



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**  
Division of Health Service Regulation

ROY COOPER • Governor  
MANDY COHEN, MD, MPH • Secretary  
MARK PAYNE • Director

June 20, 2018

J. Melvin Deaton  
400 Second Avenue NW  
Hickory, NC 28601-4993

**Exempt from Review – Acquisition of Facility**

**Record #:** 2620  
**Facility Name:** Blue Ridge Retirement  
**Type of Facility:** Adult Care Home  
**FID #:** 920998  
**Acquisition by:** Cardinal Propco II, LLC  
**Business #:** 2852  
**County:** Henderson

Dear Mr. Deaton:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of June 11, 2018, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, Cardinal Propco II, LLC may proceed to acquire the above referenced health service facility, and change its licensee to Cardinal Opco, LLC, 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.

Sincerely,

Julie M. Faenza  
Project Analyst

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

cc: Adult Care Licensure Section, DHSR  
Amy Craddock, Assistant Chief, Healthcare Planning, DHSR

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: 2704 Mail Service Center, Raleigh, NC 27699-2704  
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

# *Cardinal Propco II, LLC*

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

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June 11, 2018

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



**Re: Exemption Notice for The Gardens of the Blue Ridge fka Blue Ridge Retirement (Adult Care Home in Henderson County)  
FID#: 920998; Facility License No.: HAL-045-008**

Dear Ms. Frisone:

Cardinal Propco II, LLC (“Cardinal Propco II”) is planning to acquire an adult care home in Henderson County, currently known as Blue Ridge Retirement (hereafter “the Facility”). The Facility is located at 913 Ninth Avenue West in Hendersonville, North Carolina. The Facility is listed in the “Inventory of Adult Care Home Beds” in the 2018 State Medical Facilities Plan as having 43 adult care home beds.

Cardinal Propco II is seeking to purchase the Facility through a purchase and sale agreement. The purpose of this letter is to provide prior notice of this acquisition, which is exempt from Certificate of Need (“CON”) review, to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section (the “Agency”). Cardinal Propco II seeks confirmation that it is permitted to acquire the Facility as described herein without CON Review, thus acquiring the Facility’s existing CON rights to own that existing health service facility (as defined in the CON statute) with 43 adult care beds.

## **I. THE PROPOSAL**

As of this date, Cardinal Care, Inc., owns the property and building comprising the Facility, which is an existing “health service facility,” as that term is defined in N.C. Gen. Stat. § 131E-176(9)(b), and Cardinal Care, Inc. is also the Licensee. Cardinal Propco II will purchase the Facility, and the Licensee will be Cardinal Opco, LLC. The Facility will be known as The Gardens of the Blue Ridge.

## **II. EXEMPTION NOTICE**

Under North Carolina law, a Certificate of Need (“CON”) is required only prior to offering or developing a “new institutional health service.” “New institutional health service” includes a variety of services and activities, including a capital expenditure exceeding \$2 million. N.C. Gen. Stat. § 131E-176(16)(b).

The North Carolina General Assembly saw fit to exempt certain types of services or proposals from CON review, pursuant to N.C. Gen. Stat. § 131E-184. One such exempt service or proposal includes the

Ms. Martha Frisone, Chief  
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acquisition of an existing health service facility, “including equipment owned by the health service facility at the time of acquisition.” N.C. Gen. Stat. § 131E-184(a)(8).

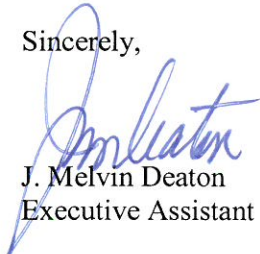
This project involves only the acquisition of an existing adult care home, which falls within the purview of the statutory definition of “health service facility.” After acquisition, the Licensee, Cardinal Opco, LLC, will operate the Facility as an adult care home. Furthermore, Cardinal Propco II’s acquisition of the Facility does not entail the purchase of any major medical equipment or any *per se* reviewable equipment as defined in N.C. Gen. Stat. §§ 131E-176(14)(o) and (16)(f1). Likewise, the acquisition does not include the offering of any *per se* reviewable services. N.C. Gen. Stat. § 131E-176(16)(f). Thus, given that the transaction involves only the acquisition of an existing health services facility, it is exempt from CON review.

