



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

February 4, 2016

Kelly J. Skeat
200 Public Square, Suite 2300
Cleveland, Ohio 44114-2378

No Review

Record #: See Attachment A
Facility Name: See Attachment A
FID #: See Attachment A
Business Name: HCP Senior Housing Properties, LLC
Business #: 2343
Project Description: Acquisition of indirect equity interests
County: See Attachment A

Dear Ms. Skeat:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of January 20, 2016 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



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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Ms. Kelly J. Skeat
February 4, 2016
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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 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,



Gloria C. Hale
Project Analyst



Martha J. Frisone
Assistant Chief, Certificate of Need

cc: Adult Care Licensure Section, DHSR
Kelli Fisk, Program Assistant, Healthcare Planning, DHSR

ATTACHMENT A

Owner	ACH Facility	County	Business ID #	FID #	No Review ID #
Queen City Health Investors, LLC	The Crossings at Steele Creek	Mecklenburg	1500	100540	1859
HC AL Investors, LLC	The Crossings at Wayside	Hoke	2341	130277	1860
MHI Investments, LLC	Franklin House	Macon	1230	080177	1861

January 20, 2015

VIA ELECTRONIC AND OVERNIGHT DELIVERY

Martha Frisone, Assistant Section Chief
North Carolina Department of Health and
Human Services, Division of Health Services
Regulation
Healthcare Planning and Certificate of Need
Section
809 Ruggles Drive
Raleigh, North Carolina 27603



Re: Notice of Exempt Transaction

Dear Ms. Frisone:

On behalf of our client, HCP Senior Housing Properties, LLC (“HCP”), we submit this letter to advise you of the proposed equity acquisition of the owners of real property associated with certain existing health service facilities under North Carolina General Statutes § 131E-184(8).

Specifically, HCP intends to acquire 100% of the indirect equity interests (the “**Transaction**”) of each of the entities (the “**Owners**”) set forth in the table below. Each of the Owners owns certain real estate, building(s) and other assets (the “**Property**”) located at the address set forth opposite its name. The Property, in turn, is leased by the applicable Owner to the Operator set forth in the table below pursuant to written lease agreements (the “**Leases**”).

The Operators operate the Property as assisted living facilities, licensed by the North Carolina Division of Health Service Regulation, Adult Care Licensure Section as an Adult Care Home (the “**Facilities**”). The name and licensure information for each of the Facilities is also set forth in the table below. All licenses are issued to and in the name of the Operators.

In connection with the Transaction, HCP will acquire a 100% indirect ownership interest in each of the Owners. However, the Owners will continue to own and hold title to the Property, and the Leases will remain in effect. Further, each Operator will remain the sole licensed operator of the applicable Facility set forth opposite such Operator’s name following the Transaction. There will be no direct or indirect change in the equity ownership of any of the

Operators as a result of the Transaction, as the Transaction solely involves the owners of the real estate and certain other assets associated with each of the Facilities.

Please see below for an overview of the parties involved in the proposed Transaction. The enclosed organizational charts provide further detail of the indirect equity transfers occurring as a result of the Transaction.

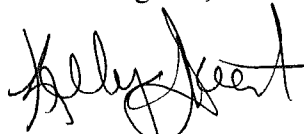
HCP - Proposed Transaction			
OWNER (indirect equity to be acquired by HCP)	PROPERTY (owned by Owner)	OPERATOR (not party to Transaction)	FACILITY/LICENSE (issued to Operator)
Queen City Health Investors, LLC	13600 S. Tryon St. Charlotte, NC 28273 Mecklenberg County	Queen City AL Holdings, LLC	The Crossings at Steele Creek HAL-060-130
HC AL Investors, LLC	8398 Fayetteville Rd. Raeford, NC 28376 Hoke County	HC Operations, LLC	The Crossings at Wayside HAL-047-011
MHI Investments, LLC	186 One Center Court Franklin, NC 28734 Macon County	Macon Health Holdings, LLC	Franklin House HAL-056-006

Accordingly, the Transaction should be determined to be exempt from certificate of need review under North Carolina General Statutes § 131E-184(8). The parties currently plan to close the Transaction on or around January 25, 2016. As such, we respectfully request written confirmation of the availability of the exemption for the Transaction at your earliest convenience.

