



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

February 13, 2017

Terrill Harris
Smith Moore Leatherwood
300 N. Greene Street, Suite 1400
Greensboro, NC 27401

Exempt from Review – Acquisition of Facility

Record #: 2161
Facility Name: Legacy Heights Senior Living Community
Type of Facility: Adult Care Home
FID #: 960608
Acquisition by: Morningside of Concord, LLC
Business #: 2567
County: Mecklenburg

Dear Ms. Harris:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of February 1, 2017, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, Morningside of Concord, 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 N.C. Gen. Stat. §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

TELEPHONE 919-855-3873

LOCATION: EDGERTON BUILDING • 809 RUGGLES DRIVE • RALEIGH, NC 27603

MAILING ADDRESS: 2704 MAIL SERVICE CENTER • RALEIGH, NC 27699-2704

AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER



Sincerely,



Gloria C. Hale
Project Analyst



Martha J. Frisone
Assistant Chief, Certificate of Need

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

February 1, 2017

VIA FEDERAL EXPRESS AND E-MAIL

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



RE: Notice of Exempt Acquisition of Legacy Heights Senior Living Community

Facility: Legacy Heights Senior Living Community

License Number: HAL-060-097

Dear Martha:

This letter is to provide prior written notice, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), that Five Star Quality Care – OBX Owner, LLC plans to transfer ownership of the property and existing, licensed adult care home located at 11230 Ballantyne Trace Court, Charlotte, Mecklenburg County, North Carolina 28277 (the “Facility”) to Morningside of Concord, LLC, a Delaware limited liability company. This transfer is part of an internal reorganization and refinancing transaction by Five Star Quality Care, Inc., a Maryland corporation (“Five Star”). Five Star is a NASDAQ listed company that owns and operates senior living facilities in a number of states through its wholly-owned subsidiaries. Both Five Star Quality Care – OBX Owner, LLC, and Morningside of Concord, LLC are subsidiaries of Five Star.

The Facility is currently leased and operated by Five Star Quality Care – OBX Operator, LLC, which conducts business under the name of Legacy Heights Senior Living Community (the “Licensee”). The Facility is licensed by the North Carolina Department of Health and Human Services, Division of Health Service Regulation as an adult care home with 122 beds under license number HAL-060-097. See Exhibit A for a copy of the Facility’s current license. After the closing of the transaction, Morningside of Concord, LLC will own and operate the Facility. The transaction does not involve any changes in the number of beds or the services being provided at the Facility.

Because this transaction is scheduled to close in late February, we would appreciate receiving your confirmation as soon as possible that the acquisition described above is exempt from certificate of need review pursuant to N.C. Gen. Stat. § 131E-184(a)(8). We appreciate your consideration of and attention to this request.

Martha Frisone, Assistant Section Chief
February 1, 2017
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Should you have any questions or require any additional information, please do not hesitate to contact me.

Very truly yours,

Smith Moore Leatherwood LLP



Terrill Johnson Harris

Enclosure

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 1, 2017, this license is issued to

Five Star Quality Care-OBX Operator, LLC

*to operate an Adult Care Home known as
Legacy Heights Senior Living Community*

*located at 11230 Ballantyne Trace Court
Charlotte, NC, Mecklenburg County.*

*This license is issued subject to the statutes of the State of North
Carolina, is not transferable and shall expire
December 31, 2017.*

License Number: HAL-060-097

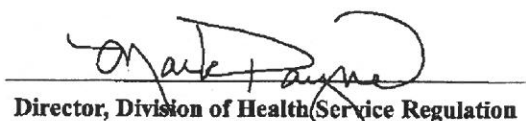
Capacity: 122

Special Care Units: X Yes _ No Type: Alzheimer's/Dementia 52

Authorized by:


Secretary, N.C. Department of Health and
Human Services




Director, Division of Health Service Regulation