

North Carolina Department of Health and Human Services Division of Health Service Regulation

Pat McCrory Governor Aldona Z. Wos, M.D. Ambassador (Ret.) Secretary DHHS

> Drexdal Pratt Division Director

August 21, 2013

Charles E. Trefzger, Jr. P.O. Box 2568 Hickory, NC 28603-2568

Exempt from Review - Acquisition of Facility

Facility:

Hamlet House

Acquisition by:

Cornerstone Core Properties REIT, Inc.

County:

Harnett

FID#:

971261

Dear Mr. Trefzger:

In response to your letter of July 31, 2013, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Cornerstone Core Properties REIT, Inc. may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Adult Care Licensure Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to N.C.G.S. §131E-181(b): "A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need."

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

cc:

Tanya S. Rupp Project Analyst

Medical Facilities Planning Branch, DHSR

Adult Care Licensure Section, DHSR

MS

Certificate of Need Section

www.ncdhhs.gov
Telephone: 919-855-3873 • Fax: 919-733-8139
Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603
Mailing Address: 2704 Mail Service Center •Raleigh, NC 27699-2704
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Craig R. Smith, Chief

Certificate of Need Section

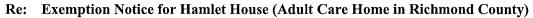
Hamlet AL Holdings, LLC

Post Office Box 2568 Hickory, North Carolina 28603-2568



July 31, 2013

Mr. Craig Smith, Chief Certificate of Need Section Division of Health Service Regulation Department of Health and Human Services Dorothea Dix Hospital Campus 809 Ruggles Drive Raleigh, NC 27603



Facility ID: 971261

Dear Mr. Smith:

Cornerstone Core Properties REIT, Inc. ("Cornerstone") is planning to acquire an adult care home in Richmond County, currently known as Hamlet House (hereafter "the Facility"). The Facility is located at 632 Freeman Mill Road in Hamlet, North Carolina. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2013 State Medical Facilities Plan as having 60 adult care home beds (see Exhibit A).

Cornerstone is seeking to purchase the Facility through a purchase and sale agreement. The purpose of this letter is to provide prior notice of this acquisition, which is exempt from Certificate of Need ("CON") review, to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section (the "Agency"). Cornerstone seeks confirmation that it is permitted to acquire the Facility as described herein without CON Review, thus acquiring the Facility's existing CON rights to own that existing health service facility (as defined in the CON statute) with 60 adult care beds.

I. THE PROPOSAL

As of this date, Hamlet Health Investors, LLC owns the property and building comprising the Facility, which is an existing "health service facility," as that term is defined in N.C. Gen. Stat. § 131E-176(9)(b), and Hamlet AL Holdings, LLC is the Licensee. Cornerstone will purchase the Facility, and the Licensee will remain Hamlet AL Holdings, LLC. The Facility will still be known as Hamlet House.

II. EXEMPTION NOTICE

Under North Carolina law, a Certificate of Need ("CON") is required only prior to offering or developing a "new institutional health service." "New institutional health service" includes a variety of services and activities, including a capital expenditure exceeding \$2 million. N.C. Gen. Stat. § 131E-176(16)(b).

The North Carolina General Assembly saw fit to exempt certain types of services or proposals from CON review, pursuant to N.C. Gen. Stat. § 131E-184. One such exempt service or proposal includes the

Physical Address: 1270 25th Street Place, SE Hickory, NC 28602-9657 Phone: (828) 261-7312 Fax: (828) 322-3897 Mr. Craig Smith, Chief Certificate of Need Section June 24, 2013 Page Two

acquisition of an existing health service facility, "including equipment owned by the health service facility at the time of acquisition." N.C. Gen. Stat. § 131E-184(a)(8).

This project involves only the acquisition of an existing adult care home, which falls within the purview of the statutory definition of "health service facility." After acquisition, the current Licensee, Hamlet AL Holdings, LLC, will continue to operate the Facility as an adult care home. Furthermore, Cornerstone's acquisition of the Facility does not entail the purchase of any major medical equipment or any *per se* reviewable equipment as defined in N.C. Gen. Stat. §§ 131E-176(14)(0) and (16)(f1). Likewise, the acquisition does not include the offering of any *per se* reviewable services. N.C. Gen. Stat. § 131E-176(16)(f). Thus, given that the transaction involves only the acquisition of an existing health services facility, it is exempt from CON review.

III. CONCLUSION

Based on the foregoing information, we hereby request the Agency's confirmation that the proposal described above is exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), and thus Cornerstone may acquire the Facility with all its existing CON rights without a CON.

In addition, we respectfully request that this request be considered on an <u>expedited basis</u> because the parties wish to proceed with this transaction as soon as possible. If you require additional information to consider this request, please contact us at (828) 261-7312 as soon as possible. We thank you for your consideration of this request.

Sincerely,

Charles E. Trefzger, Jr.

