

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

Pat McCrory  
Governor

Richard O. Brajer  
Secretary DHHS

Mark Payne  
Assistant Secretary for Audit and  
Health Service Regulation

February 29, 2016

Teresa L. Salamon  
Genesis HealthCare  
101 East State Street  
Kennett Square, PA 19348

**Exempt from Review – Acquisition of Facility**

**Record #:** 1883  
**Facility Name:** Salisbury Center  
**Type of Facility:** Nursing Home  
**FID #:** 923354  
**Acquisition by:** 710 Julian Road Property, LLC  
**Business #:** 2356  
**County:** Rowan

Dear Ms. Salamon:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of January 26, 2016 and emails of February 26, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, 710 Julian Road Property, 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 Nursing Home Licensure and Certification 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.



**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

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

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

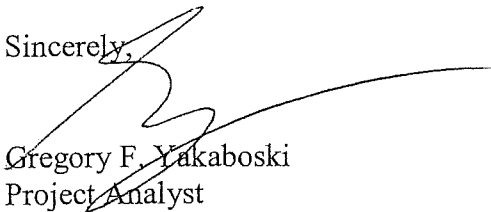
Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

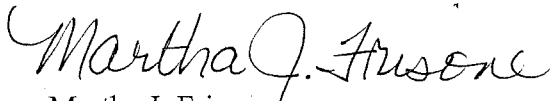
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Teresa L. Salamon  
February, 29, 2016  
Page 2

Sincerely,

  
Gregory F. Yakaboski  
Project Analyst

  
Martha J. Frisone,  
Assistant Chief, Certificate of Need

cc: Construction Section, DHR  
Nursing Home Licensure and Certification Section, DHR  
Kelli Fisk, Program Assistant, Healthcare Planning, DHR

## Yakaboski, Greg

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**From:** Salamon, Teresa <Teresa.Salamon@GenesisHCC.com>  
**Sent:** Friday, February 26, 2016 5:12 PM  
**To:** Yakaboski, Greg  
**Subject:** RE: Mooresville Center and Salisbury Center- Certificate of Need

Greg,

The address is below and you can add me as the point of contact for both properties. Will you be sending a response letter approving the exemption request.

Thanks and enjoy your weekend too.

Teri

Teresa L. Salamon  
VP and Deputy General Counsel—Health Care and Regulatory  
Genesis HealthCare  
101 East State Street  
Kennett Square, PA 19348  
610-925-4129 office  
610-716-0863 cell  
(610) 335-4453 (fax)

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**From:** Yakaboski, Greg [mailto:greg.yakaboski@dhhs.nc.gov]  
**Sent:** Friday, February 26, 2016 5:05 PM  
**To:** Salamon, Teresa <Teresa.Salamon@GenesisHCC.com>  
**Subject:** RE: Mooresville Center and Salisbury Center- Certificate of Need

Teri,

Could you please send over the address and mailing address (if different) and a point of contact with a phone number for both 550 Glenwood Property, LLC and 71- Julian Road Property, LLC.

I need the information to create a new business entity for our computers so we can keep track.

Hope you enjoy the weekend.

Thanks,  
Greg

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**From:** Salamon, Teresa [mailto:Teresa.Salamon@GenesisHCC.com]  
**Sent:** Friday, February 26, 2016 3:23 PM

**To:** Yakaboski, Greg <[greg.yakaboski@dhhs.nc.gov](mailto:greg.yakaboski@dhhs.nc.gov)>  
**Subject:** RE: Mooresville Center and Salisbury Center- Certificate of Need

Greg,

The Mooresville Center will be acquired by 550 Glenwood Property LLC.

The Salisbury Center will be acquired by 710 Julian Road Property LLC.

Thank you,  
Teri

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**From:** Yakaboski, Greg [<mailto:greg.yakaboski@dhhs.nc.gov>]  
**Sent:** Friday, February 26, 2016 2:05 PM  
**To:** Salamon, Teresa <[Teresa.Salamon@GenesisHCC.com](mailto:Teresa.Salamon@GenesisHCC.com)>  
**Subject:** RE: Mooresville Center and Salisbury Center- Certificate of Need

Teri,

Thanks. That clarifies and confirms my understanding. Please provide the name of the Genesis subsidiary that will purchase the Mooresville Center health service facility and the same for the Salisbury Center health service facility.

