K .1210 (Amended)
- Additional Plumbing Requirements/Hospice Inpatient Units 10A NCAC 13K .1211 (Readopt)
- Application of Physical Plant Requirements 10A NCAC 13K .1212 (Readopt)

### **Authorizing Statutes**

G.S. 131E-202

### **Background**

Under authority of G.S. 150B-21.3A, periodic review and expirations of existing rules, the Medical Care Commission, Rule Review Commission, and the Joint Legislative Administrative Procedure Oversight Committee approved the Subchapter report with classifications for the rules located at 10A NCAC 13K – Hospice Licensing Rules – on August 10, 2018, October 18, 2018, and December 22, 2018, respectively. The following thirteen rules were proposed for readoption with substantive changes in this report: 10A NCAC 13K .1109, .1113, .1114, .1115, .1116, .1201, .1204, .1205, .1206, .1207, .1208, .1211, and .1212. The following three rules were amended: 10A NCAC 13K .1112, .1209, and .1210.

There is a total of 208 licensed Hospice Facilities in North Carolina. Of the 208 Hospice Facilities, only 41 facilities have beds in 35 counties. The total bed count includes 452 inpatient hospice beds and 159 residential hospice beds. The inpatient hospice beds are licensed by the State of North Carolina and certified to receive Medicare reimbursement from the Centers for Medicare and Medicaid Services (CMS), therefore meeting both state licensure requirements and CMS federal regulations.

The current physical plant rules in 10A NCAC 13K – Hospice Licensing Rules have not been amended since June of 1991. The rules are antiquated when compared to current trends in the design of hospice facilities. The majority of the proposed amendments to the Hospice Residential and Inpatient Care rules are technical changes intended to provide clarity for staff use, update the rules to reflect current procedures of the Construction Section, remove ambiguity, and provide consistency with other rules.

### **Rules Summary and Anticipated Fiscal Impact**

#### **Rules in Section .1100 – Hospice Residential Care**

Most of the rule changes applicable to hospice facilities' residential care beds involve re-organizing and re-formatting the rules, making them easier to use and to provide clarity. Due to duplicity, some rules were removed that are enforced by the North Carolina State Building Codes and the Division of Public Health.

Substantive changes to the facility requirements in these rules include:

- Bedroom minimum square footage,
- Sink and faucet specifications
- Nurses calling systems specifications,
- Facility design and construction approval processes, and
- Plans and Specifications

### **Rule .1109 – Resident Care Areas**

The agency is proposing to readopt this rule with substantive changes. Paragraph (a)(1) is revised to require all hospice residential bedrooms to be a minimum of 100 square feet per floor area for private bedrooms and a minimum of 80 square feet per floor area for semi-private bedrooms. With the probability of future conversion of residential bedrooms to licensed inpatient bedrooms upon Certificate of Need approval for that county, the proposed change to the rule coincides with the minimum requirements set forth under Rule .1204 for inpatient rooms. Adding minimum size requirements to the rule minimizes potential additional costs to convert rooms to minimum sizes in the future. Residential bedrooms are currently designed to meet or exceed the minimum requirements set forth in this rule.

Paragraph (b)(2) and Paragraph (c)(5) were revised to read the same as requirements added for sinks and faucets under Rule .1204. These changes were made to have consistency between the two Subchapters.

Paragraph (c)(10) was revised to provide clarity on the placement and location of nurse call devices to ensure the devices are accessible to all residents and notifies staff. These changes were made to be consistent with the same requirements under Rule .1210.

### **Rule .1112 – Design and Construction**

The agency is proposing to amend this rule. This rule is revised to update the information concerning access to current editions of the North Carolina State Building Codes, and to incorporate by reference the requirements of Rule 15A NCAC 18A – Rules Governing the Sanitation of Hospitals, Nursing Homes, Adult Care Homes, and Other Institutions. The North Carolina State Building Codes were incorporated by reference in the existing Rule .1112. 15A NCAC 18A were not incorporated by reference in the existing Rule .1112. However, existing Rule .1112 (d) required the sanitation, water supply, sewage disposal, and dietary facilities must comply with the rules of the Commission for Public Health.

### **Rule .1113 – Plans and Specifications**



The agency is proposing to readopt this rule with substantive changes. This rule did not impose new requirements. The rule was revised to eliminate the requirement to mandate submittal of schematic and preliminary working drawings prior to final construction drawings being submitted. The remaining changes made to this rule are technical changes and changes to provide clarity.

#### Fiscal Impact

Despite these new requirements, the agency does not anticipate any impact to hospice facilities due to the changes to the residential rules in Section .1100 because there are no freestanding hospice facilities with just residential hospice beds in North Carolina. All residential hospice beds are included as a separate building wing within a licensed hospice facility with inpatient hospice beds. All residential hospice beds are designed and built to meet the more stringent requirements of inpatient hospice beds so that these beds can convert easily to inpatient beds in the future when permitted by a Certificate of Need for that county. Any costs or benefits to hospice facilities would be due to changes to the inpatient rules which are discussed below.

#### **Rules in Section .1200 – Hospice Inpatient Care**

Most of the proposed amendments to the hospice inpatient care rules are clarifying technical edits. In addition, rule language that unnecessarily duplicates requirements enforced by other entities has been removed. Building and Electrical Code references have been updated where older versions have been superseded. These changes are not expected to have an impact. This analysis will focus on the substantive changes affecting patients, facilities, and the agency.

Substantive changes to the facility requirements in these rules include:

- Central bathing requirements
- Toilet room requirements
- Sink and faucet specifications
- Nurses calling systems specifications, and
- Equivalency requirements

#### **Rule .1201 – Requirements for Hospice Inpatient Units**

The agency is proposing to readopt this rule with substantive changes for clarity and accuracy. Paragraph (c) is revised to remove rules .0507, .0600, .0800, .0907, .1004, .1200, and .1300 which no longer exist.

#### Fiscal Impact

No fiscal impact associated with the readoption of this rule. Under the existing Rule .1201, hospice inpatient units in licensed nursing facilities are required to meet the requirements of 10A NCAC 13D with the exception of rules .0507, .0600, .0800, .0907, .1004, .1200, and .1300.

Removing these rules since they no longer exist will not change the requirement for hospice inpatient units in licensed nursing facilities to meet the remaining portions of 10A NCAC 13D.

### **Rule .1204 – Additional Patient Care Area Requirements for Hospice Inpatient Units**

The agency is proposing to readopt this rule with substantive changes. Changes to the proposed Rule .1204 are listed below:

- Paragraph (c)(1) adds the requirement for sinks in toilet rooms to be trimmed with valves that can be operated without the use of hands. Operating sinks without the use of hands limits the spread of bacteria or germs, keeping sinks and faucets more hygienic. This function can be achieved by equipping sinks with blade handles, electronic faucets, or other hands-free devices. The added requirement for faucets that depend on the building's electrical service for operation to be connected to the essential electrical system, or faucets that depend on batteries to have a maintenance policy to keep extra batteries is to ensure hand washing facilities are available at all time. Inpatient hospice facilities must meet the requirements of Rule .1208 which requires an essential electrical system. There will be negligible impact to connect faucets that depend on the building's electrical service to the essential electrical system because the essential electrical system is already a requirement for licensing and participation in CMS requirements. Having to have a maintenance policy for battery operated faucets will have no impact for inpatient hospice facilities due to the requirements of an essential electrical system. An additional battery system would be redundant. Providing hands-free devices is common industry standard for sinks used by patients and staff.
- Paragraph (c)(4) was revised to limit the number of beds (patients) served by a toilet room to not more than four beds (patients). The Interpretive Guideline for 42 CFR 418.110(f)<sup>1</sup> states that "Each patient's room must accommodate no more than two patients and their family members." As a result of these limitations on the number of patients in a patient room, the maximum number of beds (patients) served by an adjoining bathroom is limited to four beds (patients). This rule was changed for clarity to coincide with requirements of Rule .1204 Paragraph (a) and CMS requirements.
- Paragraph (c)(5) was revised to clarify the number of central bathing areas required in a facility. The existing Rule .1204 provides requirements for central bathing areas. However, the requirements are not descriptive. The proposed language rearranged to provide clarity of the requirements. In Paragraph (c)(5)(B), proposed language was added to provide optional devices in central bathing areas. These optional devices can be either a bathtub, a manufactured walk-in bathtub, a similar manufactured bathtub designed for easy transfer of patients and residents into the tub or, a shower stretcher accessible area.

<sup>1</sup> The Centers for Medicare and Medicaid Services, *State Operations Manual Appendix M Guidance to Surveyors: Hospice*, February 2020, [SOM \(cms.gov\)](https://www.cms.gov).

In Paragraph (c)(5)(C), proposed language was added to require a roll-in shower in central bathing areas if each bedroom in the facility does not provide one. The proposed language was added to read the same as 10A NCAC 13D .3201 in the Rules for Licensing Nursing Homes.

- In Paragraph (c)(5)(E), the propose rule was added to add individual cubicle curtains enclosing the toilet, tub and shower in central bathing areas. The addition of cubical curtains provides privacy for patients when using toilets, tubs, and showers. The Construction Section currently requires cubicle curtains at toilets, tubs and showers located in a central bathing room even though the rule language does not specifically require it. All current facilities already meet this requirement, either because they are CMS certified and have to comply with federal regulations or because of their upscale facilities. Adding this requirement to the rule now notifies a future facility prior to submittal of plans for review that cubicle curtains are required. Given that this is now an industry norm in North Carolina, it is highly unlikely that this addition would create an extra cost that would not exist in the absence of this rule amendment.
- Paragraph (d) was revised to provide clarity on requirements for the medication preparation area, clean utility room, and soiled utility room. The existing Rule .1204 provides requirements for each of these rooms. The proposed revisions reorganized the way requirements are presented by providing them in list form. Paragraphs (d)(1)(F), (d)(2)(C), and (d)(3)(C) adds the requirement for sinks in these rooms to be trimmed with valves that can be operated without the use of hands. Operating sinks without the use of hands limits the spread of bacteria or germs, keeping sinks and faucets more hygienic. This function can be achieved by equipping sinks with blade handles, electronic faucets, or other hands-free devices. The added requirement for faucets that depend on the building's electrical service for operation to be connected to the essential electrical system, or faucets that depend on batteries to have a maintenance policy to keep extra batteries is to ensure hand washing facilities are available at all time. Inpatient hospice facilities must meet the requirements of Rule .1208 which requires an essential electrical system. There will be negligible impact to connect faucets that depend on the building's electrical service to the essential electrical system because the essential electrical system is already a requirement for licensing. Having to have a maintenance policy for battery operated faucets will have no impact for inpatient hospice facilities due to the requirements of an essential electrical system. An additional battery system would be redundant.

