



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
KODY H. KINSLEY • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

November 1, 2024

Peter A. Terreri
ptereri@reedsmith.com

No Review

Record #: 4632
Date of Request: October 22, 2024
Facility Name: Gates House
FID #: 110136
Project Description: Change licensee
County: Gates

Dear Mr. Terreri:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the project described above. Based on the representation in your request and the CON law in effect on the date of this response to your request, the project as described is not governed by, and therefore, does not currently require a certificate of need. The new licensee will be Gatesville AL/MC, LLC. 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.

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. As a reminder, it is unlawful to offer or develop a new institutional health service without first obtaining a certificate of need. The Department reserves the right to impose sanctions, including civil penalties and the revocation of a license, upon any entity that offers or develops a new institutional health service without first obtaining a certificate of need.

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

Sincerely,

[Handwritten signature of Gregory F. Yakaboski]

Gregory F. Yakaboski
Project Analyst

[Handwritten signature of Micheala Mitchell]

Micheala Mitchell
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
https://info.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

Peter A. Terreri
Direct Phone: +1 215 241 5476
Email: pterreri@reedsmith.com

October 18, 2024

VIA OVERNIGHT MAIL

Micheala Mitchell, Chief,
NC Department of Health and Human Services
Division of Health Services Regulation
Healthcare Planning and Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

**Re: Notice of Intent to Change Licensee
Gates House - Adult Care Home License HAL-037-001**

Dear Ms. Mitchell:

I am writing on behalf of Gates House, LLC (the “**Current Licensee**”), the licensed operator of Gates House, an adult care home located at 11 Commerce Drive, Gatesville, NC 27938 (the “**Community**”), to notify the Division of Health Services Regulation Certificate Of Need, that Gatesville AL/MC, LLC (the “**New OpCo**”) is filing a Change of Ownership (“**CHOW**”) application with the North Carolina Department of Health and Human Services, Adult Care Licensure Section.

Ownership of the Community’s building and/or property is not changing as a result of the CHOW application, which, if approved, will result in a change of the Community’s operator from the Current Licensee to the New OpCo. Additionally, there are no anticipated structural changes to the building.

By way of further background, note that this CHOW is authorized by the receiver, Michael Flanagan, who has authority to act for and on behalf of the Licensee pursuant to an Order issued by the United States District Court District of the Western District of North Carolina. A copy of the prior notice regarding the receivership, submitted to Adult Care Licensure Section on August 30, 2024, is included as Exhibit A.

I appreciate your review of this matter. Should you have any questions or concerns, please do not hesitate to contact me by phone at (215) 241-5476 or by email at pterreri@reedsmith.com.

Regards,

/s/ Peter A. Terreri
Peter A. Terreri

Enclosures

cc: M. Flanagan, Receiver (*via email*)

Exhibit A



Craig W. Anderson
Direct Phone: +1 215 241-1019
Email: craig.anderson@reedsmith.com

Reed Smith LLP
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reedsmith.com

August 30, 2024

Via Overnight Mail and Email

North Carolina Department of Health Service Regulation
Division of Health Service Regulation
2001 Mail Service Center
Raleigh, NC 27699

North Carolina Department of Health Service Regulation
Adult Care Licensure Section
2708 Mail Service Center
Raleigh, NC 27699

**Re: Notice of Appointment of Receiver and Change of Management Company
Gates House - Adult Care Home License HAL-037-001**

To Whom It May Concern:

On August 30, 2024, the United States District Court District of the Western District of North Carolina (the “**Court**”), entered a Supplemental Order¹ pursuant to which Michael F. Flanagan, was appointed receiver (the “**Receiver**”) for the adult care home located at 11 Commerce Drive, Gatesville, NC 27938 (the “**Community**”). The Community is currently operated currently by Gates House, LLC (the “**Licensee**”).

The receivership was requested by Fannie Mae due to the Licensee’s default under a loan made to Licensee by Fannie Mae. A copy of the Court’s Supplemental Order and the Receiver’s Curriculum Vitae showing his qualifications to serve as Receiver are enclosed herein for your files (Attachments A and B, respectively).

At this time, **the Licensee of the Community will remain the same. Accordingly, there is no change of ownership (“CHOW”) as a result of the Receiver’s appointment.** Instead, the Receiver’s appointment should be treated as a change of information only. The Receiver is in the process of coordinating with a prospective licensee, which will submit a CHOW application in the weeks to come in accordance with applicable regulations.

¹ *Fannie Mae vs. Wayne Health Investors, et al.*, Civil Action No. 3:24-cv-00731-FDW-DCK.

The Receiver intends to retain RSS/Gates House Manager, LLC as a consultant to provide assistance to the current Licensee in managing the day-to-day operations of the Community. It is expected that RSS/Gates House Manager, LLC will be appointed as the new management company in the near future.

Please note that during the receivership, we do not anticipate any material changes in the services provided, or any other changes to the delivery of care, at the Community beyond those that may occur in the normal course of business.

If you have any questions, please do not hesitate to call or email me at (607) 368-1967 or craig.anderson@reedsmith.com.

Very truly yours,



Craig W. Anderson

Enclosures

cc: M. Flanagan, Receiver (*via email*)