



**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.ncdhs.gov/dhsr

Craig R. Smith, Section Chief
Phone: 919-855-3875
Fax: 919-733-8139

January 12, 2012

Ms. Susan K. Hackney
K & L Gates, LLP
Post Office Box 14210
Research Triangle Park, NC 27709-4210


RE: Exempt from Review/ Rich Square Manor and Rich Square Villa/ Change of ownership from Rich Healthcare, LLC to RS Health Investors, LLC with no change in the licensee/ Northampton County
FID # 070850


Dear Ms. Hackney:

In response to your letter of December 20, 2011 the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, RS Health 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 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 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,

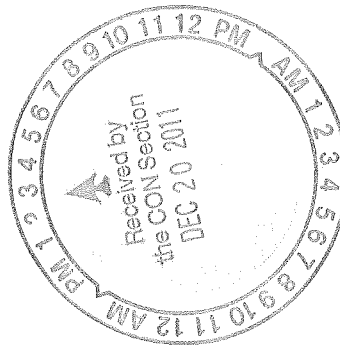

Bernetta Thorne-Williams, Project Analyst


Craig R. Smith, Chief
Certificate of Need Section

cc: Medical Facilities Planning Section, DHSR
Adult Care Licensure and Certification Section, DHSR



Bunetta
FID #
070850



December 20, 2011

Susan K. Hackney
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Fax.: (919) 516-2025
susan.hackney@klgates.com

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 Rich Square Manor and Rich Square Villa (Adult Care Homes in Northhampton County)

Dear Craig:

Our client, RS Health Investors, LLC is planning to acquire two adult care homes in Rich Square, Northhampton County, known as Rich Square Manor and Rich Square Villas (hereafter collectively "the Facilities"). Rich Square Manor is located at 400 North Main Street in Rich Square and Rich Square Villa is located at 310 North Main Street in Rich Square. The "Inventory of Adult Care Home Beds" in the 2011 State Medical Facilities Plan shows Rich Square Manor as having 32 special care unit beds and Rich Square Villa as having 38 adult care home beds. See Exhibit A. The Facilities are also listed in the Proposed 2012 State Medical Facilities Plan as having the same number of special care unit beds and adult care home beds as shown in the 2011 State Medical Facilities Plan. See Exhibit B.

RS Health Investors, LLC is seeking to purchase the Facilities 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"). RS Health Investors, LLC seeks confirmation that it is permitted to acquire the Facilities as described herein without CON Review, thus acquiring the Facilities' existing CON rights to own that existing health service facility (as defined in the CON statute).

I. THE PROPOSAL

As of this date, Rich Healthcare, LLC, owns the properties and buildings comprising the Facilities which are existing "health service facilit[ies]," as that term is defined in N.C. Gen. Stat. § 131E-176(9b), and RV Assisted Living, LLC is the licensee of Rich Square Manor and Rich Square Villa. RS Health Investors, LLC will purchase the Facilities but the licensee will not change. The names of the Facilities will not change.

Mr. Craig Smith, Chief
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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 existing adult care homes, which falls within the purview of the statutory definition of “health service facilit[ies].” After acquisition, RS Health Investors, LLC will continue to operate each Facility as an adult care home. Furthermore, RS Health Investors, LLC’s acquisition of the Facilities 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 existing health service facilities, it is exempt from CON review.

III. CONCLUSION

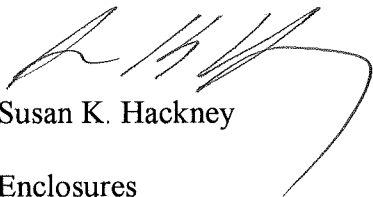
Based on the foregoing information, we hereby request the Agency’s confirmation that the proposal described above is exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), and thus RS Health Investors, LLC may acquire the Facilities with all the existing CON rights without a CON.

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, and before the end of 2011. Additionally, financing of the transaction is contingent upon this confirmation.

Mr. Craig Smith, Chief
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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,

A handwritten signature in black ink, appearing to read 'S. Hackney', with a long, sweeping flourish extending to the right.

Susan K. Hackney

Enclosures



2011

STATE HEALTH COORDINATING COUNCIL

STATE
MEDICAL
FACILITIES
PLAN

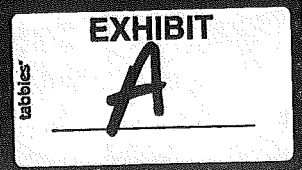


Table 11A: Inventory of Adult Care Home Bed (Fall 2010)

