



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

October 5, 2017

Maureen Demarest Murray
300 N. Greene Street, Suite 1400
Greensboro, NC 27401

No Review

Record #: 2411
Facility Name: Carolina Oaks Enhanced Care Center
FID #: 920552
Business Name: Grace Village, Inc.
Business #: 2718
Project Description: Change in licensee
County: Caldwell

Dear Ms. Murray:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of September 28, 2017 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.

However, you need to contact the Agency's Adult Care Home Licensure Section 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 in your correspondence. 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 this office. 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.

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION
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TELEPHONE 919-855-3873

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

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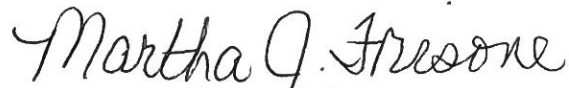
Maureen Demarest Murray
October 5, 2017
Page 2

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,



Julie Halatek
Project Analyst



Martha J. Frisone, Chief
Healthcare Planning and Certificate of Need Section

cc: Adult Care Licensure Section, DHSR
Sharetta Blackwell, Program Assistant, Healthcare Planning, DHSR

Halatek, Julie F

From: Maureen Demarest Murray <Maureen.Murray@smithmoorelaw.com>
Sent: Thursday, September 28, 2017 4:55 PM
To: Frisone, Martha; Halatek, Julie F
Subject: Hilltop Rest Home formerly known as Carolina Oaks Enhanced Care
Attachments: Spartan_Holdings_-_Notice_to_CON_Section_of_Exempt_Acquisition_and_Lease....pdf; Spartan_Holdings_Grace_Village_Notice_of_Lease_to_CON_Section.pdf; GREENSBORO-#1303746-v1-Spartan_Holdings_Notice_to_CON_Section_of_Lease_o....pdf; GREENSBORO-#1302333-v1-Spartan_Holdings_-_Letter_to_Martha_Frisone_re_Ac....pdf; 2017-07-03 - Exempt_from_Review_Letter_from_CON.PDF; GREENSBORO-#1305651-v1-Carolina_Oaks_-_Ltr_from_CON_Section_re_No_Review....pdf

Dear Martha and Julie,

This e-mail is a follow-up to my voice mail this afternoon to Julie. We have previously spoken and corresponded about this assisted living facility in Caldwell County. Our clients have now decided to separate operations from ownership of the facility, property and intangible rights associated with the facility. Our clients plan to file a CON application in October to relocate and replace the facility to a new site in Caldwell County. More details are provided in the attached correspondence. Copies of your and our earlier letters to us concerning the facility are also attached for easy reference.

Please let us know if you have any questions. We appreciate your consideration. Maureen

Maureen Demarest Murray
Partner
Smith Moore Leatherwood LLP
300 North Greene Street, Suite 1400
Greensboro, NC 27401
Direct: 336.378.5258 | vCard
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**SMITHMOORE
LEATHERWOOD**
ATTORNEYS AT LAW

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300 N. Greene Street
Suite 1400
Greensboro, NC 27401

September 28, 2017

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

Via E-mail and U.S. Mail

Re: Notice of Lease by Grace Village, Inc. of Existing Assisted Living or Adult Care Home Facility from Hilltop Rest Home, Inc., formerly known as Carolina Oaks Enhanced Care Center
Current License Number: HAL-014-002

Dear Ms. Frisone:

This letter is a follow-up to our July 18, 2017 letter to you concerning Hilltop Rest Home, Inc., formerly known as Carolina Oaks Enhanced Care Center (“Carolina Oaks” or “Facility”). As you know, we have represented Brett L. Waters and Hamilton Ward and their designees in connection with this Facility. We also represent Spartan Holdings LLC (“Spartan Holdings”), which was formed by Brett L. Waters, Hamilton Ward, Jim Martin and Rodney Worley, each of whom has a minority interest in Spartan Holdings. Spartan Holdings intends to acquire the Facility from Waters and Ward, who have the right to acquire assets associated with the Facility from Hilltop. We have sent a separate notice to the Certificate of Need Section concerning this intended acquisition.

As noted in our July 18, 2017 letter to you, the Facility is an existing assisted living or adult care home facility that is licensed for 60 adult care home beds and located at 229 Wilson Street NW, Lenoir, North Carolina. G & M Associates, Inc. has operated the Facility under 2017 license number HAL-014-002. Due to default by G & M Associates, we previously notified you in our July 18, 2017 letter that Spartan Holdings was applying for a license to operate the Facility. Brett L. Waters, Hamilton Ward, Jim Martin and Rodney Worley have also now formed Grace Village, Inc. (“Grace Village”), in which they each have a minority interest, to lease space for the existing Facility from Hilltop at its current location. Grace Village is submitting a license application to the Adult Care Licensure Section for a license to operate the Facility. Spartan Holdings is no longer the intended operator. Spartan Holdings and Grace Village intend to submit a certificate of need application proposing to replace and relocate the Facility to a new site in Caldwell County where Spartan Holdings will own the Facility, intangible rights and real property and Grace Village will lease and operate the Facility.

