



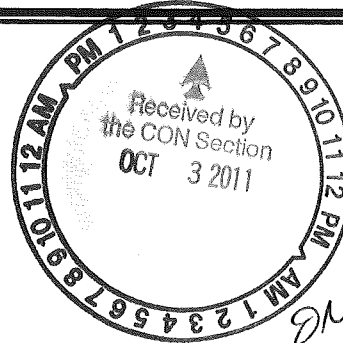
# Long Term Care Management Services

*Caring with Excellence*

Wake County Rehabilitation Center  
Liberty Healthcare Properties of West Wake County, LLC  
Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC

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Craig Smith, Section Chief  
Mike McKillip, Project Analyst  
Certificate of Need Section, DHSR, DHHS  
809 Ruggles Drive  
Raleigh, NC 27603



September 30, 2011

Dear Mr. Smith and Mr. McKillip,

In accordance with NC G.S. §131E-185(a1)(1), Wake County Rehabilitation Center, Liberty Healthcare Properties of West Wake County, LLC, and Liberty Commons Nursing and Rehabilitation of West Wake County, LLC hereby submit the following comments related to competing applications filed in response to the need determination in the 2011 NC State Medical Facilities Plan (“SMFP”) for 240 skilled nursing beds to be located in Wake County. Our comments include discussion of representations made in the competing applications and whether, or not, the applications comply with the relevant review criteria, plans, and standards. We offer comments on the following applications:

- J-8713-11 Britthaven, Inc. d/b/a Wake County Health & Rehab**
- J-8715-11 Britthaven, Inc. d/b/a St. Mary’s Health and Rehab Center**
- J-8717-11 AH North Carolina Owner, LLC – The Heritage of Raleigh**
- J-8729-11 E.N.W., LLC – BellaRose Nursing and Rehab**
- J-8711-11 Hillcrest Convalescent Center, Inc. – Hillcrest Convalescent Center**
- J-8712-11 Wake County H & R Re, Limited Partnership – Wake County Health & Rehab**
- J-8730-11 Cary Operations, LLC – The Rehabilitation and Nursing Center at Cary**
- J-8731-11 Raleigh Operations, LLC – The Rehabilitation and Nursing Center at Raleigh**
- J-8722-11 Uni-Health Post-Acute Care – North Raleigh**

**J-8720-11      Uni-Health Post-Acute Care – Cary**

**J-8721-11      Universal Properties/Fuquay Varina – Universal Health Care  
Fuquay-Varina**

Our comments are organized to address specific discrepancies and questions separately for each individual application. Based on our analysis of the applications, our Wake County Rehabilitation Center applications represents the most effective alternative for meeting the needs of Wake County and also are the only applications that fully conform to all the relevant review criteria, plans, and standards. We appreciate your consideration of our comments in your review process.

Sincerely,

Doug Whitman  
Development Director  
DWhitman@libertyhcare.com  
(910) 332-1982

# **Competitive Comments on Applications Submitted in Response to the Need Determination for 240 Skilled Nursing beds in Wake County**

Submitted by

Wake County Rehabilitation Center – House Creek/St. Mary's/Cedar Fork  
Liberty Healthcare Properties of West Wake County, LLC  
Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC  
Applicants of Project ID# J-8727-11/J-8723-11/J-8726-11

## **Overview**

We have closely examined each of the applications referenced above for accuracy and to the extent that each meets the review criteria outlined in NC G.S. §131E-183. We discovered discrepancies and errors of varying severity in all applications examined and found instances in each application where the applicants failed to adequately satisfy review criteria with the information and responses provided.

We have prepared two sections of comments: (1) General Comparative Comments: we will evaluate certain aspects of each proposal against the competing proposal, and (2) Individual Application Issues: we will highlight specific issues with each application. In all competing applications examined there are flaws and issues of such a nature as to warrant each non-conforming to relevant review criteria. Therefore, we assert that Liberty's Wake County Rehabilitation Center applications are the most effective alternatives proposed to meet the needs of the residents of Wake County, particularly those that are currently underserved, and are the only applications submitted that fully conform to the relevant review criteria, plans, and standards, and therefore, should be approved for development.

## **General Comparative Comments**

The majority Wake County CON applicants propose to construct new facilities with varying numbers of beds in response to the 2011 SMFP need determination for 240 new skilled nursing beds in Wake County. Pursuant to NC G.S. §131E-183(a)(1) and the 2011 SMFP, no more than 240 new skilled nursing beds may be approved for Wake County in this review. Because the sixteen competing applications together propose to develop 1,570 new skilled nursing beds in Wake County, only a few of these applications may be approved. Liberty provides the comparative comments in this section to demonstrate the ways in which Liberty's Wake County Rehabilitation Center application is comparatively superior to the other competing applications in this review. In order to determine the most effective alternative to meet the identified need for 240 new skilled nursing facility beds in Wake County, Liberty reviewed and compared the following factors in each application:

- Geographic Location
- Total Operating Costs (Direct plus Indirect minus Ancillary Costs)
- Per Diem Private Pay Rates
- Nursing Hours PPD
- Licensed Nursing Hours PPD
- Percentage of Private Beds
- Medicaid payor mix
- Nursing Salaries
- Benefits as a Percentage of Salaries
- Alzheimer's/Dementia Special Care Unit
- Activity/Dining Space per Bed
- "Green Energy" Initiatives (Policy Gen-4)

Liberty believes these factors are appropriate comparison factors that can yield some insight into the differences between the competing applications.

### **Geographic Location**

Liberty has submitted three CON applications in three different areas of Wake County in order to give the CON Section the most flexibility in awarding new skilled nursing beds in a way that most effectively distributes them throughout the county. According to Liberty's need assessment these are the three highest need areas in Wake County. Wake County Rehabilitation Center – House Creek is located centrally in the highest need area on the border of House Creek and Leesville Townships, which show bed needs of 145 and 92, respectively. This area is currently serviced only by CCRC's which are generally not available to the general public and do not provide any services to Medicaid recipients. These two townships combine for a joint bed need of 237 skilled nursing beds, a need greater than any other part of the county. The next highest area of need by township bed deficits is the Morrisville/Cary area, or West Wake County in the Cedar Fork and Cary Townships which combine for a bed need of 133 with bed deficits of 81 and 52, respectively. A third area of Wake County that is currently underserved is the Southwest area of Wake County, in the Garner area. Garner lies within the St. Mary's Township which has a projected deficit of 82 skilled nursing beds and immediately to the south is the Panther Branch Township with a projected bed deficit of 44 beds for a combined need of 126 skilled nursing beds. Liberty has submitted proposals to construct a new facility in each of these locations and is the only applicant to provide three options for new facilities to the CON Section.

