



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

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

www.ncdhhs.gov/dhsr

Craig R. Smith, Section Chief
Phone: 919-855-3875
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February 6, 2012

Susan K. Hackney
K & L Gates, LLP
P. O. Box 14210
Research Triangle Park NC 27709-4210

RE: Exempt from Review / Acquisition of Meadowview Assisted Living Center by Meadowview AL Investors, LLC / Johnston County
FID #: 980347

Dear Ms. Hackney:

In response to your letter of January 17, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Meadowview AL Investors, 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 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,

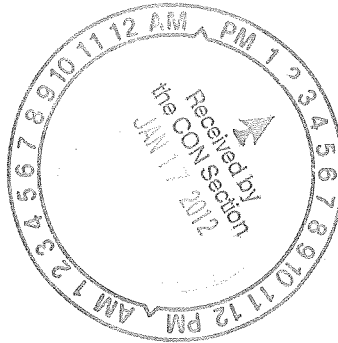
Michael J. McKillip
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR



Mike



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January 17, 2012

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

Re: Exemption Notice for Meadowview Assisted Living Center (Adult Care Home in Johnston County)

Dear Craig:

Our client, Meadowview AL Investors, LLC (“Meadowview Investors”) is planning to acquire an adult care home in Smithfield, Johnston County, known as Meadowview Assisted Living Center (hereafter “the Facility”). The Facility is located at 250 Highway 210 West, in Smithfield. The Facility is listed in the “Inventory of Adult Care Home Beds” in the 2012 State Medical Facilities Plan as having 60 adult care home beds. See Exhibit A.

Meadowview Investors 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”). Meadowview Investors 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 and operate that existing health service facility (as defined in the CON statute) with 60 adult care home beds.

I. THE PROPOSAL

As of this date, Meadowview Housing, Inc. 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(9b). Meadowview Housing, Inc. is also the current licensee. Meadowview Investors will purchase the Facility and Meadowview AL Operations, LLC will become the licensee through an operations transfer agreement. The name of the Facility will not change. Meadowview AL Operations is completing a Change Licensure Application Packet and will submit it to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Adult Care Licensure Section.

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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, Meadowview Investors will continue to operate the Facility as an adult care home. Furthermore, Meadowview Investors'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(14o) 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 service facility, it is exempt from CON review.

III. CONCLUSION

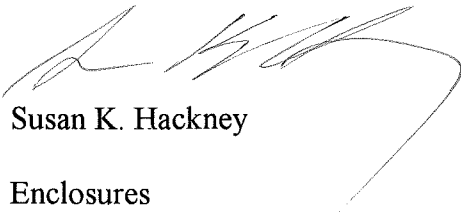
Based on the foregoing information, we hereby request the Agency's confirmation that the proposal described above is exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), and thus Meadowview Investors may acquire the Facility with all its existing CON rights without a CON.

In addition, we respectfully request that this request be considered on an expedited basis because the parties wish to proceed with this transaction on March 1, 2012. Additionally, financing of the transaction is contingent upon this confirmation.

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If you require additional information to consider this request, please contact us at the above number as soon as possible. We thank you for your consideration of this request.

Sincerely,



Susan K. Hackney

Enclosures