



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

July 25, 2019

James C. Wrenn, Jr.
Hicks Wrenn, PLLC
PO Box 247
Oxford, NC 27565

Exempt from Review

Record #: 2999
Facility Name: Foundation Senior Living
FID #: 180488
Business Name: Foundation Group I, LLC
Business #: 3073
Project Description: Replace facility on same site
County: Wake

Dear Mr. Wrenn:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of July 22, 2019 the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(e)(2). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Agency's Construction and Adult Care Licensure Sections 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 Agency. 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.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,
Lisa Pittman
Assistant Chief

Martha J. Frisone
Chief

cc: Construction Section, DHSR
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.ncdhhs.gov/dhsr • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



**Pittman, Lisa**

**From:** James Wrenn <jcw@hickswrennlaw.com>  
**Sent:** Monday, July 22, 2019 6:20 AM  
**To:** Frisone, Martha; Pittman, Lisa  
**Subject:** [External] Foundation Group I, LLC  
**Attachments:** A0157273.PDF; Foundation Group- TA- VSC- Garner Closing- Foundation Group I, LLC submittal to construction section (A0169643x9D72F).pdf

**Follow Up Flag:** Flag for follow up  
**Flag Status:** Flagged

Exp. # 2999

**CAUTION:** External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to [report\\_spam@nc.gov](mailto:report_spam@nc.gov)

Good morning—

BUS ID 3073  
POC # 449  
FID 180488

I hope that you are well. I represent Foundation Group I, LLC ("FGI"). As anticipated in the attached correspondence between me and the Agency last year (the "Prior Correspondence"), Foundation Group I, LLC acquired the real property upon which Northpointe Assisted Living of Garner was located. FGI has demolished the existing Facility and plans to begin construction of a new 126 bed adult care home on the same site. The loan closing is scheduled to occur on or about Wednesday of this week.

In the prior correspondence, you confirmed that the transaction I described "would be exempt from review pursuant to G.S. 131E-184(e) so long as Foundation Group I, LLC provides prior written notice to the Department, 'which notice includes documentation that demonstrates that the proposed capital expenditure would be used for one or more of the [] purposes' described in G.S. 131E-184(e)(2)." I have attached correspondence with the North Carolina Department of Health and Human Services, Division of Facilities Services, Construction Section which provides some description of the new project. The Construction Section has approved the plans for the new project which will replace all 126 beds on the existing site. The new Facility will provide a much improved living environment for residents. Please let me know what additional information, if any, you need for my client to comply with the requirements of N.C. Gen. Stat. §131E-184(e)(2).

Thanks,

Jim

**James C. Wrenn, Jr.**  
Attorney at Law  
**Hicks Wrenn, PLLC**  
111 Gilliam Street, PO Box 247  
Oxford, NC 27565  
Office Main: (919) 693-8161  
Office Direct: (919) 939-2350  
Mobile: (919) 939-1012  
Fax: (919) 693-9938  
Email: [jcw@hickswrennlaw.com](mailto:jcw@hickswrennlaw.com)

**NOTICE:** DUE TO HIGH E-MAIL VOLUME, I MAY MISS AN E-MAIL OR IT MAY BE SCREENED OUT TO A JUNK FOLDER. IF I DO NOT RESPOND WITHIN THE TIME YOU EXPECT A RESPONSE, PLEASE CONTACT MARY OR AMY AT MY OFFICE.

**PRIVILEGE AND CONFIDENTIALITY NOTICE:** This communication (including any attachment) is being sent by or on behalf of a lawyer or law firm and may contain confidential or legally privileged information. The sender does not intend to waive any privilege, including the attorney-client privilege, that may attach to this communication. If you are not the intended recipient, you are not

authorized to intercept, read, print, retain, copy, forward, or disseminate this communication. If you have received this communication in error, please notify the sender immediately by email and delete this communication and all copies.





NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

October 1, 2018

Autry Butler  
Foundation Group I, LLC  
1212 Brooks Avenue  
Raleigh, NC 27607

Re: Project No. HA-3196  
FID No. 180488  
Foundation Senior Living  
New 126 Bed Adult Care Home  
Garner (Wake)

Dear Mr. Butler:

This will acknowledge receipt on September 25, 2018 of 1 set(s) of Schematic Design for the referenced project.

Enclosed please find the Invoice and Fee Schedule. Project will be reviewed AFTER payment is received and reviewer assigned. You may expect your review in approximately 8-10 weeks.

To expedite the review of this project, please reference the above project number on all correspondence and plans submitted to our office. Also, please include your email address, if available, on all correspondence. Your cooperation in this matter is appreciated.

Sincerely,

*Steven C. Lewis*

Steven C. Lewis, Chief  
DHSR Construction Section  
(919) 855-3893

/pan

cc: Tise Kiester Architects-Phil Kiester

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION  
CONSTRUCTION SECTION

LOCATION: 1800 Urnstead Drive, Williams Building, Raleigh, NC 27003  
MAILING ADDRESS: 2705 Mail Service Center, Raleigh, NC 27699-2705  
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3893 • FAX: 919-733-6592

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**Number of Sets:** Enter number of plan sets submitted on this date, including volumes.

**Number of Specifications:** Enter number of copies submitted on this date, including volumes.

**Initial Submittal\*\* (First Time Submitting Plans):**

**\*\* Please make sure that a completed NCSBC Appendix B Building Code Summary and Life Safety plan is submitted with your plans.**

**Project Title:** Enter the title given to this project as noted on the cover sheet of the plans submitted.

**Type of Construction:** Identify what kind of work is being done to the facility as follows: check **New** for new construction, check **Renovation** for remodeling or alteration work, or check **Addition** for an addition to an existing facility. Check all types of construction that apply to your project.

**Type of Submittal:** Check the type of plans being submitted as follows: **SD** – Schematic Design; **DD** – Design Development; **CD** – Construction Documents; **Fire Protection** ; or **Other** – ex: Maglock System Drawings.

**Number of Sets:** Enter the number of plan sets submitted on this date, including volumes.

**Number of Specifications:** Enter the number of copies submitted on this date, including volumes.

**Square Footage of Project:** Enter the project square footage, which should match the square footage indicated on the NCSBC Appendix B Building Code Summary. This same square footage number will be used to determine the Construction Section's Project Fee to be invoiced to the owner. The square footage number used to prepare the invoice will include both new construction and any renovations within the facility related to the project.

**CON Project ID #:** If you know the Certificate of Need (CON) Project ID #, please include this number on the form. If the project is under review by the CON Section, but not approved please check this box. For some projects not needing a CON, the CON Section when requested issues a letter indicating the project is either exempt from CON review (Exemption Letter) or does not need a CON review (No Review Letter). If the CON Section has issued an Exemption letter for your project, please check the **CON Exemption Letter** box. If the CON Section has issued a No Review letter, please check the **CON No Review Letter** box. If your project does not require a CON, please check the **N/A** box.

**Scope of Work Narrative:** Enter a brief written summary of the type of work being done to this facility. When reviewing a project for the first time, this information helps decrease review time and results in more accurate reviews.

**Invoice Recipient (If different from owner):** Enter the contact information for the primary contact person for this project. This person will also be sent the plan review fee invoice.

**Architect/Engineer Information:** Enter contact information for any architect or engineer working on the project who would like to receive copies of the review letters and other project documentation. Since email is our primary means of communication, please provide valid email information for all contacts.

**Local Building Inspections Department with Jurisdiction:** Enter the contact information for the local building inspector who has jurisdiction over this project. The DHSR Construction Section usually sends a copy of our plan review comments to the local building inspections department that has jurisdiction over the facilities construction. Providing this information helps assure our office that copies of plan review comments are being sent to the correct person.

If you need to attach an extra sheet to this form, please feel free to do so.

