



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

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Division Director

October 29, 2013

Charles E. Trefzger, Jr.  
1270 25<sup>th</sup> Street Place, SE  
Hickory, NC 28602-9657

**Exempt from Review – Acquisition of Facility**

Facility: Lee's Living Center  
Acquisition by: Northlake Health Investors, LLC  
County: Mecklenburg  
FID #: 920665

Dear Mr. Trefzger:

In response to your letter of October 22, 2013 the above referenced proposed acquisition of Lee's Living Center is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Northlake Health Investors 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,

Fatimah Wilson  
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

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# Northlake Health Investors, LLC

Post Office Box 2568  
Hickory, North Carolina 28603-2568

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*Latrub*

October 22, 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

Received by  
the CON Section  
OCT 24 2013

**Re: Exemption Notice for Lee's Living Center (Adult Care Home in Mecklenburg County)  
Facility ID: 920665**

Dear Mr. Smith:

Northlake Health Investors, LLC ("Northlake Health Investors") is planning to acquire an adult care home in Mecklenburg County, currently known as Lee's Living Center (hereafter "the Facility"). The Facility is located at 9108 Reames Road in Charlotte, North Carolina. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2013 State Medical Facilities Plan as having 48 adult care home beds.

Northlake Health Investors, seeks to re-develop the facility at its current location. The purpose of this letter is to provide prior notice of the proposed re-development project, 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"). Northlake Health Investors seeks confirmation that it is permitted to re-develop the Facility as described herein without CON Review, thus preserving the Facility's existing CON rights to own that existing health service facility (as defined in the CON statute) with 48 adult care beds.

## **I. THE PROPOSAL**

As of this date, Friendship Enterprises, 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 Friendship Enterprises, LLC is the Licensee. Northlake Health Investors, LLC will re-develop the Facility at its current location, and the Licensee will be Northlake AL Holdings, LLC. The Facility will be known as Northlake 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).

Mr. Craig Smith, Chief  
Certificate of Need Section  
October 22, 2013  
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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, the Licensee, Northlake AL Holdings, LLC, will to operate the Facility as an adult care home. Furthermore, Northlake Health Investor'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 Northlake Health 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 as soon as possible. If you require additional information to consider this request, please contact us at (240) 841-2916 as soon as possible. We thank you for your consideration of this request.

Sincerely,



Charles E. Trefzger, Jr.  
Manager