Cary Operations, LLC and Raleigh Operations, LLC (both subsidiaries of DES Senior Care Holdings, LLC) have proposed locations in townships that do not show significant bed deficits (in the Cary and Raleigh Townships, respectively) but in addition have proposed locations that are within one mile of existing and operational nursing homes. Cary Operations, LLC's proposed location is one-quarter of a mile from Cary Health & Rehabilitation and Raleigh Operations, LLC's proposed location is one-half of a mile from Capital Nursing & Rehabilitation and Sunnybrooke Healthcare and less than one mile from Tower Nursing & Rehab.

These proposals do not adequately address effective geographic distribution of new skilled nursing beds in Wake County and are less effective alternatives.

Uni-Health – North Raleigh and Britthaven – Cedar Fork have proposed locations that are on the border of Durham County. In fact, the location that UHS Pruitt – North Raleigh has proposed is literally **on the border** of Durham County and Britthaven’s proposed location is within a mile of the county border. These locations will render the beds more accessible to Durham County residents than a large portion of Wake County residents and therefore will not adequately address the needs of Wake County.

Other applicants such as Hillcrest Convalescent Center, Universal Health Care Fuquay Varina, Universal Health Care North Raleigh, The Heritage of Raleigh (Brookdale) and Uni-Health Post-Acute Care Raleigh have all proposed to add or construct nursing facility beds in townships that show significantly less of a bed need than the three areas identified in Liberty’s applications. Approval of these applications could prohibit the development of new skilled nursing beds in areas of Wake County that have a **tremendous** need for new beds and therefore represent less effective alternatives.

The remaining applicants (Uni-Health – Cary, E.N.W., Medical Facilities of America, and Britthaven – St. Mary’s) have submitted proposals in locations that concur with Liberty’s need assessment as appropriate locations to distribute new skilled nursing beds but are inferior to Liberty’s proposals in other criteria.

**Total Operating Costs (Direct plus Indirect minus Ancillary Costs)**

The total operating cost proposed by each applicant is as follows:<sup>1</sup>

<i>Project ID</i>	<i>Applicant</i>	<i>Operating Costs</i>
J-8721-11	Universal Fuquay Varina	\$ 162.81
J-8713-11	Britthaven - Cedar Fork	\$ 179.96
J-8714-11	Universal N. Raleigh	\$ 180.39
J-8729-11	ENW - Bellarose	\$ 182.59
J-8715-11	Britthaven - St Mary's	\$ 182.98
J-8726-11	Liberty - Cedar Fork	\$ 186.39
J-8727-11	Liberty - House Creek	\$ 186.70
J-8723-11	Liberty - St Mary's	\$ 186.78
J-8712-11	Medical Facilities of America	\$ 192.80
J-8720-11	UniHealth Post-Acute Care Cary	\$ 199.24
J-8722-11	UniHealth Post-Acute Care N. Raleigh	\$ 201.60
J-8730-11	NJ Cary Operations	\$ 202.07
J-8731-11	NJ Raleigh Operations	\$ 202.28
J-8711-11	Hillcrest Convalescent Center	\$ 215.61
J-8719-11	UniHealth Post-Acute Care Raleigh	\$ 222.74
J-8717-11	Brookdale - Heritage	\$ 227.00

All three of Liberty's applications are below the average operating cost of \$194.50. Only 5 of the 13 other applications project lower operating costs per patient day, with the lowest (Universal Fuquay, a licensed but non-operational facility) projecting an operating cost that is only 13% lower than Liberty's highest projected operating cost (Liberty – St. Mary's).

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<sup>1</sup> Numbers in the following comparative tables are colored green if they are better than the average of all the applicants' proposals (in this case below the average operating cost) and in red if they do not beat the average.

**Per Diem Private Pay Rates**

The per diem private pay rates proposed by each applicant are as follows:

<i>Project ID</i>	<i>Applicant</i>	<i>Private Pay (Private Room)</i>	<i>Private Pay (Semi-private Room)</i>
J-8714-11	Universal N. Raleigh	\$ 180.00	\$ 165.00
J-8720-11	UniHealth Post-Acute Care Cary	\$ 188.00	\$ 179.00
J-8722-11	UniHealth Post-Acute Care N. Raleigh	\$ 188.00	\$ 179.00
J-8726-11	Liberty - Cedar Fork	\$ 190.00	\$ 170.00
J-8727-11	Liberty - House Creek	\$ 190.00	\$ 170.00
J-8723-11	Liberty - St Mary's	\$ 190.00	\$ 170.00
J-8721-11	Universal Fuquay Varina	\$ 190.00	\$ 180.00
J-8729-11	ENW - Bellarose	\$ 196.00	\$ 186.00
J-8713-11	Britthaven - Cedar Fork	\$ 198.00	\$ 188.00
J-8715-11	Britthaven - St Mary's	\$ 198.00	\$ 188.00
J-8730-11	NJ Cary Operations	\$ 240.00	\$ 205.00
J-8731-11	NJ Raleigh Operations	\$ 240.00	\$ 205.00
J-8717-11	Brookdale - Heritage	\$ 244.33	\$ 221.13
J-8712-11	Medical Facilities of America	\$ 250.00	\$ 225.00
J-8719-11	UniHealth Post-Acute Care Raleigh	\$ 253.61	\$ 216.07
J-8711-11	Hillcrest Convalescent Center	\$ 311.00	N/A

Liberty proposes the third lowest private room private pay rate (second lowest among new facility applicants) and the second lowest semi-private room private pay rate (the **lowest** among new facility applicants).