Please feel free to contact me at 216.363.4182 or kskeat@beneschlaw.com if you have any questions or need any further information.

Thank you for your attention to this matter.

Best regards,

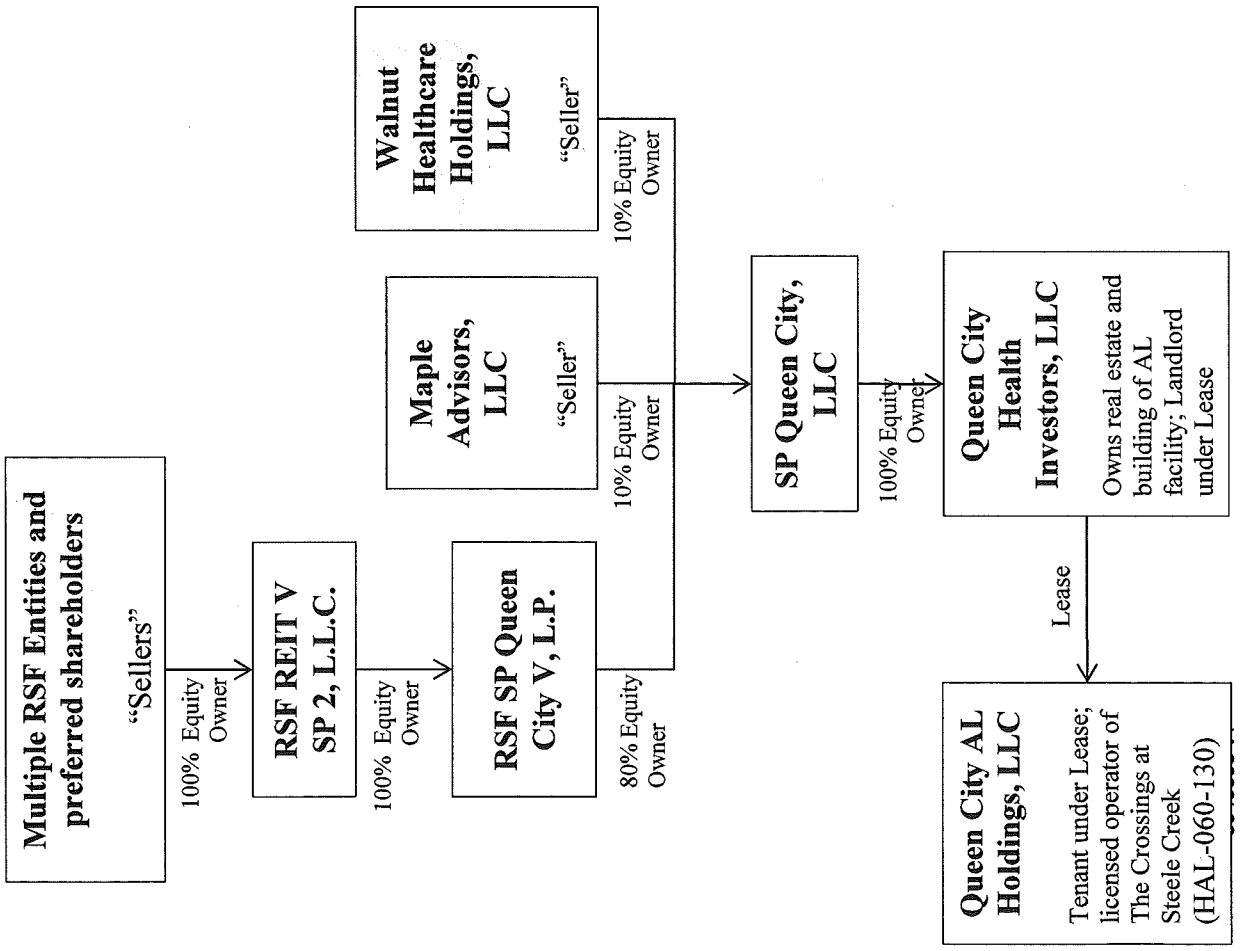


Kelly J. Skeat, Esq.