COUNTY	Facility Name	INVENTORY										TOTAL Planning Inventory	
		Lic. Beds in Nursing Homes	Lic. Beds in Hospitals	Adult Care Homes	Total Licensed Beds	License Pending			Available SMFP	Total Available	Sum of Exclusions		
						CON	ACH (Exempt)	ACH (Pipeline)					
Northampton	GlenCare of Wilmington	0	0	0	64	0	0	0	0	64	0	64	
	Hermitage House Rest Home	0	0	0	84	0	0	0	0	84	0	84	
	Liberty Commons Nursing Wilmington	40	0	0	40	0	0	0	0	40	0	40	
	New Hanover House	0	0	0	0	61	0	0	0	61	0	61	
	Pacifica Senior Living-Wilmington	0	0	101	101	0	0	0	0	101	0	101	
	Port South Village/Carmen D. Villa	0	0	12	12	0	0	0	0	12	0	12	
	Port South Village/Catherine S. Villa	0	0	12	12	0	0	0	0	12	0	12	
	Port South Village/Crystal L. Villa	0	0	12	12	0	0	0	0	12	0	12	
	Port South Village/Lorraine B. Villa	0	0	12	12	0	0	0	0	12	0	12	
	Port South Village/Tara L. Villa	0	0	12	12	0	0	0	0	12	0	12	
	Port South Village/Teresa C. Villa	0	0	12	12	0	0	0	0	12	0	12	
	Shenwood Manor Rest Home	0	0	40	40	0	0	0	0	40	0	40	
	Spring Arbor of Wilmington	0	0	66	66	0	0	0	0	66	0	66	
	The Commons at Brightmore	0	0	201	201	0	0	0	0	201	0	201	
	The Kempton at Brightmore	0	0	136	136	0	0	0	0	136	0	136	
	Wilmington Health & Rehabilitation Center	16	0	0	16	0	0	0	0	16	0	16	
	Totals	76	0	1027	1103	0	0	0	0	1103	0	1103	
	Onslow	Hampton Manor	0	0	82	82	0	0	0	0	82	0	82
		Pine Forest Rest, Inc	0	0	24	24	0	0	0	0	24	0	24
		Rich Square Villa	0	0	38	38	0	0	0	0	38	0	38
Rich Square Manor		0	0	32	32	0	0	0	0	32	0	32	
St. Mary's Assisted Living Facility of Pleasant HI		0	0	66	66	0	0	0	0	66	0	66	
Totals		0	0	242	242	0	0	0	0	242	0	242	
Orange		Britthaven of Jacksonville	7	0	0	7	0	0	0	0	7	0	7
		Carebridge Assisted Living Community	0	0	160	160	0	0	0	0	160	0	160
		GlenCare AL, Inc. db/a GlenCare of Holly Ridd	0	0	40	40	0	0	0	0	40	0	40
		Liberty Commons Assisted Living	0	0	79	79	0	0	0	0	79	0	79
	Lighthouse Village	0	0	80	80	0	0	0	0	80	0	80	
	The Arc Community	0	0	32	32	0	0	0	0	32	0	32	
	The Heritage of Richlands	0	0	40	40	0	0	0	0	40	0	40	
	Totals	7	0	437	438	0	0	0	0	438	0	438	
	Pasquotank	Britthaven of Chapel Hill	7	0	0	7	0	0	0	0	7	0	7
		Brookshire Nursing Center	20	0	0	20	0	0	0	0	20	0	20
Carillon Assisted Living of Hillsborough		0	0	96	96	0	0	0	0	96	0	96	
Carol Woods Retirement Community - Bldg 6		0	0	12	12	0	0	0	0	12	0	12	
Carol Woods Retirement Community - Bldg 7		65	0	0	65	0	0	0	0	65	0	65	
Carolina House of Chapel Hill		0	0	64	64	0	0	0	0	64	0	64	
Crescent Green of Carboro		0	0	120	120	0	0	0	0	120	0	120	
The Stratford		0	0	77	77	0	0	0	0	77	0	77	
Villines Rest Home, Inc		0	0	17	17	0	0	0	0	17	0	17	
Totals		92	0	386	478	0	0	0	0	478	39	439	
Pasquotank	Britthaven of Pamlico	8	0	0	8	0	0	0	0	8	0	8	
	The Gardens of Pamlico	0	0	40	40	0	0	0	0	40	0	40	
Totals	8	0	40	48	0	0	0	0	48	0	48		
Pasquotank	Carolina House of Elizabeth City	0	0	76	76	0	0	0	0	76	0	76	
	Totals	0	0	76	76	0	0	0	0	76	0	76	

STATE HEALTH COORDINATING COUNCIL

2012

PROPOSED
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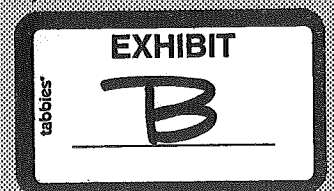


Table 11A: Inventory of Adult Care Home (Assisted Living) Beds - Proposed 2012 Plan

