

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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

February 1, 2016

Justin Puleo
434 Fayetteville Street, Suite 2800
Raleigh, NC 27601

Exempt from Review – Acquisition of Facility

Record #: See Attachment A
Facility Name: See Attachment A
Type of Facility: Nursing Home
FID #: See Attachment A
Acquisition by: Omega HealthCare Investors, Inc. and SHG Autumn, LLC
Business #: See Attachment A
County: See Attachment A

Dear Mr. Puleo:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter dated January 4, 2016 and received in our office on January 14, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, Omega HealthCare Investors, Inc. and SHG Autumn, LLC may proceed to acquire the health service facilities listed in the table in Attachment A without first obtaining a certificate of need. However, you need to contact the Agency's Acute and Home Care Licensure and Certification Section 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



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

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

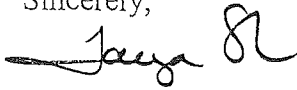
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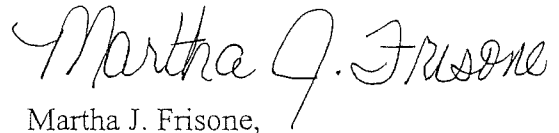


separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,



Tanya S. Rupp
Project Analyst



Martha J. Frisone,
Assistant Chief, Certificate of Need

cc: Nursing Home Licensure and Certification Section, DHSR
Kelli Fisk, Program Assistant, Healthcare Planning, DHSR

Frisone, Martha

From: Bob Wilson <Bob.Wilson@smithmoorelaw.com>
Sent: Tuesday, February 02, 2016 3:37 PM
To: Frisone, Martha
Subject: Autumn Transaction Update

Martha, as we discussed this afternoon, and to update your files, the transaction described in the Notice of Exempt Acquisition of Existing Health Service Facilities provided to your office on January 4, 2016, is currently set to close on or about February 29, 2016.

This is the same transaction for which Transfer for Good Cause letters were issued by your office on January 7, 2016 for the following projects:

- Autumn at Brunswick Plantation; Project ID# O-8005-07;
- Autumn at Brunswick Plantation cost overrun; Project ID# O-10223-13; and
- Autumn Care of Mocksville; Project ID# G-8431-09.

Thank you for your assistance, as always. At your convenience, written confirmation of the exemption from review can be sent to the below address, with a CC to me:

Megan Dhillon
Hancock, Daniel, Johnson & Nagle, P.C.
4701 Cox Road, Suite 400
Glen Allen, VA 23060
mdhillon@hdjn.com

If you have any questions at all about this matter, please feel free to call. Best regards, Bob Wilson

Robert L. Wilson Jr.
Smith Moore Leatherwood LLP
434 Fayetteville Street, Suite 2800
Raleigh, NC 27601
Direct: 919.755.8823 | vCard
www.smithmoorelaw.com

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Attachment A
Omega HealthCare Investors, Inc. and SHG Autumn, LLC

Name of Facility	Type of Facility	County	FID#	No Review ID #	Business ID #
Autumn Care of Mocksville	NH	Davie	922953	1841	128
Autumn Care of Nash	NH	Nash	970979	1843	128
Autumn Care of Drexel	NH	Burke	922950	1844	128
Autumn Care of Marion	NH	McDowell	922951	1845	128
Autumn Care of Saluda	NH	Polk	922956	1846	128
Autumn Care of Waynesville	NH	Haywood	970325	1847	128
Autumn Care of Biscoe	NH	Montgomery	922949	1848	128
Autumn Care of Marshville	NH	Union	922952	1849	128
Autumn Care of Salisbury	NH	Rowan	922955	1850	128
Autumn Care of Raeford	NH	Hoke	922954	1851	128
Autumn Care of Shallotte	NH	Brunswick	922957	1852	128
Autumn Care of Fayetteville	NH	Cumberland	060241	1853	128
Autumn Care of Myrtle Grove	NH	New Hanover	960602	1854	128
Autumn Care of Statesville	NH	Iredell	970307	1855	128
Autumn Care of Cornelius	NH	Mecklenburg	061188	1856	128
Village Care of King	NH	Stokes	923523	1857	128

