

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.ncdhs.gov/dhsr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

October 16, 2012

Todd Hemphill
Bode, Call & Stroupe, LLP
3105 Glenwood Avenue, Suite 300
Raleigh, NC 27612

Exempt from Review – Replacement of Existing Nursing Facility

Facility: Skyland Care Center
County: Jackson
FID #: 923457

Dear Mr. Hemphill:

In response to your letter of September 17, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S. 131E-184(e). Therefore, you may proceed to construct a replacement facility for the nursing home located at 193 Asheville Highway, in Sylva, North Carolina without obtaining a certificate of need. This determination is based on your representations that the proposed capital expenditure will be used solely for the purpose of renovating, replacing on the same campus, or expanding the existing nursing home facility; the renovation or replacement will not result in a change in bed capacity; and the proposed capital expenditure will be used for one or more of the purposes outlined in N.C.G.S. 131E-184(e), as amended. However, you need to contact the Construction Section and the Nursing Home Licensure and Certification Section of the Division of Health Service Regulation to determine if they have any special requirements for development of the proposed project.

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.

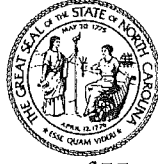
Sincerely,

Les Brown
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Nursing Home Licensure and Certification Section, DHSR
Construction Section, DHSR





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/dhsr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

October 16, 2012

Todd Hemphill
Bode, Call & Stroupe, LLP
3105 Glenwood Avenue, Suite 300
Raleigh, NC 27612

Inquiry – Acquisition of Facility

Facility: Skyland Care Center
Acquisition by: Blue Ridge Acquisition & Development I, LLC
County: Jackson
FID #: 923457

Dear Mr. Hemphill:

In response to your letter of September 17, 2012, the Certificate of Need Section has determined that:

1. Skyland Care Center was acquired by Blue Ridge Acquisition & Development I, LLC (BRAD I) through a Family Settlement Agreement on January 4, 2007.
2. BRAD I provided no prior notice to the Certificate of Need Section of its acquisition of Skyland Care Center.
3. N.C.G.S 131E-184(a)(8) states: *“Except as provided in subsection (b), the department shall exempt from certificate of need review a new institutional health service if it receives prior written notice [emphasis added] from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health service is required, for any of the following: ... (8) To acquire an existing health service facility, including equipment owned by the health service facility at the time of acquisition.”*
4. No penalty will be assessed against BRAD I for failure to provide prior written notice to the Certificate of Need Section of the acquisition of Skyland Care Center.



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

Sincerely,



Les Brown
Project Analyst



Craig R. Smith, Chief
Certificate of Need Section

cc: Nursing Home Licensure and Certification Section, DHSR

hes

BODE, CALL & STROUPE, L.L.P.

ATTORNEYS AT LAW

3105 GLENWOOD AVENUE, SUITE 300
RALEIGH, NORTH CAROLINA 27612

(919) 881-0338

TELECOPIER (919) 881-9548

JOHN V. HUNTER III
RETIRED

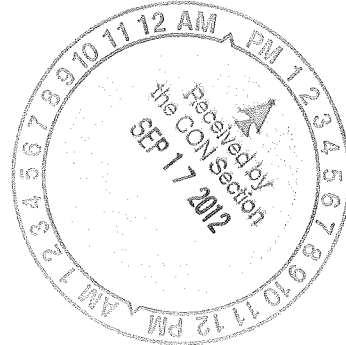
MAILING ADDRESS
POST OFFICE BOX 6338
RALEIGH, NORTH CAROLINA
27628-6338

JOHN T. BODE
W. DAVIDSON CALL
ROBERT V. BODE
ODES L. STROUPE, JR.
S. TODD HEMPHILL
MATTHEW A. FISHER

September 17, 2012

VIA HAND DELIVERY

Craig R. Smith, Chief
Certificate of Need Section
N.C. Department of Health and Human Services
Division of Health Service Regulation
806 Ruggles Drive
Raleigh, North Carolina 27603



Re: REQUEST FOR LETTER OF EXEMPTION FOR ACQUISITION OF NURSING FACILITY
Skyland Care Center (License No. NH0168)
193 Asheville Hwy.
Sylva, NC 28779-2694

Dear Mr. Smith:

We are writing you on behalf of our client, Blue Ridge Acquisition & Development I, LLC, a North Carolina limited liability company (hereinafter "BRAD I"), requesting the CON Section to issue a letter determining: (1) that BRAD I's previous acquisition of the Skyland Care Center, a 94-bed nursing facility in Sylva, Jackson County, North Carolina, was and is exempt from certificate of need review, within the meaning of G.S. 131E-184(a)(8); and (2) that BRAD I's proposed capital expenditure to replace Skyland Care Center on the same site also is exempt from certificate of need review, within the meaning of G.S. 131E-184(e).

BACKGROUND

The background regarding this request is as follows. Skyland Care Center was built before the current CON law was enacted in 1977, as a 94-NF bed nursing facility. We have checked with your office, and there is no file on the facility, which leads us to believe that the facility has never been subject to CON review. There have been no significant renovations to the facility since the 1970's.

Mr. Smith
September 17, 2012
Page 2

For many years, Skyland Care Center was owned by Ms. Pearl Hayes, but she died in September 2004. As part of the settlement of her estate, the facility was transferred to BRAD I, which is owned by Ms. Hayes' nephews, Hayes E. Hall and Charles F. McDarris. See North Carolina General Warranty Deeds, attached hereto as Exhibit 1-3. As noted in those exhibits, Skyland Care Center is located on three adjacent tracts, which total approximately 11.64 acres. The property was transferred from Ms. Hayes' estate to Mr. Hall and Mr. McDarris in January 2007, and they in turn immediately transferred the property to BRAD I, a limited liability company in which they are the sole owners.

The facility is operated by BT2, Inc., a North Carolina corporation, pursuant to a lease. See 2012 facility License and License Renewal Application, attached as Exhibit 4.

The Skyland Care Center facility is approximately 40 years old, and needs to be significantly renovated or replaced. BRAD I looked for other sites to relocate the facility, but each of those sites had significant problems. They were either outside the Sylva city limits, were not large enough, did not have access to water and sewer, or were not in close proximity to the hospital. BRAD I ultimately determined that the most effective manner to effectuate this was to replace the facility on site, in stages, so that patients are able to remain at the facility during construction. These plans were discussed in detail with you at our meeting at your office on June 5, 2012, with Charles McDarris and David Polston, the facility architect. A copy of the replacement facility plans is included with a letter from Mr. Polston, which is attached as Exhibit 5. The cost of construction will exceed \$2,000,000.

EXEMPTION DETERMINATION REGARDING ACQUISITION OF FACILITY

G.S. §131E-184(a) provides, in pertinent part, as follows:

(a) Except as provided in subsection (b), the Department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health service is required, for any of the following:

.....
(8) To acquire an existing health service facility, including equipment owned by the health service facility at the time of acquisition.

Skyland Care Center is an existing health care facility, being a "grandfathered" licensed and certified nursing home, which was developed before the advent of the CON law. There are no CON applications or approved CONs pending for the facility, so the transfer of the facility would not result in the transfer of a CON. See G.S. 131E-189(c).

Mr. Smith
September 17, 2012
Page 3

Further, although this notice is being provided after ownership of the facility was transferred, that was entirely inadvertent. Neither our clients nor the attorney for Ms. Hayes estate were aware of the notification requirement of G.S. 131E-184(a). There was no intent to circumvent the CON law, and no CONs were or are implicated as a result of the transfer of the facility.

