

RESPONSE REQUIRED

May 2, 2012

Chuck White, Development
P. O. Box 2568
Hickory, NC 28603-2568

RE: Conditional Approval/ Project I.D. # R-8782-12/ Gates Health Investors, LLC Lessor and Gates House, LLC, Lessee/ Add 30 adult care beds to a previously approved 40-bed adult care facility for a total of 70 adult care beds which includes a 40-bed special care unit/ Gates County
FID #: 110136

Dear Mr. White:

The Certificate of Need (CON) Section, Division of Health Service Regulation, Department of Health and Human Services has conditionally approved the above referenced certificate of need application. This decision was made after a review of the applications submitted for this cycle and after consideration of the Certificate of Need Law, G.S. 131E-175 et. seq. and regulations promulgated thereunder, the State Medical Facilities Plan, and other applicable information. Attached to this letter are the required findings made with respect to your application. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Department shall not issue the certificate of need until all applicable conditions of approval that can be satisfied before issuance of the certificate of need have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. Gates Health Investors, LLC (Lessor) and Gates House, LLC (Lessee) shall materially comply with all representations in Project I.D. R-8635-11 as amended by this certificate of need application except as modified by any supplemental information submitted upon request of the agency. In those instances where the representations in the supplemental information differ from those in the application, the applicant shall materially comply with the representations in the later document.
2. Gates Health Investors, LLC (Lessor) and Gates House, LLC (Lessee) shall add 30 adult care beds to an approved adult care home with a 40-bed special care unit for a total of 70 adult care beds upon completion of the project.
3. For the first two years of operation following completion of the project, Gates Health Investors, LLC (Lessor) and Gates House, LLC (Lessee) shall not increase actual private pay charges more than 5% of the projected private pay charges provided in Section X of the application without first obtaining a determination from the Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.

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4. Gates Health Investors, LLC (Lessor) and Gates House, LLC (Lessee) shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section, in writing prior to issuance of the certificate of need.

Response to the above conditions should be submitted to the CON Section no later than 35 days from the date of the decision. Failure to respond within this time period may result in the CON Section making a determination not to issue a certificate of need for the project referenced above.

The conditional approval is valid only for a capital expenditure of \$4,493,871. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by G.S. 131E-176(16)(e).

The applicant should be aware that according to the Certificate of Need Law any affected person shall have thirty (30) days after the date of decision to file a petition for a contested case on this approval. Further, if you are aggrieved by the conditions of the decision you may file a petition for a contested case hearing in accordance with G.S. 150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. [Note: Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to OAH Clerk's Office (919-431-3000).]

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Emery Milliken
Department of Health and Human Services,
Office of Legal Affairs,
Adams Building – Room 154
2001 Mail Service Center
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Certificate of Need Section.

The certificate of need will not be issued before the completion of this 30 day period ending June 1, 2012. If a contested case request is received within the thirty (30) day period, the certificate will not be issued until the appeal is resolved (10A NCAC 14C .0208).

The timetable for completion of the project is the timetable outlined in the certificate of need application, unless an adjustment has been made by the CON Section because the review period was extended.

The timetable for this project is as follows:

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Permanent Loan Executed _____	December 2, 2012
Site Purchased _____	December 2, 2012
Final Drawings submitted to the Construction Section, DHSR _____	January 15, 2013
Approval of Final Drawings and Specifications Construction Contract Awarded _____	February 6, 2013
Building Permit Obtained _____	May 7, 2013
Final Drawings Approved by the Department of Insurance _____	May 14, 2013
25% Completion of Construction _____	September 31, 2013
50% Completion of Construction _____	January 3, 2014
75% Completion of Construction _____	March 30, 2014
Completion of Construction _____	May 31, 2014
Licensure of Facility _____	October 1, 2014
Medicare/Medicaid Certification _____	October 1, 2014

If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact us if any clarification of this decision is required.

Please refer to the Project I.D. # and Facility I.D. # (FID) in all correspondence.

Sincerely,

Paula Quirin, Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

PQ:CRS:mw

Attachment

cc: Medical Facilities Planning Section, DHSR
Adult Care Home Licensure & Certification Section, DHSR
Construction Section, DHSR

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing notice of **conditional approval** on the following person by placing a copy in an official depository of the United States Postal Service in a postage-paid, first class envelope addressed as follows:

Chuck White, Development
P. O. Box 2568
Hickory, NC 28603-2568

Project I.D. # R-8782-12

FID #110136

This the 2nd day of May, 2012.

Paula Quirin
Project Analyst