



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

August 3, 2018

Charles E. Trefzger, Jr.
P.O. Box 2568
Hickory, NC 28603-2568

No Review

Record #: 2676
Facility Name: Hope Springs
FID #: 920569
Business Name: Red Springs Health Holdings, LLC; SS Red Springs, LLC; MH Red Springs, LLC; FF Red Springs, LLC; WP-RS, LLC
Business #: 2886, 2887, 2889, 2890, 2891
Project Description: Corporate level reorganization
County: Robeson

Dear Mr. Trefzger:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of July 26, 2018 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 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.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

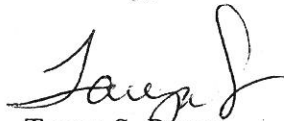
HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 2701 Mail Service Center, Raleigh, NC 27699-2701
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3750 • FAX: 919-733-2757

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Thank you in advance. 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,



Tanya S. Rupp
Project Analyst



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

cc: Adult Care Licensure Section, DHSR
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHSR

***SS Red Springs, LLC, MH Red Springs, LLC, FF
Red Springs, LLC, WP-RS, LLC &
Red Springs Health Holdings, LLC***

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

July 26, 2018

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

Bus 2886
NR 2676
FID 920569



Re: **Letter of Material Compliance**
WP-RS, LLC, WP-RS II, LLC & Red Springs Health Holdings, LLC, and Hope Springs (Robeson County) – HAL-078-100 – 63 Adult Care Home Beds

Dear Ms. Frisone:

I am writing on behalf of Red Springs Health Holdings (“Tenant”) and SS Red Springs, LLC, MH Red Springs, LLC, FF Red Springs, LLC and WP-RS, LLC (collectively, the “Landlord”), North Carolina limited liability companies with their principal place of business located at 400 Second Avenue NW, Hickory, North Carolina 28601-4993. Tenant holds the license to operate the adult care home known as “Hope Springs,” located at 104 Hope Lane, Red Springs, North Carolina 28377 (the Facility”). The Facility has a licensed capacity of 63 adult care home beds (“ACH Beds”). Landlord owns the real estate and building on which the Facility is located. Landlord leases said premises to Tenant. The Facility was developed prior to the enactment of N.C. Session Law 1997-443 and thus its ACH Beds were “grandfathered in” for purposes of certificate of need (“CON”) law in the State of North Carolina.

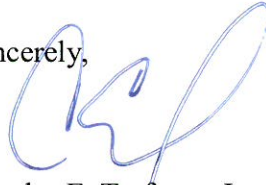
Landlord is currently in the process of refinancing its debt for the Facility. As part of the refinance transaction, the corporate structure of Landlord will change. Please refer to the attached Exhibit A that shows the current corporate structure, as well as the new corporate structure after the refinance transaction is complete. Other than the changes reflected in Exhibit A, no other changes are contemplated.

Parties to the transaction believe it is in the best interests of the community for the transaction to take place. The parties have successfully developed, financed, and managed assisted living facilities in North Carolina and other states for many years. Landlord and Tenant will continue to act as Landlord and Tenant, respectively. No transfer of the CON or relocation of any ACH Beds is contemplated by this transaction. The refinance will provide the Facility with the capital necessary to develop the make capital expenditures and improvements in the future.

Pursuant to N.C. Gen. Stat. § 131E-189(c), I intend for this letter to serve as prior written notice to the Agency of the proposed transaction outlined in Exhibit A. Tenant will continue to operate the Facility in accordance with the provisions of N.C. Gen. Stat. § 131D *et seq.* and 10A NCAC 13F *et seq.*

Should you need additional information in order to make a decision on this matter, please do not hesitate to contact me directly.