EXEMPTION DETERMINATION REGARDING FACILITY REPLACEMENT

G.S. 131E-184(e) provides as follows:

(e) The Department shall exempt from certificate of need review a capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if all of the following conditions are met:

- (1) The proposed capital expenditure would:*
 - a. Be used solely for the purpose of renovating, replacing on the same site, or expanding an existing:*
 - 1. Nursing home facility,*
 - 2. Adult care home facility, or*
 - 3. Intermediate care facility for the mentally retarded; and*
 - b. Not result in a change in bed capacity, as defined in G.S. 131E-176(5), or the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.*
- (2) The entity proposing to incur the capital expenditure provides prior written notice to the Department, which notice includes documentation that demonstrates that the proposed capital expenditure would be used for one or more of the following purposes:*
 - a. Conversion of semiprivate resident rooms to private rooms.*
 - b. Providing innovative, homelike residential dining spaces, such as cafes, kitchenettes, or private dining areas to accommodate residents and their families or visitors.*
 - c. Renovating, replacing, or expanding residential living or common areas to improve the quality of life of residents.*

The proposed replacement of Skyland Care Center is exempt because it is a replacement of an existing nursing facility on the same site. It will not result in a change in bed capacity or other new institutional health service other than that allowed in G.S. 131E-176(16)b. As set forth in the letter from David Polston attached as Exhibit 5, and consistent with the requirements of G.S. 131E-184(e), the proposed capital expenditure will be used for the following purposes:

1. The capital expenditure will be used solely for the purpose of replacing the existing facility on the same site;
2. The capital expenditure will not result in a change in bed capacity;

Mr. Smith
September 17, 2012
Page 4

3. The capital expenditure will be used for:
 - a. Conversion of semi-private rooms to private rooms; *and*
 - b. Replacing and expanding residential living and common areas to improve the quality of life of residents.

Thus, all of the requirements of the exemption statute have been met.

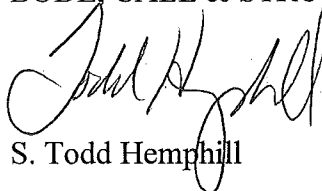
CONCLUSION

For the above reasons, because this project involves the acquisition of an existing health service facility, we believe that BRAD I's acquisition of the Facility is exempt from CON review pursuant to G.S. 131E-184(a)(8), and that the proposed renovation of the facility is exempt from CON review pursuant to G.S. 131E-184(e). We would appreciate your office reviewing this information and advising us that our analysis is correct and that none of the above is subject to CON review.

Thank you very much for your attention to this matter. Should you have any questions, please do not hesitate to contact me.

Very truly yours,

BODE, CALL & STROUPE, L.L.P.



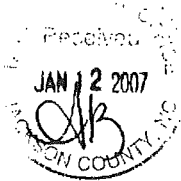
S. Todd Hemphill

STH/sh
cc w/enc: Charles McDarris



Doc ID: 003584130004 Type: CRP
Recorded: 01/12/2007 at 10:48:21 AM
Fee Amt: \$23.00 Page 1 of 4
Excise Tax: \$0.00
Jackson County, NC
Joe Hamilton Register of Deeds

BK 1645 PG 719-722



Prepared by and Mail to: Young, Moore and Henderson, P.A
Post Office Box 31627
Raleigh, NC 27622
(Without benefit of title examination or closing.)

Excise Tax: \$0.00 – Estate Distribution Deed

THIS NORTH CAROLINA SPECIAL WARRANTY DEED, made this 4th day of January, 2007, by and between

**HAYES HALL, Executor
ESTATE of PEARL HAYES**

and

**HAYES HALL and wife,
WANDA P. HALL**hereinafter called Grantors;

and

HAYES HALL, a one-half (1/2) undivided interest

and

CHARLES F. McDARRIS, a one-half (1/2) undivided interest
102 Lochview Drive
Cary, NC 27511 hereinafter called Grantees:

WITNESSETH:

The designation Grantors and Grantees used herein shall include parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WHEREAS, the Grantees entered in to a Family Settlement Agreement with regard to the Estate of Pearl Hayes on the 2nd day of January, 2007.

WHEREAS, this deed is executed in accordance with said Family Settlement Agreement.

Skyland Care Center, Qualla Township, Jackson County, NC



NOW THEREFORE, the Grantors, for a valuable consideration paid by the Grantees, the receipt of which is hereby acknowledged, have and by these presents do grant, bargain, sell and convey unto the Grantees in fee simple all of its interest in that certain lot or parcel of land situated in Qualla Township, Jackson County, North Carolina and more particularly described on Exhibit A attached hereto and incorporated herein by reference.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantees, in fee simple.

THE GRANTORS covenant with the Grantees, that Grantors have done nothing to impair such title as Grantors received, and Grantors will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

1. 2007 ad valorem taxes; and,
2. Easements and restrictions of record.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals, or if corporate, have caused this instrument to be executed by duly authorized officers and its seal affixed by authority of its Board of Directors, the day and year first above set forth.

ESTATE OF PEARL HAYES

By: *Hayes E Hall* (SEAL)
Hayes Hall, Executor

Hayes E Hall (SEAL)
HAYES HALL

Wanda P. Hall (SEAL)
WANDA P. HALL

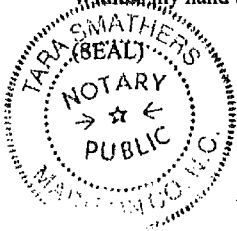
Skyland Care Center, Qualla Township, Jackson County, NC

NORTH CAROLINA

COUNTY OF Madison

I, TARA Smathers, the undersigned notary public, do hereby certify that HAYES HALL, EXECUTOR of the ESTATE OF PEARL HAYES, personally appeared before me this day and acknowledged the due execution of the foregoing and annexed instrument on behalf of the company.

Witness my hand and notary seal, this 4 day of January, 2007.



Tara Smathers
Notary Public

Tara Smathers
(Typed or Printed Name of Notary Public)

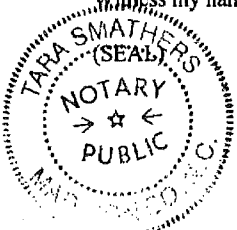
My commission expires: 11-11-09

NORTH CAROLINA

COUNTY OF Madison

I, Tara Smathers, the undersigned notary public, do hereby certify that HAYES HALL and wife, WANDA P. HALL, personally appeared before me this day and acknowledged the due execution of the foregoing and annexed instrument on behalf of the company.

Witness my hand and notary seal, this 4 day of January, 2007.



Tara Smathers
Notary Public

Tara Smathers
(Typed or Printed Name of Notary Public)

My commission expires: 11-11-09

668538 v1/640171.002

Skyland Care Center, Qualla Township, Jackson County, NC

EXHIBIT A
to that certain
NORTH CAROLINA SPECIAL WARRANTY DEED
from the
ESTATE of PEARL HAYES and HAYES HALL, as Grantors
to
HAYES HALL, a one-half (1/2) undivided interest
and
CHARLES F. McDARRIS, a one-half (1/2) undivided interest, as Grantees
dated
4 January, 2007

Tract I: Tax ID no. 7641-48-0864
BEING all of that property described in Book 1110, page 636, Jackson County Registry, reference to which is hereby made for greater certainty of description.

Tract II: Tax ID no. 7641-48-4803
BEING all of that property described in Book 1110, page 633, Jackson County Registry, reference to which is hereby made for greater certainty of description.
SAVING and EXCEPTING THEREFROM all of that certain tract or parcel of land conveyed to Wayne Smith by deed recorded in Book 988, page 47, Jackson County Registry.