Direct: 336.378.5258 | Fax: 336.433.7468 | maureen.murray@smithmoorelaw.com | www.smithmoorelaw.com

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Martha J. Frisone
September 28, 2017
Page 2



The existing adult care facility is currently owned by Hilltop, which established the Facility before the North Carolina Certificate of Need Act was amended to require a certificate of need to develop or establish adult care or assisted living beds. As a result, there is not a certificate of need that names a lessor owner and lessee operator of the Facility.

Grace Village hereby gives prior written notice of its intent to lease and operate the Facility and requests a no review determination that its lease of the Facility does not require a certificate of need. Grace Village does not intend to acquire the Facility. Grace Village's lease of the existing Facility does not require a certificate of need and is not subject to certificate of need review under N.C. Gen. Stat. § 131E-176(16)(a), § 131E-178(b) and § 131E-181. Because Grace Village is not establishing or developing a new assisted living facility but leasing an existing an existing facility, a certificate of need is not required. The Facility has long been complete and operational as an assisted living facility.

We would appreciate your prompt acknowledgment that the lease of the Facility by Grace Village is not subject to review under the Certificate of Need Act. Please let us know if you have any questions.

With kind regards,

Sincerely,

SMITH MOORE LEATHERWOOD LLP

Maureen Demarest Murray



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

July 26, 2017

Maureen Demarest Murray
300 N. Greene Street, Suite 1400
Greensboro, NC 27401

No Review

Record #: 2338
Facility Name: Carolina Oaks Enhanced Care Center
FID #: 920552
Project Description: Change in operator of adult care home
County: Caldwell

Dear Ms. Murray:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of July 18, 2017 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.

However, you need to contact the Agency's Adult Care Home Licensure Section 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 in your correspondence. 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 this office. 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.

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

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Maureen Demarest Murray
July 26, 2017
Page 2

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,



Julie Halatek
Project Analyst



Martha J. Frisone
Chief, Healthcare Planning and Certificate of Need

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

July 18, 2017

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

Via E-mail and U.S. Mail

Re: Notice of Exemption Acquisition of Hilltop Rest Home, Inc. d/b/a Carolina Oaks
Enhanced Care Center
License Number: HAL-014-002

Dear Ms. Frisone:

This letter is a follow-up to our June 30, 2017 letter to you concerning Hilltop Rest Home, Inc. d/b/a Carolina Oaks Enhanced Care Center (“Carolina Oaks” or “Facility”). As you know, we represent Brett L. Waters and Hamilton Ward and their designees in connection with acquisition of Carolina Oaks. We also represent Spartan Holdings LLC (“Spartan Holdings”), which was formed by Brett L. Waters, Hamilton Ward and Jim Martin. Brett L. Waters, Hamilton Ward and James Martin each have an ownership interest in Spartan Holdings.

As noted in our June 30, 2017 letter to you, Carolina Oaks is an existing assisted living or adult care home facility that is licensed for 60 adult care home beds and located at 229 Wilson Street NW, Lenoir, North Carolina. G & M Associates has operated the Facility under 2017 license number HAL-014-002. Due to default by G & M Associates, Spartan Holdings is applying for a license to operate the Facility. Carolina Oaks was an existing health service facility owned by Hilltop Rest Home, Inc. when the North Carolina Certificate of Need Act was amended to require a certificate of need (“CON”) to develop or establish adult care or assisted living beds. As a result, there is not a CON that names a lessor owner and lessee operator of the Facility.

Spartan Holdings hereby gives prior written notice of its intent to lease and operate the Facility and requests a no review determination that its lease of the Facility does not require a CON. Spartan Holdings does not intend to acquire the Facility. Brett L. Waters and Hamilton Ward or their designee will continue to own the Facility and all CON rights associated with the Facility. Spartan Holdings’ lease of Carolina Oaks, an existing health service facility, with no change of ownership and no acquisition of the Facility does not require a CON and is exempt from CON review under N.C. Gen. Stat. § 131E-176(16)(a), § 131E-178(b) and § 131E-181. Because Spartan Holdings is not establishing or developing a new assisted living facility but

Martha J. Frisone
July 18, 2017
Page 2

leasing an existing an existing facility, a CON is not required. Carolina Oaks has long been complete and operational as an assisted living facility.

We would appreciate your prompt acknowledgment that the lease of Carolina Oaks by Spartan Holdings is not subject to review under the Certificate of Need Act. Please let us know if you have any questions.

With kind regards,

Sincerely,

SMITH MOORE LEATHERWOOD LLP

A handwritten signature in black ink, reading "Maureen Demarest Murray". The signature is written in a cursive style with a large initial "M".

Maureen Demarest Murray