Frisone, Martha

From: Justin Puleo <Justin.Puleo@smithmoorelaw.com>
Sent: Monday, January 04, 2016 5:15 PM
To: Frisone, Martha
Cc: Megan Dhillon (mdhillon@hdjn.com); Bob Wilson; Susan Fradenburg
Subject: Notice of Exempt Acquisition of Existing Health Service - Autumn Corporation Skilled Nursing Facilities
Attachments: Notice of Exempt Acquisition - SHG Autumn 010416.pdf

Ms. Frisone,

Please see attached for a Notice of Exempt Acquisition of Existing Health Service regarding an upcoming transaction. We represent the sellers in the transaction (Autumn Corporation) but buyers counsel (Megan Dhillon for SHG Autumn, LLC, copied on this e-mail) has requested that we submit the attached on their behalf. The original will be hand delivered to you shortly.

This is the same transaction for which we submitted a Request for Transfer for Good Cause to you last week. As the parties currently plan to close this transaction on or about January 29, 2016, it would be very helpful if you could provide a written confirmation that the acquisition of the existing health facilities set forth in Exhibit A to the attached are exempt from CON review by January 15, 2016.

Please let me know if you have any questions or need anything further.

Best regards,
Justin Puleo

Justin M. Puleo, JD, MSc
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January 4, 2016



VIA E-MAIL AND HAND DELIVERY

Ms. Martha J. Frisone
Assistant Chief, CON Section
North Carolina Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603
Martha.Frisone@dhhs.nc.gov

**Re: Notice of Exempt Acquisition of Existing Health Service Facilities
Buyers: A wholly-owned subsidiary of Omega HealthCare Investors, Inc.
("Omega") and SHG Autumn, LLC
Seller: Autumn Corporation
Acquisition of Skilled Nursing Facilities**

Dear Ms. Frisone:

We are writing to provide the Healthcare Planning and Certificate of Need Section and your department with advance notice of Omega and SHG Autumn, LLC's planned acquisition via a joint stock-asset purchase of the North Carolina health service facilities (the "Facilities") listed on Exhibit A. We respectfully request that you provide confirmation that the proposed acquisitions are exempt from Certificate of Need ("CON") review.

Omega intends to purchase from the current owner 100% of the assets of sixteen (16) Facilities, and SHG Autumn, LLC intends to purchase 100% of the operations of the same Facilities via a stock sale. The acquisition of 100% interest of the current licensees will involve the purchase of the real property by Omega and operations by SHG Autumn, LLC for thirteen (13) of the Facilities. SHG Autumn, LLC will be purchasing the operations and assuming the existing leases for the remaining three (3) Facilities. Exhibit A shows the Facilities for which the real property will be purchased, as well as the Facilities which will continue to be leased.

As you know, North Carolina CON law provides that, upon receiving prior written notice, the Department of Health and Human Services shall exempt from CON review the acquisition of "an existing health service facility, including equipment owned by the health service facility at the time of the acquisition." N.C. Gen. Stat. § 131E-184(a)(8). The CON law further provides that a nursing home facility is a health service facility. N.C. Gen. Stat. § 131E-176(9b).

The parties currently plan to close this transaction on or about January 29, 2016. It would be very helpful if you could provide a written confirmation that the acquisition of these existing health service facilities as set forth in detail in Exhibit A are exempt from CON review by January 15, 2016.

Please contact us if you have any questions. Thank you for your assistance.

