

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE

# CERTIFICATE OF COMPLIANCE

This Certificate is hereby granted to EMERITUS CORPORATION

LEGAL ENTITY

To operate LOYALTON OF HARRISBURG

NAME OF FACILITY OR AGENCY

Located at 3560 NORTH PROGRESS AVENUE, HARRISBURG, PA 17110

(COMPLETE ADDRESS OF FACILITY OR AGENCY)

ADDRESS OF SATELLITE SITE

ADDRESS OF SATELLITE SITE

ADDRESS OF SATELLITE SITE

ADDRESS OF SATELLITE SITE

ADDRESS OF SATELLITE SITE

ADDRESS OF SATELLITE SITE

To provide Personal Care Homes

TYPE OF SERVICE(S) TO BE PROVIDED

The total number of persons which may be cared for at one time may not exceed 65  
or the maximum capacity permitted by the Certificate of Occupancy, whichever is smaller.

(MAXIMUM CAPACITY)

Restrictions: Secure Dementia Care Unit - 55 Pa.Code §§ 2600.231-239 - Capacity 24

This certificate is granted in accordance with the Public Welfare Code of 1967, P.L. 31, as amended, and Regulations

55 Pa.Code Chapter 2600: Personal Care Homes

(MANUAL NUMBER AND TITLE OF REGULATIONS)

and shall remain in effect from September 30, 2010 until March 30, 2011,  
unless sooner revoked for non-compliance with applicable laws and regulations.

No: 316114

*Robert E. Robinson*

ISSUING OFFICER

*Kenneth J. Casey*

DEPUTY SECRETARY

NOTE: This certificate is issued for the above site(s) only and is not transferable  
and should be posted in a conspicuous place in the facility.

PW 628 - 4/02



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
PO BOX 2675  
HARRISBURG, PENNSYLVANIA 17105-2675

ADULT RESIDENTIAL LICENSING

PHONE: (717) 783-3670  
FAX: (717) 783-5662

**CERTIFIED MAIL – RETURN RECEIPT**  
**MAILING DATE:**

**OCT 04 2010**

Ms. Melanie Werdel, EVP Administrator  
Emeritus Corporation  
3131 Elliott Avenue, Suite 500  
Seattle, Washington 98121

RE: Loyalton of Harrisburg  
3560 N. Progress Avenue  
Harrisburg, Pennsylvania 17110

Dear Ms. Werdel:

In accordance with the Settlement Agreement signed by Emeritus Corporation and the Department of Public Welfare on September 30, 2010, enclosed is a FOURTH PROVISIONAL license issued in accordance with 55 Pa.Code Ch. 2600 (relating to Personal Care Homes).

Sincerely,

A handwritten signature in black ink that reads "Kevin T. Casey".

Kevin T. Casey  
Deputy Secretary

Enclosures  
Settlement Agreement  
License

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
BUREAU OF HEARINGS AND APPEALS

IN THE APPEAL OF: Loyalton of Harrisburg v.  
Adult Residential Licensing  
BHA ID No. 9999  
BHA Docket Nos. 034-10-0031 and 034-10-0026  
Personal Care Home Licensure

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into this 30<sup>th</sup> day of September 2010, by and between the Department of Public Welfare Adult Residential Licensing (Department) and Loyalton of Harrisburg, Emeritus Corporation, its subsidiary entities, and any related entities (collectively, referred to as Appellant, unless otherwise indicated), for the purpose of resolving the matters set forth herein.

WHEREAS, the Department is the Commonwealth agency entrusted with the oversight and administration of the licensing of personal care homes (homes) in the Commonwealth of Pennsylvania;

WHEREAS, Appellant operates the personal care home known as Loyalton of Harrisburg located at 3560 North Progress Avenue, Harrisburg, Pennsylvania 17110 and that is the subject of this appeal and that is licensed under statutes and regulations administered by the Department;

WHEREAS, by letter of April 27, 2010 the Department advised Appellant that the Department was refusing to renew Appellant's Provisional License to operate Loyalton of Harrisburg as a personal care home;

WHEREAS, Appellant timely filed an administrative appeal of the Department's nonrenewal action on May 8, 2010 and the Bureau of Hearings and Appeals (BHA) timely scheduled a hearing for August 9, 2010;