Tract III: Tax ID no. 7641-49-2111
BEING all of that property described in Book 1110, page 642, Jackson County Registry, reference to which is hereby made for greater certainty of description.

Deed References:

Tract I: Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 636 and Book 385, page 128, Jackson County Registry.

Tract II: Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 633 and Book 893, page 005, Jackson County Registry.

Tract III: Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 642 and Book 474, page 388, Jackson County Registry.

See Estate of Pearl Hayes, File no. 07ES, Office of the Jackson County Clerk of Superior Court, Estates Division.

668538 v1/640171.002

Skyland Care Center, Qualla Township, Jackson County, NC

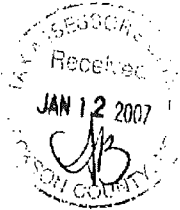
EXHIBIT H

Chain of Title
Skyland Care Center
Sylva, Jackson County, North Carolina



Doc ID: 003584140004 Type: CRP
Recorded: 01/12/2007 at 10:48:56 AM
Fee Amt: \$23.00 Page 1 of 4
Excise Tax: \$0.00
Jackson County, NC
Joe Hamilton Register of Deeds

BK 1645 PG 723-726



Prepared by and Mail to: *Young, Moore and Henderson, P.A*
Post Office Box 31627
Raleigh, NC 27622
(Without benefit of title examination or closing.)

Excise Tax: \$0.00

THIS NORTH CAROLINA GENERAL WARRANTY DEED, made this 2nd day of January, 2007, by and between

**HAYES HALL, a one-half (1/2) undivided interest, and wife,
WANDA P. HALL**

and

**CHARLES F. McDARRIS, a one-half (1/2) undivided interest, and wife,
DORI C. McDARRIS**.....hereinafter called Grantors;

and

**BLUE RIDGE DEVELOPMENT & ACQUISITION I, LLC,
A North Carolina Limited Liability Company
102 Lochview Drive
Cary, NC 27511**hereinafter called Grantee;

WITNESSETH:

The designation Grantors and Grantee used herein shall include parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

The Grantors, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have and by these presents do grant, bargain, sell and convey unto the Grantee in fee simple all of their interest in that certain lot or parcel of land situated in Qualla Township, Jackson County, North Carolina and more particularly described on Exhibit A attached hereto and incorporated herein by reference.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee, in fee simple.

And the Grantors covenant with the Grantee that Grantors are seized in fee simple, have the right to convey the

Skyland Care Center, Qualla Township, Jackson County, NC



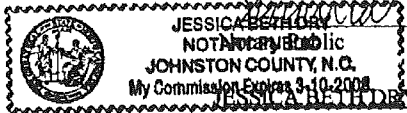
NORTH CAROLINA

COUNTY OF WAKE

I, JESSICA BETH DRY, the undersigned notary public, do hereby certify that CHARLES F. McDARRIS and wife, DORI C. McDARRIS, personally appeared before me this day and acknowledged the due execution of the foregoing and annexed instrument on behalf of the company.

Witness my hand and notary seal, this 1st day of January, 2007.

(SEAL)

 Jessica Beth Dry
(Typed or Printed Name of Notary Public)

My commission expires the 10th day of March, 2008.

668538 v1/640171.002

Skyland Care Center, Quaila Township, Jackson County, NC

same in fee simple, that title is marketable and free and clear of all adverse encumbrances, and that the Grantors will warrant and defend the title against the lawful claims of all persons whomsoever except for exceptions hereinafter stated.

- 1. 2007 ad valorem taxes; and,
- 2. Easements and restrictions of record.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals, or if corporate, have caused this instrument to be executed by duly authorized officers and its seal affixed by authority of its Board of Directors, the day and year first above set forth.

Hayes E. Hall (SEAL)
 HAYES HALL

Wanda P. Hall (SEAL)
 WANDA P. HALL

Charles F. McDarris (SEAL)
 CHARLES F. McDARRIS

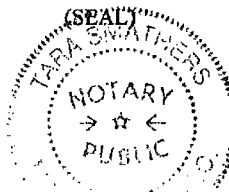
Dori C. McDarris (SEAL)
 DORI C. McDARRIS

NORTH CAROLINA

COUNTY OF Madison

I, Tara Smathers, the undersigned notary public, do hereby certify that HAYES HALL and wife, WANDA P. HALL, personally appeared before me this day and acknowledged the due execution of the foregoing and annexed instrument on behalf of the company.

Witness my hand and notary seal, this 4 day of January, 2007.



Tara Smathers
 Notary Public

Tara Smathers
 (Typed or Printed Name of Notary Public)

My commission expires: 11-11-09

Skyland Care Center, Qualla Township, Jackson County, NC

EXHIBIT A
to that certain
NORTH CAROLINA GENERAL WARRANTY DEED
 from
HAYES HALL, a one-half (1/2) undivided interest
 and
CHARLES F. McDARRIS, a one-half (1/2) undivided interest, as Grantors
 to
BLUE RIDGE DEVELOPMENT & ACQUISITION I, LLC,
A North Carolina Limited Liability Company
 dated
January 2, 2007

Tract I: Tax ID no. 7641-48-0864
 BEING all of that property described in Book 1110, page 636, Jackson County Registry, reference to which is hereby made for greater certainty of description.

Tract II: Tax ID no. 7641-48-4803
 BEING all of that property described in Book 1110, page 633, Jackson County Registry, reference to which is hereby made for greater certainty of description.
 SAVING and EXCEPTING THEREFROM all of that certain tract or parcel of land conveyed to Wayne Smith by deed recorded in Book 988, page 47, Jackson County Registry.

Tract III: Tax ID no. 7641-49-2111
 BEING all of that property described in Book 1110, page 642, Jackson County Registry, reference to which is hereby made for greater certainty of description.

Deed References:

Tract I: Book 1645, page 719; Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 636 and Book 385, page 128, Jackson County Registry.

Tract II: Book 1645, page 719; Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 633 and Book 893, page 005, Jackson County Registry.

Tract III: Book 1645, page 719; Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 642 and Book 474, page 388, Jackson County Registry.

See Estate of Pearl Hayes, File no. 07ES, Office of the Jackson County Clerk of Superior Court, Estates Division.

668538 v1/640171.002

Skyland Care Center, Qualla Township, Jackson County, NC

EXHIBIT I

Chain of Title

Skyland Care Center

Sylva, Jackson County, North Carolina

Doc ID: 004023550005 Type: CRP
 Recorded: 03/08/2010 at 03:10:29 PM
 Fee Amt: \$31.00 Page 1 of 5
 Excise Tax: \$0.00
 Jackson County, NC
 Joe Hamilton Register of Deeds
 BK 1840 pg 596-600



Prepared by and Mail to: Young, Moore and Henderson, P.A
 Post Office Box 31627
 Raleigh, NC 27622
 (Without benefit of title examination or closing.)