Enclosures

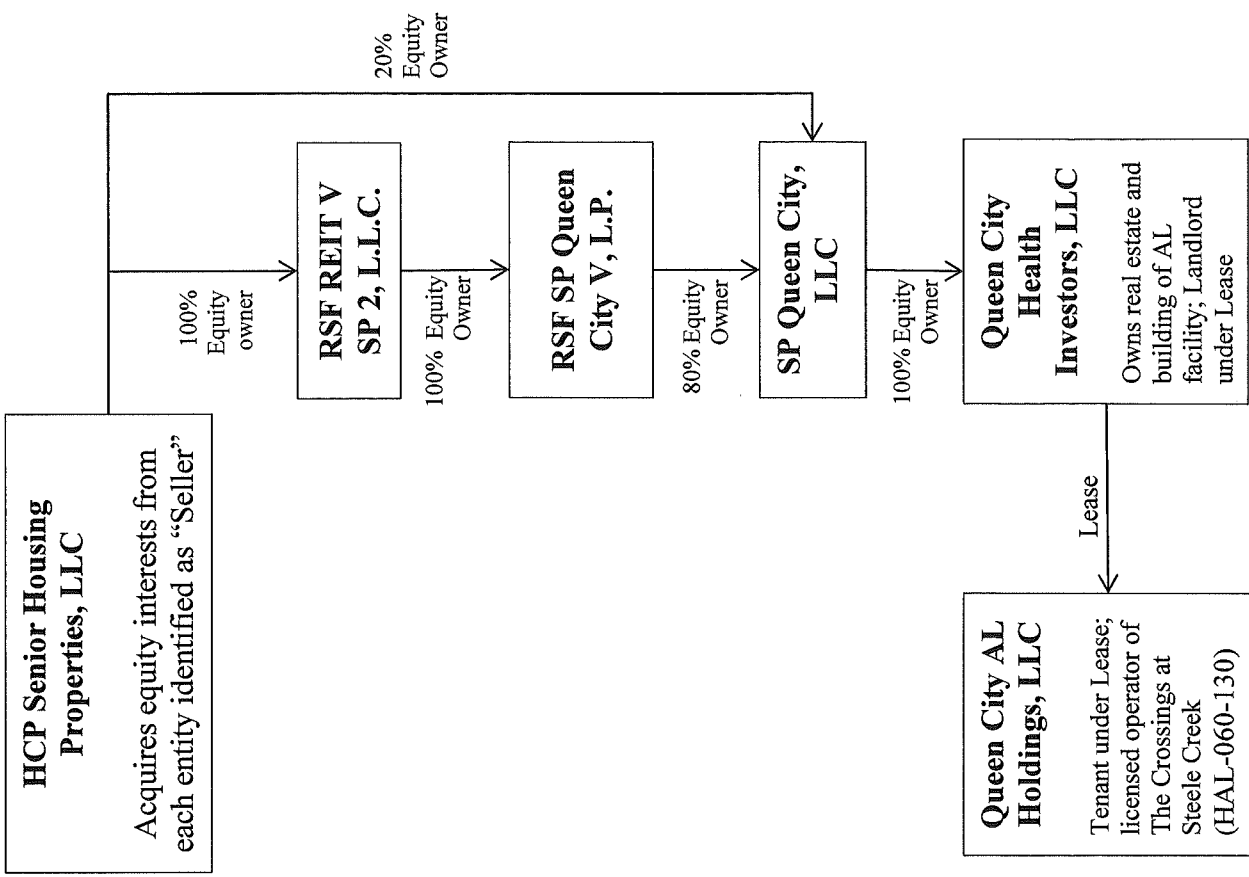
The Crossings at Steele Creek (HAL-060-130)