WHEREAS, by letter of April 15, 2010 the Department advised Appellant that the Department was denying a license to Emeritus Corporation to operate Grayson View Assisted Living and Memory Care Community located at 29 Grayson View Court, Selinsgrove, Pennsylvania 17870;

WHEREAS, Appellant timely filed an administrative appeal of the Department's denial action on April 23, 2010 and the BHA timely scheduled a hearing for August 4, 2010;

WHEREAS, the Department and Appellant entered into a Settlement Agreement on May 22, 2009 relating to BHA Docket Numbers 84-09-002 and 34-09-016 relating to Green Meadows at Allentown, Emeritus Corporation and applicable to all personal care homes operated by Appellant;

WHEREAS, the Department and Appellant wish to continue all the provisions of the May 22, 2009 Settlement Agreement between Emeritus Corporation and the Department;

WHEREAS, the Department and Appellant both wish to resolve this matter amicably and avoid the uncertainties of further litigation of this matter; AND,

WHEREAS, the Parties have reached a mutually agreeable means of resolving the matter that will settle and end these appeals.

NOW, THEREFORE, the Parties, intending to be legally bound, do hereby mutually agree to the Terms of the Agreement as follows:

#### Terms of Agreement

1. All terms of this Agreement shall remain in effect for two (2) years from the date of this Agreement, or until Appellant operates Loyaltown of Harrisburg under a regular license for fifteen (15) consecutive months, whichever occurs first, unless otherwise specified in this Agreement, effective upon execution by the Parties. The execution of this Agreement by all Parties shall be promptly completed. The execution of this Agreement triggers the time period for actions required in this Agreement.
2. For Loyaltown of Harrisburg, this Agreement applies in addition to the provisions of the May 22, 2009 Settlement Agreement.
3. Appellant agrees not to increase its licensed capacity for Loyaltown of Harrisburg, until such time as Appellant operates Loyaltown of Harrisburg under a regular license for twelve (12) consecutive months.
4. The Department hereby rescinds its April 15, 2010 License Denial and will continue to process Appellant's April 1, 2010 Application for a Certificate of Compliance for the purchase of Grayson View Assisted Living and Memory Care Community located at 29 Grayson View Court, Selinsgrove, Pennsylvania 17870, provided that Appellant does not substantially change the management structure and operation of the home, as determined by the Department. The Department will not delay processing of the Application in any way, but rather will follow its normal business processing and timelines for reviewing and acting upon an Application. The terms of the May 22, 2009 Settlement Agreement do not apply to Grayson View Assisted Living and Memory Care Community.

5. Within ninety (90) days of the effective date of the Agreement, Appellant will complete a new assessment for each resident who resides in Loyaltown of Harrisburg. Appellant will develop a detailed support plan for each resident within thirty (30) days of completion of the assessment. The assessment and support plan will be completed with consultation by a physician, physician's assistant, certified registered nurse practitioner, or registered nurse, and in cooperation with the resident, the resident's family and friends who wish to participate, community service staff and direct care staff persons assigned to provide direct care services for the resident. Subsequent to the completion of the new assessments and support plans, Appellant will complete an assessment and support plan for each resident with a dementia-related disease at least every three (3) months or more often upon a change in the resident's condition. Appellant will provide an opportunity for the resident and his/her family and friends to meet with Appellants' direct care staff persons at a time and place convenient for those who wish to participate. Appellant will invite the resident's physician, community service agencies, and medical/behavioral health care specialists to each assessment/support plan meeting. Appellant will use the Department's forms to complete the assessments and support plans.

6. Effective the date of this Agreement, Appellant will employ a full-time administrator who is on-site performing administrator duties at least forty (40) hours per week for Loyaltown of Harrisburg. During an absence of the administrator due to training, vacation, or illness, an employee who meets the educational and training requirements for a personal care home administrator as specified at 55 Pa. Code § 2800.53 (relating to qualifications and responsibilities of administrators) and § 2600.64 (relating to administrator training and orientation) will be present to meet the on-site forty (40) hour per week requirement.

7. Effective the date of this Agreement, Appellant will employ a business manager who is on-site performing management duties at least thirty (30) hours per week for Loyaltown of Harrisburg. During an absence of the business manager due to training, vacation, or illness, an employee who meets the educational and training requirements of this provision will be present to meet the on-site thirty (30) hour per week requirement.

