

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 29, 2013
11:00 A.M.**

Members of the Executive Committee Present:

Lucy Hancock Bode, Chairman
Dr. George Binder
George H.V. Cecil
Mary Piepenbring

Members of the Executive Committee Absent:

Joseph D. Crocker, Vice Chairman
Albert F. Lockamy
Dr. Carl K Rust

Members of Staff Present:

Christopher B. Taylor, CPA, Assistant Secretary
Alice S. Creech, Bond Program Assistant

Others Present:

John Franklin, BB&T Capital Markets
Suzanne Hodge Pugh, Aldersgate Retirement Community

1. **Purpose of Meeting**

To consider preliminary approval for a project for Aldersgate Retirement Community and to provide a refunding for their 2009 and 2010 MCC Bonds.

Executive Committee Action: A motion was made by Mr. George Cecil, seconded by Dr. George Binder and unanimously approved with Lucy Bode abstaining from the vote.

2. **Aldersgate United Methodist Retirement Community Inc., Charlotte, NC** – Christopher B. Taylor , Suzanne Pugh and John Franklin

Resolution: The Commission grants preliminary approval to a project for Aldersgate United Methodist Retirement Community, Inc. to provide funds to be used, together with other available funds to refund (1) the \$29,995,000 North Carolina Medical Care Commission Retirement Facilities Revenue Refunding Bonds (Aldersgate) Series 2009 outstanding in the amount of \$28,857,500 and (2) the \$8,605,000 North Carolina Medical Care Commission Retirement Facilities Revenue Bonds (Aldersgate) Series 2010 outstanding in the amount of \$4,817,500. The Series 2009 and 2010 Bonds are held by Branch Banking and Trust Company as Bank Qualified Bonds (BQ Bonds). The refunding is being done in order to eliminate interest rate risks and to take advantage of historical low interest rates on fixed rate Bonds. The project is in accordance with an application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	\$37,455,000
Corporation equity	86,363
Total Sources	\$37,541,363

ESTIMATED USES OF FUNDS

Amount to refund Series 2009 and Series 2010 bonds	\$33,675,000
Debt service reserve fund	3,029,013
Underwriters' discount	605,463
Underwriters' counsel	50,000
Bond counsel	75,000
Corporation counsel	20,000
Accountants fees	10,000
Trustee fee and counsel	10,000
Local Government Commission fee	8,750
Printing	5,000
Miscellaneous	53,138
Total Uses	\$37,541,363

Tentative approval is given with the understanding that the governing board of Aldersgate United Methodist Retirement Community, Inc. accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

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

Notes:

A)	Information from 2012 Audit	
	Excess of Revenues, Gains	
	and Other Support and Expenses	\$336,362
	Increase (Decrease) in Unrestricted Net Assets	\$2,300,528
	Increase (Decrease) in Net Assets	\$2,173,464
	Net Cash provided by Operating Activities	\$1,194,646
	Net Increase (Decrease) in Cash and Cash Equivalents	\$491,616
B)	Charity Care Percent Calculated under GS 105	5.10%
	Property tax exemption under GS 105	100%
C)	Long Term Debt Service Coverage Ratios	
	Actual FYE 2012	1.61
	Forecasted⁽¹⁾ 2013	2.45
	2014	2.37
	2015	2.30
	2016	2.23
	2017	2.09

⁽¹⁾ Draft Projections are listed above.

D) Financing Participants
Underwriter- BB& T Capital Markets
Bond Counsel – Parker Poe Adams & Bernstein, LLP
Underwriters’ counsel – Harris Beach, PLLC
Corporation counsel – Poyner and Spruill

3. Adjournment

There being no further business, the meeting was adjourned at 11:30 a.m.

Respectfully Submitted,

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