Manager

Enclosure

Table 11A: Inventory of Adult Care Homes (Assisted Living) Beds

	THE COLUMN		, = J									
		4		T Secure Dodge	1000	CON App	Approved/License	nse Pending				Total
		in Nursing	Beds in	in Adult Care	Licensed	ACH			l Available in	Total	Sum of	Planning
County	Facility Name	Homes	Hospitals	es	Beds	CON Exempt	pt Pipeline	ne Transfer	SMFP	Available	Exclusions	Inventory
Randolph	Country Manor	0	0	6	6	0	9	0	0	2 5	٥	9 6
Randolph	Cross Road Retirement Community	0	0	152		0	0	O G	0 0	152		132
Randolph	North Pointe	0	0	29		0	0 1	0	0 0			70
Randolph	North Pointe Assisted Living of Archdale	0	0	56	56	0 0	0	0 0	0	20		30
Randolph	The GrayBrier Nursing & Retirement Center	14	0	0		5 0	5 0	0				41
Randolph	Westwood Health and Rehabilitation	16	0,	0	anness of the colors of the	0	O O	0	CHIEF CONTRACTOR CONTR	And action is seen as	100	01
	Randolph Totals	30	0	576	9	0	0	0		909	0	909
Richmond	Hamlet House	0	0	09		5 6	5 0	5 0				91
Richmond	New Hope Adult Care	0	0	15	15	0	0	0			٥	CI S
Richmond	Richmond Pines Healthcare and Rehabilitation Center	10	0	0		0	0	0	0 0	OI .	O	0];
Richmond	e.	0	0	114		0	0	Section of the Property of the Party of the		201400000000000000000000000000000000000	STOREST TATIONS SHOW	114
	Richmond Totals	10		189	199	0	0				0	201
Robeson	Covenant Care	0	0	30		0	9	0				30
Robeson	Cromartie Spring Village Rest Home	0	0	11		0	0	0	0			11
Robeson	GlenFlora	20	0	0		0		0				20
Robeson	Green Manor Rest Home	0	0	82		0	0	0		82		82
Robeson	Greenbrier of Fairmont	0	0	100		0	0	0				100
Robeson	Highland Gardens	0	0	63		0	0					65
Robeson	J & S Care - Morning Star Assisted Living	0	0	10		0	5 0		0			OI C:
Robeson	J & S Care - Morningstar Assisted Living #2	0	5	12		0	5					71 5
Robeson	J & S Care - Morningstar Assisted Living #3	0	0	12		0	5 0					71 5
Robeson	J & S Care - Morningstar Assisted Living #4	0	0	12		5	5		0 0	-		71
Robeson	Lumberton Assisted Living	0	0	104		0	0					104
Robeson	Red Springs Assisted Living	0	0	81		0	0					18
Robeson	mmunity	42	0	0		0	0	Control of the Control of the Control	0 0	St. P. Stromon St. Ov.	The State of the Control of the State of State o	42
	Totals + Robeson Totals	. 62	0	217		0	0				0	5/8
Rockingham	Carolina House of Reidsville	0	0	76		0	5 0					0/
Rockingham	Eden Estates	0		82		0	0				0	82
Rockingham	Highgrove Long Term Care Center	0		62	62	0	0		0			62
Rockingham	Moyer's Rest Home	0	0	18		0	0					81
Rockingham	North Pointe of Mayodan	0		70		0	0					70
Rockingham	Penn Nursing Center	10		0		0	0	0				OI
Rockingham	Pine Forest Home for the Aged	0	0	58		0	0					58
Rockingham	Reidsville House	0		43		0	8	0 43			0	9
Rockingham	Reidsville House - Replacement	0		0		0	0				0	43
	Rockingham Totals	10	0	409		多数 0 元 ·	0			100	The Carlot of the Control	419
Rowan	Best of Care Assisted Living	0	0	25		0	0				0	25
Rowan	Bethamy Retirement Center	0	0	43		0 (0 0					43
Rowan	Big Elm Retirement and Nursing Center	96	0	0		0	5 0	0 0				30
Rowan	Brightmoor Nursing Center	643		0 001								178
Rowan	Carillon Assisted Living of Salisbury			28		0	0					28
Kowan	China Grove Kettrement Center		0	10		0		0	0			21
Kowan	Harns Enterprises - Dear Care Inn			34		0	0	0	0			34
Rowan	Kannon Creek Accisted Living	0	0	106		0	0					106
Rowan	Lutheran Home at Trinity Oaks	25	0	0		0	0	0	0 0		0	25
Rowan	Salishury Center	20	0	0		0	0	0	0 0		0	20
Rowan	Salisbury Gardens	0	0	88		0	0	0	0 0		0	88
Rowan	The Laurels of Salisbury	20	0	0		0	0	0	0		0	20
Rowan	The Meadows of Rockwell Retirement Center	0	0	120	120	0	0	0	0	120	0	120
Rowan	Trinity Oaks Continuing Care Retirement Community	0	0	20		0	0	0			0	07
Rowan	Veranda Residential Care	0	0	68	September 1995	0	O Comment	0	O Carcino Contraction Contract	Series Contractor	0	60
的过程	Rowan Totals	204	N. In Case of the Control of the Con	170/		STATE OF STREET	No. of the second	Sar V Saskana Sarah	O SECRETARION CONTRACTOR	Zens all say	ASSAULT SERVICE ASSESSED.	A CONTROL OF A CON