## **Impact**

### **Federal Impact**

No fiscal impact associated with the readoption of this rule.

### State Impact

No fiscal impact associated with the re adoption of this rule.

### Nursing Home Providers

The re adoption of this rule would result in a fiscal impact to nursing home providers related to the following paragraphs:

- Paragraph (c)(5)(B) and Paragraph (c)(5)(C) adds the requirements for optional bathroom devices in central bathing areas. The addition of a walk-in bathtub or similar manufactured bathtub to a central bathing area is estimated to cost between \$10,000 and \$20,000 per tub. If the design provided a stretcher accessible bathing area, the cost is estimated between \$3,000 and \$4000 for a stretcher designed for use in a shower.<sup>2</sup> The fiscal impact will depend on the device installed in central bathing areas.

### **Rule .1205 – Furnishings for Hospice Inpatient Care**

The agency is proposing to readopt this rule with substantive changes to provide technical edits and clarifications. The changes are related to reorganizing and reformatting the rule to make it easier to use. Paragraph(b)(1)(D) adds the requirement for a sink for the nourishment station trimmed with valves that can be operated without the use of hands. Operating sinks without the use of hands limits the spread of bacteria or germs, keeping sinks and faucets more hygienic. This function can be achieved by equipping sinks with blade handles, electronic faucets, or other hands-free devices. The added requirement for faucets that depend on the building's electrical service for operation to be connected to the essential electrical system, or faucets that depend on batteries to have a maintenance policy to keep extra batteries is to ensure hand washing facilities are available at all time. Inpatient hospice facilities must meet the requirements of Rule .1208 which requires an essential electrical system. There will be negligible impact to connect faucets that depend on the building's electrical service to the essential electrical system because the essential electrical system is already a requirement for licensing. Having to have a maintenance policy for battery operated faucets will have no impact for inpatient hospice facilities due to the requirements of an essential electrical system. An additional battery system would be redundant.

### Impact

No fiscal impact associated with the re adoption of this rule.

<sup>2</sup> David R. Polston, Architect, Discussion concerning central bathing designs in hospice facilities, licensed Architect, (January 2020).

### **Rule .1208 – Hospice Inpatient Requirements for Emergency Electrical Service**

The agency is proposing to readopt this rule with substantive changes. The existing Rule .1208 provides requirements for emergency electrical service. The proposed changes are technical updates to the language of the rule due to changes in the North Carolina State Electrical Code and the 2012 NFPA 99 – *Health Care Facilities Code*. Inpatient hospice facilities must meet the requirements of the both the North Carolina State Electrical Code and 2012 NFPA 99.

#### Impact

No fiscal impact associated with the readoption of this rule.

### **Rule .1209 – Hospice Inpatient Requirements for General Electrical**

The agency is proposing to amend this rule. The proposed changes are technical changes to update the rules based on the updated changes in the North Carolina State Electrical Code and the 2012 NFPA 99 – *Health Care Facilities Code*. Due to the more stringent requirements in the North Carolina State Electrical Code and the 2012 NFPA 99, inpatient hospice facilities must meet these minimum requirements anyway.

#### Impact

No fiscal impact associated with the readoption of this rule.

### **Rule .1210 – Other Hospice Inpatient Requirements**

The agency is proposing to amend this rule. The proposed changes are technical changes to provide clarity of this rule. The existing Rule .1210 requires a calling system to be provided. The proposed changes clarify the placement of nurses' calling devices, and how the nurses' calling system is to function. The changes clarify the patient call station must be within reach of the patient lying on the bed, for patients lying on the floor, and notifies staff via visual and audible notifications. The proposed changes are industry standards for a nurses' calling system.

#### Impact

No fiscal impact associated with the readoption of this rule.

### **Rule .1212 – Application of Physical Plant Requirements**

The agency is proposing to readopt this rule with substantive changes. The proposed changes are technical changes to provide clarity of this rule. The existing Rule .1212 provides the ability to request an equivalency to allow for alternate methods, procedure, design criteria or functional variations from the requirements of the rules in this Section. The proposed changes are to clarify

the minimum documentation that must be submitted in order to evaluate the request. The documentation listed in this rule reflects current procedures of the Construction Section.

### Impact

No fiscal impact associated with the readoption of this rule.

### Summary

For 10A NCAC 13K .1109, .1112, .1113, .1114, and .1115, there will be no fiscal impact to any affected persons with the readoption of these rules.

For 10A NCAC 13K .1201, .1205, .1206, .1207, .1208, .1209, .1210, .1211, and .1212., the rule changes being proposed will provide residents with non-quantifiable benefits. These non-quantifiable benefits could include improvements to health and safety, and maintenance of their privacy and dignity.

For 10A NCAC 13 K .1204, there will also be some fiscal impact to the nursing home providers. The fiscal impact to nursing home providers depends on the type of bathing device to be provided in central bathing areas. The type of bathing device chosen might cause an impact on initial construction costs. The initial cost of providing a bathing device as described in the proposed revised rule, can range from \$3,000 to \$20,000. However, this cost would be offset by the cost of bathing devices installed per the existing rule. Without knowledge of the cost of bathing devices currently used, the total net cost impact cannot be estimated.

## Appendix

10A NCAC 13K .1109 is proposed for readoption with substantive changes as follows:

### 10A NCAC 13K .1109 RESIDENT CARE AREAS

(a) ~~Resident rooms shall meet the following requirements:~~ A facility shall meet the following requirements for resident bedrooms:

- (1) ~~There shall be private or semiprivate rooms;~~ private bedroom with not less than 100 square feet of floor area or semi-private bedroom with not less than 80 square feet of floor area per bed shall be provided;
- (2) ~~Infants~~ infants and small children shall not ~~be assigned to share a room~~ bedroom with an adult resident unless requested by ~~residents~~ the resident and families;
- (3) ~~Each resident room~~ each bedroom shall ~~contain at least~~ be furnished with a bed, a mattress protected by waterproof material, a mattress pad, a pillow, and ~~a chair;~~ one chair per resident;
- (4) ~~Each resident room shall have a minimum of 48 cubic feet of closet space or wardrobe for clothing and personal belongings that provides security and privacy for each resident. Each resident room shall be equipped with a towel rack for each individual;~~ each bedroom shall be provided with one closet or wardrobe per bed. Each closet or wardrobe shall have clothing storage space of not less than 48 cubic feet per bed with one-half of this space for hanging clothes;
- (5) ~~Each resident~~ each bedroom shall:
  - (A) be located at or above grade level;
  - (B) ~~have provisions to ensure visual privacy for treatment or visiting;~~ be provided with a cubicle curtain enclosing each bed to ensure visual privacy; and
  - (C) be equipped with a towel rack for each resident;
- (6) ~~Artificial lighting shall be provided sufficient~~ each bedroom shall provide lighting for treatment and non-treatment needs, ~~50 foot-candles~~ foot-candles for ~~treatment,~~ treatment needs, and ~~35 foot-candles~~ foot-candles for non-treatment ~~areas;~~ needs; and
- (7) ~~A room where access is through a bathroom, kitchen or another bedroom will not be approved for a resident's bedroom.~~ no resident bedroom shall be accessed through a bathroom, kitchen, or another bedroom.

(b) ~~Bathrooms shall meet the following requirements:~~ A facility shall meet the following requirements for bathrooms:

- (1) ~~Bathroom facilities~~ bathrooms shall be ~~conveniently~~ directly accessible to ~~resident rooms.~~ each resident bedroom without going through the general corridors. One bathroom may serve up to four ~~residents and staff.~~ residents. ~~Minimum size of any bathroom shall be 18 square feet.~~ The ~~door~~ bathroom doorway shall ~~be at least 32 inches wide.~~ be a minimum 32-inch clear opening;
- (2) ~~The~~ each bathroom shall be furnished with the following:
  - (A) a toilet with grab bars;

- (B) ~~lavatory with four inch wrist blade controls;~~ a sink trimmed with valves that can be operated without hands. If the sink is equipped with blade handles, the blade handles shall not be less than four inches in length. If the sink faucet depends on the building electrical service for operation, the faucet must have an emergency power source or battery backup capability. If the faucet has battery operated sensors, the facility shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;
- (C) a mirror;
- (D) soap, paper towel dispensers, and waste paper receptacle with a removable impervious liner; and
- ~~(E) water closet; and~~
- ~~(F)~~(E) a tub or shower.