**Direct Care Staff Hours PPD**

The following table summarizes the total direct care hours per patient day and the direct care hours provided by licensed nursing staff (i.e. RN's and LPN's) per patient day for general skilled nursing (excluding ACH beds and SCU beds):

<i>Project ID</i>	<i>Applicant</i>	<i>Total Direct Care Hours PPD</i>	<i>Licensed Staff Direct Care Hours PPD</i>
J-8726-11	Liberty - Cedar Fork	4.47	1.43
J-8727-11	Liberty - House Creek	4.47	1.43
J-8723-11	Liberty - St Mary's	4.47	1.43
J-8729-11	ENW - Bellarose	4.22	1.44
J-8722-11	UniHealth Post-Acute Care N. Raleigh	4.13	1.52
J-8719-11	UniHealth Post-Acute Care Raleigh	4.08	1.5
J-8720-11	UniHealth Post-Acute Care Cary	3.91	1.41
J-8715-11	Britthaven - St Mary's	3.89	1.6
J-8713-11	Britthaven - Cedar Fork	3.85	1.54
J-8711-11	Hillcrest Convalescent Center	3.74	1.09
J-8717-11	Brookdale - Heritage	3.6	1.42
J-8721-11	Universal Fuquay Varina	3.57	1.14
J-8730-11	NJ Cary Operations	3.5	1.3
J-8731-11	NJ Raleigh Operations	3.5	1.3
J-8712-11	Medical Facilities of America	3.44	1.16
J-8714-11	Universal N. Raleigh	3.41	1.09

Liberty proposes the **most** direct care nursing hours per patient day at 4.47 hours per day and is above the applicant average of 1.36 licensed nursing hours PPD.



**Percentage of Private Beds**

The following table summarizes each application’s proposed private beds as a percentage of the total number of beds:

<i>Project ID</i>	<i>Applicant</i>	<i>% of Private beds</i>
J-8711-11	Hillcrest Convalescent Center	87%
J-8717-11	Brookdale - Heritage	87%
J-8721-11	Universal Fuquay Varina	61%
J-8722-11	UniHealth Post-Acute Care N. Raleigh	60%
J-8720-11	UniHealth Post-Acute Care Cary	60%
J-8726-11	Liberty - Cedar Fork	51%
J-8727-11	Liberty - House Creek	51%
J-8723-11	Liberty - St Mary's	51%
J-8729-11	ENW - Bellarose	46%
J-8715-11	Britthaven - St Mary's	44%
J-8713-11	Britthaven - Cedar Fork	33%
J-8730-11	NJ Cary Operations	33%
J-8731-11	NJ Raleigh Operations	33%
J-8712-11	Medical Facilities of America	33%
J-8714-11	Universal N. Raleigh	27%
J-8719-11	UniHealth Post-Acute Care Raleigh	18%

Liberty proposes to develop half of its skilled nursing beds (66) in private rooms. **Additionally** Liberty has proposed to relocate ten vacant and under-utilized beds from its affiliated facility Capital Nursing to create ten additional private rooms at that facility. Liberty is the **only** applicant to propose the development of new private rooms at an existing and operational facility. This represents a total of **76 new private rooms**. Only Brookdale – Heritage and Hillcrest Convalescent Center propose to develop a higher number of private rooms.

**Access for underserved residents (Medicaid Payor Mix)**

The table below indicates the percentage of patient days that each applicant proposes to provide to Medicaid recipients in the second full year of operation:

<i>Project ID</i>	<i>Applicant</i>	<i>Medicaid Payor Percentage</i>
J-8715-11	Britthaven - St Mary's	76.0%
J-8713-11	Britthaven - Cedar Fork	74.0%
J-8729-11	ENW - Bellarose	72.0%
J-8712-11	Medical Facilities of America	67.9%
J-8726-11	Liberty - Cedar Fork	67.2%
J-8727-11	Liberty - House Creek	67.2%
J-8723-11	Liberty - St Mary's	67.2%
J-8721-11	Universal Fuquay Varina	66.7%
J-8720-11	UniHealth Post-Acute Care Cary	64.6%
J-8722-11	UniHealth Post-Acute Care N. Raleigh	64.4%
J-8730-11	NJ Cary Operations	56.7%
J-8731-11	NJ Raleigh Operations	56.7%
J-8717-11	Brookdale - Heritage	55.4%
J-8714-11	Universal N. Raleigh	55.0%
J-8711-11	Hillcrest Convalescent Center	49.0%
J-8719-11	UniHealth Post-Acute Care Raleigh	46.3%

Liberty is well above the applicant average of 62.9% Medicaid residents and only Britthaven, E.N.W. and Medical Facilities of America propose a higher percentage of Medicaid residents.

**Nursing Salaries**

The following table illustrates the proposed salaries for the nursing positions (RN, LPN, CNA, DON and ADON) and is sorted based on CNA salaries:

<i>Project ID</i>	<i>Applicant</i>	<i>CNA</i>	<i>RN</i>	<i>LPN</i>	<i>DON</i>	<i>ADON</i>
J-8714-11	Universal N. Raleigh	\$ 30,654	\$ 62,400	\$ 53,498	\$ 94,483	\$ 76,960
J-8726-11	Liberty - Cedar Fork	\$ 27,000	\$ 57,000	\$ 47,000	\$ 89,627	\$ 67,018
J-8727-11	Liberty - House Creek	\$ 27,000	\$ 57,000	\$ 47,000	\$ 99,009	\$ 69,618
J-8723-11	Liberty - St Mary's	\$ 27,000	\$ 57,000	\$ 47,000	\$ 89,502	N/A
J-8712-11	Medical Facilities of America	\$ 25,350	\$ 56,160	\$ 49,920	\$ 89,502	N/A
J-8730-11	NJ Cary Operations	\$ 25,194	\$ 61,194	\$ 54,309	\$ 90,311	\$ 70,000
J-8731-11	NJ Raleigh Operations	\$ 25,194	\$ 61,194	\$ 54,309	\$ 90,311	\$ 70,000
J-8721-11	Universal Fuquay Varina	\$ 25,175	\$ 62,691	\$ 48,256	\$ 83,000	\$ 63,000
J-8729-11	ENW - Bellarose	\$ 25,000	\$ 57,000	\$ 47,000	\$ 83,000	\$ 63,000
J-8719-11	UniHealth Post-Acute Care Raleigh	\$ 24,716	\$ 66,253	\$ 50,453	\$ 85,000	\$ 70,000
J-8717-11	Brookdale - Heritage	\$ 24,619	\$ 54,237	\$ 45,488	\$ 85,234	\$ 70,000
J-8720-11	UniHealth Post-Acute Care Cary	\$ 23,054	\$ 60,342	\$ 48,138	\$ 85,234	\$ 70,000
J-8722-11	UniHealth Post-Acute Care N. Raleigh	\$ 23,054	\$ 60,454	\$ 48,138	\$ 85,234	\$ 70,000
J-8713-11	Britthaven - Cedar Fork	\$ 22,425	\$ 58,240	\$ 47,320	\$ 81,120	N/A
J-8715-11	Britthaven - St Mary's	\$ 22,425	\$ 58,240	\$ 47,320	\$ 89,757	N/A
J-8711-11	Hillcrest Convalescent Center	\$ 22,196	\$ 50,462	\$ 39,808	\$ 74,991	\$ 48,565