Excise Tax: \$0.00

THIS NORTH CAROLINA DEED OF CORRECTION, made this 11th day of February, 2010, by and between

HAYES HALL, a one-half (1/2) undivided interest, and wife,
 WANDA P. HALL

and

CHARLES F. McDARRIS, a one-half (1/2) undivided interest, and wife,
 DORI C. McDARRIS hereinafter called Grantors;

and

BLUE RIDGE ACQUISITION & DEVELOPMENT I, LLC,
 A North Carolina Limited Liability Company
 102 Lochview Drive
 Cary, NC 27511 hereinafter called Grantee:

WITNESSETH:

The designation Grantors and Grantee used herein shall include parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

THAT WHEREAS, said Grantors heretofore executed to Grantee a certain North Carolina General Warranty Deed dated January 2, 2007, and recorded in Book 1645, page 723, in the office of the Register of Deeds of Jackson County; and whereas, said deed contained an error in the Grantee's name; and whereas, said Grantee has requested said Grantors to correct and clarify the Grantee's name, and said Grantors have agreed so to do; and whereas, the Grantee's name should have been shown as BLUE RIDGE ACQUISITION & DEVELOPMENT I, LLC;

NOW, THEREFORE, said Grantors, for the purpose of correcting said error and for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have and by these presents do grant, bargain, sell and

Skyland Care Center, Qualla Township, Jackson County, NC.



Doc ID: 004023550005 Type: CRP
 Recorded: 03/08/2010 at 03:10:29 PM
 Fee Amt: \$31.00 Page 1 of 5
 Excise Tax: \$0.00
 Jackson County, NC
 Joe Hamilton Register of Deeds
 BK 1840 pg 596-600



Prepared by and Mail to: Young, Moore and Henderson, P.A
 Post Office Box 31627
 Raleigh, NC 27622
 (Without benefit of title examination or closing.)

Excise Tax: \$0.00

THIS NORTH CAROLINA DEED OF CORRECTION, made this 11th day of February, 2010, by and between

HAYES HALL, a one-half (1/2) undivided interest, and wife,
 WANDA P. HALL

and

CHARLES F. McDARRIS, a one-half (1/2) undivided interest, and wife,
 DORI C. McDARRIS hereinafter called Grantors;

and

BLUE RIDGE ACQUISITION & DEVELOPMENT I, LLC,
 A North Carolina Limited Liability Company
 102 Lochview Drive
 Cary, NC 27511 hereinafter called Grantee:

WITNESSETH:

The designation Grantors and Grantee used herein shall include parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

THAT WHEREAS, said Grantors heretofore executed to Grantee a certain North Carolina General Warranty Deed dated January 2, 2007, and recorded in Book 1645, page 723, in the office of the Register of Deeds of Jackson County; and whereas, said deed contained an error in the Grantee's name; and whereas, said Grantee has requested said Grantors to correct and clarify the Grantee's name, and said Grantors have agreed so to do; and whereas, the Grantee's name should have been shown as BLUE RIDGE ACQUISITION & DEVELOPMENT I, LLC;

NOW, THEREFORE, said Grantors, for the purpose of correcting said error and for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have and by these presents do grant, bargain, sell and

Skylark Care Center, Qualla Township, Jackson County, NC.



Doc ID: 004023550005 Type: CRP
 Recorded: 03/09/2010 at 03:10:29 PM
 Fee Amt: \$31.00 Page 1 of 5
 Excise Tax: \$0.00
 Jackson County, NC
 Joe Hamilton Register of Deeds
 BK 1840 PG 596-600



Prepared by and Mail to: Young, Moore and Henderson, P.A
 Post Office Box 31627
 Raleigh, NC 27622
 (Without benefit of title examination or closing.)

Excise Tax: \$0.00

THIS NORTH CAROLINA DEED OF CORRECTION, made this Ninth day of February, 2010, by and between

HAYES HALL, a one-half (1/2) undivided interest, and wife,
 WANDA P. HALL

and

CHARLES F. McDARRIS, a one-half (1/2) undivided interest, and wife,
 DORI C. McDARRIS hereinafter called Grantors;

and

BLUE RIDGE ACQUISITION & DEVELOPMENT I, LLC,
 A North Carolina Limited Liability Company
 102 Lochview Drive
 Cary, NC 27511 hereinafter called Grantee;

WITNESSETH:

The designation Grantors and Grantee used herein shall include parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

THAT WHEREAS, said Grantors heretofore executed to Grantee a certain North Carolina General Warranty Deed dated January 2, 2007, and recorded in Book 1645, page 723, in the office of the Register of Deeds of Jackson County; and whereas, said deed contained an error in the Grantee's name; and whereas, said Grantee has requested said Grantors to correct and clarify the Grantee's name, and said Grantors have agreed so to do; and whereas, the Grantee's name should have been shown as BLUE RIDGE ACQUISITION & DEVELOPMENT I, LLC;

NOW, THEREFORE, said Grantors, for the purpose of correcting said error and for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have and by these presents do grant, bargain, sell and

Skyland Care Center, Qualla Township, Jackson County, NC



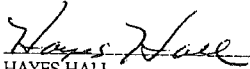
convey unto the Grantee in fee simple all of their interest in that certain lot or parcel of land situated in Qualla Township, Jackson County, North Carolina and more particularly described on Exhibit A attached hereto and incorporated herein by reference.

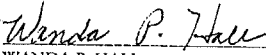
TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee, in fee simple.


And the Grantors covenant with the Grantee that Grantors are seized in fee simple, have the right to convey the same in fee simple, that title is marketable and free and clear of all adverse encumbrances, and that the Grantors will warrant and defend the title against the lawful claims of all persons whomsoever except for exceptions hereinafter stated.

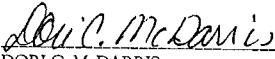
1. 2010 ad valorem taxes; and,
2. Easements and restrictions of record.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals, or if corporate, have caused this instrument to be executed by duly authorized officers and its seal affixed by authority of its Board of Directors, the day and year first above set forth.


HAYES HALL (SEAL)


WANDA P. HALL (SEAL)


CHARLES F. McDARRIS (SEAL)


DORI C. McDARRIS (SEAL)

Skyland Care Center, Qualla Township, Jackson County, NC.

NORTH CAROLINA

COUNTY OF Buncombe

I, Carolyn W. Smith, a notary public, do hereby certify that HAYES HALL and wife, WANDA P. HALL, personally appeared before me this day and acknowledged the due execution of the foregoing and annexed instrument on behalf of the company.

Witness my hand and notary seal, this 5th day of March, 2010.



Carolyn W. Smith
Notary Public

Carolyn W. Smith
(Typed or Printed Name of Notary Public)

My commission expires: 4/27/2013

Skylark Care Center, Qualla Township, Jackson County, NC

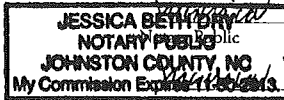
NORTH CAROLINA

COUNTY OF WAKE

I, Jessica Beth Dry, a notary public, do hereby certify that CHARLES F. McDARRIS and wife, DORI C. McDARRIS, personally appeared before me this day and acknowledged the due execution of the foregoing and annexed instrument on behalf of the company.

Witness my hand and notary seal, this 16th day of February, 2010.

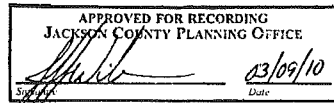
(SEAL)



Jessica Beth Dry
Jessica Beth Dry
(Typed or Printed Name of Notary Public)

My commission expires: 30 November 2013

826984 v1/640171.001



Skylark Care Center, Qualla Township, Jackson County, NC

EXHIBIT A
to that certain
NORTH CAROLINA GENERAL WARRANTY DEED
from
HAYES HALL, a one-half (1/2) undivided interest
and
CHARLES F. McDARRIS, a one-half (1/2) undivided interest, as Grantors
to
BLUE RIDGE ACQUISITION & DEVELOPMENT I, LLC,
A North Carolina Limited Liability Company
dated
February 16, 2010

Tract I: Tax ID no. 764148-0864
BEING all of that property described in Book 1110, page 636, Jackson County Registry, reference to which is hereby made for greater certainty of description.