If you have any questions concerning this Construction Project Plan Submittal Form, please call Tahlia Renn at 919-855-3911 or email [Tahlia.Renn@dhhs.nc.gov](mailto:Tahlia.Renn@dhhs.nc.gov)



# Division of Health Service Regulation Construction Project Fee Invoice

STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Division of Health Service Regulation  
2705 Mail Service Center  
Raleigh, NC 27699-2705

|                      |                       |                           |
|----------------------|-----------------------|---------------------------|
| Center<br>1311133199 | Account<br>435900-057 | Terms<br>Due Upon Receipt |
|----------------------|-----------------------|---------------------------|

## Invoice No. 22812

|                       |                 |                              |              |
|-----------------------|-----------------|------------------------------|--------------|
| <b>Project Number</b> | <b>Arch Eng</b> | <b>Date Project Received</b> | <b>FID #</b> |
| HA-3196               |                 | 09/25/2018                   | 180488       |

|                          |                                   |                                  |   |                          |
|--------------------------|-----------------------------------|----------------------------------|---|--------------------------|
| <b>Facility</b>          | <b>Description</b>                |                                  |   |                          |
| Foundation Senior Living | New 126-Bed Adult Care Home       |                                  |   |                          |
| 1437 Aversboro Rd        | 126                               |                                  |   |                          |
| <b>Type of Facility</b>  | <b>Base Fee for Facility Type</b> | <b>Square Footage of Project</b> | <b>Amount per Square Footage of Project Space</b> | <b>Total Project Fee</b> |
| HA (2.001+)              | \$350.00                          | 54562                            | 0.2   | \$11,262.40              |
|                          | <b>Date Amount Received</b>       | <b>Amount Received</b>           |   |                          |
|                          |                                   | \$0.00                           |   |                          |
|                          |                                   | \$0.00                           |   |                          |
|                          | <b>RefundDate</b>                 | <b>Refund Amount</b>             |   | <b>Balance Due</b>       |
|                          |                                   | \$0.00                           |   | <b>\$11,262.40</b>       |

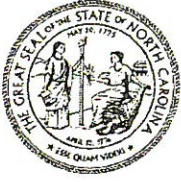
HL- Hospital, AS-Ambulatory Surgery Center, NH- Nursing Home, HA- Adult Care Home >7, PSYHL- Psychiatric Hospital, FC- Family Care, GH1-3 - Group Home 1-3, GH4-6 - Group Home 4-6, GH 7-9 - Group Home 7-9, RES>9 Residential Other >9

*Please Make Checks Payable To: NC Division of Health Service Regulation  
Please indicate the invoice number on your payment.  
Payment of this fee should be in the form of personal check, money order or cashier's check. Please do not mail cash.*

-----  
*Cut along line  
Return this portion with payment*

|   |   |                    |       |                    |             |
|---|---|--------------------|-------|--------------------|-------------|
| <b>Remittance To:</b><br>Division of Health Service Regulation<br>Construction Section<br>ATTN: Paula Nichols<br>2705 Mail Service Center<br>Raleigh, NC 27699-2705<br>919-855-3893 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><b>Invoice No.</b></td> <td>22812</td> </tr> <tr> <td><b>Balance Due</b></td> <td style="text-align: right;">\$11,262.40</td> </tr> </table> | <b>Invoice No.</b> | 22812 | <b>Balance Due</b> | \$11,262.40 |
| <b>Invoice No.</b>  | 22812   |                    |       |                    |             |
| <b>Balance Due</b>  | \$11,262.40   |                    |       |                    |             |

For Overnight Remittance: 1800 Umstead Drive Raleigh, NC 27603



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor  
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MARK PAYNE • Director, Division of Health Service Regulation

Information Regarding Division of Health Service Regulation Fees for Construction Projects

The enclosed invoice is in accordance with the fee schedule for institutional or residential health care projects per Section 131E-267. **The review of your plans and specifications will not start before the invoice has been paid.** These fees are non-refundable if you choose to cancel the project after the Construction staff has begun the project review.