Current Ownership and Operation Structure



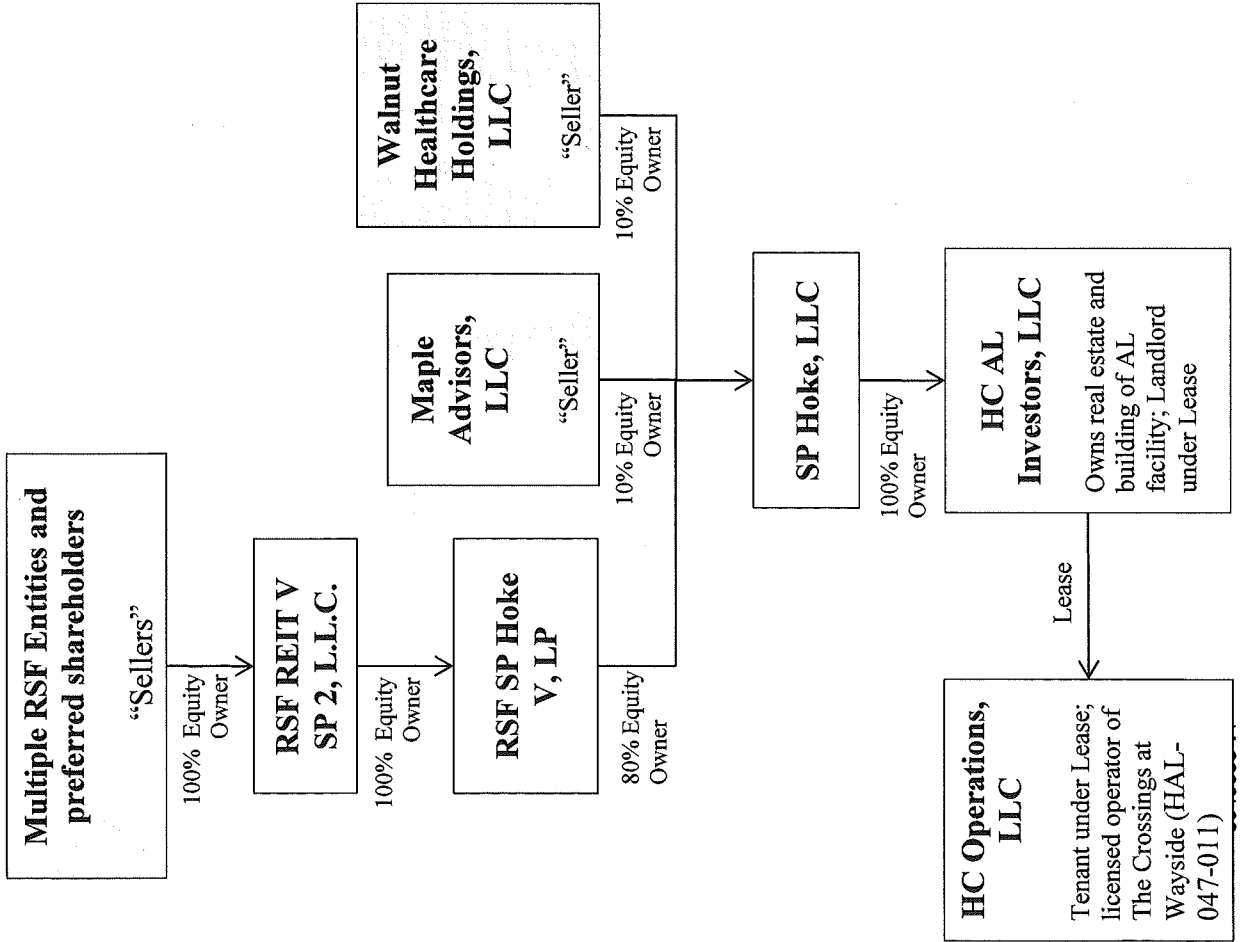
The Crossings at Steele Creek (HAL-060-130)

