



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

January 8, 2015

Frank Kirschbaum  
Wyrick Robbins Yates & Ponton LLP  
4101 Lake Boone Trail, Suite 300  
Raleigh, NC 27607

**Exempt from Review – Acquisition of Facility**

Facility: Mebane Ridge Assisted Living  
Type of Facility: Adult Care Home  
Acquisition by: Mebane Ridge Assisted Living, LLC  
County: Alamance  
FID #: 130248

Dear Mr. Kirschbaum:

In response to your letter of December 17, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, Mebane Ridge Assisted Living, 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 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,

Celia C. Inman  
Project Analyst

Martha J. Frisone, Assistant Chief  
Certificate of Need

cc: Construction Section, DHSR  
Adult Care Licensure Section, DHSR  
Assistant Chief, Healthcare Planning



**Healthcare Planning and Certificate of Need Section**

www.ncdhhs.gov

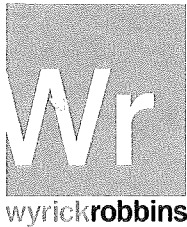
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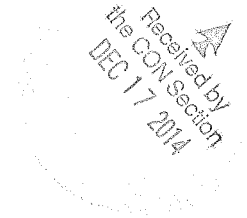


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FRANK KIRSCHBAUM  
fkirschbaum@wyrick.com

December 17, 2014



**VIA HAND DELIVERY**

Martha Frisone  
Interim Chief, Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Service Center  
Raleigh, NC 27699-2704

Re: **Notice of Reorganization**  
**Alamance Manor Assisted Living - Project I.D. No. G-8220-08**

Dear Martha:

We write on behalf of Mebane Ridge Assisted Living, LLC (“Mebane Ridge”). The purpose of this letter is to advise the Certificate of Need Section (“CON Section”) of an impending reorganization that will impact Alamance Manor Assisted Living, LLC (“Alamance Manor”) and Hedgehog Land Investment, LLC (“Hedgehog”), the holders of a Certificate of Need (the “CON”) assigned to Alamance Manor Assisted Living.

The CON Section issued the CON on or about March 24, 2009, authorizing the building of a new 125-bed adult home care facility, including a 32-bed dedicated Alzheimer’s unit, to replace the Graham Manor facility. A declaratory ruling received in January 2013 authorized the relocation of the facility to its present address in Mebane, North Carolina. As of the present date, Alamance Manor Assisted Living is fully licensed and operational. Therefore, the project is complete.

On or before December 31, 2014, Mebane Ridge will have acquired one hundred percent (100%) of the outstanding membership interests in Alamance Manor and Hedgehog, such that Mebane Ridge is now the sole owner of both entities.

In light of this acquisition and common ownership, Mebane Ridge intends to transfer all of Alamance Manor’s and Hedgehog’s respective assets and liabilities to Mebane Ridge and to assume all responsibilities associated with Alamance Manor Assisted Living. Once the transfer is complete, Mebane Ridge will dissolve Alamance Manor and Hedgehog. Because Mebane Ridge is the sole member of both entities, the foregoing transactions will in effect result in a reorganization of the three entities, rather than an actual change in ownership. Following the reorganization, residents at Alamance Manor Assisted Living will not experience any change in

Martha Frisone  
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the services provided, and Mebane Ridge will materially comply with all conditions placed on the CON by DHHS.

For the reasons described below, Mebane Ridge understands that the transfer of assets and dissolution of Alamance Manor and Hedgehog will not constitute a transfer of ownership or provide grounds for withdrawal of the CON. Nevertheless, out of an abundance of caution, Mebane Ridge submits this letter as notice of its intended actions and its position regarding the impact of the reorganization on Alamance Manor Assisted Living.

Ownership of a CON is generally transferred when any person acquires a CON from the holder by purchase or any comparable arrangement. *See* 10A NCAC 14C .0502(b). In the event the transfer of ownership occurs *before* completion of the project or operation of the facility, DHHS may immediately withdraw any CON. *See* N.C. Gen. Stat. § 131E-189(c). In contrast, where the transfer occurs *after* completion of the project or operation of the facility, the transfer is not grounds for withdrawal, as long as the service will be provided consistent with the representations made in the application and the conditions DHHS placed on the CON. *See id.* *See also* 10A NCAC 14C .0502(e). **Notwithstanding the foregoing, ownership of a CON is not transferred when the identity of the holder of a CON changes because of a reorganization. *See* 10A NCAC 14C .0502.**

In the present case, Mebane Ridge will acquire the CON by virtue of a reorganization, and not a purchase or similar transaction. As the regulations clearly state, such a reorganization is not considered a transfer of ownership or control of the facility or the CON. *See* 10A NCAC 14C .0502. Moreover, even if the reorganization could be viewed as a transfer of ownership or control, there would be no grounds for withdrawal of the CON because the reorganization is occurring after completion of the project and operation of the facility, and the service at Alamance Manor Assisted Living will be provided consistent with the CON application and all related conditions. *See* § 131E-189(c).

Accordingly, through this letter, Mebane Ridge requests that the CON Section confirm that the proposed reorganization is appropriate and that the CON Section will not seek to withdraw the CON upon the dissolution of Alamance Manor and Hedgehog. Mebane Ridge further requests confirmation that the CON Section will recognize Mebane Ridge as the holder of the CON and that no additional steps are necessary to effectuate such change in identity. Mebane Ridge would like to proceed with the reorganization as soon as possible, and looks forward to receiving your response. Please let us know if further information would assist you in your assessment of this request.

Thank you for your attention to this matter, and please do not hesitate to contact me with any questions.

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With best regards.

Sincerely,

WYRICK ROBBINS YATES & PONTON LLP

A handwritten signature in black ink, appearing to read 'Frank Kirschbaum', with a long horizontal flourish extending to the right.

Frank Kirschbaum