



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

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Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

August 10, 2016

J. Melvin Deaton
Post Office Box 2568
Hickory, North Carolina 28603-2568

Exempt from Review – Acquisition of Facility

Record #: 2014
Facility Name: East Towne
Type of Facility: Adult Care Home
FID #: 920341
Acquisition by: Charlotte Propco Holdings, LLC
Business #: 2446
County: Mecklenburg

Dear Mr. Deaton:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of July 28, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, Charlotte Propco Holdings, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Agency’s Adult Care Licensure Section 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,

Gloria C. Hale
Project Analyst

Martha J. Frisone
Assistant Chief, Certificate of Need

Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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

Charlotte Propco Holdings, LLC

*Post Office Box 2568
Hickory, North Carolina 28603-2568*

July 28, 2016



Ms. Martha Frisone, Assistant Chief
Certificate of Need Section
Division of Health Service Regulation
Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

**Re: Exemption Notice for East Towne (Adult Care Home in Mecklenburg County)
FID#: 920341; Facility License No.: HAL-060-077**

Dear Ms. Frisone:

Charlotte Propco Holdings, LLC (“Charlotte Propco Holdings”) is planning to acquire an adult care home in Mecklenburg County, currently known as East Towne (hereafter “the Facility”). The Facility is located at 4815 North Sharon Amity Road in Charlotte, North Carolina. The Facility is listed in the “Inventory of Adult Care Home Beds” in the 2016 State Medical Facilities Plan as having 120 adult care home beds.

Charlotte Propco Holdings is seeking to purchase the Facility through a purchase and sale agreement. The purpose of this letter is to provide prior notice of this acquisition, 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”). Charlotte Propco Holdings seeks confirmation that it is permitted to acquire the Facility as described herein without CON Review, thus acquiring the Facility’s existing CON rights to own that existing health service facility (as defined in the CON statute) with 120 adult care beds.

I. THE PROPOSAL

As of this date, DePaul Adult Care Communities Inc., 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 DePaul Adult Care Communities Inc., is the Licensee. Charlotte Propco Holdings will purchase the Facility, and the Licensee will be Charlotte Opco Holdings, LLC. The Facility will still be known as East Towne.

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).

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

Ms. Marth Frisone, Assistant Chief
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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).

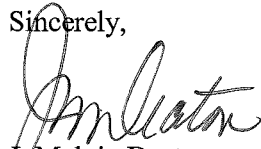
This project involves only the acquisition of an existing adult care home, which falls within the purview of the statutory definition of "health service facility." After acquisition, the Licensee, Charlotte Opco Holdings, LLC, will operate the Facility as an adult care home. Furthermore, Charlotte Propco Holding'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 Charlotte Propco Holdings 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 (828) 261-7318 as soon as possible. We thank you for your consideration of this request.

Sincerely,



J. Melvin Deaton
Executive Assistant