### III. CONCLUSION

Based on the foregoing information, we hereby request the Agency’s confirmation that the proposal described above is exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), and thus Cardinal Propco II may acquire the Facility with all its existing CON rights without a CON.

In addition, we respectfully request that this request be considered on an **expedited basis** because the parties wish to proceed with this transaction as soon as possible. If you require additional information to consider this request, please contact us at (828) 322-5535 as soon as possible. We thank you for your consideration of this request.

Sincerely,



J. Melvin Deaton  
Executive Assistant

**Table 11A: Inventory of Adult Care Homes (Assisted Living) Beds**

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/ License Pending		Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
						CON	CON Bed Transfer				
Harnett	Green Leaf Care Center	0	0	105	105	0	0	0	105	0	105
Harnett	Johnson Better Care Facility	0	0	50	50	0	0	0	50	0	50
Harnett	Oak Hill Living Center	0	0	122	122	0	0	0	122	0	122
Harnett	Pinecrest Gardens	0	0	60	60	0	0	0	60	0	60
Harnett	Senior Citizens Village	0	0	65	65	0	0	0	65	0	65
Harnett	Sender's Rest Home	0	0	50	50	0	0	0	50	0	50
Harnett	Stage Coach Manor	0	0	40	40	0	0	0	40	0	40
Harnett	Universal Health Care Lillington	106	0	0	106	0	0	0	106	0	106
Harnett	Unprecedented Care	0	0	12	12	0	0	0	12	0	12
	<b>Harnett Totals</b>	<b>114</b>	<b>0</b>	<b>564</b>	<b>678</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>678</b>	<b>0</b>	<b>678</b>
Haywood	Autumn Care of Waynesville	10	0	0	10	0	0	0	10	0	10
Haywood	Chestnut Park Rest Home #1	0	0	10	10	0	0	0	10	0	10
Haywood	Chestnut Park Retirement Center	0	0	20	20	0	0	0	20	0	20
Haywood	Creekside Villas	0	0	20	20	0	0	0	20	0	20
Haywood	Haywood House	0	0	60	60	0	0	0	60	0	60
Haywood	Haywood Lodge and Retirement Center	0	0	68	68	0	0	0	68	0	68
Haywood	McCracken Rest Home	0	0	22	22	0	0	0	22	0	22
Haywood	Pigeon Valley Rest Home	0	0	29	29	0	0	0	29	0	29
Haywood	Richland Community Care #2	0	0	11	11	0	0	0	11	0	11
Haywood	Silver Bluff LLC	13	0	0	13	0	0	0	13	0	13
Haywood	Spicewood Cottages Elms	0	0	20	20	0	0	0	20	0	20
Haywood	Spicewood Cottages Oaks	0	0	20	20	0	0	0	20	0	20
Haywood	Spicewood Cottages Willows	0	0	20	20	0	0	0	20	0	20
	<b>Haywood Totals</b>	<b>23</b>	<b>0</b>	<b>300</b>	<b>323</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>323</b>	<b>0</b>	<b>323</b>
Henderson	Blue Ridge Retirement	0	0	43	43	0	0	0	43	0	43
Henderson	Cardinal Care Center - Hendersonville	0	0	60	60	0	0	0	60	0	60
Henderson	Carillon Assisted Living Of Hendersonville	0	0	96	96	0	0	0	96	0	96
Henderson	Carolina Reserve of Hendersonville	0	0	61	61	0	0	0	61	0	61
Henderson	Carolina Reserve of Laurel Park	0	0	48	48	0	0	0	48	0	48
Henderson	Carolina Village	0	0	60	60	0	0	0	60	16	44
Henderson	Cherry Springs Village	0	0	60	60	0	0	0	60	0	60
Henderson	Country Meadow Rest Home (Transfer to Winchester House)	0	0	15	15	0	-15	0	0	0	0
Henderson	Henderson's Assisted Living	0	0	26	26	0	0	0	26	0	26
Henderson	Heritage Hills A Pacifica Senior Living Community	0	0	24	24	0	0	0	24	0	24
Henderson	McCullough's Rest Home	0	0	13	13	0	0	0	13	0	13
Henderson	Mountain View Assisted Living	0	0	27	27	0	0	0	27	0	27
Henderson	The Laurels of Hendersonville	20	0	0	20	0	0	0	20	0	20