



North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Office of the Director

2701 Mail Service Center • Raleigh, North Carolina 27699-2701  
<http://www.ncdhhs.gov/dhst/>

Pat McCrory  
Governor

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

Drexdal Pratt, Director  
Phone: 919-855-3750  
Fax: 919-733-2757

March 26, 2013

Neil Hoffman  
Arnall, Golden, and Gregory, LLP  
171 17th Street Northwest  
Atlanta, GA 30363

**No Review**

Facility or Business: Falls River Village Assisted Living Community  
Project Description: Change in ownership interests in parent company  
County: Wake  
FID #: 980579

Dear Mr. Hoffman:

The Certificate of Need Section (CON Section) received your letter of March 14, 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.

Moreover, you need to contact the Adult Care Licensure Section of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed project.

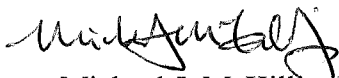
It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by 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.



Mr. Hoffman  
March 26, 2013  
Page 2

Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Michael J. McKillip, Project Analyst



Craig R. Smith, Chief  
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR

*note*

March 14, 2013

**VIA FEDERAL EXPRESS**

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

Re: North Carolina Assisted Living Facilities / New Indirect Parent Entities

Dear Mr. Smith:

This letter is to inform you of a proposed interest transfer involving the facilities listed on Exhibit A (the "Facilities"), which will result in new indirect parent entities above the operators and real estate owners of the Facilities. This interest transfer is scheduled to occur on or about May 31, 2013. Senior Lifestyle Corporation will continue to provide management services for the facilities.

As reflected in the enclosed diagram at Exhibit B, there will be no change to the operators as the licensees, no change to the real estate entities themselves, and no change to the intermediate entities. The interest transfer will take place three (3) levels above the operators in the corporate structure. The operators will continue to exist, and their federal tax identification number will not change. In addition, other than changes resulting in the ordinary course of business, there is no current intention to replace the facility staff for the operators, and the facilities' day-to-day operations should not be impacted. Please note that the transaction involves operators and real estate holders in multiple states, and we are happy to provide additional details, if necessary.

It is our understanding that the proposed changes described above and reflected on the diagram would not constitute a change of ownership that would require certificate-of-need review, that no additional filings are required prior to these changes taking place, and that we may proceed with consummating the proposed changes. We will provide post-closing notice to your office once the changes occur along with specific information pertaining to the post-closing ownership structure. **We respectfully request a letter or email acknowledgment from your office confirming our understanding.**


For your convenience, I have enclosed a stamped, self-addressed envelope and a copy of this letter for your signature in the space provided below indicating confirmation of our understanding as provided above.

5342272v1

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

Sincerely,

ARNALL GOLDEN GREGORY LLP



Neil W. Hoffman, J.D., Ph.D.

Enclosures

cc: Ms. Christina Firth  
Hedy S. Rubinger, Esq.  
Monica Knake, Esq.

**NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF HEALTH SERVICE REGULATION  
CERTIFICATE OF NEED SECTION**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

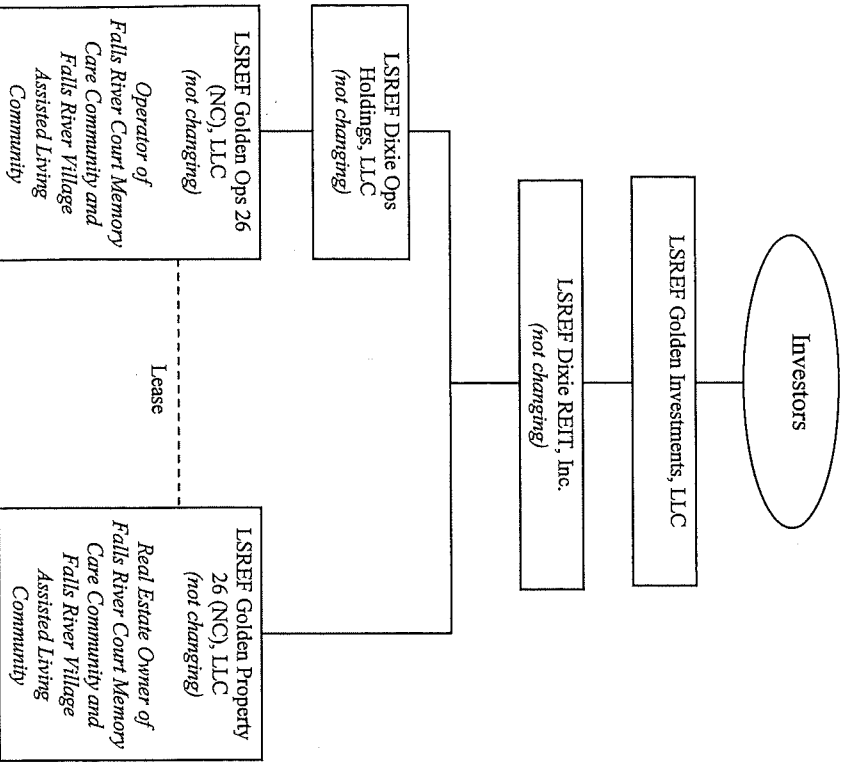
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT A**  
**FACILITY OPERATORS**

Facility Name and Address	Facility Type	Facility Operator
Falls River Court Memory Care Community 1130 Falls River Avenue Raleigh, North Carolina 27614	Adult Care Home 980 873	LSREF Golden Ops 26 (NC), LLC
Falls River Village Assisted Living Community 1110 Falls River Avenue Raleigh, North Carolina 27614	Adult Care Home 980 579	LSREF Golden Ops 26 (NC), LLC

**CURRENT STRUCTURE (NC)**



**PROPOSED STRUCTURE (NC)**