(c) ~~Space shall be provided for:~~ Each facility shall provide:

- (1) ~~charting, storage of supplies and personal effects of staff;~~ an area for charting;
- (2) ~~the storage of resident care equipment;~~ storage provisions for personal effects of staff;
- (3) ~~housekeeping equipment and cleaning supplies;~~ storage areas for supplies and resident care equipment;
- (4) ~~storage of test reagents and disinfectants distinct from medication;~~ storage area(s) for housekeeping equipment and cleaning supplies;
- (5) ~~locked medication storage and preparation;~~ and a medication preparation area with a counter, a sink trimmed with valves that can be operated without hands, locked medication storage, and a double locked narcotic storage area under visual control of staff. If the sink is equipped with blade handles, the blade handles shall not be less than four inches in length. If the sink faucet depends on the building electrical service for operation, the faucet must have an emergency power source or battery backup capability. If the faucet has battery operated sensors, the facility shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;
- (6) ~~drugs requiring refrigeration. They may be stored in a separate locked box in the refrigerator or in a lockable drug only refrigerator, capable of maintaining a temperature range of 36 degrees F (2 degrees C) to 46 degrees F (8 degrees C). The storage and accountability of controlled substances shall be in accordance with the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes.~~ a lockable refrigerator for drug storage only or a separate locked box in a facility refrigerator. The refrigerator must be capable of maintaining a temperature range of 36 degrees F (2 degrees C) to 46 degrees F (8 degrees C);
- (7) a kitchen with:
  - (A) a refrigerator;
  - (B) a cooking appliance ventilated to the outside;
  - (C) a 42- inch minimum double-compartment sink and domestic dishwashing machine capable of sanitizing dishes with 160 degrees F water; and



- (D) storage space for non-perishables;
- (8) a separate dining area measuring not less than 20 square feet per resident bed;
- (9) a recreational and social activities area with not less than 150 square feet of floor area exclusive of corridor traffic;
- (10) a nurses' calling system shall be provided:
  - (A) in each resident bedroom for each resident bed. The call system activator shall be such that they can be activated with a single action and remain on until deactivated by staff at the point of origin. The call system activator shall be within reach of a resident lying on the bed. In rooms containing two or more call system activators, indicating lights shall be provided at each calling station;
  - (B) nurses' calling systems which provide two-way voice communication shall be equipped with an indicating light at each calling station which lights and remains lighted as long as the voice circuit is operating;
  - (C) a nurses' call emergency activator shall be provided at each residents' use toilet fixture, bath, and shower. The call system activator shall be accessible to a resident lying on the floor; and
  - (D) calls shall register with the floor staff and shall activate a visible signal in the corridor at the resident's door. In multi-corridor units, additional visible signals shall be installed at corridor intersections;
- (11) heating and air conditioning equipment that can maintain a temperature range between 68 degrees and 80 degrees Fahrenheit, even upon loss of utility power.

~~(d) Kitchen and dining areas shall have:~~

- ~~(1) — a refrigerator;~~
- ~~(2) — a cooking unit ventilated to the outside;~~
- ~~(3) — a 42 inch minimum double compartment sink and domestic dishwashing machine capable of sanitizing dishes with 160 degrees F. water;~~
- ~~(4) — dining space of 20 square feet per resident; and~~
- ~~(5) — storage space for non perishables.~~

~~(e) Other areas shall include:~~

- ~~(1) — a minimum of 150 square feet exclusive of corridor traffic for recreational and social activities;~~
- ~~(2) — an audible and accessible call system furnished in each resident's room and bathroom; and~~
- ~~(3) — heating and air cooling equipment to maintain a comfort range between 68 degrees and 80 degrees Fahrenheit.~~

*History Note: Authority G.S. 131E-202;*

*Eff. June 1, 1991;*

*Amended Eff. February 1, ~~1995~~, 1995;*

Readopted Eff. October 1, 2021.

10A NCAC 13K .1112 is proposed for amendment as follows:

**10A NCAC 13K .1112 DESIGN AND CONSTRUCTION**

- (a) ~~Hospice residences and inpatient units~~ A new facility or remodeling of an existing facility must shall meet the requirements of the North Carolina State Building Code Codes, which are incorporated by reference, including all subsequent amendments and editions, in effect at the time of licensure, construction, additions, alterations or repairs. Copies of these codes may be purchased from the International Code Council online at <https://shop.iccsafe.org/> at a cost of eight hundred fifty-eight dollars (\$858.00) or accessed electronically free of charge at <https://codes.iccsafe.org/codes/north-carolina>. Existing licensed facilities shall meet the requirements of the North Carolina State Building Codes in effect at the time of licensure, construction or remodeling.
- (b) Each facility shall be planned, constructed, and equipped to support the services to be offered in the facility.
- (c) Any existing building converted to a hospice facility shall meet all requirements of a new facility.
- (d) The sanitation, water supply, sewage disposal, and dietary facilities ~~must comply with the rules of the Commission for Public Health.~~ shall meet the requirements of Rule 15A NCAC 18A .1300, which is incorporated by reference including subsequent amendments and editions.

*History Note: Authority G.S. 131E-202;*

*Eff. June 1, 1991;*

*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 22, 2018, 2018;*

*Amended Eff. October 1, 2021.*

10A NCAC 13K .1113 is proposed for readoption with substantive changes as follows:

**10A NCAC 13K .1113 PLANS AND SPECIFICATIONS**

- (a) When construction or remodeling of a facility is planned, ~~final working drawings and specifications must one~~ copy of construction documents and specifications shall be submitted by the owner or the owner's appointed representative to the Department of Health and Human Services, Division of Health Service Regulation for review and approval. ~~Schematic Schematic design drawings and preliminary working design development drawings shall~~ may be submitted by the owner prior to the required submission of final working drawings. for approval prior to the required submission of construction documents. ~~The Department shall forward copies of each submittal to the Department of Insurance and Division of Environmental Health for review and approval. Three copies of the plans shall be provided at each submittal.~~

- (b) ~~Construction work shall not be commenced until written approval has been given by the Department. Approval of final plans construction documents and specifications shall be obtained from the Department prior to licensure. Approval of construction documents and specifications shall expire one year from the date granted unless a contract for the construction has been signed prior to the expiration date. after the date of approval unless a building permit for the construction has been obtained prior to the expiration date of the approval of construction documents and specifications.~~
- (c) ~~If an approval expires, a renewed approval shall be issued by the Department, provided revised plans construction documents and specifications meeting all current regulations, codes, and the standards established in Sections .1100 and .1200 of this Subchapter are submitted-submitted by the owner or owner's appointed representative and reviewed by the Department.~~
- (d) ~~Completed construction shall conform to the minimum standards established in these Rules. Any changes made during construction shall require the approval of the Department to ensure compliance with the standards established in Sections .1100 and .1200 of this Subchapter.~~
- (e) ~~The owner or designated agent shall notify the Department when actual construction starts and at points when construction is 75 percent and 90 percent complete and upon final completion, so that periodic and final inspections can be performed. Completed construction or remodeling shall conform to the standards established in Sections .1100 and .1200 of this Subchapter. Construction documents and building construction, including the operation of all building systems, shall be approved in writing by the Department prior to licensure or patient and resident occupancy.~~
- (f) ~~The owner or owner's designated agent appointed representative shall submit for approval by the Department all alterations or remodeling changes which affect the structural integrity of the building, functional operation, fire safety or which add beds or facilities over those for which the facility is licensed. notify the Department in writing either by U.S. Mail or e-mail when the construction or remodeling is complete.~~

*History Note: Authority G.S. 131E-202;  
Eff. June 1, 1991;  
Amended Eff. February 1, 1996- 1996;  
Readopted Eff. October 1, 2021.*

10A NCAC 13K .1114 is proposed for readoption with substantive changes as follows:

#### **10A NCAC 13K .1114 PLUMBING**

- (a) ~~The water supply shall be designed, constructed and protected so as to assure that a safe, potable and adequate water supply is available for domestic purposes in compliance with the North Carolina State Building Code.~~
- (b) ~~All plumbing in the residence or unit shall be installed and maintained in accordance with the North Carolina State Plumbing Code. All plumbing shall be maintained in good repair and free of the possibility of backflow and backsiphonage, through the use of vacuum breakers and fixed air gaps, in accordance with state and local codes.~~

(e) For ~~homes~~ hospice residential facilities with five or more residents, a 50-gallon quick recovery water heater is required. For ~~homes~~ hospice residential facilities with fewer than five residents, a 40-gallon quick recovery water heater is required.

*History Note:* Authority G.S. 131E-202;  
Eff. June 1, ~~1991~~, 1991;  
Readopted Eff. October 1, 2021.

10A NCAC 13K .1115 is proposed for reoption with substantive changes as follows:

#### **10A NCAC 13K .1115 WASTE DISPOSAL**

(a) Sewage shall be discharged into a public sewer system, or ~~if such is not available, it~~ in the absence of a public sewer system, sewage shall be disposed of in a manner approved by the North Carolina ~~Division of Environmental Health, Department of Health and Human Services, Division of Public Health, Environmental Health Section.~~

(b) Garbage and rubbish shall be stored in impervious containers in ~~such a manner as not to become a nuisance or a health hazard to prevent insect breeding and public health nuisances. A sufficient number of impervious~~ Impervious containers with tight-fitting lids shall be provided and kept clean and in good repair. ~~Refuse~~ Garbage shall be removed from the outside storage at least once a week to a disposal site approved by the local health ~~department.~~ department having jurisdiction.

(c) The ~~home~~ facility or unit shall ~~be maintained free of infestations of insects and rodents, and all openings to the outside shall be screened.~~ take measures to keep insects, rodents, and other vermin out of the residential care facility. All openings to the outer air shall be protected against the entrance of flying insects by screens, closed doors, closed windows, or other means.

*History Note:* Authority G.S. 131E-202;  
Eff. June 1, ~~1991~~, 1991;  
Readopted Eff. October 1, 2021.

10A NCAC 13K .1116 is proposed for reoption with substantive changes as follows:

#### **10A NCAC 13K .1116 APPLICATION OF PHYSICAL PLANT REQUIREMENTS**

The physical ~~plan~~ plant requirements for each hospice residential facility or unit shall be applied as follows:

- (1) New construction shall comply with all the requirements of ~~Section .1100 of this Subchapter;~~ this Section;

- (2) ~~Existing~~ Except where otherwise specified, existing buildings shall meet the licensure and code requirements in effect at the time of licensure, construction, ~~alteration~~ alteration, or ~~modification~~; modification.
- (3) ~~New additions, alterations, modifications, and repairs shall meet the technical requirements of Section .1100 of this Subchapter; however, where strict conformance with current requirements would be impracticable, the authority having jurisdiction may approve alternative measures where the facility can demonstrate to the Department's satisfaction that the alternative measures do not reduce the safety or operating effectiveness of the facility;~~
- (4)(3) Rules contained in ~~Rule .1109~~ of this Section are minimum requirements and are not intended to prohibit buildings, ~~systems~~ systems, or operational conditions that exceed minimum ~~requirements~~; requirements.
- (5)(4) ~~Equivalency: Alternate methods, procedures, design criteria, and functional variations from the physical plant requirements, because of extraordinary circumstances, new programs, or unusual conditions, may be approved by the authority having jurisdiction when the facility can effectively demonstrate to the Department's satisfaction that the intent of the physical plant requirements are met and that the variation does not reduce the safety or operational effectiveness of the facility; and~~ The Division may grant an equivalency to allow alternate methods, procedures, design criteria or functional variation from the requirements of this Rule and the rules contained in this Section. The equivalency may be granted by the Division when a governing body submits a written equivalency request to the Division that states the following:
- (a) the rule citation and the rule requirement that will not be met due to strict conformance with current requirements would be impractical, extraordinary circumstances, new programs, or unusual conditions;
- (b) the justification for the equivalency; and
- (c) how the proposed equivalency meets the intent of the corresponding rule requirement.
- (5) In determining whether to grant an equivalency request the Division shall consider whether the request will reduce the safety and operational effectiveness of the facility. The governing body shall maintain a copy of the approved equivalence issued by the Division.
- (6) Where ~~rules or codes~~ rules, codes, or standards have any conflict, the more stringent requirement shall apply.