8. As of the effective date of this Agreement, Appellant will employ or contract with a Pennsylvania Registered Nurse or a Pennsylvania Licensed Practical Nurse to be present at Loyaltown of Harrisburg for twenty-four (24) hours per day, seven (7) days per week, until Loyaltown of Harrisburg operates under a regular license for twelve (12) consecutive months.

9. The nurse specified in Provision #8 will supervise and monitor all medication administration, including medications administered by trained, non-medically licensed staff persons.

10. The Department will issue a Fourth Provisional License to Appellant to operate a personal care home for Loynton at Harrisburg for a six (6) month period, to begin the effective date of this Agreement. The ban on admissions at Loynton of Harrisburg will terminate as of the effective date of this Agreement.

11. This Agreement shall not be construed to reduce, limit or restrict the Department's authority to enforce applicable statutes and regulations, including but not limited to 62 P.S. § 1001 et seq., 55 Pa. Code § 20.1 et seq. and 55 Pa. Code § 2600.1 et seq.

12. Any violation by Appellant of any of the terms of this Agreement or of any other applicable requirement, including but not limited to Article X of the Public Welfare Code, 62 P.S. § 1001 et seq., 55 Pa. Code § 20.1 et seq. and 55 Pa. Code § 2600.1 et seq., which is not cured within a reasonable time after notice, shall be deemed a material breach of the Agreement and the Department shall have the right to take any action determined to be appropriate; said right is subject to the Appellant's right to hearing before the Department's Bureau of Hearing and Appeals (BHA) to determine the appropriateness of the Department's action. Any violation by Appellant of any of the terms of this Agreement or of any other applicable requirement, may result in licensure action against Loynton of Harrisburg.

13. Each Party agrees that this Agreement shall not constitute an admission of wrongdoing, liability or fault by either Party.

14. The BHA shall have exclusive original jurisdiction, subject to appellate judicial review of its Order, over any dispute that may arise with respect to the interpretation, application or enforcement of the terms of this Agreement.

15. Each individual signing this Agreement on behalf of a Party represents that the individual is duly authorized to sign this Agreement on behalf of the Party. The undersigned represents that each Party has obtained all necessary approvals to bind the Party she/he represents.

16. This Agreement is based upon facts unique to this case and does not establish a precedent or otherwise bind the Department in any other action and shall not be construed as evidence of Department practice, policy or interpretation with respect to any dispute or issue.

17. The effective and execution date of this Agreement is the date set forth on page one of this Agreement, which will be completed by counsel for the Department on the date the Department's counsel signs this Agreement.


18. The Parties to this Agreement agree that they have read and fully understand this Agreement. This Agreement is entered into knowingly, voluntarily and intelligently with the advice of their respective legal counsel.

19. This Agreement constitutes the entire Agreement and understanding between the Parties relating to the specific matter contained herein, and supersedes any prior Agreements, whether oral or written, with respect thereto. This Agreement may not be amended or modified in any respect whatsoever except in writing duly executed by an authorized representative of each of the Parties. In the spirit of continuing to provide quality care to the residents, the consent of the Department to amend or modify the terms of this Agreement shall not be unreasonably withheld.


20. Once this Agreement is executed, either Party shall file this Agreement with BHA and such filing will constitute Appellant's withdrawal of its appeals.

21. This Agreement is public information in accordance with 65 P.S. § 67.101 et seq.

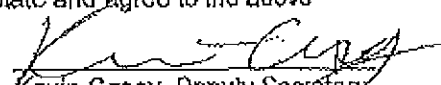
WHEREFORE, the Parties hereby stipulate and agree to the above conditions and terms of settlement.

  
Appellant  
Melanie Werdal  
Executive Vice President of Administration  
Emeritus Corporation

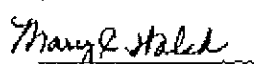
Date: 9/28/10

And:   
John A. Kane, Esquire  
Counsel for  
Legal Entity

Date: 9/29/10

  
Kevin Casey, Deputy Secretary  
533 Health & Welfare Building  
Harrisburg, PA 17120

Date: 9-30-2010

And:   
Mary E. Staled, Esquire  
Counsel for  
Department of Public Welfare

Date: 9/30/10