Sincerely,

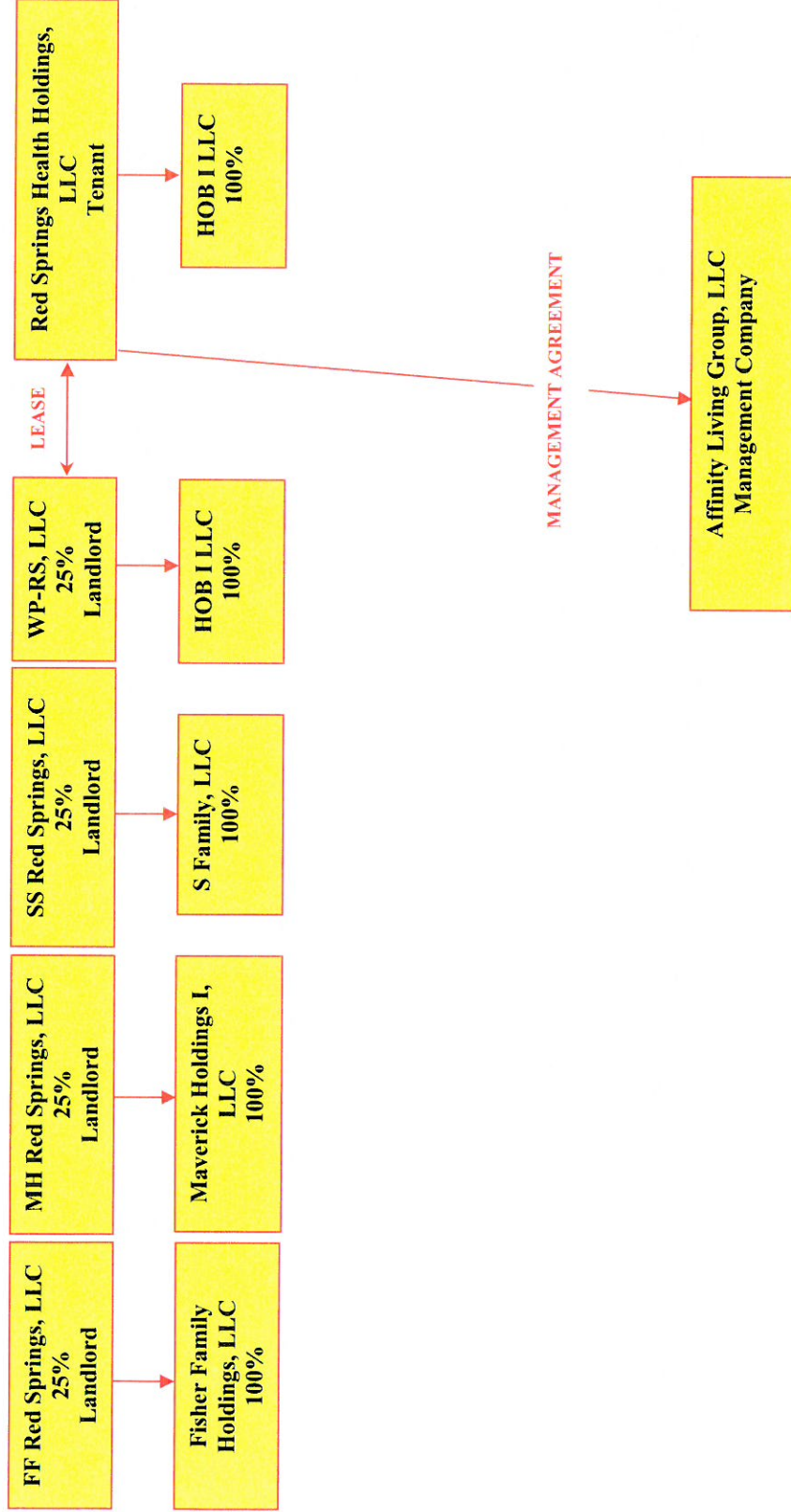


Charles E. Trefzger, Jr.
Authorized Representative
Red Springs Health Holdings -
SS Red Springs, LLC -
FF Red Springs, LLC -
MH Red Springs, LLC -
WP-RS, LLC -

Exhibit A:
Proposed Changes to Corporate Structure

EXHIBIT A

**Hope Springs
Current Corporate Structure**



Hope Springs Proposed New Corporate Structure