Tract II: Tax ID no. 764148-4803
BEING all of that property described in Book 1110, page 633, Jackson County Registry, reference to which is hereby made for greater certainty of description.
SAVING and EXCEPTING THEREFROM all of that certain tract or parcel of land conveyed to Wayne Smith by deed recorded in Book 988, page 47, Jackson County Registry.

Tract III: Tax ID no. 764149-2111
BEING all of that property described in Book 1110, page 642, Jackson County Registry, reference to which is hereby made for greater certainty of description.

Deed References:

Tract I: Book 1645, page 723; Book 1645, page 719; Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 636 and Book 385, page 128, Jackson County Registry.

Tract II: Book 1645, page 723; Book 1645, page 719; Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 633 and Book 893, page 005, Jackson County Registry.

Tract III: Book 1645, page 723; Book 1645, page 719; Book 1439, page 69; Book 1437, page 239; Book 1423, page 424; Book 1110, page 642 and Book 474, page 388, Jackson County Registry.

See Estate of Pearl Hayes, File no. 07 E 05, Office of the Jackson County Clerk of Superior Court, Estates Division.

826984 v1/640171.001

Skyland Care Center, Qualla Township, Jackson County, NC

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2012, this license is issued to

BT2, Inc.

to operate a nursing facility known as

Skyland Care Center

located in Sylva, Jackson County

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2012.*


Facility ID: 923457

License Number: NH0168

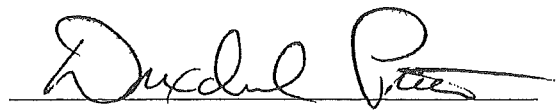
*Bed Capacity: 94
Nursing Facility Beds 94*

EXHIBIT
4

Authorized by:



Secretary, N.C. Department of Health and
Human Services



Director, Division of Health Service Regulation

North Carolina Department of Health and Human Services
Division of Health Service Regulation
Nursing Home Licensure and Certification Section
2711 Mail Service Center
Raleigh, North Carolina 27699-2711
Telephone: (919) 855-4520 Fax: (919) 733-8274

For Official Use Only

License # NH0168
Beds: Nursing: 94 ACH: 0
Computer FID: 923457
Returned _____ Reviewed bu
MFF _____

License Fee: \$2,065.00

**2012
RENEWAL APPLICATION FOR
LICENSE TO OPERATE A NURSING HOME**
(Including Adult Care Home Beds in Combination Facilities)

Legal Identity of Applicant: **BT2, Inc.**

(Full legal name of corporation, partnership, individual, or other legal entity owning the enterprise or service.)

Doing Business As (name(s) under which the facility or services are advertised or presented to the public):

PRIMARY: **Skyland Care Center**

Other: _____

Other: _____

Facility Mailing Address: 193 Asheville Hwy.
Sylva, NC 28779-2694

Facility Site Address: 193 Asheville Hwy.
Sylva, NC 28779-2694

County: Jackson

Telephone: (828)586-8935

Fax: (828)586-8566

E-mail Address of Administrator: ~~dmoyer9@frontier.com~~ macooley@frontier.com

National provider identifier (NPI): 1295733517

Federal tax ID #: _____

Was this facility in operation throughout the entire 12-month reporting period ending September 30, 2011?

Yes No

If No, for what period was the facility in operation? _____ / _____ / _____ through _____ / _____ / _____
month/day/year month/day/year

If No, for what reason was the facility not in full operation during this period? _____

2. Was there a change of ownership anytime between October 1, 2010 to September 30, 2011? Yes No

If Yes, what was the date of the change? _____ / _____ / _____

PART A **OWNERSHIP DISCLOSURE**

(Please fill in any blanks and make changes where necessary.)

1. What is the name of the legal entity with ownership responsibility and liability?

Owner: BT2, Inc.
Street: 193 Asheville Hwy.
City: Sylva State: NC Zip: 28779-2694
Telephone: (828)586-8935 Fax: (828)586-8566
Email Address: _____
Senior Officer: Thomas E. Gatewood, Jr.

- a. Legal entity is: For Profit ___ Not For Profit
- b. Legal entity is: Corporation ___ LLC ___ LLP ___ Partnership
 ___ Proprietorship ___ Government Unit ___ Religious/Fraternal
- c. Does the above entity (partnership, corporation, etc.) lease the building from which services are offered? Yes ___ No

If Yes, name of building owner:
Pearl Hayes c/o Charles McDarris

2. Is the business operated under a management contract? ___ Yes No

If Yes, name and address of the management company.

Name: _____
Street: _____
City: _____ State: _____ Zip: _____
Telephone: () _____

3. If this business is a subsidiary of another entity, please identify the parent company below:

Name: NONE
Street: _____
Mailing _____
(if different from Street)
City: _____
State: _____ Zip: _____
Telephone: () _____ Fax: () _____
Senior Officer: _____

PART A **OWNERSHIP DISCLOSURE**

(Please fill in any blanks and make changes where necessary.)

1. What is the name of the legal entity with ownership responsibility and liability?

Owner: BT2, Inc.
Street: 193 Asheville Hwy.
City: Sylva State: NC Zip: 28779-2694
Telephone: (828)586-8935 Fax: (828)586-8566
Email Address: _____
Senior Officer: Thomas E. Gatewood, Jr.

- a. Legal entity is: For Profit ___ Not For Profit
- b. Legal entity is: Corporation ___ LLC ___ LLP ___ Partnership
 ___ Proprietorship ___ Government Unit ___ Religious/Fraternal
- c. Does the above entity (partnership, corporation, etc.) lease the building from which services are offered? Yes ___ No

If Yes, name of building owner:
Pearl Hayes c/o Charles McDarris

2. Is the business operated under a management contract? ___ Yes No

If Yes, name and address of the management company.

Name: _____
Street: _____
City: _____ State: _____ Zip: _____
Telephone: () _____

3. If this business is a subsidiary of another entity, please identify the parent company below:

Name: NONE
Street: _____
Mailing: _____
(if different from Street)
City: _____
State: _____ Zip: _____
Telephone: () _____ Fax: () _____
Senior Officer: _____

PART A **OWNERSHIP DISCLOSURE**

(Please fill in any blanks and make changes where necessary.)

1. What is the name of the legal entity with ownership responsibility and liability?

Owner: BT2, Inc.
Street: 193 Asheville Hwy.
City: Sylva State: NC Zip: 28779-2694
Telephone: (828)586-8935 Fax: (828)586-8566
Email Address: _____
Senior Officer: Thomas E. Gatewood, Jr.

- a. Legal entity is: For Profit Not For Profit
- b. Legal entity is: Corporation LLC LLP Partnership
 Proprietorship Government Unit Religious/Fraternal
- c. Does the above entity (partnership, corporation, etc.) lease the building from which services are offered? Yes No

If Yes, name of building owner:
Pearl Hayes c/o Charles McDarris

2. Is the business operated under a management contract? Yes No

If Yes, name and address of the management company.