Greg

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**From:** Salamon, Teresa [<mailto:Teresa.Salamon@GenesisHCC.com>]  
**Sent:** Friday, February 26, 2016 1:51 PM  
**To:** Yakaboski, Greg <[greg.yakaboski@dhhs.nc.gov](mailto:greg.yakaboski@dhhs.nc.gov)>  
**Subject:** RE: Mooresville Center and Salisbury Center- Certificate of Need

Greg,

I answered your questions below in red. Please let me know if you have other questions.

Thanks,  
Teri

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**From:** Yakaboski, Greg [<mailto:greg.yakaboski@dhhs.nc.gov>]  
**Sent:** Friday, February 26, 2016 1:39 PM  
**To:** Salamon, Teresa <[Teresa.Salamon@GenesisHCC.com](mailto:Teresa.Salamon@GenesisHCC.com)>  
**Subject:** RE: Mooresville Center and Salisbury Center- Certificate of Need

Teresa  
Thank you for the additional information.

So, just so I make sure I completely understand the current arrangement- When Genesis's lease to operate both facilities (Mooresville Center and Salisbury Center) expires, the owner, Diamond Senior Living, LLC could simply choose to enter into an operating and management lease with a completely new entity and Genesis would no longer be involved in any manner with either of the two facilities...correct? Yes provided that they could get a new licensed operator.

On a different point- the Buyer (101 Development Group, LLC, which is a Genesis subsidiary) is currently in contract with Diamond Senior Living, LLC to buy both health service facilities... correct? Is 101 Development even going to actually "close" on the health service facilities or is 101 Development going to "assign" it rights at the closing table to two new Genesis subsidiaries (guessing a separate one for each healthcare facility) and each of those two new Genesis subsidiaries will "close" two separate sales with Diamond Senior Living, LLC? 101 Development will assign the rights to subsidiaries which will then lease to the respective operators. This will all happen simultaneously at one closing.

Thanks, Greg

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**From:** Salamon, Teresa [<mailto:Teresa.Salamon@GenesisHCC.com>]  
**Sent:** Friday, February 26, 2016 11:19 AM  
**To:** Yakaboski, Greg <[greg.yakaboski@dhhs.nc.gov](mailto:greg.yakaboski@dhhs.nc.gov)>  
**Subject:** RE: Mooresville Center and Salisbury Center- Certificate of Need

Greg,

Thank you for the call. I hope I was able to answer your questions so that you have a clear understanding of the proposed transaction. In summary it is our intention to acquire the facilities (Mooresville and Salisbury) in their entirety (the existing health service facility, including equipment owned by the health service facility) and as a result Diamond will no longer have an interest in the ownership. You asked what licenses each facility holds.

550 Glenwood Drive Operations LLC dba Mooresville Center holds a SNF license for 130 beds and an ALF license for 30 beds.

710 Julian Road Operations LLC dba Salisbury Center hold a SNF license for 160 beds and an ALF license for 20 beds.

I am available for any additional questions for the rest of the day. Please email me with a time and I can call you back as needed.

Thanks you for your assistance,  
Teri

Teresa L. Salamon  
VP and Deputy General Counsel—Health Care and Regulatory  
Genesis HealthCare  
101 East State Street  
Kennett Square, PA 19348  
610-925-4129 office  
610-716-0863 cell  
(610) 335-4453 (fax)

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**From:** Yakaboski, Greg [<mailto:greg.yakaboski@dhhs.nc.gov>]  
**Sent:** Friday, February 26, 2016 10:04 AM  
**To:** Salamon, Teresa <[Teresa.Salamon@GenesisHCC.com](mailto:Teresa.Salamon@GenesisHCC.com)>  
**Subject:** Mooresville Center and Salisbury Center- Certificate of Need

Dear Ms. Salamon,

This is Greg Yakaboski. I am the Project Analyst with the Certificate of Need Section handling your letter dated January 26<sup>th</sup> re: the Mooresville Center and the Salisbury Center. I have a couple of quick questions. I called your office and understand that you are working from home today. Would it be possible for us to talk briefly on the phone today?

One question is the relationship, if any, between the current owner of the real property (Diamond Senior Living, LLC) and either Mooresville Center, Salisbury Center or Genesis HealthCare itself.

My direct line is 919-855-4664.