Liberty proposes the **highest** salaries for CNA's and ADON among new facility applicants. Liberty is within 3% of the applicant average for RN, LPN and DON salaries.<sup>2</sup>

<sup>2</sup> It is noteworthy that of all the comparative factors reviewed in these comments the RN, LPN and DON salaries are the **only** factors reviewed in which Liberty was below the applicant average but are nonetheless extremely close to the average.

**Benefits as a Percentage of Salaries**

The following table summarizes each application’s proposed benefits as a percentage of salaries:

<i>Project ID</i>	<i>Applicant</i>	<i>Benefits as a % of Salaries</i>
J-8719-11	UniHealth Post-Acute Care Raleigh	25.30%
J-8712-11	Medical Facilities of America	24.88%
J-8726-11	Liberty - Cedar Fork	23.50%
J-8727-11	Liberty - House Creek	23.50%
J-8723-11	Liberty - St Mary's	23.50%
J-8722-11	UniHealth Post-Acute Care N. Raleigh	23.28%
J-8720-11	UniHealth Post-Acute Care Cary	23.03%
J-8715-11	Britthaven - St Mary's	22.00%
J-8713-11	Britthaven - Cedar Fork	22.00%
J-8717-11	Brookdale - Heritage	21.73%
J-8721-11	Universal Fuquay Varina	21.63%
J-8714-11	Universal N. Raleigh	20.02%
J-8730-11	NJ Cary Operations	19.73%
J-8731-11	NJ Raleigh Operations	19.73%
J-8729-11	ENW - Bellarose	18.00%
J-8711-11	Hillcrest Convalescent Center	12.80%

Liberty proposes 23.5% benefits as a percentage of salaries compared to the applicant average of 21.54%. The highest percentage proposed (25.3%) is only 1.8% higher than Liberty’s projection.

**Alzheimer's/Dementia Special Care Unit**

One service identified as needed by the Regional Ombudsman was a need for secure Alzheimer's/Dementia Special Care Units in skilled nursing facilities. Below is a summary of whether or not the applicants have proposed a secure Alzheimer's/Dementia Special Care Unit:

<i>Project ID</i>	<i>Applicant</i>	<i>SCU?</i>
J-8726-11	Liberty - Cedar Fork	Yes
J-8727-11	Liberty - House Creek	Yes
J-8723-11	Liberty - St Mary's	Yes
J-8730-11	NJ Cary Operations	Yes
J-8731-11	NJ Raleigh Operations	Yes
J-8722-11	UniHealth Post-Acute Care N. Raleigh	Yes
J-8719-11	UniHealth Post-Acute Care Raleigh	Yes
J-8721-11	Universal Fuquay Varina	Yes
J-8713-11	Britthaven - Cedar Fork	No
J-8715-11	Britthaven - St Mary's	No
J-8717-11	Brookdale - Heritage	No
J-8729-11	ENW - Bellarose	No
J-8711-11	Hillcrest Convalescent Center	No
J-8712-11	Medical Facilities of America	No
J-8720-11	UniHealth Post-Acute Care Cary	No
J-8714-11	Universal N. Raleigh	No

**Activity/Dining Space per Bed**

Living space is crucial to encouraging resident interaction between each other and staff. The table below summarizes the amount of square feet per bed of activity and dining space:

<i>Project ID</i>	<i>Applicant</i>	<i>Activity/Dining per Bed</i>
J-8711-11	Hillcrest Convalescent Center	108
J-8723-11	Liberty - St Mary's	102
J-8726-11	Liberty - Cedar Fork	95
J-8727-11	Liberty - House Creek	95
J-8712-11	Medical Facilities of America	80
J-8713-11	Britthaven - Cedar Fork	69
J-8729-11	ENW - Bellarose	60
J-8715-11	Britthaven - St Mary's	55
J-8721-11	Universal Fuquay Varina	52
J-8717-11	Brookdale - Heritage	46
J-8720-11	UniHealth Post-Acute Care Cary	46
J-8719-11	UniHealth Post-Acute Care Raleigh	43
J-8722-11	UniHealth Post-Acute Care N. Raleigh	39
J-8730-11	NJ Cary Operations	34
J-8731-11	NJ Raleigh Operations	34
J-8714-11	Universal N. Raleigh	28

Liberty is **well above** the applicant average of 62 square feet per bed with Hillcrest being the only applicant to propose more square feet per bed than Liberty. Hillcrest proposes only 6 square feet more per bed than Liberty – St. Mary’s.

#### **“Green Energy” Initiatives (Policy GEN-4)**

Whereas all competing applicants listed generic energy savings features such as compact fluorescent light bulbs and energy star rated appliances, only Liberty, Britthaven and Universal proposed **specific** “green energy” initiatives. Universal proposes to incorporate Ozone Laundry machines to reduce the amount of hot water needed for laundry purposes. Britthaven proposes to incorporate a full photovoltaic solar panel system into its facility to reduce the amount of electricity it uses from the utility provider. Liberty proposes to completely remove itself from the electrical grid by incorporating a natural gas powered Cogeneration System which will generate all of the facility’s electricity and will at times produce surplus electricity that can then be sold to the utility provider. The heat generated by this system will then be used to help heat the facility’s water, thus increasing efficiency and further reducing its need for electricity. Furthermore Liberty proposes to incorporate a rainwater reclamation system into its facility for irrigation and “grey water” purposes such as toilet flushing. This, along with Liberty’s proposed Ozone Laundry system, will greatly reduce the general water requirements as well as the hot water requirements for the facility. It is obvious that Liberty has proposed the most extensive and integrated “green energy” system of any applicant that will result in real cost savings and a significantly reduced carbon footprint.

