



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704

<http://www.ncdhhs.gov/dhst/>

Drexdal Pratt, Director

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Craig R. Smith, Section Chief
Phone: (919) 855-3873
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December 13, 2012

Dee Jay Zerman, Associate Director
101 Manning Dr., Suite 6021, East Wing
Chapel Hill, NC 27514

Exempt from Review

Facility: UNC Health Care System, Chapel Hill
Project Description: Acquisition of a Physician Office Space
County: Orange
FID #:


Dear Ms. Zerman:

The Certificate of Need Section (CON Section) received your letter on November 29, 2012 regarding the above referenced proposal. Based on the CON law in effect on the date of this response to your request, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in project include, but are not limited to: (1) increase in capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) Change in location; and (5) any increase in the number of square feet to be constructed.

In addition, you should contact the Construction Section of the DHSR Section to determine if they have any requirements for development of the proposed project. Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,

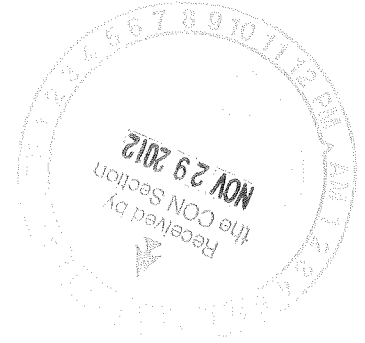

F. Gene DePorter, Project Analyst
Certificate of Need Section


Craig R. Smith, Chief
Certificate of Need Section

cc: Construction Section, DHSR



Done



November 21, 2012

Mr. Gene DePorter
Certificate of Need Section
DHSR, DHHS
2704 Mail Services Center
Raleigh, NC 27699-2704

RE: Request for a Determination of Exempt from Review / Acquisition of a Physician Office Space / Health System Properties, LLC

Dear Mr. DePorter:

I am writing on behalf of Health Systems Properties which is an LLC under the UNC Health Care System. Health Systems Properties, LLC is planning to acquire 3 condominiums within an existing office building located 194 Finley Golf Course Road, Chapel Hill, NC. The three suites will account for approximately 10,684 sf in the total building sf of 25,955. The other tenants are unrelated to the UNC Health Care System and include a non-UNC physician office and unrelated business offices. The acquired condominium space may be leased to physician-based practices in the future.

Health Systems Properties, LLC is requesting confirmation that the acquisition of the physician office space within the building is exempt from review pursuant to G.S. 131E-184(a)(9). G.S. 131E-184(a)(9) which allows for the CON Section to exempt the acquisition of a physician office building, regardless of cost, unless a new institutional health service other than defined in G.S. 131E-176(16)(b) is offered or developed in the building. At this time, plans are for the suites within the office building to be leased to provider-based practices, and not occupied by hospital-based clinics. For now, the office building is not being planned to house hospital-based clinics or to include any new institutional health services as defined in G.S. 131E-176(16)(b).

Please do not hesitate to contact me at 919-966-1129 if you need any additional information. Thank you for consideration of this matter.

Sincerely,

Dee Jay Zerman
Dee Jay Zerman

Associate Director of Planning
Strategic Planning and Network Development
UNC Health Care System
919-966-5620