Thank you,  
Greg Yakaboski, Project Analyst

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Genesis HealthCare<sup>SM</sup>

101 East State Street  
Kennett Square, PA 19348  
610-444-6350

January 26, 2016

VIA Email and Federal Express

Martha Frisone, Assistant Section Chief  
North Carolina Division of Health Service Regulations  
2704 Mail Service Center  
Raleigh, NC 27699-2704



**Re: 550 Glenwood Operations LLC, a North Carolina limited liability company doing business as Mooresville Center; and**

**710 Julian Road Operations LLC, a North Carolina limited liability company doing business as Salisbury Center**

Dear Ms. Frisone:

This letter follows several conversations I had with Ms. Fatimah Wilkson some time ago related to a proposed transaction which is described in detail below. Per my conversations with Ms. Wilkson, we hereby provide notice of the proposed transaction and request an exemption from Certificate of Need review. We file this letter in accordance with North Carolina General Statutes 131E, Article 9, 175-190 and North Carolina Administrative Rules 10A NCAC Subchapter 14C.

The proposed transaction will involve a sale of the real property on which the two licensed facilities referenced above are located but will not cause a change to either of the licensed entities that currently operate those facilities. More specifically, a Genesis HealthCare subsidiary, 101 Development Group, LLC, a Delaware limited liability company ("Buyer"), has agreed to purchase from the current real property owner, Diamond Senior Living, LLC, the real property of the two facilities currently licensed and operated by Genesis HealthCare subsidiaries (the "Facilities"). At the time of the transaction, the Buyer will assign its property rights to newly formed Genesis HealthCare subsidiaries who will enter into leases directly with the Facilities. The transfer of the properties will not establish a new health facility, is not an acquisition by the Facilities, and will not cause a replacement or addition of equipment to the Facilities.

Furthermore, the transfer will not result in an increase in health care costs, nor will it change health services provided by the Facilities as they currently exist. Accordingly, we understand this transaction does not trigger a need for a Certificate of Need pursuant to North Carolina General Statutes 131E, Article 9, 175.

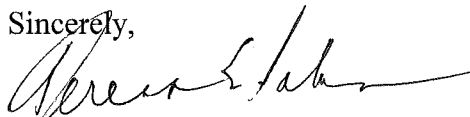
1. **Description of Transaction.** The proposed transaction is scheduled to occur on or around February 29, 2016 pending regulatory approvals.

- a. **Mooreville Center.** Mooreville Center is located in Iredell County at 550 Glenwood Drive, Mooreville, NC 28115. The current real estate owner of the Facility is Diamond Senior Living, LLC. Diamond Senior Living, LLC leases the property to Genesis Diamond Operations LLC through a Master Lease. Genesis Diamond Operations LLC in turn subleases the property to 550 Glenwood Operations LLC through a Sub Lease Agreement. Both the Master Lease and the Sub Lease will be terminated at the time of the Transaction pursuant to a Lease Termination Agreement. At the time of the Transaction, the Buyer will assign its property rights to the new real estate owner of the Facility, 550 Glenwood Property LLC (Owner). Owner will lease the property to Mooreville Center.
  
- b. **Salisbury Center.** Salisbury Center is located in Rowan County at 710 Julian Road, Salisbury, NC 28147. The current real estate owner of the Facility is Diamond Senior Living, LLC. Diamond Senior Living, LLC leases the property to Genesis Diamond Operations LLC through a Master Lease. Genesis Diamond Operations LLC in turn subleases the property to 710 Julian Road Operations LLC through a Sub Lease Agreement. Both the Master Lease and the Sub Lease will be terminated at the time of the Transaction pursuant to a Lease Termination Agreement. At the time of the Transaction, the Buyer will assign its property rights to the new real estate owner of the Facility, 710 Julian Road Property LLC (Owner). Owner will lease the property to Salisbury Center.

We understand that by providing this notice, the entities involved will be exempt from the North Carolina Certificate of Need review and no further action is necessary to go forward with the transaction. If that understanding is inaccurate for any reason, please notify me right away because as mentioned above, the parties expect the transaction to close on or around February 29, 2016.

Thank you for your attention to this matter. Should you have questions, please do not hesitate to contact me at 610-925-4129.

Sincerely,



Teresa L. Salamon, Esq.  
VP and Deputy General Counsel

cc. Mr. Greg Yakaboski, Project Analyst, Iredell County and Rowan County via email at:  
[Greg.Yakaboski@dhhs.nc.gov](mailto:Greg.Yakaboski@dhhs.nc.gov)