



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

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Drexdal Pratt
Division Director

April 30, 2014

Kenneth L. Burgess
301 Fayetteville Street, Suite 1900
Raleigh, NC 27601

Exempt from Review – Acquisition of Facility

Facility: Rutherford Regional Medical Center
Acquisition by: DLP Rutherford Regional Health System, LLC
County: Rutherford
FID #: 923438

Dear Mr. Burgess:

In response to your letter of April 8, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, DLP Rutherford Regional Health System, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to 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,

Julie Halatek
Project Analyst

Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR
Acute and Home Care Licensure and Certification Section, DHSR



Certificate of Need Section

www.ncdhhs.gov

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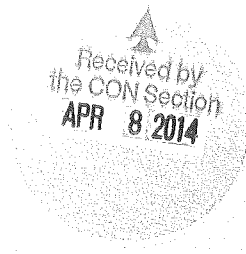
Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer



April 8, 2014



Kenneth L. Burgess
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Via Hand Delivery

Ms. Martha Frisone
Acting Chief
Certificate of Need Section
Division of Health Service Regulation
N.C. Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603

RE: Notice of Exempt Acquisition of an Existing Health Care Facility and Request for No Review Determination: Acquisition of Rutherford Regional Medical Center (Lic. No. H0039)

Dear Ms. Frisone:

Our firm represents DLP Rutherford Regional Health System, LLC. ("DLP Rutherford") and DLP Healthcare, LLC ("DLP Healthcare"). We are providing this letter pursuant to N.C. Gen. Stat. § 131E-184(a)(8) to inform the Certificate of Need Section ("CON Section") that DLP Rutherford proposes to acquire ownership and control of substantially all of the assets of Rutherford Hospital, Inc. ("Rutherford"). As you are probably aware, Rutherford owns and operates an acute care hospital known as Rutherford Regional Medical Center (Lic. No. H0039), located in Rutherfordton, North Carolina. The hospital is licensed for one hundred twenty-nine (129) general acute care beds; fourteen (14) psychiatric beds; five (5) shared inpatient/ambulatory surgery rooms and two (2) endoscopy rooms.

DLP Healthcare and Rutherford will enter into a contribution agreement with an effective date of May 1, 2014, pursuant to which substantially all of the assets of Rutherford will be transferred to DLP Rutherford Regional Health System, LLC and its subsidiaries. DLP Rutherford Regional Health System, LLC is a joint venture between DLP Healthcare and Rutherford. DLP Healthcare is a joint venture between Duke Quality Network, Inc. (a wholly-controlled affiliate of Duke University Health System, Inc.) and DLP Partner, LLC, a Delaware company which is a related entity to LifePoint Hospitals, Inc., a publicly-traded company that operates 61 hospital campuses in 20 states. An organizational chart depicting the post-closing corporate ownership structure is attached for your convenience.

DLP Healthcare was formed for purposes of strengthening and improving the delivery of healthcare services throughout North Carolina and the surrounding regions by creating flexible affiliation options for community hospitals. DLP Healthcare currently has affiliation and/or joint ownership arrangements with other North Carolina community hospitals.

Under the proposed transaction, DLP Rutherford will acquire ownership and control of substantially all of the assets of Rutherford, including the acute care hospital which is an existing health service facility as defined under North Carolina's Certificate of Need Law at N.C. Gen. Stat. § 131E-176(9b). The Certificate of Need Law provides that, upon receiving prior written notice, the CON Section shall exempt from CON review the acquisition of "an existing health service facility, including equipment owned by the

Ms. Martha Frisone
Acting Chief, CON Section
April 8, 2014
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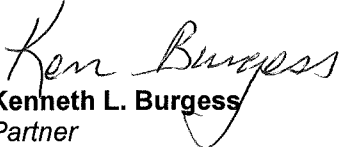
health service facility at the time of acquisition." N.C. Gen. Stat. § 131E-184(a)(8). Accordingly, we would appreciate receiving written confirmation that DLP Rutherford's proposed transaction whereby it will acquire ownership and control of Rutherford's assets, as described herein, is exempt from CON review.

Thank you in advance for your prompt consideration of this request. The parties wish to close the proposed transaction on or about April 30, 2014, and we request a response from you before that time, if possible.

Please contact us if you have questions or need any additional information.

With best regards, I am

Very truly yours,


Kenneth L. Burgess
Partner

Enclosure

cc: (via e-mail, w/ enclosure)
Brandon Schirg, Esq., Counsel for DLP Healthcare
Christy Gudaitis, Esq., Counsel for Duke
Jennifer Peters, Esq., Counsel for LifePoint Hospitals

Organizational Chart DLP Rutherford Regional Health System, LLC