*History Note:* Authority G.S. 131E-202;  
 Eff. February 1, ~~1996~~, 1996;  
Readopted Eff. October 1, 2021.

10A NCAC 13K .1201 is proposed for readoption with substantive changes as follows:

## SECTION .1200 - HOSPICE INPATIENT CARE

### 10A NCAC 13K .1201 REQUIREMENTS FOR HOSPICE INPATIENT UNITS

- (a) Hospice inpatient ~~facilities or units must~~ shall conform to the rules outlined in ~~10A NCAC 13K Sections .0100 through .1100 of this Subchapter and those in this Section.~~ the rules of this Section.
- (b) Hospice inpatient units located in a licensed hospital shall meet the requirements of 10A NCAC ~~13B with the exception of: 13B, which is incorporated by reference with subsequent amendments and editions except for rules:~~ 10A NCAC 13B .1912, .1919, .1922, and .1923.
- (c) Hospice inpatient units located in a licensed nursing facility shall meet the requirements of 10A NCAC ~~13D with the exception of: 10A NCAC 13D .0507, .0600, .0800, .0907, .1004, .1200 and .1300.~~ 13D, which is incorporated by reference with subsequent amendments and editions.

*History Note: Authority G.S. 131E-202;  
Eff. June 1, 1991, 1991;  
Readopted Eff. October 1, 2021.*

10A NCAC 13K .1204 is proposed for re adoption with substantive changes as follows:

### 10A NCAC 13K .1204 ADDITIONAL PATIENT CARE AREA REQUIREMENTS FOR HOSPICE INPATIENT UNITS

- (a) ~~The floor area of a single bedroom shall not be less than 100 square feet and the floor area of a room for more than one bed shall not be less than 80 square feet per bed. The 80 square feet and 100 square feet requirements shall be exclusive of closets, toilet rooms, vestibules or wardrobes. A facility shall meet the following requirements for patient bedrooms:~~
- (1) private bedrooms shall be provided with not less than 100 square feet of floor area;
  - (2) semi-private bedrooms with not less than 80 square feet of floor area per bed; and
  - (3) floor space for closets, toilet rooms, vestibules, or wardrobes shall not be included in the floor areas required by this Paragraph.
- (b) ~~The total space set aside for dining, recreation and other common uses shall not be less than 30 square feet per bed. Physical therapy and occupational therapy space shall not be included in this total. A facility shall meet the following requirements for dining, recreation, and common use areas:~~
- (1) floor space for dining, recreation, and common use shall not be less than 30 square feet per bed;
  - (2) the dining, recreation, and common use areas required by this Paragraph may be combined; and
  - (3) floor space for physical and occupational therapy shall not be included in the areas required by this Paragraph.

~~(c) A toilet room shall be directly accessible from each patient room and from each central bathing area without going through the general corridor. One toilet room may serve two patient rooms but not more than eight beds. The lavatory may be omitted from the toilet room if one is provided for each 15 beds not individually served. There shall be a wheelchair and stretcher accessible central bathing area for staff to bathe a patient who cannot perform this activity independently. There shall be at least one such area per each level in a multi-level facility. A facility shall meet the following requirements for toilet rooms, tubs, showers, and central bathing areas:~~

- ~~(1) a toilet room shall contain a toilet fixture and a sink trimmed with valves that can be operated without hands. If the sink is equipped with blade handles, the blade handles shall not be less than four inches in length. If the sink faucet depends on the building electrical service for operation, the faucet shall be connected to the essential electrical system. If the faucet has battery operated sensors, the facility shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;~~
- ~~(2) if a sink is provided in each bedroom, the toilet room is not required to have a sink;~~
- ~~(3) a toilet room shall be accessible from each bedroom without going through the general corridors;~~
- ~~(4) one toilet room may serve two bedrooms, but not more than four beds; and~~
- ~~(5) a minimum of one central bathing area. In multi-level facilities, each patient floor shall contain a minimum of one central bathing area. Central bathing area(s) shall be provided with the following:
  - ~~(A) wheelchair and stretcher accessible for staff to bathe a patient who cannot perform this activity independently;~~
  - ~~(B) a bathtub, a manufactured walk-in bathtub, a similar manufactured bathtub designed for easy transfer of patients and residents into the tub, or a shower designed and equipped for unobstructed ease of stretcher entry and bathing on three sides. Bathtubs shall be accessible on three sides. Manufactured walk-in bathtubs or a similar manufactured bathtub shall be accessible on two sides;~~
  - ~~(C) a roll-in shower designed and equipped for unobstructed ease of shower chair entry and use. If a bathroom with a roll-in shower designed and equipped for unobstructed ease of shower chair entry adjoins each bedroom in the facility, the central bathing area is not required to have a roll-in shower;~~
  - ~~(D) toilet fixture and lavatory; and~~
  - ~~(E) an individual cubicle curtain enclosing each toilet, tub, and shower. A closed cubicle curtain at one of these plumbing fixtures shall not restrict access to the other plumbing fixtures.~~~~

~~(d) For each nursing unit or fraction thereof on each floor, the following shall be provided:~~

- ~~(1) an adequate medication preparation area with counter, sink with four inch handles, medication refrigerator, eye level medication storage, cabinet storage, and double locked narcotic storage room, located adjacent to the nursing station or under visual control of the nursing station; a medication preparation area with:~~

- (A) a counter;
  - (B) a double locked narcotic storage area under the visual control of nursing staff;
  - (C) a medication refrigerator;
  - (D) medication storage visible by staff standing on the floor;
  - (E) cabinet storage; and
  - (F) a sink trimmed with valves that can be operated without hands. If the sink is equipped with blade handles, the blade handles shall not be less than four inches in length. If the sink faucet depends on the building electrical service for operation, the faucet shall be connected to the essential electrical system. If the faucet has battery operated sensors, the facility shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;
- (2) ~~a clean utility room with counter, sink with four inch handles, wall and under counter storage;~~ a clean utility room with:
- (A) a counter;
  - (B) storage; and
  - (C) a sink trimmed with valves that can be operated without hands. If the sink is equipped with blade handles, the blade handles shall not be less than four inches in length. If the sink faucet depends on the building electrical service for operation, the faucet shall be connected to the essential electrical system. If the sink has battery operated sensors, the facility shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;
- (3) ~~a soiled utility room with counter, sink with four inch handles, wall and under counter storage, a flush rim clinical sink or water closet with a suitable device for cleaning bedpans and a suitable means for washing and sanitizing bedpans and other utensils;~~ a soiled utility room with:
- (A) a counter;
  - (B) storage; and
  - (C) a sink trimmed with valves that can be operated without hands. If the sink is equipped with blade handles, the blade handles shall not be less than four inches in length. If the sink faucet depends on the building electrical service for operation, the faucet shall be connected to the essential electrical system. If the faucet has battery operated sensors, the facility shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets. The soiled utility room shall be equipped for the cleaning and sanitizing of bedpans as required by Rule 15A NCAC 18A .1312, which is incorporated by reference including subsequent amendments and editions;
- (4) a nurses' toilet and locker space for personal belongings;
- (5) an audiovisual nurse-patient call system arranged to ensure that a patient's call in the facility ~~is noted at a staffed station;~~ notifies and directs staff to the location where the call was activated;



- (6) a soiled linen storage ~~area;~~ room with a hand sanitizing dispenser. If the soiled linen storage room is combined with the soiled utility room, a separate soiled linen storage room is not required;
  - (7) a clean linen storage room ~~area; and~~ provided in one or more of the following:
    - (A) a separate linen storage room;
    - (B) cabinets in the clean utility room; or
    - (C) a linen closet; and
  - (8) ~~at least one~~ a janitor's closet.
- (e) Dietary and laundry each ~~must~~ shall have a separate janitor's closet.
- (f) Stretcher and wheelchair storage shall be provided.
- (g) ~~Bulk~~ The facility shall provide storage shall be provided at the rate of not less than five square feet of floor area per licensed bed. This storage space shall:
- (1) be used by patients to store personal belongings and suitcases;
  - (2) be either in the facility or within 500 feet of the facility on the same site; and
  - (3) be in addition to the other storage space required by this Rule.
- (h) Office space shall be provided for ~~persons with administrative responsibilities for the unit.~~ business transactions.  
Office space shall be provided for persons holding the following positions if these positions are provided:
- (1) administrator;
  - (2) director of nursing;
  - (3) social services director;
  - (4) activities director; and
  - (5) physical therapist.

*History Note:* Authority G.S. 131E-202;  
 Eff. June 1, 1991;  
 Amended Eff. February 1, ~~1996.~~ 1996;  
Readopted Eff. October 1, 2021.

10A NCAC 13K .1205 is proposed for readoption with substantive changes as follows:

**10A NCAC 13K .1205 FURNISHINGS FOR HOSPICE INPATIENT CARE**

- (a) ~~Handgrips shall be provided for~~ A facility shall provide handgrips at all toilet and bath facilities used by patients. Handrails shall be provided on both sides of all corridors where corridors are defined by walls and used by patients.
- (b) For each nursing unit ~~or fraction thereof~~ on each floor, the following shall be provided:
  - (1) a nourishment station ~~with work space, cabinet, and refrigerated storage, a small stove or hotplate in an area physically separated from the nurses' station; and~~ station with:
    - (A) work space;

- (B) cabinets;
  - (C) refrigerated storage;
  - (D) a sink trimmed with valves that can be operated without hands. If the sink is equipped with blade handles, the blade handles shall not be less than four inches in length. If the sink faucet depends on the building electrical service for operation, the faucet shall be connected to the essential electrical system. If the faucet has battery operated sensors, the facility shall have a maintenance policy to keep extra rechargeable or non-rechargeable batteries on premises for the faucets;
  - (E) a small stove, microwave, or hot plate; and
- (2) ~~one a nurses' station consisting of adequate desk space for writing, storage space for office supplies and storage space for patients' records. with:~~
- (A) desk space for writing;
  - (B) storage space for office supplies; and
  - (C) storage space for patients' records.
- (c) ~~Flameproof privacy screens or curtains shall be provided~~ A facility shall provide flame resistant cubicle curtains in multi-bedded rooms.