**G.S 131E-267. Fees for departmental review of licensed health care facility or Medical Care Commission bond financed construction projects.**

The Department of Health and Human Services shall charge a fee for the review of each health care facility construction project to ensure that project plans and construction are in compliance with State law. The fee shall be charged on a one-time, per-project basis, as follows, and shall not exceed two hundred thousand dollars (\$200,000.00) for any single project:

| <u>Institutional Project</u>            | <u>Project Fee</u>                                  |
|---|---|
| <u>Hospitals</u>                        |   |
| 0- 5,000 square foot project            | \$1,500.00 plus \$0.25/square foot of project space |
| 5,000-10,000 square foot project        | \$3,000.00 plus \$0.25/square foot of project space |
| 10,000-20,000 square foot project       | \$4,500.00 plus \$0.45/square foot of project space |
| 20,001 and greater square foot project  | \$6,000.00 plus \$0.45/square foot of project space |
| <u>Nursing Homes</u>                    |   |
| 0-2,000 square foot project             | \$250.00 plus \$0.15/square foot of project space   |
| 2,001 square foot and greater project   | \$500.00 plus \$0.25/square foot of project space   |
| <u>Ambulatory Surgical Facility</u>     |   |
| 0-2,000 square foot project             | \$200.00 plus \$0.15/square foot of project space   |
| 2,001 square foot and greater project   | \$400.00 plus \$0.25/square foot of project space   |
| <u>Psychiatric Hospital</u>             |   |
| 0- 5,000 square foot project            | \$750.00 plus \$0.25/square foot of project space   |
| 5,000-10,000 square foot project        | \$1,500.00 plus \$0.25/square foot of project space |
| 10,000-20,000 square foot project       | \$2,250.00 plus \$0.45/square foot of project space |
| 20,001 and greater square foot project  | \$3,000.00 plus \$0.45/square foot of project space |
| <u>Adult Care Home more than 7 beds</u> |   |
| 0-2,000 square foot project             | \$175.00 plus \$0.10/square foot of project space   |
| 2,001 square foot and greater project   | \$350.00 plus \$0.20/square foot of project space   |
| <br><u>Residential Project</u>          |   |
| Group Homes: 1-3 beds                   | \$125.00 flat fee                                   |
| Group Homes: 4-6 beds                   | \$225.00 flat fee                                   |
| Group Homes: 7-9 beds                   | \$275.00 flat fee                                   |
| Family Care Homes                       | \$225.00 flat fee                                   |
| ICF/MR Group Homes                      | \$350.00 flat fee                                   |
| Other residential: More than 9 beds     | \$275.00 plus \$0.15/square foot of project space.  |

SECTION 5.2. This section becomes effective July 20, 2008, and applies to applications for review submitted

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

**CONSTRUCTION SECTION**

LOCATION: 1800 Umstead Drive, Williams Building, Raleigh, NC 27603  
MAILING ADDRESS: 2705 Mail Service Center, Raleigh, NC 27699-2705  
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3893 • FAX: 919-733-6592

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**N.C. Department of Health and Human Services  
Division of Health Service Regulation  
Construction Section**

2705 Mail Service Center Raleigh, NC 27699-2705 or 1800 Umstead Drive Raleigh, NC 27603

**CONSTRUCTION PROJECT PLAN SUBMITTAL FORM**

**GENERAL INFORMATION**

Name of Facility: North Pointe Assisted Living of Garner  
 Physical Address of Facility: 1437 Aversboro Road, Garner, Wake County  
 FID #: 920425 Facility License #: HAL-092-186  
 Type of Facility:  Adult Care Home  Ambulatory Surgery  Hospice  Hospital  ICF/IID  Jail  
 Nursing Home  Psychiatric Hospital (MHH)  Other: \_\_\_\_\_

**PROJECT INFORMATION**

**Previously Submitted Active Projects (Additional Submittals):**  
 DHSR Project #: \_\_\_\_\_  
 CON Project ID #: \_\_\_\_\_ State Construction #: \_\_\_\_\_  
 Type of Submittal:  SD  DD  CD  Fire Protection  Revision  Other: \_\_\_\_\_  
 Number of Sets: \_\_\_\_\_ Number of Specifications: \_\_\_\_\_