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Adult Care Home	Total Licensed Beds	License Pending				Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory	
						CON	ACH Exempt	ACH Pipeline	CON Bed Transfer					
						CON	ACH Exempt	ACH Pipeline	CON Bed Transfer					
Nash	South Village	15	0	0	15	0	0	0	0	0	0	15	0	15
Nash	Spring Arbor of Rocky Mount	0	0	84	84	0	0	0	0	0	0	84	0	84
Nash	Sterling House of Rocky Mount	0	0	60	60	0	0	0	0	0	0	60	0	60
Nash	Trinity Retirement Villas #1	0	0	12	12	0	0	0	0	0	0	12	0	12
Nash	Trinity Retirement Villas #2	0	0	12	12	0	0	0	0	0	0	12	0	12
Nash	Universal Health Care/Nashville	122	0	0	122	0	0	0	0	0	0	122	0	122
New Hanover	Northampton	16	0	0	16	0	0	0	0	0	0	16	0	16
New Hanover	Autumn Care of Myrtle Grove	20	0	0	20	0	0	0	0	0	0	20	0	20
New Hanover	Cedar Cove Assisted Living (GlenCare)	0	0	64	64	0	0	0	0	0	0	64	0	64
New Hanover	Champions Assisted Living	0	0	148	148	0	0	0	0	0	0	148	0	148
New Hanover	Clare Bridge of Wilmington	0	0	38	38	0	0	0	0	0	0	38	0	38
New Hanover	Diversicare of New Hanover (New Hanover House)	0	0	61	61	-61	0	0	0	0	0	0	0	0
New Hanover	Diversicare of New Hanover (New Hanover House)-Replacement	0	0	0	0	61	0	0	0	0	0	61	0	61
New Hanover	Fannie Norwood Memorial Home	0	0	16	16	0	0	0	0	0	0	16	0	16
New Hanover	Hermitage House Rest Home	0	0	84	84	0	0	0	0	0	0	84	0	84
New Hanover	Liberty Commons Rehabilitation Center	40	0	0	40	0	0	0	0	0	0	40	0	40
New Hanover	Pacific Senior Living-Wilmington	0	0	101	101	0	0	0	0	0	0	101	0	101
New Hanover	Port South Village/Carmen D. Villa	0	0	12	12	0	0	0	0	0	0	12	0	12
New Hanover	Port South Village/Catherine S. Villa	0	0	12	12	0	0	0	0	0	0	12	0	12
New Hanover	Port South Village/Crystal L. Villa	0	0	12	12	0	0	0	0	0	0	12	0	12
New Hanover	Port South Village/Lorraine B. Villa	0	0	12	12	0	0	0	0	0	0	12	0	12
New Hanover	Port South Village/Tara L. Villa	0	0	12	12	0	0	0	0	0	0	12	0	12
New Hanover	Port South Village/Teresa C. Villa	0	0	12	12	0	0	0	0	0	0	12	0	12
New Hanover	Sherwood Manor Rest Home	0	0	40	40	0	0	0	0	0	0	40	0	40
New Hanover	Spring Arbor of Wilmington	0	0	66	66	0	0	0	0	0	0	66	0	66
New Hanover	The Commons at Brightmore	0	0	201	201	0	0	0	0	0	0	201	0	201
New Hanover	The Commons at Brightmore	0	0	136	136	0	0	0	0	0	0	136	0	136
New Hanover	Wilmington Health and Rehab Center	16	0	0	16	0	0	0	0	0	0	16	0	16
Northampton	Northampton	36	0	0	36	0	0	0	0	0	0	36	0	36
Northampton	Hampton Manor	0	0	82	82	0	0	0	0	0	0	82	0	82
Northampton	Pine Forest Rest	0	0	24	24	0	0	0	0	0	0	24	0	24
Northampton	Pleasant Hill Gardens	0	0	66	66	0	0	0	0	0	0	66	0	66
Northampton	Rich Square Villa	0	0	38	38	0	0	0	0	0	0	38	0	38
Northampton	Rich Square Manor	0	0	32	32	0	0	0	0	0	0	32	0	32
Onslow	Carebridge Assisted Living Community	0	0	160	160	0	0	0	0	0	0	160	0	160
Onslow	GlenCare of Holly Ridge	0	0	40	40	0	0	0	0	0	0	40	0	40
Onslow	Liberty Commons Assisted Living	0	0	79	79	0	0	0	0	0	0	79	0	79
Onslow	Lighthouse Village	0	0	80	80	0	0	0	0	0	0	80	0	80
Onslow	Premier Nursing and Rehabilitation Center	7	0	0	7	0	0	0	0	0	0	7	0	7
Onslow	The Arc Community	0	0	32	32	0	0	0	0	0	0	32	0	32
Onslow	The Heritage of Richlands	0	0	40	40	0	0	0	0	0	0	40	0	40
Orange	Brookshire Nursing Center	20	0	0	20	0	0	0	0	0	0	20	0	20
Orange	Carroll Assisted Living of Hillsborough	0	0	96	96	0	0	0	0	0	0	96	0	96
Orange	Carol Woods Retirement Community-Bldg 6	0	0	12	12	0	0	0	0	0	0	12	0	12
Orange	Carol Woods Retirement Community-Bldg 7	65	0	12	77	0	0	0	0	0	0	77	0	77
Orange	Carolina House of Chapel Hill	0	0	64	64	0	0	0	0	0	0	64	0	64
Orange	Crescent Green of Carrboro	0	0	120	120	0	0	0	0	0	0	120	0	120
Orange	The Stratford	0	0	77	77	0	0	0	0	0	0	77	0	77
Orange	Villines Rest Home	0	0	17	17	0	0	0	0	0	0	17	0	17