Proposed Ownership and Operation Structure



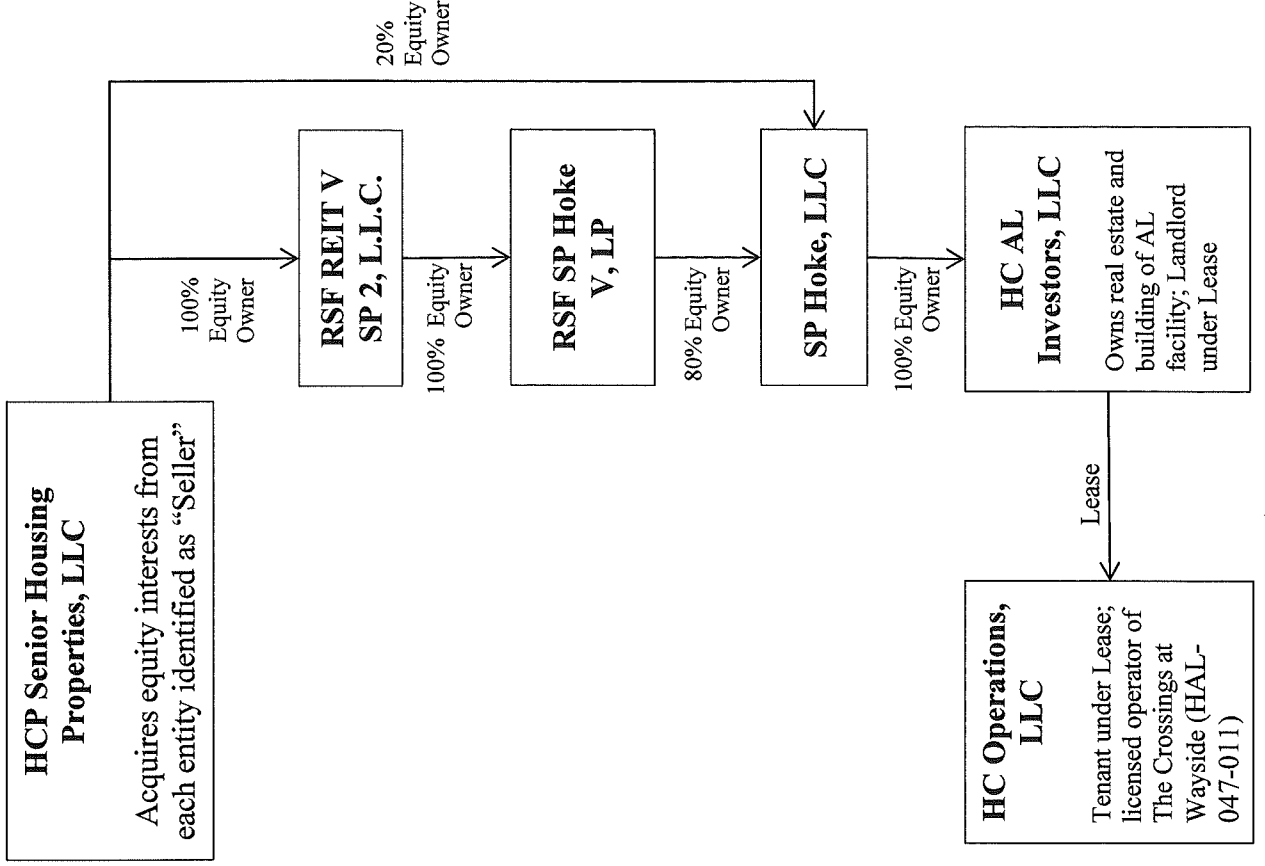
The Crossings at Wayside (HAL-047-011)