**Initial Submittal\*\*:**  
 Project Title: Foundation Senior Living  
 Type of Construction:  NEW  RENOVATION  ADDITION  Other: \_\_\_\_\_  
 Type of Submittal:  SD  DD  CD  Fire Protection  Other: \_\_\_\_\_  
 Number of Sets: \_\_\_\_\_ Number of Specifications: \_\_\_\_\_  
 Square Footage of Project: New Construction: \_\_\_\_\_ Renovation: \_\_\_\_\_  
 CON Project ID #: \_\_\_\_\_ CON Under Review  CON "No Review Letter"  N/A

Scope of Work Narrative (attach if needed):  
Foundation Group I LLC purchased the 126-bed adult care home known as North Pointe Assisted Living of Garner from owner Garner ALF LLC in February of 2018. The building was demolished in July of 2018 to make way for a 126-bed replacement facility on the same site. The replacement facility will be licensed as Foundation Senior Living.

**Invoice Recipient (If different from owner)**  
 Contact Name: Avery Butler  
 Company: Foundation Group I LLC  
 Address: 1212 Brooks Avenue  
Raleigh NC 27607  
 Phone: (910) 850-3053 Fax: \_\_\_\_\_  
 Email Address: butlerfamily23@outlook.com

**Architect/Engineer Information**  
 Contact Name: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email Address: \_\_\_\_\_

**Local Jurisdiction:** City \_\_\_\_\_ County \_\_\_\_\_  
 Contact Name \_\_\_\_\_ Email: \_\_\_\_\_

\*\*Please Include Completed Appendix B & Life Safety Plan with Initial Submittal\*\*



# CONSTRUCTION PROJECT PLAN SUBMITTAL FORM

## INSTRUCTION SHEET

Except as noted below every time you submit plans to the Construction Section for review, a Healthcare and Jail Plan Submittal Form (Plan Submittal Form) must be completed and submitted with your plans.

A Plan Submittal Form does not need to be submitted for an existing facility being licensed for the first time as an intermediate care facility for individuals with intellectual disabilities (ICF/IID); a mental health group home for children and adults with mental illness, developmental disabilities and substance abuse issues; and a family care home.

Additionally, a Plan Submittal Form does not need to be submitted for the construction and remodeling of children's foster care camps, residential child-care facilities and residential maternity homes licensed by N.C. Department of Health and Human Service Division of Social Services.

If this is the initial plan submittal, please complete the **General Information** section; skip the **Previously Submitted Active Projects** section; and complete the **Initial Submittal** section. For any subsequent submittals on an active project, the **General Information** and **Previously Submitted Active Projects** sections are the only sections that should be completed.

## GENERAL INFORMATION

**Name of Facility:** Enter the licensed facility name.

**Physical Address of Facility:** Enter the site address provided by the 911 emergency management services in your county.

**FID #:** Enter the Facility Identification Number assigned by the Certificate of Need Section, Construction Section or one of the DHSR Licensure Sections.

**Facility License #:** If the facility is licensed, enter number assigned by one of the DHSR Licensure Sections. County, municipal and regional jails are not licensed by DHSR and will not have a license number.

**Type of Facility:** Enter the facility type you are being licensed under. If the facility type is either a newly constructed mental health 24-hour residential facility or a family care home, indicate this in **Other**.

## PROJECT INFORMATION

*Please Note: After receiving the initial plan submittal, the DHSR Project #, FID #, CON Project ID #, will be listed on the acknowledgement letter sent from the DHSR Construction Section to the owner. For state owned facilities, the State Construction Office Project # will also be listed on the acknowledgement letter.*

### Previously Submitted Active Projects (Additional Submittals):

**DHSR Project #:** Enter the assigned Construction Section project number (please call if you do not have this number).

**CON Project ID #:** If applicable, enter the Certificate of Need (CON) Project ID #.

**State Construction Office Project #:** For state owned facilities, enter the project number assigned by the State Construction Office.

