



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

March 11, 2014

Susan K. Hackney  
430 Davis Drive, Suite 400  
Morrisville, NC 27560

**No Review**

Business: Alexander Hospital Investors, LLC  
Project Description: Acquisition of all shares in company by Charles Trefzger, Jr.  
County: Alexander

Dear Ms. Hackney:

The Certificate of Need Section (CON Section) received your letter of December 11, 2013, regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact the CON Section if you have any questions.

Sincerely,

Julie Halatek  
Project Analyst

Martha J. Frisone, Interim Chief  
Certificate of Need Section



**Certificate of Need Section**

[www.ncdhhs.gov](http://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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~~Hackney~~ Julie



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December 11, 2013

Susan K. Hackney  
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**Via Hand Delivery**

Mr. Craig R. Smith  
Chief, Certificate of Need Section  
Division of Health Service Regulation  
North Carolina Department of Health & Human  
Services  
809 Ruggles Drive  
Raleigh, North Carolina 27603

Re: Exemption Notice for Alexander Hospital Investors, LLC

Dear Mr. Smith:

The purpose of this letter is to provide notice to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section (the "CON Section") of the acquisition by Charles Trefzger ("Mr. Trefzger") of the membership interests of other members in Alexander Hospital Investors, LLC ("AHI"), an acute care hospital located in Alexander County. Mr. Trefzger currently owns a 19.2308% membership interest in AHI, and will acquire the remaining 80.7692% membership interest so as to own AHI completely. To the extent such acquisition requires a notice of exemption from certificate of need ("CON") review under N.C. Gen. Stat. § 131E-184(a)(8), this letter provides that notification.

I. THE PROPOSAL

In mid-December, Mr. Trefzger will become the sole member of AHI through the acquisition of 80.7692% of the membership interests. The current owners of AHI are listed in Exhibit A by percentage of ownership. Mr. Trefzger seeks confirmation that he is permitted to acquire the membership interests in AHI as described herein without CON Review and that AHI's existing CON rights to own that existing health service facility (as defined in the CON statute) will remain after the transaction.

Mr. Craig R. Smith  
Chief, Certificate of Need Section  
December 11, 2013  
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II. EXEMPTION NOTICE

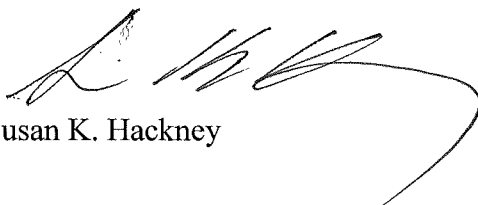
Under North Carolina law, a CON is required prior to offering or developing a “new institutional health service.” A “[n]ew institutional health service” includes a variety of services and activities, including the establishment of a hospital.<sup>1</sup> However, the North Carolina General Assembly has exempted certain types of proposals from CON review under N.C. Gen. Stat. § 131E-184, including the acquisition of an existing health service facility, including equipment owned at the time of acquisition.<sup>2</sup>

In this transaction, Mr. Trefzger will be acquiring 80.7692% of the membership interests of an existing “health service facility” to become its sole member. Even if viewed as an acquisition of AHI, the proposed transaction 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) except in conjunction with the acquisition of the entire health care facility.

Thus, given that the transaction involves only the acquisition of the membership interests of AHI, in our view it is neither subject to CON review nor does it require an exemption from CON review under N.C. Gen. Stat. § 131E-184. Nonetheless, should the Section disagree, this letter is intended to constitute notice to the Section under N.C. Gen. Stat. § 131E-184 of an exempt transaction. Based on the foregoing information, we hereby request the Agency’s confirmation that the transaction described above is not subject to review or is exempt from CON review under N.C. Gen. Stat. §131E-184(a)(8).

If you require additional information, please contact us at the above number. Thank you in advance for your review of this notice.

Sincerely,

  
Susan K. Hackney

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<sup>1</sup> See N.C. Gen. Stat. § 131E-176(9b).

<sup>2</sup> See N.C. Gen. Stat. § 131E-184(a)(8).

Mr. Craig R. Smith  
Chief, Certificate of Need Section  
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**EXHIBIT A**

Current Ownership of AHI by %

John Earl	7.6923%
James Hodges	7.6923%
David Jones	19.2308%
Ranier MacGuire	7.6923%
Norman McDonald	7.6923%
Reginald Moore	7.6923%
Brian Steg	7.6923%
William Thompson	7.6923%
Charles Trefzger	19.2308%
William Young	7.6923%