Name: _____
Street: _____
City: _____ State: _____ Zip: _____
Telephone: () _____

3. If this business is a subsidiary of another entity, please identify the parent company below:

Name: NONE
Street: _____
Mailing _____
(if different from Street)
City: _____
State: _____ Zip: _____
Telephone: () _____ Fax: () _____
Senior Officer: _____

PART B OPERATIONS

1. Facility Personnel

a. Administration

Name of the Administrator: Mistie Cooley
 Date Hired As Administrator: May 24, 2011 N.C. License Number: 2500
~~149726~~

b. Nursing

Name of the Director: Karen Frady
 Date Hired As D.O.N.: June 27, 2011 License Number: 149726

c. Medical Director:

Name of Medical Director: ~~Billie Shepherd~~ Rabi Kutob
 Date Hired as Medical Director: ~~1/1/2010~~ 8/1/2011
 Office Address: P.O. Box 2747
Asheville, NC 28802

1. Environmental Enhancements Supporting Culture Change

("Enhancements" refer to practices and products that help create a homelike atmosphere within the nursing home. Some may be unique to one facility while others may be central to a particular model of culture change.) Listed below are the enhancement components reported on your renewal application last year. Please update these records, as they are used by the North Carolina Coalition for Long Term Care Enhancement.

Please check all the environmental enhancements that apply:

Please check Yes or No if the facility is:

	Yes	No
a. Currently practicing a formalized culture change process/program?		X
b. Currently implementing enhancements, but following no formalized culture change process?	X	

If Yes to 2a or 2b above, please check which components have been implemented:

<input type="checkbox"/>	Cats	<input type="checkbox"/>	Children	<input checked="" type="checkbox"/>	Staff Empowerment	<input type="checkbox"/>	Residential building design
<input checked="" type="checkbox"/>	Dogs	<input checked="" type="checkbox"/>	Plants	<input type="checkbox"/>	Neighborhoods	<input checked="" type="checkbox"/>	Residential dining enhancements
<input checked="" type="checkbox"/>	Birds	<input checked="" type="checkbox"/>	Gardens	<input type="checkbox"/>	Other Animals	<input type="checkbox"/>	Sensory Room
<input type="checkbox"/>	Bathing	<input checked="" type="checkbox"/>	Teams	<input type="checkbox"/>	Aroma Therapy	<input type="checkbox"/>	Other enhancements
							Please specify

If applicable, please indicate either the culture change philosophy being practiced (i.e.: Eden Alternative, Person Centered Care, Well Spring Model, etc.) or a philosophy unique to your home:

PART C PATIENT SERVICES

(Please fill in any blanks and make changes where necessary. Check Yes or No.)

- 1. Continuing Care Retirement Communities (CCRC)
 - a. Is the facility licensed by the Department of Insurance as a Continuing Care Retirement Community? Yes No
- 2. Was there a change to the licensed bed capacity between Oct 1, 2010 to Sept 30, 2011? Yes No
 - a. If Yes, what was the effective date of the change? / /
 - b. If Yes, indicate previous number of licensed beds (Nursing Fac, Adult Care). NF ACH
- 3. Is the facility a Combination Facility, thereby incorporating licensed ACH beds? Yes No

If Yes, indicate which rules the facility chooses to apply to the operation of these ACH BEDS (NH rules, ACH rules or both NH & ACH). If both NH & ACH rules are checked, download an "ACH Rule Choice" checklist from <http://www.ncdhhs.gov/dhsr/nhlcs/forms.html>. This checklist is found under the heading of CHOW.

- Nursing Home Licensure Rules
- ACH Licensure Rules

- 4. Beds By Type (*Must complete Alzheimer's Special Care Unit data supplement sheet)
 - a. Nursing Facility Beds (NF) (TOTAL) 94
 - 1. General Nursing Facility Beds 94
 - 2. *Alzheimer's Special Care Unit Beds 0*
 - 3. Ventilator Beds 0
 - 4. Traumatic brain injury beds 0Are you equipped to accommodate bariatric residents: Yes No
 - b. Adult Care Home Beds (ACH) (TOTAL) 0
 - 1. General Adult Care Home Beds 0
 - 2. * Alzheimer's Special Care Unit Beds 0*Are you equipped to accommodate bariatric residents: Yes No
 - c. Total Licensed Beds 94

5. Bed Certification

a. Number of beds certified for Medicare only (Title 18 only)	
b. Number of beds dually certified for both Medicare & Medicaid (Title 18/19)	94
c. Number of beds certified for Medicaid only (Title 19 only)	

PART D PATIENT CENSUS

Important: Report patient census data for September 30, 2011 only.

1. Number of patients in facility on September 30, 2011

Nursing	Adult Care
71	0

2. Statistics on Nursing Home Patients

(a) Number of Nursing Level of Care patients on September 30, 2011 by age group	Male	Female
Under 35	1	1
35 - 64 years old	4	4
65 - 74 years old	6	6
75 - 84 years old	3	14
85 years old and older	4	28

(b) Nursing hours worked on this day for Nursing Patients by direct care RNs, LPNs and Nurse Aides.	224
---	-----

3. Statistics on Adult Care Home residents on September 30, 2011 by age groups **NA**

	Male	Female
Under 35		
35 - 64 years old		
65 - 74 years old		
75 - 84 years old		
85 years old and older		

PART E **PATIENT UTILIZATION DATA**

Answer these questions for the reporting period of October 1, 2010 through September 30, 2011.

1. Beginning Census, Admissions, Discharges, and Deaths by Level of Care

- The "Beginning Census" refers to the number of patients/residents in your facility on October 1, 2010.
- "Admissions" refers to the number of persons admitted during the period from Oct 1, 2010 through Sept 30, 2011.
- "Discharges" and "Deaths" refer to all discharges and deaths from October 1, 2010 through September 30, 2011.

Tips:

- Your "Beginning Census" plus "Admissions" minus your total "Discharges" plus "Deaths" should be equal to, or less than, your facility's licensed capacity.
- Your totals for "Beginning Census" and for "Admissions" should agree with your totals on "Counties of Patient Origin" for Nursing Care and Adult Care, respectively.

Patients/Residents	Beginning Census	Admissions	Discharges (excluding deaths)	Deaths
(1) Nursing Patients	77	106 103	145 77	32
(2) Adult Care Home Residents	NA			

2. Inpatient Days of Care

Number of Days of Inpatient Care rendered during the reporting period.

a. Nursing Care (NC)

(1) NC Days Reimbursed by Medicare	3702
(2) NC Days Reimbursed by Medicaid	21,657
(3) NC Days Reimbursed by Private Pay	1815
(4) NC Days Reimbursed by Other	0
(5) Total { (1) + (2) + (3) + (4) }	27,174

b. Adult Care Home (ACH) NA

(1) ACH Days reimbursed by Private Pay	
(2) ACH Days reimbursed by County Special Assistance	
(3) ACH Days reimbursed by Other	
(4) Total { (1) + (2) + (3) }	

3. Counties of Origin for Nursing Care Patients

- For the period of October 1, 2010 through September 30, 2011, list in Column A the counties where Nursing Care patients lived before coming to your facility.
- For each county in Column B1 give the number of nursing patients, from that county, who were living in the facility on October 1, 2010.
- For each county, in Column B2 give the total number of additional Nursing Care patients, from that county, who were admitted between October 1, 2010 and September 30, 2011.
- Report patients who were not NC residents as "Out-of-State" on lines 26 through 30. Attach additional sheets if needed.

