



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

February 1, 2018

Kayla McCann Marty
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, North Carolina 28202

Exempt from Review – Acquisition of Facility

Record #: 2473
Facility Name: Goldsboro Endoscopy Center
Type of Facility: Ambulatory Surgery Center
FID #: 923189
Acquisition by: Endoscopy Center of Goldsboro, LLC
Business #: 2758
County: Wayne

Dear Ms. Marty:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of January 3, 2018 the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, Endoscopy Center of Goldsboro, 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 Acute and Home Care Licensure and Certification 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

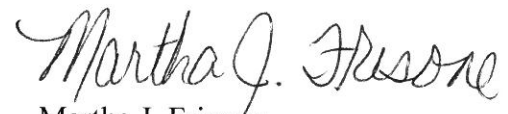
MAILING ADDRESS: 2704 MAIL SERVICE CENTER • RALEIGH, NC 27699-2704

AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER



Sincerely,


Jane Rhoe-Jones
Project Analyst


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

cc: Acute and Home Care Licensure and Certification Section, DHSR
Sharetta Blackwell, Program Assistant, Healthcare Planning, DHSR

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January 3, 2018



Via U.S. Mail

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

Re: Request for Letter of Exemption for Goldsboro Endoscopy Center, Inc.
(Ambulatory Surgical Facility License No. AS0057), Located at 2705 Medical
Office Place, Goldsboro, NC 27534.

Dear Ms. Frisone:

We are writing to you on behalf of our client, Covenant Surgical Partners, Inc. ("Covenant"), requesting the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section ("CON Section") to issue, pursuant to N.C. Gen. Stat. § 131 E-184(a)(8), a letter determining that a change of ownership is exempt from certificate of need review, within the meaning of the certificate of need law. The proposed transaction will involve Goldsboro Endoscopy Center, Inc. (the "Center") located at 2705 Medical Office Place, Goldsboro, NC 27534. The Center obtained a Certificate of Need, FID 923189, dated October 12, 1993 (the "CON").

I. The Proposed Transaction

Endoscopy Center of Goldsboro, LLC, a Delaware limited liability company and an affiliate of Covenant ("Buyer"), is planning to acquire substantially all of the assets, including real property and personal property of the Center through an asset purchase transaction (the "Transaction"). Buyer will become the new owner and operator of the Center; however, the location, and health services offered at the Center will remain the same. In addition, no new capital expenditures by the Center are planned and the Transaction will not involve the development or initiation of any new health service facility or the introduction of any new medical equipment that would otherwise qualify as a new

institutional health service under North Carolina certificate of need statutes and regulations. We currently anticipate that the closing of the Transaction will occur on or around February 28, 2018.

II. Exemption Notice

Under North Carolina law, a certificate of need is required prior to offering or developing a “new institutional health service.” “New institutional health services” include, for example, capital expenditures exceeding \$2 million and the purchase, lease, or acquisition of any health service facility. N.C. Gen. Stat. § 131E-176(16)(b), (l). However, the North Carolina General Assembly has exempted certain types of services or proposals from certificate of need review under N.C. Gen. Stat. § 131E-184. One such exempt project includes the acquisition of an existing health service facility, “including equipment owned by the health service facility at the time of acquisition” about which the CON Section receives prior written notice of the proposed acquisition. N.C. Gen. Stat. § 131E-184(a)(8). In the proposed transaction, Buyer intends to acquire the Center and its equipment.

Therefore, by this letter, we are providing prior written notice to the CON Section, pursuant to N.C. Gen. Stat. § 131E-184(a). As the proposed transaction set forth herein involves only the acquisition by Buyer of an existing ambulatory surgical center and its equipment, and does not include the purchase of any additional equipment (N.C. Gen. Stat. § 131E-176(14)(o), (16) (f1)) or the offering of any additional health services (N.C. Gen. Stat. § 131E-176(16)(f)), we believe it is exempt from certificate of need review pursuant to N.C. Gen. Stat. §131E-184(a)(8).

We respectfully request a letter from the CON Section stating that this proposal is exempt from CON review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Please let me know if there are any questions regarding this notice.

Thank you for your consideration.

Very truly yours,



Kayla McCann Marty