*History Note: Authority G.S. 131E-202;  
 Eff. June 1, 1991, 1991;  
 Readopted Eff. October 1, 2021.*

10A NCAC 13K .1206 is proposed for readoption with substantive changes as follows:

**10A NCAC 13K .1206 HOSPICE INPATIENT FIRE AND SAFETY REQUIREMENTS**

- (a) ~~A new facility shall meet the requirements of the current North Carolina State Building Code and the following additional requirements:~~
- (1) ~~Where nursing units are located on the same floor with other departments or services, the facility shall be designed to provide separation from the other departments or services with a smoke barrier.~~
  - (2) ~~Horizontal exits are not permitted in any new facility.~~
  - (3) ~~An addition to an existing facility shall meet the same requirements as a new facility except that in no case shall more than one horizontal exit be used to replace a required exit to the outside. For all construction, an emergency generating set, including the prime mover and generator, shall be located on the premises and shall be reserved exclusively for supplying the emergency electrical system.~~
- (b)(a) The hospice shall establish written policies and procedures governing disaster preparedness and fire protection.

~~(c) The hospice shall have an acceptable written plan periodically rehearsed with staff with procedures to be followed in the event of an internal or external disaster, and for the care of casualties of patients and personnel arising from such disasters.~~

(b) The hospice shall have detailed written plans and procedures to meet potential emergencies and disasters, including fire and severe weather.

(c) The plans and procedures shall be made available upon request to local or regional emergency management offices.

(d) The facility shall provide training for all employees in emergency procedures upon employment and annually.

(e) The facility shall conduct unannounced drills using the emergency procedures.

(f) The facility shall ensure that:

(1) the patients' environment remains as free of accident hazards as possible; and

(2) each patient receives adequate supervision and assistance to prevent accidents.

~~(d)~~(g) The fire protection plan shall include:

(1) instruction for all personnel in use of alarms, ~~fire fighting~~ firefighting equipment, methods of fire containment, evacuation ~~routes and~~ routes, procedures for calling the fire ~~department~~ department, and the assignment of specific tasks to all personnel in response to an alarm; and

(2) fire drills for each shift of personnel at least quarterly.

*History Note: Authority G.S. 131E-202;*

*Eff. June 1, 1991. 1991;*

*Readopted Eff. October 1, 2021.*

10A NCAC 13K .1207 is proposed for readoption with substantive changes as follows:

**10A NCAC 13K .1207 HOSPICE INPATIENT REQUIREMENTS FOR HEATING/AIR CONDITIONING**

~~Heating and cooling systems shall meet the current American Society of Heating, Refrigeration, and Air Conditioning Engineers Guide and National Fire Protection Association Code 90A, which is hereby adopted by reference pursuant to G.S. 150B-14(e), with the following modification: A facility shall provide heating and cooling systems complying with the following:~~

(1) Soiled linen, bathrooms, janitor closets and soiled utility rooms must have negative pressure with ~~relationship to adjacent areas.~~ The American National Standards Institute and American Society of Heating, Refrigerating, and Air Conditioning Engineers Standard 170: Ventilation of Health Care Facilities, which is incorporated by reference, including all subsequent amendments and editions, and may be purchased for a cost of ninety-four dollars (\$94.00) online at <https://www.techstreet.com/ashrae/index.html>. This incorporation does not apply to Section 9.1, Table 9-1 Design Temperature for Skilled Nursing Facility. The environmental temperature control systems shall be capable of maintaining temperatures in the facility at 71 degrees F. minimum in

the heating season and a maximum of 81 degrees F. during non-heating season, even upon loss of utility power; and

- (2) ~~Clean linen, clean utility and drug rooms must have positive pressure with relationship to adjacent areas.~~ The National Fire Protection Association 90A: Standard for the Installation of Air-Conditioning and Ventilating Systems, which is incorporated by reference, including all subsequent amendments and editions, and may be purchased at a cost of fifty dollars and fifty cents (\$50.50) from the National Fire Protection Association online at <http://www.nfpa.org/catalog/> or accessed electronically free of charge at <http://www.nfpa.org/aboutthecodes/AboutTheCodes.asp?DocNum=90A>.
- (3) ~~All areas not covered in Paragraphs (1) and (2) of this Rule must have neutral pressure.~~

*History Note: Authority G.S. 131E-202;  
Eff. June 1, 1991. 1991;  
Readopted Eff. October 1, 2021.*

10A NCAC 13K .1208 is proposed for reoption with substantive changes as follows:

**10A NCAC 13K .1208 HOSPICE INPATIENT ~~REQUIREMENTS/EMERGENCY~~ REQUIREMENTS FOR EMERGENCY ELECTRICAL SERVICE**

~~Emergency electrical service shall be provided~~ A facility shall provide an emergency electrical service for use in the event of failure of the normal electrical service. This emergency electrical service shall ~~be made up as follows:~~ consist of the following:

- (1) ~~In any existing facility, the following must be provided:~~ facility:
- (a) ~~type 1 or 2 emergency lights as required by the North Carolina State Building Code;~~ Codes: Electrical Code;
  - (b) ~~additional emergency lights for all nursing stations, nurses' stations required by Rule .1205(b)(2) of this Section, drug medication preparation areas required by Rule .1204(d)(1) of this Section, and storage areas, and for the telephone switchboard, if applicable;~~
  - (c) ~~one or more portable battery-powered lamps at each nursing station;~~ nurses' station; and
  - (d) ~~a suitable source of emergency power for life-sustaining equipment~~ equipment, if the facility admits or cares for occupants needing such equipment, to ensure continuous operation with on-site fuel storage for a minimum of 72 hours.
- (2) ~~Any addition to an existing facility shall meet the same requirements as new construction.~~ An emergency power generating set, including the prime mover and generator, shall be located on the premises and shall be reserved exclusively for supplying the essential electrical system. For the purposes of this Rule, the "essential electrical system" means a system comprised of alternate

sources of power and all connected distribution systems and ancillary equipment, designed to ensure continuity of electrical power to designated areas and functions of a facility during disruption of normal power sources, and also to minimize disruption within the internal wiring system as defined by the North Carolina State Building Codes: Electrical Code.

- (3) ~~Any conversion of an existing building such as a hotel, motel, abandoned hospital or abandoned school, shall meet the same requirements for emergency electrical services as required for new construction.~~ Emergency electrical services shall be provided as required by the North Carolina State Building Codes: Electric Code with the following modification: Section 517.10(B)(2) of the North Carolina State Building Codes: Electrical Code shall not apply to new facilities.
- (4) ~~Battery-powered corridor lights shall not replace the requirements for the emergency circuit nor be construed to substitute for the generator set. Sufficient fuel shall be stored for the operation of the emergency generator for a period not less than 72 hours, on a 24-hour per day operational basis. The system shall be test run for a period of not less than 15 minutes on a weekly schedule. Records of running time shall be maintained and kept available for reference.~~
- (5) ~~To ensure proper evaluation of design of emergency power systems, the owner or operator shall submit with final working drawings and specifications a letter describing the policy for admissions and discharges to be used when the facility begins operations. If subsequent inspections for licensure indicate the admission policies have been changed, the facility will be required to take immediate steps to meet appropriate code requirements for continued licensure.~~
- (6) ~~Lighting for emergency electrical services shall be provided in the following places:~~
  - (a) ~~exit ways and all necessary ways of approach exits, including exit signs and exit direction signs, exterior of exits exit doorways, stairways, and corridors;~~
  - (b) ~~dining and recreation rooms;~~
  - (c) ~~nursing station and medication preparation area;~~
  - (d) ~~generator set location, switch gear location, and boiler room, if applicable; and~~
  - (e) ~~elevator, if required for emergency.~~
- (7) ~~The following emergency equipment which is essential to life, safety, and the protection of important equipment or vital materials shall be provided: The following equipment, devices, and systems that are essential to life safety and the protection of important equipment or vital materials shall be connected to the equipment branch of the essential electrical system as follows:~~
  - (a) nurses' calling system;
  - (b) ~~alarm system, including fire alarm actuated at manual stations, water flow alarm devices of sprinkler systems if electrically operated, fire detecting and smoke detecting systems, paging or speaker systems if intended for issuing instructions during emergency conditions, and alarms required for nonflammable medical gas systems, if installed;~~
  - (e)(b) fire pump, if installed;
  - (d)(c) sewerage or sump lift pump, if installed;