For questions please call Medical Facilities Planning at (919) 855-3865

A Permanent County of Residence for Individuals prior to Admission (if "out-of-state" indicate in last lines below)	B Patient Census during reporting period:		C TOTAL B1 plus B2	D For each county indicate number of patients whose care was paid for, in whole or in part by Medicaid (Title XIX) program
	B1 In Facility at beginning	B2 Admitted during period		
EXAMPLE: SWAIN	30	185	215	175
1. Jackson	123	75	138	91
2. Macon	5	10	15	9
3. Swain	4	8	12	9
4. Haywood	3	6	9	5
5. Gastwell	1	0	1	1
6. Granville	1	0	1	1
7. Graham	0	1	1	0
8. Clay	0	1	1	0
9. Cherokee	0	1	1	1
10. Buncombe	0	1	1	1
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
26. Georgia				
27. South Carolina				
28. Virginia				
29. Tennessee				
30. Other Out-of-State				
31. TOTALS	77	103	180	118

NOTE: Totals should correspond with the figures given in response to Question 1 under "Patient Utilization"

4. Counties of Origin for Adult Care Home Residents NA

- For the period of October 1, 2010 through September 30, 2011, list in Column A the counties where **Adult Care Home residents** lived before coming to your facility.
- For each county in Column B1 give the number of Adult Care Home residents, from that county, who were living in the facility on October 1, 2010.
- For each county, in Column B2 give the total number of additional Adult Care Home residents, from that county, who were admitted between October 1, 2010 and September 30, 2011.
- Report residents who were not NC residents as "Out-of-State" on lines 26 through 30. **Attach additional sheets if needed.**

For questions please call Medical Facilities Planning at (919) 855-3865

A	B		C	D
Permanent County of Residence for Individuals prior to Admission (if "out-of-state" indicate in last lines below)	Patient Census during reporting period:		TOTAL B1 plus B2	For each county indicate number of patients whose care was paid for, in whole or in part by Medicaid (Title XIX) program
	B1 In Facility at beginning	B2 Admitted during period		
EXAMPLE: 1. Wake	50	185	235	175
2. Yadkin	1	2	3	2
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
26. Georgia				
27. South Carolina				
28. Virginia				
29. Tennessee				
30. Other Out-of-State				
31. TOTALS				

NOTE: Totals should correspond with the figures given in response to Question 1 under "Patient Utilization"

PART F CURRENT OPERATING STATISTICS

1. Current Per Diem Reimbursement Rates/Charges.

Please state the CURRENT (as of the date the application is signed) basic daily charges/rates for residents or patients in your facility in the following categories of care.

For questions please call Certificate of Need at (919) 855-3873

Private Pay (Usual Customary Charge)	Private Room (1 bed/room)	Semi-Private (2 beds/room)	3 or more beds/room
Nursing Care	\$ 251.25	\$ 167.50	\$ 167.50
Adult Care Home	\$	\$	\$
Special Care Unit (specify)	\$	\$	\$
Special Care Unit (specify)	\$	\$	\$

Medicare	Code	Rate
Three most frequent resource utilization group (RUG) codes and rates paid for them	1. RUC	\$ 580.54
	2. RVC	\$ 498.17
	3. Rmc	\$ 384.09

Medicaid	Quarterly Rates			
	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.
Nursing Care	\$ 169.60	\$ 170.74	\$ 174.27	\$ 167.55

Medicaid Nursing Care	NA	Rate
Special Care Unit (specify)		\$
Special Care Unit (specify)		\$

State/County Special Assistance	NA	Rate
Adult Care Home		\$
Special Care Unit (specify)		\$
Special Care Unit (specify)		\$

Please complete only if applicable:

Alzheimer's/Dementia Special Care Unit	NA	Rate
Additional cost or fee to resident		\$

(Use reverse side or separate sheet if needed)

2. Total Current Staff for Existing Facility

Do not include the following: courtesy or attending staff, private duty nurses, volunteer workers or the same employee in more than one category. These employees were on the payroll as of 9/30/2011 month/day/year.

For questions please call Certificate of Need at (919) 855-3873

	Total Facility FTE's	Total Facility Annual Consul. Hrs.
Routine Services		
Registered Nurses	4	96
Licensed Practical Nurses (LPNs)	8	
Certified Nurse Aides	30	
Medical Director	0	384
Director of Nurses	1	
Assistant Director of Nurses	1	
Staff Development Coordinator	1	
Ward Secretary	0	
Medical Records	1	
Pharmacy Consultant		192
Administration and General		
Administrator	1	
Assistant Administrator	0	
Other Office Personnel	2	
Dietary		
Licensed Dietitian	1	
Food Service Supervisor	1	
Cooks	3	
Dietary Aides	6	
Social Work Services		
Social Services Director	1	
Social Services Assistant(s)	1	
Activity Services		
Activity Director	1	
Activity Assistant(s)	1	
Housekeeping/Laundry		
Housekeeping Supervisor	1	
Laundry Supervisor	1	
Housekeeping Aides	6	
Laundry Aides	2	
Maintenance		
Maintenance Supervisor	1	
Janitors	2	
Ancillary Services <i>Contracted Service</i>		
Physical Therapist		
Rehabilitation Aide		
Respiratory Therapist		
Occupational Therapist		
Speech/Hearing Therapist		
Total Positions/Total Consultant Hours	77	288672

ADULT CARE HOME (ACH) SUPPLEMENT NA

For questions please call Adult Care Licensure at (919) 855-3765

1. Please give the number (1, 2, 3, etc.) of Adult Care residents currently in facility with a physician's diagnosis of the following: a) **Mental Illness (MI)** which includes a psychiatric illness but does not include mental retardation, developmental disabilities or Alzheimer's/Dementia; b) **Mental Retardation/Developmentally Disabled (MR/DD)** such as Downs syndrome, autism, cerebral palsy, or epilepsy; or c) **Alzheimer's Disease** or related dementia which may include multi-infarct dementia, Parkinson's Disease, Huntington's Disease, Creutzfeldt-Jakob Disease or Picks Disease. If a resident is dually diagnosed, only count the resident once, based on the primary diagnosis.

Resident Age - years	MI	MR/DD	Alzheimer's/Related Dementia
Under 35			
35 - 64			
65 - 74			
75 - 84			
85 or older			
TOTAL			

2. On September 30, 2011, number of Adult Care residents receiving Medicaid reimbursed Basic Adult Care Home Personal Care (not Enhanced): _____
3. On September 30, 2011, number of Adult Care residents receiving Medicaid reimbursed Enhanced Adult Care Home Personal Care: _____
4. On September 30, 2011, number of Adult Care residents on State/County Special Assistance (SA): _____
5. On September 30, 2011, number of private pay Adult Care residents: _____
6. Current total monthly private pay charge (average base plus add-ons if more than one price) for:

	Rate
Private Room (1 bedroom)	\$
Semi-Private (2 beds/room)	\$
3 or more beds/room	\$

7. Check any that apply:

	Number of Beds
<input type="checkbox"/> Alzheimer's <u>Special Care Unit</u> in facility [Rules 13F .1300 apply]	

This application must be completed and submitted with the license fee to the Nursing Home Licensure and Certification Section, Division of Health Service Regulation prior to the issuance of a 2012 nursing home license.

The undersigned submits this application for licensure for the year 2012 (subject to the provision of the Nursing Home Licensure Act, Article 6, Chapter 131E of the General Statutes of North Carolina and to the rules adopted thereunder by the North Carolina Medical Care Commission) and certifies the accuracy of this information.

