



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

November 14, 2019

Susan K. Hackney
Susan.hackney@klgates.com

No Review

Record #: 3134
Facility Name: The Crossings at Greensboro
FID #: 160498
Business Name: Greensboro AL Investors, LLC / Greensboro Operations, LLC
Business #: 2482 / 2483
Project Description: Change in indirect ownership structure
County: Guilford

Dear Ms. Hackney:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence 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 that correspondence is not governed by, and therefore, does not currently require a certificate of need. 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.

You may need to contact the Agency's Adult Care Licensure Section to determine if they have any requirements for development of the proposed project.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office.

Please do not hesitate to contact this office if you have any questions.

Sincerely,

Celia C. Inman

Celia C. Inman
Project Analyst

Martha J. Frisone

Martha J. Frisone
Chief

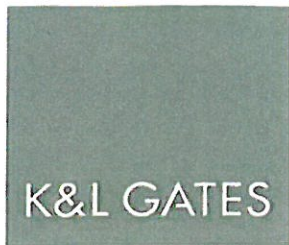
cc: Adult Care Licensure Section, DHSR

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704
https://info.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



Susan K. Hackney
Susan.hackney@klgates.com
919.466.1195

November 7, 2019

Via E-Mail: disraeliza.flores@dhhs.nc.gov

Martha J. Frisone, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
N.C. Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603

RE: Material Compliance regarding The Crossings at Greensboro (Project ID G-11269-16), Guilford County

Dear Ms. Frisone:

This letter is a material compliance request to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need (“CON”) Section (the “Agency”) regarding an ownership change for The Crossings at Greensboro (the “Crossings” or the “Facility”). We represent the applicants, Greensboro AL Investors, LLC and Greensboro Operations, LLC (collectively the “Applicants”) for the Crossings, Project I.D. No. G-11269-16. The Applicants were approved to acquire and relocate a 92-bed adult care home facility to a new facility. The CON was issued on February 28, 2017. See Exhibit 1.

The Crossings’ CON application proposed that Greensboro AL Investors, LLC would own the Facility with the following members:

- James Smith with a 75% interest in Greensboro AL Investors, LLC; and
- Hunter Smith with a 25% interest in Greensboro AL Investors, LLC.

The Crossings’ CON Application also proposed that Greensboro Operations, LLC would lease the Facility with the following members:

- James Smith with a 75% interest in Greensboro Operations, LLC; and

- Hunter Smith with a 25% interest in Greensboro Operations, LLC.

Greensboro AL Investors, LLC and Greensboro Operations, LLC are exploring ownership changes and would like to confirm that any such change would not be viewed as a material change. For example, one option is the following ownership structure:

- Greensboro AL Investors, LLC will be 100% owned by SP Greensboro, LLC. Smith/Packett Med-Com, LLC will continue to manage Greensboro AL Investors, LLC and James Smith is an 80% owner of Smith/Packett Med-Com, LLC; and
- Hunter Smith will become the sole member of Greensboro Operations, LLC with 100% ownership.

The membership of Greensboro AL Investors, LLC and Greensboro Operations, LLC is being changed to allow a different ownership structure. The CON holder will remain as Greensboro AL Investors, LLC and Greensboro Operations, LLC. This is simply an intra-organizational restructuring of Greensboro AL Investors, LLC and an intra-family reorganization for Greensboro Operations, LLC.

The Applicants therefore ask the Agency to verify that such a change would not be a material change for purposes of N.C. Gen. Stat. § 131E-181(a), and is otherwise permissible. The Applicants intend to deliver the same high quality care to their adult care residents as proposed in the application. The proposed restructuring will not result in a cost overrun, additional or different health services, or higher patient charges. Harmony Senior Services will manage the Facility as proposed in the Crossings' CON application.

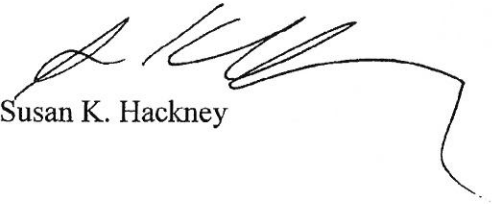
To the extent that the Agency determines the ownership change described above to be a transfer of the Crossings' CON, we will subsequently request a "good cause" transfer of this CON under N.C. Gen. Stat. § 131E-189 and 10A N.C.A.C. 14C.0502. Good cause exists because, as explained above, there will be no material change in the CON holder, other than the change in membership. As also explained above, all material CON application representations remain intact.

We therefore ask the Agency to verify that the changes to the ownership structure of the applicants materially comply with the representations in the Crossing's CON Application, and would not be subject to CON review.

Martha J. Frisone, Chief
November 7, 2019
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Thank you for your assistance in regard to this matter. If you have any questions or need further information, please feel free to contact me at the number above.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan K. Hackney". The signature is stylized with a large, sweeping flourish that extends to the right and then loops back down.

Susan K. Hackney

Martha J. Frisone, Chief
November 7, 2019
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Exhibit

1. CON issued February 28, 2017

STATE OF NORTH CAROLINA

*Department of Health and Human Services
Division of Health Service Regulation*

CERTIFICATE OF NEED

for

Project ID #: G-11269-16

FID #: 160498

**ISSUED TO: Greensboro AL Investors, LLC and Greensboro Operations, LLC
533 Meadowmont Village Circle
Chapel Hill, NC 27517**

Pursuant to N.C. Gen. Stat. §131E-175, the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein, as documented by the periodic progress reports required by 10A NCAC 14C .0209. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. §131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. §131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. §131E-189 for any of the reasons provided in that law.

SCOPE: Acquisition and relocation of a 92-bed adult care home facility to a new facility which will include a 44-bed special care unit for patients with Alzheimer's disease and dementia / Guilford County

CONDITIONS: See Reverse Side

**PHYSICAL LOCATION: The Crossings at Greensboro
3404 Whitehurst Road
Greensboro, NC 27410**

MAXIMUM CAPITAL EXPENDITURE: \$12,526,882

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: July 1, 2017

This certificate is effective as of the 28th day of February, 2017


Martha J. Frisone, Assistant Chief

CONDITIONS:

1. Greensboro AL Investors, LLC and Greensboro Operations, LLC shall materially comply with all representations made in the certificate of need application.
2. Greensboro AL Investors, LLC and Greensboro Operations, LLC shall relocate no more than 92 ACH beds from Arbor Care Assisted Living to its proposed facility, The Crossings at Greensboro, for a facility total of no more than 92 ACH beds, which may include a 44-bed special care unit.
3. For the first two years of operation following completion of the project, The Crossings at Greensboro shall not increase actual private pay charges more than 5% of the projected private pay charges provided in Section X of the application, without first obtaining a determination from the Agency that the proposed increase is in material compliance with the representations in the certificate of need application.
4. Greensboro AL Investors, LLC and Greensboro Operations, LLC shall provide care to recipients of State/County Special Assistance with Medicaid consistent with the representations made in Section VI.2.
5. Greensboro AL Investors, LLC and Greensboro Operations, LLC shall develop and implement an energy efficiency and sustainability plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
6. Greensboro AL Investors, LLC and Greensboro Operations, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Agency on February 28, 2017.

TIMETABLE:

Final Drawings Submitted to the Construction Section, DHSR _____ July 1, 2017
Final Drawings Approved by the Department of Insurance _____ November 2, 2017
Approval of Site by the Construction Section, DHSR _____ March 15, 2018
50% Completion of Construction _____ August 4, 2018
Licensure of Facility _____ January 1, 2019