



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

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March 17, 2014

Steve Sandholtz
Strategic Capital Partners
500 N Market Place Drive, Suite 250
Centerville, UT 84014

Exempt from Review – Acquisition of Facility

Facility: Highland Gardens of Pleasant Hill (ACH)
Acquisition by: FF Pleasant Hill, LLC, SF Pleasant Hill, LLC and MH Pleasant Hill, LLC
County: Northampton
FID #: 920954

Dear Sandholtz:

In response to your letter of February 25, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, FF Pleasant Hill, LLC, SF Pleasant Hill, LLC and MH Pleasant Hill, LLC 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 (DHSR) 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,

Bernetta Thorne-Williams
Project Analyst

Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR
Medical Facilities Planning Branch, DHSR

Certificate of Need Section

www.ncdhhs.gov

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Bennetta

Received by
the CON Section
MAR 6 2014

February 25, 2014

Ms. Martha Frisone, Interim 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

**Re: Exemption Notice for Highland Gardens of Pleasant Hill (Adult Care Home in Northampton County)
FID #: 920954**

Dear Ms. Frisone:

FF Pleasant Hill, LLC; SF Pleasant Hill, LLC; and MH Pleasant Hill, LLC ("The Purchaser") are planning to acquire an adult care home in Northampton County, currently known as Highland Gardens of Pleasant Hill (hereafter "the Facility"). The Facility is located at 4427 US Hwy 301 in Pleasant Hill, North Carolina. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2014 State Medical Facilities Plan as having 66 adult care home beds (see Exhibit A).

The Purchaser 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"). The Purchaser 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 66 adult care beds.

I. THE PROPOSAL

As of this date, Wells Fargo Bank, NA 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 Highland Health Holdings, LLC is the Licensee. The Purchaser will purchase the Facility, and the Licensees will be FF Pleasant Hill, LLC; SF Pleasant Hill, LLC; and MH Pleasant Hill, LLC. The Facility will still be known as Highland Gardens of Pleasant Hill.

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 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 new Licensee will operate the Facility as an adult care home. Furthermore, The Purchaser'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)(o) 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 The Purchaser 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 expedited basis because the parties wish to proceed with this transaction as soon as possible. If you require additional information to consider this request, please contact me at (801) 335-8504 as soon as possible. We thank you for your consideration of this request.

Sincerely,



Steve Sandholtz.

Enclosure

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

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/License Pending		Bed Pipeline	Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
						CON	CON Bed Transfer					
Nash	Autumn Care of Nash	20	0	0	20	0	0	0	0	20	0	20
Nash	Breckenridge Retirement Center	0	0	64	64	0	0	0	0	64	0	64
Nash	Hunter Hill Assisted Living	0	0	64	64	0	0	0	0	64	0	64
Nash	Hunter Hills Nursing & Rehabilitation Center	9	0	0	9	0	0	0	0	9	0	9
Nash	Somerset Court of Rocky Mount	0	0	60	60	0	0	0	0	60	0	60
Nash	South Village	15	0	0	15	0	0	0	0	15	0	15
Nash	Spring Arbor of Rocky Mount	0	0	84	84	0	0	0	0	84	0	84
Nash	Sterling House of Rocky Mount	0	0	60	60	0	0	0	0	60	0	60
Nash	Trinity Retirement Villas #1	0	0	12	12	0	0	0	0	12	0	12
Nash	Trinity Retirement Villas #2	0	0	12	12	0	0	0	0	12	0	12
Nash	Universal Health Care/Nashville	122	0	0	122	0	0	0	0	122	0	122
Nash Totals		166	0	356	522	0	0	0	0	522	0	522
New Hanover	Autumn Care of Myrtle Grove	20	0	0	20	0	0	0	0	20	0	20
New Hanover	Cedar Cove Assisted Living	0	0	64	64	0	0	0	0	64	0	64
New Hanover	Champions Assisted Living	0	0	148	148	0	0	0	0	148	0	148
New Hanover	Clare Bridge of Wilmington	0	0	38	38	0	0	0	0	38	0	38
New Hanover	Fannie Norwood Memorial Home	0	0	16	16	0	0	0	0	16	0	16
New Hanover	Hermitage House	0	0	84	84	0	0	0	0	84	0	84
New Hanover	Liberty Commons Rehabilitation Center	40	0	0	40	0	0	0	0	40	0	40
New Hanover	New Hanover House	0	0	61	61	0	0	0	0	61	0	61
New Hanover	Pacific Senior Living Wilmington	0	0	101	101	0	0	0	0	101	0	101
New Hanover	Port South Village/Carmen D. Villa	0	0	12	12	0	0	0	0	12	0	12
New Hanover	Port South Village/Catherine S. Villa	0	0	12	12	0	0	0	0	12	0	12
New Hanover	Port South Village/Crystal L. Villa	0	0	12	12	0	0	0	0	12	0	12
New Hanover	Port South Village/Lorraine B. Villa	0	0	12	12	0	0	0	0	12	0	12
New Hanover	Port South Village/Tara L. Villa	0	0	12	12	0	0	0	0	12	0	12
New Hanover	Port South Village/Teresa C. Villa	0	0	12	12	0	0	0	0	12	0	12
New Hanover	Sherwood Manor Rest Home	0	0	40	40	0	0	0	0	40	0	40
New Hanover	Spring Arbor of Wilmington	0	0	66	66	0	0	0	0	66	0	66
New Hanover	The Commons at Brightmore	0	0	201	201	0	0	0	0	201	0	201
New Hanover	The Kempton at Brightmore	0	0	136	136	0	0	0	0	136	0	136
New Hanover	Wilmington Health and Rehabilitation Center	16	0	0	16	0	0	0	0	16	0	16
New Hanover Totals		76	0	1,027	1,103	0	0	0	0	1,103	0	1,103
Northampton	Hampton Manor	0	0	82	82	0	0	0	0	82	0	82
Northampton	Highland Gardens of Pleasant Hill	0	0	66	66	0	0	0	0	66	0	66
Northampton	Pine Forest Rest Home	0	0	24	24	0	0	0	0	24	0	24
Northampton	Rich Square Manor	0	0	32	32	0	0	0	0	32	0	32
Northampton	Rich Square Villa	0	0	38	38	0	0	0	0	38	0	38
Northampton Totals		0	0	242	242	0	0	0	0	242	0	242