## Conclusion

In conclusion, Liberty's Wake County Rehabilitation Center proposes the most options in terms of geographic distribution of new facilities, the most nursing hours PPD, below **current market average** private pay rates, the highest CNA and ADON salaries of new facilities, a high number of Medicaid patient days, a high number of private rooms, a significant amount of activity/dining space per resident bed and the most comprehensive "green energy" systems of any applicant. A spreadsheet with all of the above comparative review criteria along with an additional comparison of proposed equity contribution and whether Policy NH-8 was addressed is included in **Exhibit 1**. Comparing the competing applications to the applicant averages in Exhibit 1 to determine the number of areas in which an application beats the average yields the following results:

<i>Project ID</i>	<i>Applicant</i>	<i>Number of Criteria Application beats the Average (out of 18)</i>
J-8726-11	Liberty - Cedar Fork	15
J-8727-11	Liberty - House Creek	15
J-8723-11	Liberty - St Mary's	15
J-8721-11	Universal Fuquay Varina	13
J-8722-11	UniHealth Post-Acute Care N. Raleigh	12
J-8720-11	UniHealth Post-Acute Care Cary	11
J-8714-11	Universal N. Raleigh	11
J-8713-11	Britthaven - Cedar Fork	9
J-8719-11	UniHealth Post-Acute Care Raleigh	9
J-8715-11	Britthaven - St Mary's	8
J-8729-11	ENW - Bellarose	8
J-8712-11	Medical Facilities of America	7
J-8717-11	Brookdale - Heritage	6
J-8730-11	NJ Cary Operations	6
J-8731-11	NJ Raleigh Operations	6
J-8711-11	Hillcrest Convalescent Center	3

Liberty beats the applicant average in 15 of the 18 comparative criteria reviewed in Exhibit 1. The next closest competitor is Universal Fuquay Varina, a licensed but not operational facility. Liberty is significantly higher than the majority of competitors.

The remaining pages of this document contain comments related to specific representations made in each individual application.



**J-8713-11 Britthaven, Inc. – Wake County Health & Rehab (Cedar Fork)**

- Page 71 – The applicants listed several fines resulting from deficiencies but failed to address the specific circumstances surrounding each individual occurrence as required by Question II.6(b) and therefore may not be conforming to **Criteria 20**.
- Britthaven’s primary location is approximately one mile from the county line, in close proximity to Durham. This location will render the facility more accessible to Durham and Franklin County residents than a large portion of Wake County residents and thus is a less effective location.
- Page 145 – Britthaven states that the facility’s projected fill up rate is four residents per week. However, the facility fill up occurs nearly twice as fast in the second quarter as it does in the first, even though there are more days in the first quarter. This should not be the case if the fill up rate is actually four residents per week.
- Page 286 – The applicant’s draft lease fails to specify the anticipated rent amount.
- Page 180 – Britthaven projects the commercial loan expenditure to be \$15,000 which represents 0.2% of the proposed \$7,500,000 loan. This is a very generous estimate when industry norms are a 1% loan origination fee. This would result in a commercial loan cost of \$75,000 and therefore the applicant’s projection would be **understated** by \$60,000.
- Page 186 – Britthaven projected an interest rate on the commercial loan of 1.7%. While this is the rate quoted in the RBC letter as **current** market conditions this is an **extremely** low rate that is not likely to persist even until the loan would be executed in 2013, much less for the anticipated term of the loan. It is therefore very likely that the applicant has severely understated the anticipated interest expense and therefore may not be conforming to **Criteria 5**.
- Page 839 – Britthaven provides only second hand “verbal indication” that the proposed 6.8 acre parcel is available for acquisition. No documentation signed by the owner of the land, Karim Pathan, was provided and therefore it is unclear as to whether the applicants could develop the project as proposed.
- Britthaven’s secondary site is located more than seven miles away from the primary site, in a different municipality (Morrisville as opposed to Raleigh) and on the opposite site of the township. There is a 20 minute drive from one site to the other. This represents a difference in the demographics and population to be served both in service needs and patient origin. Therefore the application may not be conforming to **Criteria 3**.

**J-8715-11 – Britthaven, Inc. – St. Mary’s Health and Rehab Center**

- Britthaven projects Real Estate taxes to be \$51,464 annually. Reviewing the actual tax rates for Garner reveals that this should actually be \$87,833 annually. This results in an **overstatement** of Net Income and Cash Flow of \$36,369 in both years presented. Therefore the application may not be conforming to **Criteria 5**.
- Britthaven projects Ancillary Revenue for Drugs to be \$22,433 in the second full year of operation and the expense is projected to be \$230,936. This is a -929% margin which is not reasonable.
- Page 286 – The applicant’s draft lease fails to specify the anticipated rent amount.
- Page 71 – The applicants listed several fines resulting from deficiencies but failed to address the specific circumstances surrounding each individual occurrence as required by Question II.6(b) and therefore may not be conforming to **Criteria 20**.
- Page 56 – Britthaven proposes to contract Health Services Group but does not include any documentation that indicates their ability or interest to provide services.
- Page 104 – Britthaven proposes to use eight beds for hospice patients but do not project any hospice days.
- Page 180 – Britthaven projects the commercial loan expenditure to be \$15,000 which represents 0.2% of the proposed \$6,500,000 loan. This is a very generous estimate when industry norms are a 1% loan origination fee. This would result in a commercial loan cost of \$75,000 and therefore the applicant’s projection would be **understated** by \$50,000.
- Britthaven projected an interest rate on the commercial loan of 1.7%. While this is the rate quoted in the RBC letter as **current** market conditions this is an **extremely** low rate that is not likely to persist even until the loan would be executed in 2013, much less for the anticipated term of the loan. It is therefore very likely that the applicant has severely understated the anticipated interest expense and therefore may not be conforming to **Criteria 5**.
- Britthaven provided financial statements that are unaudited with no third party verification or support.
- Britthaven states that cash flow is positive after month five, which implies that cash flow is positive in month six. Initial Operating expenses are projected at the 6 month cumulative cash flow; if cash flow is positive in month 6, the initial operating expenses will be greater than the 6 month cumulative cash flow. Therefore, initial operating expenses are understated and the cash flow requirements will be greater than stated.