Mistie Cooley
Name of Chief Administrative Officer

Administrator
Title

Signature: Mistie Cooley Date: 10/6/2011
(Chief Administrative Officer or Representative)

DAVID R. POLSTON • ARCHITECT



3806 Park Avenue, Suite 2L
Wilmington, North Carolina 28403
(910) 350-8900 Fax: (910) 350-0401
Email: polstonaia@bellsouth.net

September 12, 2012

Mr. Craig Smith, Chief
DHSR CON Section
809 Ruggles Drive
Raleigh, North Carolina 27603

RE: Proposed Replacement Facility
New 94 Bed Nursing Home
Skyland Care Center
Sylva (Jackson County)
License No: NH0168 Provider: 345400

Dear Mr. Smith:

We are the design architects for the proposed 94 bed replacement facility for the existing Skyland Care Center in Sylva, North Carolina. We have reviewed the feasibility of several design alternatives including relocating to a new site, renovating/adding to the existing structure and replacing the facility on the current site in phases. Based on the number of alternative sites which had inappropriate zoning, topography or adequate water for fire protection, the most feasible option is to replace the existing building with a new structure built in two phases on the same site.

The existing facility is relatively old, has approximately 30 percent of the beds housed in ward (3 and 4) bedrooms and limited activity/dining options for the residents. The building's age does not work for the implementation of new technologies and design concepts which can improve the quality of care and the quality of life for the residents. The age of the structure has also impacted the energy efficiency of the utilities and maintenance costs.

Attached is a copy of the master plan proposed for replacing the existing building on the existing site. The first phase will construct 40 new bedrooms, a new nursing unit, new activity/dining areas, new kitchen, new laundry and mechanical spaces/system which will support both construction phases when completed. After construction of the first phase, approval by DHSR Construction and relocation of the existing residents, the existing building will be demolished. The final phase will include the construction of 21 bedrooms, additional activity/dining areas, second nursing unit, therapy services and administrative offices. The overall phasing plan has been reviewed and tentatively approved by Marjorie Acker and Tammy Sylvester with DHSR Construction.

Architecture, Planning, Design.

EXHIBIT
5

The new building design is modeled on the neighborhood concept. At completion, there will be four neighborhoods centered around a common living/dining area. Each of the four living/dining areas will open onto a large central exterior courtyard. The courtyard provides controlled exterior activities such as walking, gardening and exterior dining.

The 61 new bedrooms will provide a final mix of 28 privates (28 beds) and 33 semi-private bedrooms (66 beds) for a total of 94 beds. This will be a major quality of life improvement since the existing facility does not have any privates and almost a third of the beds are in wards. Each of the new bedrooms will have a private bath/toilet with an accessible roll-in shower. This also will be a substantial improvement since all of the existing bedrooms share toilets between bedrooms and have no in-room bathing facilities.

The new plan increases the activity opportunities for the residents. In addition to the four living/day rooms, there will be a day room for multi-purpose activities and a dedicated activities room. The plan also includes a dedicated therapy suite with gym, ADL bath and OT kitchen.

The new building design will also include more efficient HVAC systems that will improve the residents' comfort. Attention will be given to higher efficiency equipment and increased insulation values.

The new addition is approximately 47,011 square feet. I would estimate the construction cost to be approximately \$105 per square foot for a total building budget of \$4,936,155. Approximately \$150,000 should be added for demolition and \$200,000 for site improvements. The architectural fees would be approximately \$225,000. Thus the total budget for new construction, demolition, site improvements and architectural fees will be approximately \$5,511,155.

In summary, the existing building has served the community well over time but now is not meeting the needs of either the residents or staff. The new plan provides improved bedroom options with more privacy and individual dignity. The neighborhood concept provides a more residential environment and helps to develop more social interaction between the residents. The construction methods will improve residents' comfort and improve the energy efficiency of the structure. The selected design has been evaluated from a functional and financial criteria and is the best option for Skyland Care Center.

I appreciate your assistance and please contact me should you have any questions.

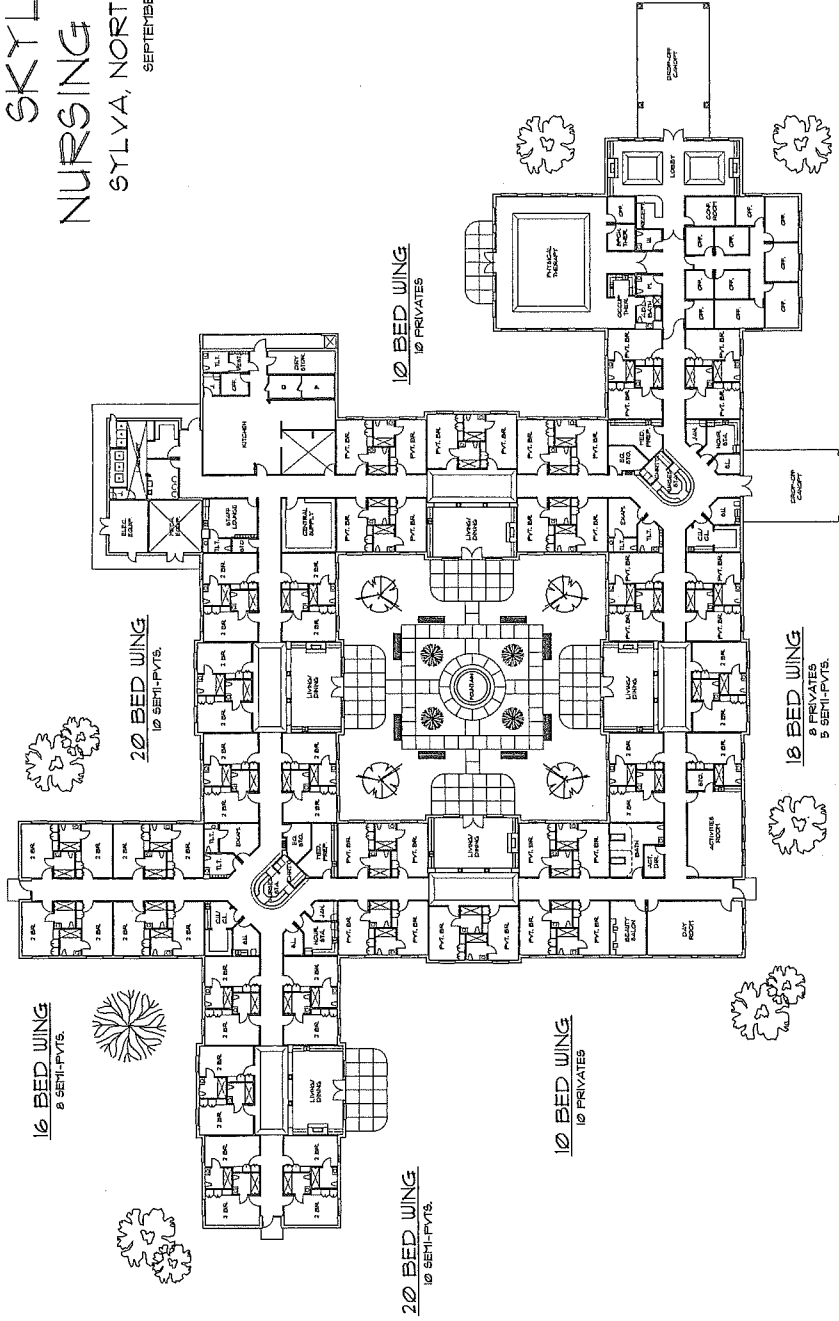
Sincerely,



David R. Polston, AIA

DRP/sp

SKYLAND
 NURSING FACILITY
 SYLVIA, NORTH CAROLINA
 SEPTEMBER 12, 2012



COMPOSITE PLAN

SCALE: 1" = 20'-0"

DAVID R. POLSTON - ARCHITECT
 3806 PARK AVENUE, SUITE 2-L
 WILMINGTON, NORTH CAROLINA 28403
 PH: (910) 350-8900 FAX: (910) 350-0401