**Type of Submittal:** Check the type of plans being submitted as follows: **SD** – Schematic Design; **DD** – Design Development; **CD** – Construction Documents; **Fire Protection**; **Revision** – a previously submitted drawing which has been revised; **Other** – ex: Maglock System Drawings.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

MARK PAYNE  
DIRECTOR

February 9, 2018

James C. Wrenn, Jr.  
Hopper, Hicks & Wrenn, PLLC  
P.O. Box 247  
Oxford, NC 27565

Facility Name: North Pointe Assisted Living of Garner  
FID #: 920425  
Business Name: Garner ALF, LLC  
Business #: 2787  
Project Description: Replacement of North Pointe Assisted Living of Garner  
County: Wake

Dear Mr. Wrenn:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of February 7, 2018 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the statements described in your correspondence accurately reflect the opinion of the Agency. However, please note that any changes in the representations made in your letter would affect this opinion.

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 opinion would need to be made by this office.

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,

Handwritten signature of Lisa Pittman in black ink.

Lisa Pittman  
Assistant Chief

Handwritten signature of Martha J. Frisone in black ink.

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

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

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LAW OFFICES OF  
**HOPPER, HICKS & WRENN, PLLC**  
P.O. BOX 247, 111 GILLIAM STREET  
OXFORD, NORTH CAROLINA 27565

N. KYLE HICKS  
JAMES C. WRENN, JR.  
GERALD T. KOINIS  
C. GILL FRAZIER, II

TELEPHONE: 919-693-8161  
FACSIMILE: 919-693-9938  
www.hopperhickswrenn.com

February 7, 2018

**VIA FIRST CLASS MAIL AND EMAIL**

Lisa Pittman, Assistant Chief  
Certificate of Need  
Division of Health Service Regulation, Healthcare Planning & CON Section  
NC DHHS  
2704 Mail Service Center  
Raleigh, NC 27699-2704

Dear Ms. Pittman:

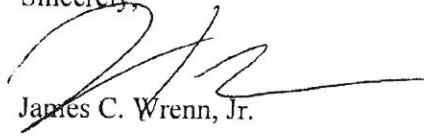
I represent Garner ALF, LLC, owner of a 126-bed adult care home known as North Pointe Assisted Living of Garner (HAL-092-186) (the "Facility"). As you know, we have discussed plans to relocate these beds to a new site in Garner with you and Mike McKillip. While we are still working on an application for a certificate of need ("CON"), we are also exploring the possibility of rebuilding the Facility on the existing site. If we were to choose this option, Garner ALF, LLC would still sell the property and associated CON rights to Foundation Group I, LLC as explained in our "no review" letter also dated as of today. Foundation Group I, LLC would then undertake the redevelopment of the existing site (the "Project") in compliance with G.S. 131E-184(e).

Based on our conversation yesterday, it is my understanding that:

1. The Project would be exempt from review pursuant to G.S. 131E-184(e) so long as Foundation Group I, LLC provides prior written notice to the Department, "which notice includes documentation that demonstrates that the proposed capital expenditure would be used for one or more of the [] purposes" described in G.S. 131E-184(e)(2).
2. The Project can be developed in two phases—an 82-bed initial phase, followed by a 44-bed second phase—and still satisfy the requirement in G.S. 131E-184(e)(1)(b) that "[t]he proposed capital expenditure would . . . [n]ot result in a change in bed capacity, as defined in G.S. 131E-176(5) . . . ."
3. After the completion of the first phase, Foundation Group I, LLC could file a CON application to relocate the 44 beds of the second phase to a new location. This application would be under "Category B: Nursing and Adult Care Services" and would be approvable by the North Carolina Department of Health and Human Services, Division of Facility Services, Healthcare Planning and Certificate of Need Section so long as the application meets all statutory and administrative code requirements.

Please confirm my understanding of our conversation. Thank you again for speaking with me and I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Wrenn, Jr.', with a long horizontal flourish extending to the right.

James C. Wrenn, Jr.

Cc: Mike McKillip