**J-8717-11 – AH North Carolina Owner, LLC – The Heritage of Raleigh**

- Page 69 – Applicant failed to provide an answer for Question III.1(b) for statistical or other data to substantiate the existence of an unmet need for **each project component**.
- Page 70 and 78 – The applicant repeatedly refers to the utilization of the skilled nursing beds by its independent living residents on-site. This appears to favor these specific residents of a **private community** over those in the larger Wake County community which will limit access to the proposed services for these residents.
- The applicant proposed **by far** the most expensive project and is therefore not the most cost effective alternative.
- Page 83 – The applicant did not adequately explain the assumptions for their patient origin projection.
- The applicant’s only affiliated skilled nursing facility in North Carolina is the Carriage Club of Charlotte. This facility reported **no Medicaid days** and approximately 80% private pay on its 2011 License Renewal Application. This company does not have a history of serving the medically underserved population and therefore may not be conforming to **Criteria 13**.
- Page 95-96 – The applicant fails to address how the proposed project will increase access to the **medically underserved** population in Question V.6, but rather addresses the need for access to nursing services for its private, wealthy independent living residents.
- Page 103 – The applicant states “many” of its residents will come from the existing independent living community but fails to indicate how many that is in any of their utilization projections. Therefore it is impossible to determine if this project would actually improve access for the Wake County community.
- Applicant proposes raw construction costs to be \$212.94 per square foot which is more than **double** nearly every other applicant.
- Page 115 – The application was prepared by Health Planning Source, Inc., a consultant group based in Raleigh, yet the application provided no cost associated for CON preparation in Table VIII.1. Therefore the applicant has **understated** the proposed capital expenditure.
- Page 455 – Brookdale Senior Living, Inc. has had a net loss every year for the last three years, losing nearly \$49 million in 2010 with a cumulative net loss of \$488,397,000 from 2008-2010. It is unclear that this company is capable of operating a financially feasible operation based on its past performance.
- Page 137 – The applicant does not project any contractual adjustments. This is unreasonable when considering the other applicants project nearly a 90% contractual adjustment on ancillaries and thus significantly **overstates** their revenue.

**J-8729-11 – E.N.W., LLC – BellaRose Nursing & Rehab**

- Applicants project completing construction two weeks before the opening date, however they project a 3 month start up period.
- Table VII.3 lists 2 Rehab Aides at \$28,000/year each in addition to 1.2 PT Aides at \$28,000/year. Form C for the second full year does not include the salaries or taxes/benefits for the 2 Rehab Aides. Based on the applicants' assumption of 18% for taxes/benefits this expense should be \$67,480. Therefore the net income and cash flow are **overstated** by at least \$67,480.
- Ancillary revenue and expenses do not seem to flow correctly. Each Ancillary item is showing very high negative margins for each projected period. This equates to negative Ancillary margins in each year in excess of -400% which is not reasonable.
- There is no General/Professional Liability insurance projected for PT, PT Aides, OT or ST for any of the three projected periods. This equates to an overstatement of net income and cash flow as follows:
  - 1<sup>st</sup> Partial Year: \$5,188
  - 1<sup>st</sup> Full Year: \$8,090
  - 2<sup>nd</sup> Full Year: \$8,090
  - Total: \$21,368
- Applicants projected Bad Debt to be nearly 40% less than Liberty's projection (0.29% of gross revenue compared to 0.48% of gross revenue).

**J-8711-11 – Hillcrest Convalescent Center, Inc. – Hillcrest Convalescent Center**

- Applicant proposes to only dually certify 90 out of the proposed 120 beds. This will limit access to certain payor types (Medicaid and Medicare).
- Page 39-40 shows data from Mecklenburg County rather than Wake County
- Payroll Taxes and Benefits are only 12.8% of salaries which is extremely low compared to the other applicants.
- The applicant projects a start up period of only two weeks, which Liberty feels is an unreasonably short amount of time.
- The applicant failed to account for the Medicare rate cuts that will go into effect on October 1, 2011.
- The applicant's affiliated facility, Hillcrest Convalescent Center in Durham County, provided only 12.78% of its patient days to Medicaid recipients as reported on its 2011 License Renewal Application. This is **well below** the Durham County average of 56.07% (when excluding providers that provide no Medicaid days). The applicant thus cannot demonstrate past performance in serving medically underserved citizens and may not be conforming to **Criteria 13**.
- The applicant projected a 76% contractual adjustment which is not reasonable when considering the fact that the majority of the applicants projected close to a 90% contractual adjustment. Thus the applicant's expenses are **understated**.
- The applicant did not account for contractual adjustments in the Cash Flow statements. This provides excess revenue of \$1.7 million in Year 1 and \$2.5 million in Year 2.
- The applicant failed to project any Bad Debt even though the supplied historical financials show bad debt expense, thus the applicants have **understated** their expenses.
- The applicant failed to provide a detailed need analysis (such as a township analysis) and thus have not substantiated the need for their project in the proposed location.
- The applicant does not include an expense for the Medicaid Assessment Fee in its pro formas nor does it account for this in the assumptions.
- Applicant projects the lowest Medicaid days (49%) of any applicant. This projection is below the Wake County average.
- Page 92 – Table IV.3 is incomplete. The applicant failed to provide a break-out of patient days by private and semi-private room, therefore it is impossible to verify that all payor types will have equitable access to private rooms.
- Page 111 – Table VIII.1 is incomplete. The applicant failed to provide a break-out of the site preparation costs.
- The applicant proposes to fund 100% of the project through a commercial loan resulting in a mortgage payment of \$105,000 per month. This inflates the operating expenses of the project and makes it a less effective alternative in terms of cost-effectiveness.
- Page 127 – The applicant states it has an option to purchase the primary site but only included a non-binding contract. Therefore a proposed secondary site is necessary however the applicant did not supply a proposed secondary site.
- Applicant projects \$85.16 in Other Revenue per patient day. This seems unreasonably high.