- ~~(e)~~(d) one elevator, where elevators are used for vertical transportation of patients;
  - ~~(f)~~(e) equipment such as burners and pumps necessary for operation of one or more boilers and their necessary auxiliaries and controls, required for heating and sterilization, if installed; and
  - ~~(g)~~ equipment necessary for maintaining telephone service.
  - ~~(f)~~ task illumination of boiler rooms, if applicable.
- (5) The following equipment, devices, and systems that are essential to life safety and the protection of important equipment or vital materials shall be connected to the life safety branch of the essential electrical system as follows:
- (a) alarm system, including fire alarm actuated at manual stations, water flow alarm devices of sprinkler systems if electrically operated, fire detecting and smoke detecting systems, paging or speaker systems if intended for issuing instructions during emergency conditions, and alarms required for nonflammable medical gas systems, if installed; and
  - (b) equipment necessary for maintaining telephone service.
- ~~(8)~~(6) Where electricity is the only source of power normally used for ~~space heating, the emergency service~~ the heating of space, an essential electrical system shall be provided for heating of patient rooms. Emergency heating of patient rooms ~~will~~ shall not be required in areas where the facility is supplied by at least two separate generating ~~sources,~~ sources or a network distribution system with the facility feeders so routed, connected, and protected that a fault any place between the generators generating sources and the facility will not likely cause an ~~interruption.~~ interruption of more than one of the facility service feeders.
- ~~(9)~~(7) ~~The emergency~~ An essential electrical system shall be so controlled that after interruption of the normal electric power supply, the generator is brought to full voltage and frequency and connected within ~~ten~~ 10 seconds through one or more primary automatic transfer switches to all emergency lighting, alarms, ~~nurses' call, and~~ equipment necessary for maintaining telephone service, and receptacles in patient corridors. ~~service.~~ All other lighting and equipment required to be connected to the ~~emergency~~ essential electrical system shall either be connected through the ~~ten~~ 10 second primary automatic transfer switching or shall be ~~subsequently~~ connected through other delayed automatic or manual transfer switching. If manual transfer switching is provided, staff of the facility shall operate the manual transfer switch. Receptacles Electrical outlets connected to the ~~emergency~~ essential electrical system shall be ~~distinctively~~ marked for identification.
- (8) Fuel shall be stored for the operation of the emergency power generator for a period not less than 72 hours, on a 24-hour per day operational basis with on-site fuel storage. The generator system shall be tested and maintained per National Fire Protection Association Health Care Facilities Code, NFPA 99, 2012 edition, which is incorporated by reference, including all subsequent amendments and editions. Copies of this code may be purchased at a cost of seventy-nine and fifty cents (\$79.50) from the National Fire Protection Association - online at <http://www.nfpa.org/catalog/> or accessed

electronically free of charge at  
<http://www.nfpa.org/aboutthecodes/AboutTheCodes.asp?DocNum=99>. The facility shall maintain records of the generator system tests and shall make these records available to the Division for inspection upon request.

- (9) The electrical emergency service at existing facilities shall comply with the requirements established in this Section in effect at the time a license is first issued. Any remodeling of an existing facility that results in changes to the emergency electrical service shall comply with the requirements established in this Section in effect at the time of remodeling.

*History Note: Authority G.S. 131E-202;  
Eff. June 1, 1991; 1991;  
Readopted Eff. October 1, 2021.*

10A NCAC 13K .1209 is proposed for amendment as follows:

**10A NCAC 13K .1209 HOSPICE INPATIENT REQUIREMENTS FOR GENERAL ELECTRICAL**

- (a) All main water supply shut off valves in the sprinkler system must be electronically supervised so that if any valve is closed an alarm will sound at a continuously manned central station.
- (b) No two adjacent emergency life safety branch lighting fixtures shall be on the same circuit.
- (c) Receptacles in bathrooms must have ground fault protection.
- (d) Each patient bed location must be provided with a minimum of ~~four~~ eight single or ~~two~~ four duplex receptacles.
- (e) Each patient bed location must be supplied by at least two branch ~~circuits.~~ circuits, one from the equipment branch and one from the normal system.
- (f) The fire alarm system must be installed to transmit an alarm automatically to the fire department that is, legally committed to serve the area in which the facility is located, by the direct and reliable method approved by local ordinances.
- (g) In patient areas, fire alarms shall be gongs or chimes rather than horns or bells.

*History Note: Authority G.S. 131E-202;  
Eff. June 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 22, 2018; 2018;  
Amended Eff. October 1, 2021.*

10A NCAC 13K .1210 is proposed for amendment as follows:

## 10A NCAC 13K .1210 OTHER HOSPICE INPATIENT REQUIREMENTS

(a) ~~In general patient areas, each room shall be served by at least one calling station and each bed shall be provided with a call button. Two call buttons serving adjacent beds may be served by one calling station. Calls shall register with the floor staff and shall activate a visible signal in the corridor at the patient's or resident's door. In multi-corridor nursing units, additional visible signals shall be installed at corridor intersections. In rooms containing two or more calling stations, indicating lights shall be provided at each station. Nurses' calling systems which provide two-way voice communication shall be equipped with an indicating light at each calling station which lights and remains lighted as long as the voice circuit is operating. A nurses' call emergency button shall be provided for patients' use at each patient toilet, bath, and shower room. A nurses' calling system shall be provided:~~

- (1) in each patient bedroom for each patient bed. The call system activator shall be such that they can be activated with a single action and remain on until deactivated by staff at the point of origin. The call system activator shall be within reach of a patient lying on the bed. In rooms containing two or more call system activators, indicating lights shall be provided at each calling station;
- (2) nurses' calling systems which provide two-way voice communication shall be equipped with an indicating light at each calling station which lights and remains lighted as long as the voice circuit is operating;
- (3) a nurses' call emergency activator shall be provided at each patients' use toilet fixture, bath, and shower. The call system activator shall be accessible to a patient lying on the floor; and
- (4) calls shall register with the floor staff and shall activate a visible signal in the corridor at the patient's door. In multi-corridor units, additional visible signals shall be installed at corridor intersections.

(b) At least one telephone shall be available in each area to which patients are admitted and additional telephones or extensions as are necessary to ensure availability in case of need.

(c) General outdoor lighting shall be provided adequate to illuminate walkways and drive.

*History Note: Authority G.S. 131E-202;*

*Eff. June 1, 1991;*

*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 22, 2018; 2018;*

*Amended Eff. October 1, 2021.*

10A NCAC 13K .1211 is proposed for reoption with substantive changes as follows:

## 10A NCAC 13K .1211 ADDITIONAL PLUMBING REQUIREMENTS/HOSPICE INPATIENT UNITS

For inpatient units, the hot water system shall be adequate to provide:



	Patient Areas	Dietary	Laundry
Gallons per hour per bed	6 ½	4	4 1/2
Temperature degrees F.	110-116	140 (min)	140 (min)

Hospice inpatient facilities or units shall provide a flow of hot water within safety ranges specified as follows:

- (1) Patient Areas – 6 ½ gallons per hour per bed and at a temperature of 100 to 116 degrees F;
- (2) Dietary Services – 4 gallons per hour per bed and at a minimum temperature of 140 degrees F; and
- (3) Laundry Area – 4 ½ gallons per hour per bed and at a minimum temperature of 140 degrees F.

*History Note: Authority G.S. 131E-202;  
Eff. June 1, 1991. 1991;  
Readopted Eff. October 1, 2021.*

10A NCAC 13K .1212 is proposed for re adoption with substantive changes as follows:

**10A NCAC 13K .1212 APPLICATION OF PHYSICAL PLANT REQUIREMENTS**

The physical plant requirements for each hospice inpatient facility or unit shall be applied as follows:

- (1) New construction shall comply with all the requirements of ~~Section .1200 of this Subchapter; this Section.~~
- (2) ~~Existing~~ Except where otherwise specified, existing buildings shall meet the licensure and code requirements in effect at the time of licensure, construction, alteration, or ~~modification; modification.~~
- (3) ~~New additions, alterations, modifications, and repairs shall meet the technical requirements of Section .1100 of this Subchapter; however, where strict conformance with current requirements would be impracticable, the authority having jurisdiction may approve alternative measures where the facility can demonstrate to the Department's satisfaction that the alternative measures do not reduce the safety or operating effectiveness of the facility;~~
- (4)(3) Rules contained in ~~Rule .1210 of this Section~~ are minimum requirements and are not intended to prohibit buildings, ~~systems~~ systems, or operational conditions that exceed minimum requirements; requirements.
- (5)(4) ~~Equivalency: Alternate methods, procedures, design criteria, and functional variations from the physical plant requirements, because of extraordinary circumstances, new programs, or unusual conditions, may be approved by the authority having jurisdiction when the facility can effectively demonstrate to the Department's satisfaction, that the intent of the physical plant requirements are met and that the variation does not reduce the safety or operational effectiveness of the facility; and~~ The Division may grant an equivalency to allow alternate methods, procedures, design criteria or

functional variation from the requirements of this Rule and the rules contained in this Section. The equivalency may be granted by the Division when a governing body submits a written equivalency request to the Division that states the following:

- (a) the rule citation and the rule requirement that will not be met due to strict conformance with current requirements would be impractical, extraordinary circumstances, new programs, or unusual conditions;
  - (b) the justification for the equivalency; and
  - (c) how the proposed equivalency meets the intent of the corresponding rule requirement.
- (5) In determining whether to grant an equivalency request the Division shall consider whether the request will reduce the safety and operational effectiveness of the facility. The governing body shall maintain a copy of the approved equivalence issued by the Division.
- (6) Where ~~rules or codes~~ rules, codes, or standards have any conflict, the more stringent requirement shall apply.

*History Note: Authority G.S. 131E-202;  
Eff. February 1, ~~1996~~ 1996;  
Readopted Eff. October 1, 2021.*

Introduction:

Two individuals submitted comments during the public comment period on the readoption and amendment of rules 10A NCAC 13K .1109, .1112 - .1116, .1201, and .1204 - .1212. Of these comments, one person made statements during the public hearing conducted on April 28, 2021. These comments were submitted by representatives from The Association for Home & Hospice Care of NC. A summary of the comments received on these rules is below:

1) Listing of Comments Received and Agency’s Consideration of Comments for Readoption Rule 13K .1109 – Resident Care Areas:

Commenter	Comment Summary
1) Association for Home & Hospice Care of NC <i>(public hearing)</i>	Would like 13K .1109(a)(5)(B) clarified whether this is referring to a single patient private room or a double room. The language implies it would apply for every bedroom and it doesn’t differentiate between single or double rooms. There is some concern related to infection control and the use of a curtain. We are interpreting it that it would be applicable to Hospice inpatient care as well as Hospice residential care. The previous language allowed for provisions to ensure visual privacy for treatment or visiting that allowed the provision to determine how to meet that.
2) Association for Home & Hospice Care of NC <i>(written comment)</i>	<p>Revisions create uncertainty and threaten to add unnecessary and potentially unsafe curtains to facilities. The revisions are unclear, inflexible, out of alignment with the mission of hospice, and will have unintended consequences for hospice residential care and inpatient care patients. This rule applies to residential care areas, but rule 13K .1201(a) says that hospice inpatient units will also have to meet these requirements.</p> <p>13K .1109(a)(5)(B): It is unclear if a cubicle curtain is applicable to every bedroom, regardless if it’s a single bedroom or a double bedroom, would require a cubicle curtain installed. This is unnecessary and wasteful.</p> <p>The proposed rule is inflexible and not in alignment with the mission of hospice. Hospices can make provisions to address privacy and appreciate the language in the current rule that affords a hospices the ability to choose the best manner to ensure privacy while also maintaining a comfortable and safe environment for patients and their families.</p> <p>The proposed rule would have unintended consequences. Installing a curtain enclosing each bed could have a deleterious effect on infection control and it would have unintended financial consequences to hospices, for the installation of curtains within all residential and inpatient bedrooms.</p>

Agency Response to Comments Above:

***In response to both comments concerning the use of cubicle curtains to ensure visual privacy, we have reviewed the comments and will not make the proposed revisions. In looking at National Standards concerning the use of privacy curtains, we agree that operational requirements and the type of care provided should dictate the need for privacy curtains. The existing Rule language is in line with National Standards.***

1 10A NCAC 13D .2001 is amended as published in 35:18 NCR 2027-2029 as follows:

2

3

**SECTION .2000 – GENERAL INFORMATION**

4

**10A NCAC 13D .2001 DEFINITIONS**

6 In addition to the definitions set forth in G.S. 131E-101, the following definitions shall apply throughout this  
7 Subchapter:

8 (1) "Abuse" means the willful infliction of injury, unreasonable confinement, intimidation or  
9 punishment with resulting physical harm, pain, or mental anguish.