Current Ownership and Operation Structure



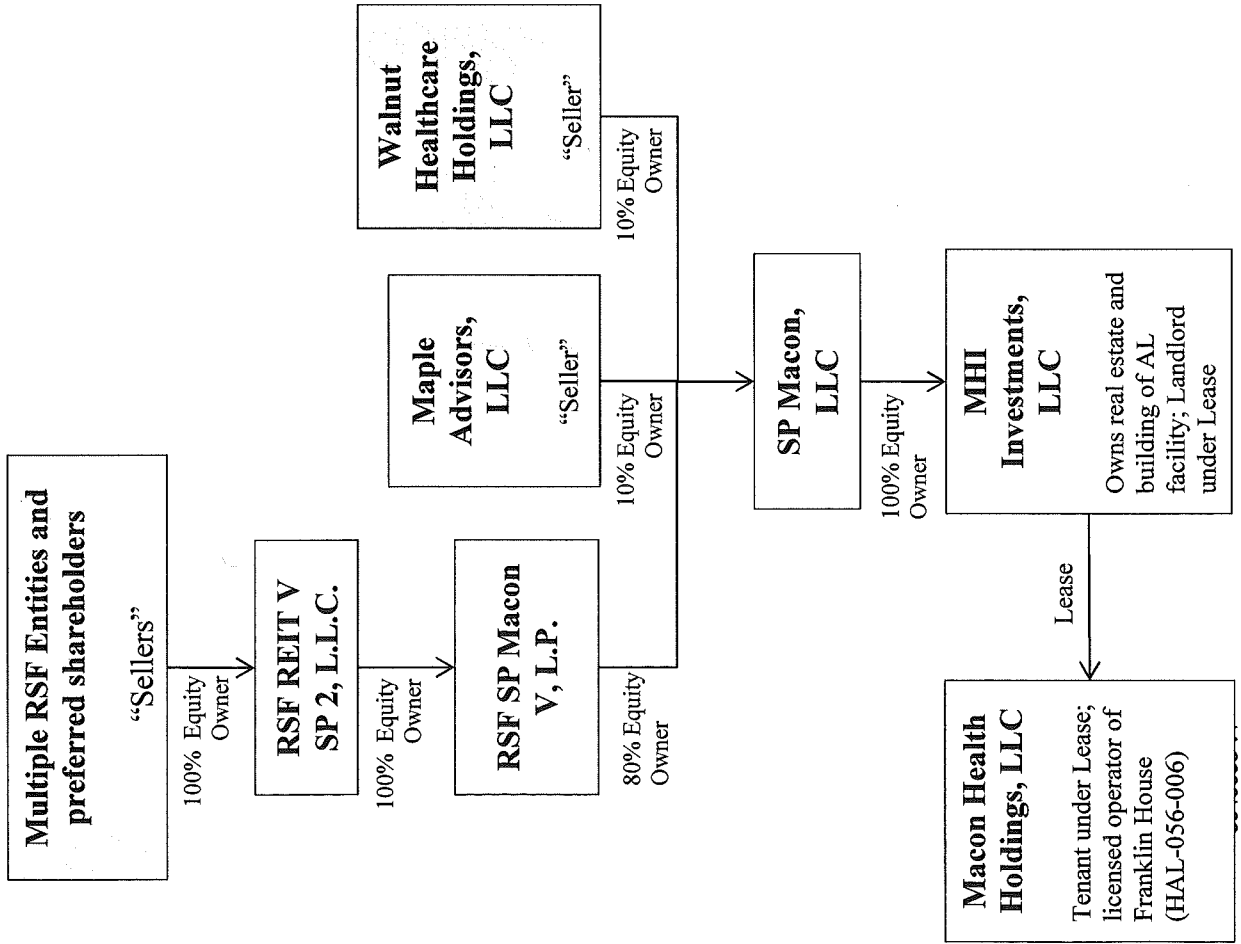
The Crossings at Wayside (HAL-047-011)

Proposed Ownership and Operation Structure



Franklin House (HAL-056-006)

Current Ownership and Operation Structure



Franklin House (HAL-056-006)

Proposed Ownership and Operation Structure