**J-8712-11 – Wake County H & R Re, Limited Partnership – Wake County Health & Rehab**

- The applicant proposes the second highest private room private pay rate of all applicants and the **highest** semi-private room private pay rate.
- The applicants did not provide a need analysis of the Wake County Townships, but rather used zip codes to arbitrarily create “zip code regions”.
- The applicant shows significant variances in its revenue projections. The “Revenue Reconciliation” tables provided on pages 135-136 do not match the revenue projections on Form B. Specifically, the Medicare revenue is significantly understated and the private pay and Medicaid revenue is overstated in both years.
- The absence of any written assumptions such as how contractual adjustments were calculated make it difficult to follow the methodology used to create these financial pro formas. Therefore the applicant failed to address Question X.9.

**J-8730-11 – Cary Operations, LLC – The Rehabilitation and Nursing Center at Cary**

- Applicant proposes a 30 bed Secure Memory Unit on the second floor of their two-story facility. This means that the residents of this Secure Memory Unit will not have **immediate** dedicated access to a secure outdoor courtyard area as is required by NC regulations. Furthermore the proposed floor plan does not label any dedicated dining space as is also required by NC regulations.
- Applicant failed to show dedicated staff for the Secure Memory Unit in Tables VII.2 and VII.3 as is required by the CON application and is also required by NC regulations.
- Applicant failed to provide any financial information in the pro formas for the Secure Memory Unit.
- Table VII.3 lists both a Staff Development Coordinator and a Facility Educator for a total annual salary of \$99,944. However, Form C only includes \$65,563 in Staff Development Salaries. Including benefits, this results in an **overstatement** of net income and cash flow by \$41,164.
- The Applicant used a Direct Medicaid Rate of \$105.49 instead of the \$101.52 specified in CON instructions. This overstates Medicaid Revenue, Net Income and Cash Flow by \$33,356 in Year 1 and \$80,052 in Year 2.
- The Applicant shows Ancillary revenue for Radiology, Labs, Oxygen and Drugs but does not project any expense for these services. The absence of these expenses materially **overstates** Net Income and Cash Flow in both years.
- For the Ancillaries that the applicant does project a related expense, the average margin is greater than 70%. This is unrealistic and materially **overstates** the projected Net Income and Cash Flow for both years.
- The Applicant's proposed location is ¼ of a mile down the road from Cary Health and Rehab, an existing skilled nursing facility. This location represents a less effective alternative in terms of geographic bed distribution. The applicants justify this location in terms of operational convenience and because it is in close proximity to large referral sources. This is beneficial to the facility owner, but not necessarily beneficial to the residents of Wake County when it does not increase geographic bed availability.
- The proposed floor plan does not label private vs. semi-private rooms as is required in Question XI.7.
- Page 39 – The Applicant refers to SCU "Harmony Village" staff but did not propose any SCU staff in Section VII.
- Page 63 – Applicant states that the 2016 bed deficit in the Cary Township is projected to be 180; however the data in the table on pages 66-67 shows a bed deficit of 76 for Cary Township and a bed deficit of 180 for House Creek.
- Page 107 – Question V.2(a); Applicant failed to identify specific providers (i.e. WakeMed) with whom transfer agreements will be sought.
- The letters in Exhibit 23 do not mention establishing a transfer agreement.

**J-8731-11 – Raleigh Operations, LLC – The Rehabilitation and Nursing Center at Raleigh**

- Applicant failed to number the Exhibit Volume's pages.
- It appears that Exhibits 18, 19, 21, 22, 24, 25, 27 and 35 are missing, though this is difficult to verify since the pages are not numbered, as noted above.
- The applicant has not projected any expense for "Mortgage, Fixed Asset Interest" or "Rent/Lease Payment" even though financing is projected at 7.0%. According to the provided Amortization Schedule this represents \$745,203 in the second full year. Therefore the applicant has **severely overstated** the Net Income and with this added expense the facility is no longer financially viable.
- According to the provided Amortization Schedule and the Proposed Timetable in Section XII the applicant projects to make **zero** payments on the loan (interest only or otherwise) during the first full year of operation. This is unreasonable since the funding letter states that it would allow "interest only for 12 months **during construction**. Permanent financing will also be provided, amortizing the loan outstanding balance with **monthly payments** over a 25 year amortization." [Emphasis added]
- No mortgage or lease payment was identified in the Cash Flow table in Section IX. Although the applicant states that an Interest Reserve was included there is no indication of the principle amount being accounted for.
- The applicant's proposed location is ½ of a mile from two existing skilled nursing facilities, Capital Nursing and Rehabilitation and Sunnybrooke Healthcare. It is located less than one mile from Tower Nursing and Rehabilitation. Locating a new nursing facility less than one mile from **three** existing skilled nursing facilities represents a less effective alternative in terms of geographic bed distribution.
- Although the applicant states that the proposed facility itself will be located outside of the flood plain, page 262 of Exhibits Volume 1 appears to indicate that a portion of the building will, in fact, be built within the flood plain boundary. All of the parking areas will be located within the flood plain.



**J-8722-11-Uni-Health Post-Acute Care – North Raleigh**

- The applicant has **grossly overstated** Medicaid (MCD) revenue in both Year 1 and 2 of the proposed project:
  - **Year 1:**
    - Private Nursing MCD days 3,496 x \$159.41 = \$557,297
    - Semi-Private Nursing MCD days 3,625 x \$159.41 = \$577,861
    - Semi-Private SCU MCD days 2,602 x \$159.41 = \$414,785
    - Total MCD Revenue: \$1,549,943
    - Form B MCD Revenue is stated as \$1,748,855
    - This yields a difference of **\$198,912**
  - **Year 2:**
    - Private Nursing MCD days 9,855 x \$159.41 = \$1,570,986
    - Semi-Private Nursing MCD days 10,220 x \$159.41 = \$1,629,170
    - Semi-Private SCU MCD days 6,935x \$159.41 = \$1,105,508
    - Total MCD Revenue: \$4,305,664
    - Form B MCD Revenue is stated as \$4,923,485
    - This yields a difference of **\$617,821**
  - Therefore, Revenue, Net Income and Cash Flow are **overstated** by \$198,912 in Year 1 and \$617,821 in Year 2. This is a material error that renders the project **financially infeasible**.
- Many expenses related to position salaries have been allocated to the SCU on the pro formas but are not indicated on the staffing chart in Table VII.3.
- The applicant does not propose to provide any private rooms in the Special Care Unit.
- The applicant’s proposed secondary site at 8613 Leesville Road in Raleigh was under contract to purchase by a religious organization before the CON filing deadline of August 15, 2011. This parcel was and still is unavailable to the applicant for purchase. See **Exhibit 2** for correspondence from the engaged realtor.
- Page 180 – The applicant failed to identify the 458 “Other” days in Table IV.3.
- The applicant and related entities have had **22 civil rights complaints** filed in North Carolina alone with 9 of these complaints still pending. This raises serious questions as to the applicant’s ability to effectively operate the proposed facility.
- Page 211 – The applicant failed to identify a supervisor for Housekeeping or Laundry.
- The applicant failed to project any expense for Bad Debt.
- The applicant does not have a signed purchase contract for their primary site and did not provide a viable secondary site, as noted above. Therefore it is unclear that the project could be developed as proposed.
- The applicant’s primary site is literally **on the county line**. This will render the facility more accessible to Durham County residents than a large portion of Wake County residents thus making it a less effective alternative to meet the needs of Wake County.