Yours sincerely,

and

[Omega representative]

[SHG Autumn, LLC representative]

EXHIBIT A

North Carolina Facilities and Real Property to be Purchased

- (1) ✓ **Autumn Care of Mocksville** FID 922953
1007 Howard Street Record # 1841
Mocksville, NC 27028 Bus id 128 (122)
County: Davie
Facility ID: NH0221
Licensee: Autumn Corporation

and

Land for replacement facility to be constructed at:

Woodruff Property Book 762 Page 663
Davie County Registry
Mocksville, NC

- (2) ✓ **Autumn Care of Nash** FID 970979 128 (124 AC OF Nashville)
1210 Eastern Avenue Record # 1843
Nashville, NC 27856
County: Nash
Facility ID: NH0602
Licensee: Autumn Corporation
- (3) ✓ **Autumn Care of Drexel** FID 922950 BID 128
307 Oakland Avenue Record # 1844
Drexel, NC 28619
County: Burke
Facility ID: NH0347
Licensee: Autumn Corporation
- (4) ✓ **Autumn Care of Marion** FID 922951 128 (127)
1264 Airport Road Record # 1845
Marion, NC 28752
County: McDowell
Facility ID: NH0346
Licensee: Autumn Corporation
- (5) ✓ **Autumn Care of Saluda** FID 922956 128 (126)
501 Esseaola Drive Record # 1846
Saluda, NC 28773
County: Polk
Facility ID: NH0367
Licensee: Autumn Corporation

- (6) ✓ **Autumn Care of Waynesville** FID 970325 128(127)
 360 Old Basalm Road Record # 1847
 Waynesville, NC 28786
 County: Haywood
 Facility ID: NH0366
 Licensee: Autumn Corporation

- (7) ✓ **Autumn Care of Biscoe** FID 922949 128
 401 Lambert Road Record # 1848
 Biscoe, NC 27209
 County: Montgomery
 Facility ID: NH0411
 Licensee: Autumn Corporation

- (8) ✓ **Autumn Care of Marshville** FID 922952 128(120)
 311 W. Phifer Street, Record # 1849
 Marshville, NC 28103
 County: Union
 Facility ID: NH0421
 Licensee: Autumn Corporation

- (9) ✓ **Autumn Care of Salisbury** FID 922955 128(121)
 1505 Bringle Ferry Road Record # 1850
 Salisbury, NC 28145
 County: Rowan
 Facility ID: NH0424
 Licensee: Autumn Corporation

- (10) ✓ **Autumn Care of Raeford** FID 922954 128(125)
 1206 N. Fulton Street Record # 1851
 Raeford, NC 28376
 County: Hoke
 Facility ID: NH0438
 Licensee: Autumn Corporation

- (11) ✓ **Autumn Care of Shallotte** FID 922957 128
 237 Mulberry Street Record # 1852
 Shallotte, NC 28459
 County: Brunswick
 Facility ID: NH0456
 Licensee: Autumn Corporation

and

Land for development of second Brunswick County facility at:

No. 5 School Road and Ash Little River Road
Ash, NC 28420

- (12) **Autumn Care of Fayetteville** FID 060241 128
1401 71st School Road Record # 1853
Fayetteville, NC 28314
County: Cumberland
Facility ID: NH0629
Licensee: Autumn Corporation
- (13) **Autumn Care of Myrtle Grove** FID 960602 128(127)
5725 Carolina Beach Road Record # 1854
Wilmington, NC 28408
County: New Hanover
Facility ID: NH0595
Licensee: Autumn Corporation

N.C. Operations to be Purchased; N.C. Facilities to be Leased from Current Land Owner

- (14) **Autumn Care of Statesville** FID 970307 128
2001 Van Haven Drive Record # 1855
Statesville, NC 28625
County: Iredell
Facility ID: NH0599
Licensee: Autumn Corporation
- (15) **Autumn Care of Cornelius** FID 061188 128(1380 North M. NH, LLC)
19530 Mt. Zion Parkway Record # 1856
Cornelius, NC 28031
County: Mecklenburg
Facility ID: NH0643
Licensee: Autumn Corporation
- (16) **Village Care of King** FID 923523 128
440 Ingram Road Ext. Record # 1857
King, NC 27021
County: Stokes
Facility ID: NH0507
Licensee: Autumn Corporation