



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

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

August 28, 2013

Charles E. Trefzger, Jr., Manager
Newport AL Holdings, LLC
Post Office Box 2568
Hickory, North Carolina 28603-2568

Exempt from Review – Acquisition of Facility


Facility: Carteret House
Acquisition by: Cornerstone Core Properties REIT, Inc.
County: Carteret
FID #: 945270


Dear Mr. Trefzger:

In response to your letter of July 31, 2013, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, Cornerstone Core Properties REIT, Inc. (Cornerstone) may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact 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 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,


Jane Rhoe-Jones
Project Analyst


Craig R. Smith, Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

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

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer



Newport AL Holdings, LLC

Post Office Box 2568
Hickory, North Carolina 28603-2568

Jane

July 31, 2013

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



**Re: Exemption Notice for Carteret House (Adult Care Home in Carteret County)
Facility ID: 945270**

Dear Mr. Smith:

Cornerstone Core Properties REIT, Inc. ("Cornerstone") is planning to acquire an adult care home in Carteret County, currently known as Carteret House (hereafter "the Facility"). The Facility is located at 3020 Market Street in Newport, North Carolina. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2013 State Medical Facilities Plan as having 64 adult care home beds (see Exhibit A).

Cornerstone 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"). Cornerstone 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 that existing health service facility (as defined in the CON statute) with 64 adult care beds.

I. THE PROPOSAL

As of this date, Newport Health Investors, LLC 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(9)(b), and Newport AL Holdings, LLC is the Licensee. Cornerstone will purchase the Facility, and the Licensee will remain Newport AL Holdings, LLC. The Facility will still be known as Carteret House.

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

Mr. Craig Smith, Chief
Certificate of Need Section
June 24, 2013
Page Two

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, the current Licensee, Newport AL Holdings, LLC, will continue to operate the Facility as an adult care home. Furthermore, Cornerstone'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(14)(o) 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 services 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 Cornerstone 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 as soon as possible. If you require additional information to consider this request, please contact us at (828) 261-7312 as soon as possible. We thank you for your consideration of this request.

Sincerely,



Charles E. Trefzger, Jr.
Manager

Enclosure

Table 11A: Inventory of Adult Care Homes (Assisted Living) Beds

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/License Pending				Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
						CON	ACH Exempt	ACH Pipeline	CON Bed Transfer				
Burke	Longview Assisted Living	0	0	63	63	0	0	0	0	0	63	0	63
Burke	McAlpine Adult Care	0	0	60	60	0	0	0	0	0	60	0	60
Burke	Morganton Long Term Care Facility	0	0	20	20	0	0	0	0	0	20	0	20
Burke	Morganton Long Term Care Facility/Southview Facility	0	0	64	64	0	0	0	0	0	64	0	64
	Burke Totals	67	0	348	415	0	0	0	0	0	415	0	415
Cabarrus	Carebridge Assisted Living Community	0	0	74	74	0	0	0	0	0	74	0	74
Cabarrus	Carenoor Retirement Center	0	0	30	30	0	0	0	0	0	30	0	30
Cabarrus	Carillon Assisted Living of Harrisburg	0	0	96	96	0	0	0	0	0	96	0	96
Cabarrus	Concord House	0	0	48	48	0	0	0	0	0	48	0	48
Cabarrus	Concord Place	0	0	112	112	0	0	0	0	0	112	0	112
Cabarrus	First Assembly Living Center	0	0	180	180	0	0	0	0	0	180	0	180
Cabarrus	Five Oaks Manor	24	0	24	24	0	0	0	0	0	24	0	24
Cabarrus	Horizon Bay Assisted Living at Concord	0	0	60	60	0	0	0	0	0	60	0	60
Cabarrus	Kannapolis Village	0	0	60	60	0	0	0	0	0	60	0	60
Cabarrus	Morningside of Concord	0	0	105	105	0	0	0	0	0	105	0	105
Cabarrus	Senior Housing Resources - St. Andrews (bed transfer from St. Andrews Living Center & St/ Andrews Center)	0	0	0	0	0	0	0	81	0	81	0	81
Cabarrus	St. Andrews Center - (closed) (bed transfer to Senior Housing Resources)	0	0	25	25	0	0	0	-25	0	0	0	0
Cabarrus	St. Andrews Living Center (bed transfer to Senior Housing Resources)	0	0	56	56	0	0	0	-56	0	0	0	0
Cabarrus	The Country Home	0	0	40	40	0	0	0	0	0	40	0	40
Cabarrus	The Gardens of Taylor Glen Retirement Community	24	0	24	24	0	0	0	0	0	24	0	24
	Cabarrus Totals	48	0	886	934	0	0	0	0	0	934	0	934
Caldwell	Camelot Manor - Brockford Inn	0	0	67	67	0	0	0	0	0	67	0	67
Caldwell	Carolina Oaks Enhanced Care Center	0	0	60	60	0	0	0	0	0	60	0	60
Caldwell	Gateway Rehabilitation and Healthcare	18	0	18	18	0	0	0	0	0	18	0	18
Caldwell	Grandview Villa Assisted Living	0	0	40	40	0	0	0	0	0	40	0	40
Caldwell	Lenoir Park	0	0	82	82	0	0	0	0	0	82	0	82
Caldwell	The Shaire Center	0	0	82	82	0	0	0	0	0	82	0	82
	Caldwell Totals	18	0	331	349	0	0	0	0	0	349	0	349
Camden	Needham Adult Care Home	0	0	24	24	0	0	0	0	0	24	0	24
	Camden Totals	0	0	24	24	0	0	0	0	0	24	0	24
Carteret	Carolina House of Morehead City	0	0	72	72	0	0	0	0	0	72	0	72
Carteret	Carteret Manor Assisted Living	0	0	110	110	0	0	0	0	0	110	0	110
Carteret	Snug Harbor on Nelson Bay	50	0	50	50	0	0	0	0	0	50	0	50
Carteret	Carteret House	0	0	64	64	0	0	0	0	0	64	0	64
	Carteret Totals	50	0	136	186	110	0	0	0	0	296	0	296
Caswell	Caswell House	0	0	100	100	0	0	0	0	0	100	0	100
Caswell	Dogwood - Blackwell Rest Home (closed)	0	0	40	40	0	0	0	-40	0	0	0	0
Caswell	Dogwood - Forest #2 - (closed)	0	0	12	12	0	0	0	-12	0	0	0	0
Caswell	Dogwood - Ronald David Home (closed)	0	0	12	12	0	0	0	-12	0	0	0	0
Caswell	Dogwood (s) - Replacement	0	0	0	0	0	0	0	64	0	64	0	64
Caswell	G. Anthony Rucker Rest Home	0	0	12	12	0	0	0	0	0	12	0	12
Caswell	Jefferson Care Home	0	0	12	12	0	0	0	0	0	12	0	12
Caswell	Pool's Rest Home	0	0	19	19	0	0	0	0	0	19	0	19
	Caswell Totals	0	0	207	207	0	0	0	0	0	207	0	207
Catawba	Abermethy Laurels	18	0	18	18	0	0	0	0	0	18	0	18
Catawba	Austin Adult Care Home	0	0	29	29	0	0	0	0	0	29	0	29
Catawba	Brian Center Health & Rehabilitation/Hickory E.	20	0	20	20	0	0	0	0	0	20	0	20
Catawba	Carillon Assisted Living of Newton	0	0	96	96	0	0	0	0	0	96	0	96
Catawba	Catawba Valley Living at Rock Barn	0	0	80	80	0	0	0	0	0	80	0	80