North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

November 22, 2013

Franklin Scott Templeton
380 Knollwood Street, Suite 530
Winston-Salem, NC 2713

No Review
Facility or Business: Ambassador Health & Rehab of Wadesboro, LLC
Project Description: Change of Ownership of Art Holding Company, Inc., ultimate parent
compactly of Ambassador Health & Rehab of Wadesboro, LLC
County: Anson
FID #: 923526

Dear Mr. Templeton:

The Certificate of Need Section (CON Section) received your letter of September 25, 2013
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.

Moreover, you need to contact the Construction and Nursing Home Licensure and Certification
Sections of the Division of Health Service Regulation 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 by you.
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 the Certificate of Need Section. 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.
Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,

[Signature]
Tanya S. Rupp, Project Analyst

[Signature]
Craig R. Smith, Chief
Certificate of Need Section

cc: Medical Facilities Planning Section, DHSR
    Construction Section, DHSR
    Nursing Home Licensure and Certification Section, DHSR
September 25, 2013

By Overnight Delivery
(Delivery Site Phone 919.855.3873)

Mr. Craig Smith, Chief
Certificate of Need Section (DHSR)
NC Department of Health & Human Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Ambassador Health & Rehab of Wadesboro, LLC
(Facility ID No. 923526; License No. NH0090)
Notice of Exempt Acquisition of an Existing Health Service Facility
and Request for No Review Determination

Dear Mr. Smith:

I am writing on behalf of our client 4 West Holdings, Inc. (“4 West”), regarding its planned acquisition of the equity (stock) ownership of Ark Holding Company, Inc. (“AHC”), a nursing home holding company that is the indirect owner, as explained below, of Ambassador Health & Rehab of Wadesboro, LLC (“Ambassador”), a North Carolina health service facility. This letter provides prior written notice regarding the planned acquisition, and also requests confirmation that the acquisition described herein does not require certificate of need (“CON”) review.

Ambassador is a licensed combination skilled nursing facility and adult care home located in Wadesboro, in Anson County. Ambassador has been in operation since 1930, and therefore has no CON because the facility predates the CON law. The acquisition that is the subject of this letter is occurring several corporate levels “above” Ambassador, and for your convenience I am enclosing “Pre-Closing” and “Post-Closing” diagrams regarding the transaction. As you can see, Ambassador is wholly owned by Olive Leaf, LLC, which is wholly owned by Olive Leaf Holding Company, LLC, which is wholly owned by AHC. Each of these companies (except for Ambassador) owns a number of other healthcare facilities in other states, although Ambassador is the only North Carolina facility.

In the acquisition, 4 West will acquire 100% of the outstanding shares of stock in AHC, through a merger of our client’s subsidiary, New Ark Investments, LLC, with and into
AHC (the “Transaction”). The acquisition will not change the ownership structure described in the preceding paragraph regarding Ambassador. Ambassador will remain the licensed facility and its name, location, policies, procedures and personnel will not change as the result of the Transaction. Our client does not anticipate any changes in the delivery of care provided at Ambassador, other than those that may be expected in the normal course of business as a healthcare provider or as a prudent buyer of goods and services.

We expect that the Transaction will close and be effective on or before December 1, 2013. As you know, the CON law provides that upon receiving prior written notice, the CON Section shall exempt from CON review the 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). A nursing home facility is a health service facility. Id. at § 131E-176(9b). The Transaction will also not result in the development or establishment of any new health service facility, nor will it result in the offering, development, or establishment of any institutional health service that is not exempt in connection with this Transaction.

I would therefore ask to receive written confirmation that the acquisition of the equity ownership of Ark Holding Company, Inc. by 4 West Holdings, Inc. is exempt from CON review. For your information, we are also in communication with the Nursing Home Licensure and Certification Section as well as the Division of Medical Assistance regarding this Transaction, and will be providing notifications to them separately. Finally, because of the proposed December 1, 2013 effective date of the acquisition, we would appreciate if you would contact me promptly should you have any questions or concerns regarding the Transaction.

Thank you for your assistance and consideration.

Sincerely,

Nelson Mullins Riley & Scarborough LLP

Franklin Scott Templeton

Enclosures