



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

July 19, 2019

Patricia A. Markus
4140 Parklake Avenue
GlenLake One
Raleigh, NC 27612

No Review

Record #: 2993
Facility Name: See Attachment A
FID #: See Attachment A
Business Name: SNH NC Tenant LLC
Business #: 3069
Project Description: Change Licensee
County: See Attachment A

Dear Ms. Markus:


The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence 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 that correspondence is not governed by, and therefore, does not currently require a certificate of need. 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.

You may need to contact the Agency's Adult Care Licensure Section to determine if they have any requirements for development of the proposed project.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office.

Please do not hesitate to contact this office if you have any questions.

Sincerely,


Gregory F. Yakaboski
Project Analyst


Martha J. Frisone
Chief

cc: Adult Care Licensure Section, 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: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704
www.ncdhs.gov/dhsr • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Attachment A
No Review Record # 2993

Facility Name	FID	County	Street Address	City	Zip
HeartFields at Cary	970161	Wake	1050 Crescent Green Drive	Cary	27518
Homeplace of New Bern	970675	Craven	1309 McCarthy Blvd	New Bern	28562
Morningside of Concord	960752	Cabarrus	500 Penny Lane NE	Concord	28025
Morningside of Gastonia	970732	Gaston	2755 Union Road	Gastonia	28054
Morningside of Raleigh	940715	Wake	801 Dixie Trail	Raleigh	27607
Parkwood Village	970990	Wilson	1730 Parkwood Blvd	Wilson	27893
The Haven in Highland Creek	970716	Mecklenburg	5920 McChesney Drive	Charlotte	28269
The Haven in the Village at Carolina Place	971417	Mecklenburg	13150 Dorman Road	Pineville	28134
The Laurels in Highland Creek	971364	Mecklenburg	6101 Clarke Creek Parkway	Charlotte	28269
The Laurels in the Village at Carolina Place	971517	Mecklenburg	13180 Dorman Road	Pineville	28134



Received by Healthcare
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Planning & CON Section

NELSON MULLINS RILEY & SCARBOROUGH LLP
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July 2, 2019

VIA FEDERAL EXPRESS

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

Re: Request for No Review Determinations
Five Star Senior Living Inc. and Senior Housing Properties Trust

Dear Ms. Frisone:

On behalf of our clients, Five Star Senior Living Inc. ("Five Star") and Senior Housing Properties Trust ("Senior Housing"), we seek a determination by the Healthcare Planning and Certificate of Need Section (the "Agency") that a Certificate of Need ("CON") is not required for any of the proposed changes of ownership described in more detail in this letter.

These changes of ownership arise from a restructuring transaction (the "Transaction") between Five Star, the parent company of the current licensees of the adult care homes listed in the chart below (each, a "Facility," and collectively, the "Facilities"), and Senior Housing, the parent company of the new licensees and the owner of the real property of each Facility. Five Star, through various wholly-owned subsidiaries, currently operates ten Facilities located throughout North Carolina. In each case, a Five Star subsidiary holds the license for the Facility and leases the Facility building from a Senior Housing subsidiary. Pursuant to the Transaction, the Five Star subsidiaries will no longer lease the Facilities or hold the licenses. Instead, a newly-formed Senior Housing subsidiary, SNH NC Tenant LLC, will become the license holder at each Facility, lease each Facility from the existing property owners and, on behalf of each Facility, enter into a management services agreement with FVE Managers, Inc., a wholly-owned subsidiary of Five Star.

Following the Transaction, the Facilities will continue to operate as "Five Star Senior Living" branded communities. The staffing, day-to-day operations, policies and procedures, and scope of resident services provided at each Facility will not change. The anticipated effective date of the change of ownership for each Facility is January 1, 2020.

The following chart provides the complete list of Facilities involved in the Transaction, including license numbers, property owners, current and new licensees, and the new manager.

Facility Name and Address	License Number	Property Owner	Current Operator/Licensee	New Licensee	New Manager
HeartFields at Cary 1050 Crescent Green Drive Cary, NC 27518	HAL-092-156	SNH FM Financing LLC	Five Star Cary Heartfields LLC	SNH NC Tenant LLC	FVE Managers, Inc.
Homeplace of New Bern 1309 McCarthy Boulevard New Bern, NC 28562	HAL-025-032	SNH/LTA SE Home Place New Bern LLC	FVE SE Home Place New Bern LLC	SNH NC Tenant LLC	FVE Managers, Inc.
Morningside of Concord 500 Penny Lane NE Concord, NC 28025	HAL-013-026	SNH/LTA Properties Trust	Morningside of Concord, LLC	SNH NC Tenant LLC	FVE Managers, Inc.
Morningside of Gastonia 2755 Union Road Gastonia, NC 28054	HAL-036-019	SNH/LTA Properties Trust	Morningside of Gastonia, LLC	SNH NC Tenant LLC	FVE Managers, Inc.
Morningside of Raleigh 801 Dixie Trail Raleigh, NC 27607	HAL-092-088	SNH/LTA Properties Trust	Morningside of Raleigh, LLC	SNH NC Tenant LLC	FVE Managers, Inc.
Parkwood Village 1730 Parkwood Boulevard Wilson, NC 27893	HAL-098-029	SNH/LTA SE Wilson LLC	FVE SE Wilson LLC	SNH NC Tenant LLC	FVE Managers, Inc.
The Haven in Highland Creek 5920 McChesney Drive Charlotte, NC 28269	HAL-060-108	SNH CHS Properties Trust	Five Star Quality Care – North Carolina, LLC	SNH NC Tenant LLC	FVE Managers, Inc.
The Haven in the Village at Carolina Place 13150 Dorman Road Pineville, NC 28134	HAL-060-107	SNH CHS Properties Trust	Five Star Quality Care – North Carolina, LLC	SNH NC Tenant LLC	FVE Managers, Inc.
The Laurels in Highland Creek 6101 Clarke Creek Parkway Charlotte, NC 28269	HAL-060-106	SNH CHS Properties Trust	Five Star Quality Care – North Carolina, LLC	SNH NC Tenant LLC	FVE Managers, Inc.
The Laurels in the Village at Carolina Place 13180 Dorman Road Pineville, NC 28134	HAL-060-104	SNH CHS Properties Trust	Five Star Quality Care – North Carolina, LLC	SNH NC Tenant LLC	FVE Managers, Inc.

In North Carolina, a CON is required for the offering or development of a “new institutional health service.” N.C. Gen. Stat. § 131E-178(a). The term “new institutional health service” is defined to include the “construction, development, or other establishment of a ‘new health service facility.’” N.C. Gen. Stat. § 131E-176(16). An “adult care home” is an enumerated “health service facility” under N.C. Gen. Stat. § 131E-176(9b). The mere change of ownership of an adult care home, however, does not constitute the development of a new institutional health service. Accordingly, we believe that the proposed change of licensure of the Facilities is not governed by North

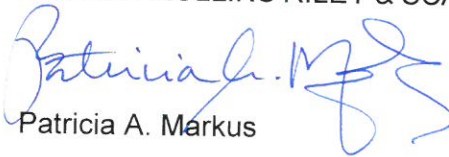
Ms. Martha J. Frisone
July 2, 2019
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Carolina's CON law, and we respectfully request the Agency to issue a written determination that our clients may pursue the Transaction without Senior Housing obtaining CONs.

Please contact us if you need any further information regarding this request. We appreciate your prompt attention to this matter.

Very truly yours,

NELSON MULLINS RILEY & SCARBOROUGH LLP



Patricia A. Markus