10 (2) "Accident" means an unplanned event resulting in the injury or wounding of a patient or other  
11 individual.

12 (3) "Addition" means an extension or increase in floor area or height of a building.

13 (4) "Administrator" as defined in G.S. 90-276(4).

14 (5) "Alteration" means any construction or renovation to an existing structure other than repair,  
15 maintenance, or addition.

16 (6) "Brain injury long term care" means an interdisciplinary, intensive maintenance program for patients  
17 who have incurred brain damage caused by external physical trauma and who have completed a  
18 primary course of rehabilitative treatment and have reached a point of no gain or progress for more  
19 than three consecutive months. Brain injury long term care is provided through a medically  
20 supervised interdisciplinary process and is directed toward maintaining the individual at the optimal  
21 level of physical, cognitive, and behavioral functions.

22 (7) "Capacity" means the maximum number of patient or resident beds for which the facility is licensed  
23 to maintain at any given time.

24 (8) "Combination facility" means a combination home as defined in G.S. 131E-101.

25 (9) "Comprehensive, inpatient rehabilitation program" means a program for the treatment of persons  
26 with functional limitations or chronic disabling conditions who have the potential to achieve a  
27 significant improvement in activities of daily living, including bathing, dressing, grooming,  
28 transferring, eating, and using speech, language, or other communication systems. A  
29 comprehensive, inpatient rehabilitation program utilizes a coordinated and integrated,  
30 interdisciplinary approach, directed by a physician, to assess patient needs and to provide treatment  
31 and evaluation of physical, psychosocial, and cognitive deficits.

32 (10) "Department" means the North Carolina Department of Health and Human Services.

33 (11) "Director of nursing" means a registered nurse who has authority and responsibility for all nursing  
34 services and nursing care.

35 (12) "Discharge" means a physical relocation of a patient to another health care setting; the discharge of  
36 a patient to his or her home; or the relocation of a patient from a nursing bed to an adult care home  
37 bed, or from an adult care home bed to a nursing bed.

- 1 (13) "Existing facility" means a facility currently ~~licensed, a proposed facility, a proposed addition to a~~  
2 ~~licensed facility, or a proposed remodeled licensed facility that will be built according to design~~  
3 ~~development drawings and specifications approved by the Department for compliance with the~~  
4 ~~standards established in Sections .3100, .3200, and .3400 of this Subchapter, licensed and built prior~~  
5 ~~to the effective date of this Rule.~~
- 6 (14) "Facility" means a nursing facility or combination facility as defined in this Rule.
- 7 (15) "Incident" means any accident, event, or occurrence that is unplanned, or unusual, and has caused  
8 harm to a patient, or has the potential for harm.
- 9 (16) "Inpatient rehabilitation facility or unit" means a free-standing facility or a unit (unit pertains to  
10 contiguous dedicated beds and spaces) within an existing licensed health service facility approved  
11 in accordance with G.S. 131E, Article 9 to establish inpatient, rehabilitation beds and to provide a  
12 comprehensive, inpatient rehabilitation program.
- 13 (17) "Interdisciplinary" means an integrated process involving representatives from disciplines of the  
14 health care team.
- 15 (18) "Licensee" means the person, firm, partnership, association, corporation, or organization to whom  
16 a license to operate the facility has been issued. The licensee is the legal entity that is responsible  
17 for the operation of the business.
- 18 (19) "Medication error rate" means the measure of discrepancies between medication that was ordered  
19 for a patient by the health care provider and medication that is administered to the patient. The  
20 medication error rate is calculated by dividing the number of errors observed by the surveyor by the  
21 opportunities for error, multiplied times 100.
- 22 (20) "Misappropriation of property" means the deliberate misplacement, exploitation, or wrongful,  
23 temporary or permanent use of a patient's belongings or money without the patient's consent.
- 24 (21) "Neglect" means a failure to provide goods and services necessary to avoid physical harm, mental  
25 anguish, or mental illness.
- 26 (22) "New facility" means a ~~proposed facility,~~ facility for which an initial license is sought, a proposed  
27 addition to an existing facility, or a proposed remodeled portion of an existing facility that will be  
28 built according to ~~design development drawings~~ construction documents and specifications  
29 approved by the Department for compliance with the standards established in Sections .3100, .3200,  
30 and .3400 of this ~~Subchapter after the effective date of this Rule.~~ Subchapter.
- 31 (23) "Nurse Aide" means a person who is listed on the N.C. Nurse Aide Registry and provides nursing  
32 or nursing-related services to patients in a nursing home. A nurse aide is not a licensed health  
33 professional. Nursing homes that participate in Medicare or Medicaid shall comply with 42 CFR  
34 483.35, which is incorporated by reference, including subsequent amendments. The Code of Federal  
35 Regulations may be accessed at <https://www.ecfr.gov>.
- 36 (24) "Nursing facility" means a nursing home as defined in G.S. 131E-101.
- 37 (25) "Patient" means any person admitted for nursing care.

1 (26) "Remodeling" means alterations, renovations, rehabilitation work, repairs to structural systems, and  
2 replacement of building systems at a nursing or combination facility.

3 (27) "Repair" means reconstruction or renewal of any part of an existing building for the purpose of its  
4 maintenance.

5 (28) "Resident" means any person admitted for care to an adult care home part of a combination facility.

6 (29) "Respite care" means services provided for a patient on a temporary basis, not to exceed 30 days.

7 (30) "Surveyor" means a representative of the Department who inspects nursing facilities and  
8 combination facilities to determine compliance with rules, laws, and regulations as set forth in G.S.  
9 131E-117; Subchapters 13D and 13F of this Chapter; and 42 CFR Part 483, Requirements for States  
10 and Long Term Care Facilities.

11 (31) "Violation" means a failure to comply with rules, laws, and regulations as set forth in G.S. 131E-  
12 117 and 131D-21; Subchapters 13D and 13F of this Chapter; or 42 CFR Part 483, Requirements for  
13 States and Long Term Care Facilities, that relates to a patient's or resident's health, safety, or welfare,  
14 or that creates a risk that death, or physical harm may occur.

15

16 *History Note:* Authority G.S. 131E-104;

17 RRC objection due to lack of statutory authority Eff. July 13, 1995;

18 Eff. January 1, 1996;

19 Readopted Eff. July 1, 2016;

20 Amended Eff. October 1, 2021; January 1, 2021.

# EXHIBIT D

## Compliance Summary:

- **Compliant with NCMCC Compliance Policy**

1) Does Organization have a formal post tax issuance compliance policy?

**No- while we don't have a formal written policy in our policy manual for this, it is our practice to regularly review with bond counsel all of the required post issuance requirements and applicable covenant compliance and reporting.**

2) Who in the Organization will be designated to ensure appropriate compliance with the issuance?

**John White – CFO**

3) What is the Organization's compliance monitoring plan?

**Quarterly review by CFO and CEO with Finance Committee**

4) How will the Organization report compliance deficiencies to leadership and the Board?

**Our compliance officer , along with CEO and CFO provide quarterly reporting to the Board of Directors as well as reporting any interim concerns that may arise.**

## Selected Application Information:

**1) Information from FYE 2020 (9/30 Year End) Audit of United Church Homes and Services**

Net Income	\$ 6,956,999
Operating Revenue	\$ 74,961,503
Operating Expenses	\$ 72,560,927
Net Cash provided by Operating Activities	\$ 8,972,552
Change in Assets	\$ 980,205
Unrestricted Cash	\$ 2,972,346
Change in Cash	\$ (234,758)

**2) Ratings:**

Fitch – BBB- (Outlook Stable)

**3) Community Benefits (FYE 2020):**

Per N.C.G.S § 105 – 14.32% (Eligible for 100% property tax exclusion)

- Total Community Benefits and Charity Care - \$7,036,151

**4) Long-Term Debt Service Coverage Ratios (Abernathy Laurels & Piedmont Crossings):**

Actual FYE 2020	2.12 (Obligated Group)
Forecasted FYE 2021	1.62
Forecasted FYE 2022	1.66
Forecasted FYE 2023	1.74
Forecasted FYE 2024	1.72
Forecasted FYE 2025	1.77

**5) Transaction Participants:**

Bond Counsel:	McGuireWoods LLP
Underwriter/Placement Agent:	B.C. Ziegler and Company
Underwriter Counsel:	Robinson, Bradshaw & Hinson, P.A.
Bank Purchaser:	TBD
Bank Counsel:	TBD
Trustee:	TBD
Accountant (AUP Forecast):	Bernard Robinson & Company, L.L.P.

**6) Other Information:**

**(a) Board diversity**

Male:	15
<u>Female:</u>	<u>4</u>
Total:	19

Caucasian:	15
<u>African American:</u>	<u>4</u>
	19

**(b) Diversity of residents (Abernathy Laurels & Piedmont Crossings)**

Male:	184
<u>Female:</u>	<u>456</u>
Total:	640

Caucasian:	631
Hispanic:	3
Asian:	1
<u>African American:</u>	<u>5</u>
	640

**(c) Fee Schedule – Attached (Pages D3 – D5)**

**(d) MCC Bond Sale Approval Policy Form – Attached (Pages D6 – D8)**



***Abernethy Laurels Pricing***

	Number of Units/Beds	Square Footage	Monthly Fees	Entrance Fees Fully Declining <sup>(1)</sup>
<b><i>ILU - Apartments</i></b>				
<i>Pavilion</i>				
Studio A	18	240	\$5,536	-
Studio B	4	240	\$5,931	-
Efficiency Apartment	17	400	\$3,049	\$28,000
Efficiency Deluxe Apt.	2	410	\$3,388	\$28,000
One-Bedroom	17	500	\$3,934	\$40,197
One-Bedroom Deluxe	2	805	\$4,117	\$62,500
<i>Village</i>				
One-Bedroom	2	800	\$1,567	\$106,524
One-Bedroom	8	900	\$1,567	\$95,548 - \$101,791
Two-Bedroom	17	1,100	\$1,690	\$102,369 - \$104,613
Two-Bedroom	6	1,100	\$1,690	\$123,753
Two-Bedroom	4	1,100	\$1,690	\$116,197 - \$119,257
Two-Bedroom	4	1,100	\$1,690	\$123,222
<b>Sub-Total Apartments</b>	<b>101</b>			
Cottage	26	1,341 - 2,916	\$1,970	\$168,261 - \$277,689
Villa	62	960 - 2,724	\$1,807	\$108,156 - \$221,538
<b>Sub-Total Villas/Cottages</b>	<b>88</b>			
<b>Total Independent Living</b>	<b>189</b>			
<b>Assisted Living - Private</b>				
	<b>18</b>	<b>240</b>	<b>\$5,536</b>	
<b><u>Daily Fee</u></b>				
Nursing - Private	98	247 - 260	\$305 - \$383	
Nursing - Semi-Private	76	224 - 256	\$275	
<b>Total Nursing</b>	<b>174</b>			

Pricing is effective as of 10/01/20. Annual fee increases have ranged from 3.0%-5.0% over the past 5-years.

(1) Entrance fee for 50% Refundable Plan is 50% higher than the Fully Declining Entrance Fees noted above.

***Piedmont Crossing Pricing***

	Number of Units/Beds	Square Footage	Monthly Fees	Entrance Fees Fully Declining <sup>(1)</sup>
<b><i>ILU - Apartments</i></b>				
<i>Pavilion</i>				
Studio	10	500	\$2,500	\$74,411
One-Bedroom	26	640	\$3,010	\$95,244
Two-Bedroom	8	950	\$3,408	\$116,987
<i>Gallery Apartments</i>				
One-Bedroom Corner	4	650	\$2,163	\$99,299
One-Bedroom	8	675	\$2,248	\$99,299
Two-Bedroom	23	975	\$2,421	\$143,430
<i>Veranda B</i>				
One-Bedroom	4	800	\$1,618	\$112,652
Two-Bedroom	24	1,100	\$1,724	\$155,918
<b>Sub-Total Apartments</b>	<b>107</b>			
Patio Homes	20	780 - 1,152	\$1,662 - \$1,790	\$128,786 - \$178,722
Villa	24	1,288 - 1,478	\$1,756	\$219,995 - \$295,335
Cottage	18	1,339 - 1,622	\$1,900	\$263,261 - \$363,649
<b>Sub-Total Villas/Cottages</b>	<b>62</b>			
<b>Total Independent Living</b>	<b>169</b>			
Assisted Living - Private	14	350	\$5,992	
Assisted Living - Semi-Private	6	350	\$4,471	
<b>Total Assisted Living</b>	<b>20</b>			
			<b><u>Daily Fee</u></b>	
Nursing - Private	86	280	\$290 - \$383	
Nursing - Semi-Private	28	280	\$274	
<b>Total Nursing</b>	<b>114</b>			

Pricing is effective as of 10/01/20. Annual fee increases have ranged from 3.0%-5.0% over the past 5-years.

(1) Entrance fee for 50% Refundable Plan is 50% higher than the Fully Declining Entrance Fees noted above.

**Lake Prince Woods**

	Number of Units/Beds	Square Footage	Monthly Fees	Entrance Fees Fully Declining <sup>(1)</sup>
<b><u>ILU - Apartments</u></b>				
Studio	4	425	\$1,368	\$59,090 - \$74,090
One-Bedroom/One-Bath	18	660	\$2,189	\$66,585 - \$98,454
One-Bedroom/Bay	4	700	\$2,189	\$81,206 - \$106,206
One-Bedroom/Grand	4	803	\$2,309	\$121,710
One-Bedroom/Living/Dining	5	965	\$2,309	\$142,752 - \$162,752
Two-Bedroom/Two-Bath/Den	2	965	\$2,411	\$119,121 - \$134,121
Two-Bedroom/Two-Bath/Den	25	965	\$2,411	\$119,180 - \$144,180
Two-Bedroom/Bay	8	1,000	\$2,416	\$127,009 - \$152,009
Two-Bedroom/Two-Bath	12	1,075	\$2,416	\$144,840 - \$159,840
Two-Bedroom Deluxe	2	1,107	\$2,416	\$171,025
Two-Bedroom Contemporary	4	1,158	\$2,536	\$164,973 - \$179,973
Two-Bedroom/Study	1	1,256	\$2,536	\$177,822
Two-Bedroom/Study	3	1,256	\$2,536	\$191,159
<b>Sub-Total Apartments</b>	<b>92</b>			
Villa	34	1,350	\$1,935	\$203,298 - \$331,113
Cottage	52	1,535	\$2,248	\$248,935 - \$385,689
<b>Sub-Total Villas/Cottages</b>	<b>86</b>			
<b>Total Independent Living</b>	<b>178</b>			
Assisted Living - Studio	32	300	\$5,171	
Assisted Living - One-Bed	4	300	\$7,026	
Assisted Living - Memory	16	300	\$7,087	
<b>Total Assisted Living</b>	<b>52</b>			
			<b>Daily Fee</b>	
Nursing - Private	4	300	\$294	
Nursing - Private Deluxe	2	300	\$347	
Nursing - Semi-Private	34	300	\$247	
<b>Total Nursing</b>	<b>40</b>			

Pricing is effective as of 10/01/20. Annual fee increases have ranged from 3.0%-5.0% over the past 5-years.

(1) Entrance fee for 50% Refundable Plan is 50% higher than the Fully Declining Entrance Fees noted above.

<b>NC MCC Bond Sale Approval Form</b>		
<b>Facility Name: United Church Homes and Services</b>		
	<b>Time of Preliminary Approval</b>	
<b>SERIES:</b>	<b>2021A Taxable Term Loan</b>	
PAR Amount	\$55,000,000	
Estimated Interest Rate	2.00%	
All-in True Interest Cost	2.05%	
Maturity Schedule (Interest) - Date	10/01/21 - 09/01/24	
Maturity Schedule (Principal) - Date	10/01/21 - 09/01/24	
Bank Holding Period (if applicable) - Date	Full Maturity (09/01/24)	
Estimated NPV Savings (\$) (if refunded bonds)	See Below	
Estimated NPV Savings (%) (if refunded bonds)	See Below	
<b>NOTES:</b>	Refunded with 3 Bank Series Noted Below	
	<b>Time of Preliminary Approval</b>	
<b>SERIES:</b>	<b>2022A Tax Exempt</b>	
PAR Amount	\$4,515,000	
Estimated Interest Rate	2.80%	
All-in True Interest Cost	2.96%	
Maturity Schedule (Interest) - Date	10/1/2022 - 9/1/2037	
Maturity Schedule (Principal) - Date	10/1/2022 - 9/1/2037	
Bank Holding Period (if applicable) - Date	10/1/2036	
Estimated NPV Savings (\$) (if refunded bonds)	\$256,862	
Estimated NPV Savings (%) (if refunded bonds)	6.01%	
<b>NOTES:</b>	Redeems portion of taxable term loan in June 2022.	

	<b>Time of Preliminary Approval</b>	
<b>SERIES:</b>	<b>2023A Tax Exempt</b>	
PAR Amount	\$31,615,000	
Estimated Interest Rate	3.13%	
All-in True Interest Cost	3.18%	
Maturity Schedule (Interest) - Date	10/1/2022 - 9/1/2046	
Maturity Schedule (Principal) - Date	10/1/2022 - 9/1/2046	
Bank Holding Period (if applicable) - Date	10/1/2036	
Estimated NPV Savings (\$) (if refunded bonds)	\$3,703,638	
Estimated NPV Savings (%) (if refunded bonds)	12.53%	
<b>NOTES:</b>	Redeems portion of taxable term loan in June 2022.	
	<b>Time of Preliminary Approval</b>	
<b>SERIES:</b>	<b>2024A Tax Exempt</b>	
PAR Amount	\$18,420,000	
Estimated Interest Rate	3.04%	
All-in True Interest Cost	3.11%	
Maturity Schedule (Interest) - Date	10/1/2022 - 9/1/2037	
Maturity Schedule (Principal) - Date	10/1/2022 - 9/1/2037	
Bank Holding Period (if applicable) - Date	10/1/2036	
Estimated NPV Savings (\$) (if refunded bonds)	\$967,854	
Estimated NPV Savings (%) (if refunded bonds)	5.71%	
<b>NOTES:</b>	Redeems portion of taxable term loan in June 2022.	

	<b>Time of Preliminary Approval</b>	
<b>SERIES:</b>	<b>2021B</b>	
PAR Amount	\$25,500,000	
Estimated Interest Rate	4.00% Coupon (Yields 1.36%-3.54%)	
All-in True Interest Cost	3.61%	
Maturity Schedule (Interest) - Date	3/1/2022 - 9/1/2051	
Maturity Schedule (Principal) - Date	9/1/2032 - 9/1/2051	
Bank Holding Period (if applicable) - Date	NA (Public Fixed Rate Bonds)	
Estimated NPV Savings (\$) (if refunded bonds)	Refunding for Structure	
Estimated NPV Savings (%) (if refunded bonds)	Refunding for Structure	
<b>NOTES:</b>	Refunding for structuring to minimize expsoure to interest rate risk.	