**J-8720-11 – Uni-Health Post-Acute Care – Cary**

- The copy of J-8720-11 was missing Section IV, “Utilization”, and therefore patient days by payor source were not available. However, by multiplying the anticipated percentage of payor mix (found in Section VI) by the total patient days listed in Forms B and C the reviewers were able to examine the financial data.
- The applicant has **grossly overstated** Medicaid (MCD) revenue in both Year 1 and 2 of the proposed project:
  - **Year 1:**
    - Form B MCD Revenue is stated as \$1,713,992
    - $15,804 \text{ total patient days} \times 64.6\% \text{ MCD} = 10,209 \text{ MCD patient days}$
    - $10,209 \text{ MCD days} \times \$159.41 = \$1,627,417$
    - This yields a difference of **\$86,575**
  - **Year 2:**
    - Form B MCD Revenue is stated as \$4,123,040
    - $35,040 \text{ total patient days} \times 64.6\% \text{ MCD} = 22,636 \text{ MCD patient days}$
    - $22,636 \text{ MCD days} \times \$159.41 = \$3,608,405$
    - This yields a difference of **\$514,635**
  - Therefore, Revenue, Net Income and Cash Flow are **overstated** by \$86,575 in Year 1 and \$514,635 in Year 2. This is a material error that renders the project **financially infeasible**.
- The applicant projected no Bad Debt in either Year 1 or 2.
- The applicant did not identify a supervisor position for either Housekeeping or Laundry.

**J-8721-11 – Universal Properties/Fuquay Varina – Universal Health Care Fuquay-Varina**

- Page 37 – Applicant proposes an Alzheimer’s SCU but failed to respond to Question II.3(d).
- Page 40 – Question II.4(b); Applicant failed to provide documentation from proposed contractors such as Therapy Services R Us, Medi PAC Pharmacy and Spectrum Lab and therefore may not be conforming with **Criterion 7 and 8**.
- Page 56 states that the facility will provide 76% of its beds with a private room; however the application only projects 53% of the beds to be located in private rooms.
- Page 57 – CON issuance is anticipated to be in 2012, not 2013.
- Page 60 states that 96% of the patients will originate with 45 minutes driving time and 8% will not. This represents 104% and is not reasonable.
- Page 64 – The fill up rate appears to be at an average of 5.6 residents per week, contrary to what is stated in the assumptions. It should take approximately 20 weeks at 4 residents per week to reach 79 residents but the applicant somehow achieves this census in 14 weeks. Therefore the Revenue and Cash Flow are **overstated** in the first year of operation.
- Applicant did not project any start up expenses although some staff would have to be hired and trained prior to the 60 bed addition being opened. Therefore the applicant has **understated** working capital requirements and **overstated** cash flow.
- Assuming the applicant projects to obtain the building permit on 12/30/2012 and not in 2013, then the applicant anticipates all of the grading, dirt moving and site prep to be completed start to finish in **two days**. This seems wholly unrealistic and therefore it is unclear that the applicant can develop this project within the timetable provided.
- Page 344 – The proposed Management Agreement does not specify the amount of the management fee, only to be compensated “at cost”. Since the management company did not provide any financial pro formas it is impossible to verify the accuracy of the management fee in Form C.
- Page 135 – The applicant failed to project any Bad Debt in the first full year of operation.

Project ID	Applicant	# of Beds	Township	Addresses NH-8?	Operating Costs
J-8713-11	Britthaven - Cedar Fork	120	Cedar Fork	Yes	\$ 179.96
J-8715-11	Britthaven - St Mary's	100	St Mary's	Yes	\$ 182.98
J-8717-11	Brookdale - Heritage	90	Neuse	Yes	\$ 227.00
J-8729-11	ENW - Bellarose	100	St Mary's	Yes	\$ 182.59
J-8711-11	Hillcrest Convalescent Center	120	Wake Forest	Yes	\$ 215.61
J-8726-11	Liberty - Cedar Fork	130	Cedar Fork	Yes	\$ 186.39
J-8727-11	Liberty - House Creek	130	House Creek	Yes	\$ 186.70
J-8723-11	Liberty - St Mary's	130	St Mary's	Yes	\$ 186.78
J-8712-11	Medical Facilities of America	120	Cedar Fork	Yes	\$ 192.80
J-8730-11	NJ Cary Operations	120	Cary	Yes	\$ 202.07
J-8731-11	NJ Raleigh Operations	120	Raleigh	Yes	\$ 202.28
J-8720-11	UniHealth Post-Acute Care Cary	100	Cedar Fork	Yes	\$ 199.24
J-8722-11	UniHealth Post-Acute Care N. Raleigh	120	Cedar Fork	Yes	\$ 201.60
J-8719-11	UniHealth Post-Acute Care Raleigh	20	Swift Creek	Yes	\$ 222.74
J-8721-11	Universal Fuquay Varina	60	Middle Creek	Yes	\$ 162.81
J-8714-11	Universal N. Raleigh	20	Neuse	Yes	\$ 180.39

Exhibit 1

Project ID	Applicant	Private Pay (Private)	Private Pay (Semi)	Nursing Hours PPD	Licensed NHPPD
J-8713-11	Britthaven - Cedar Fork	\$ 198.00	\$ 188.00	3.85	1.54
J-8715-11	Britthaven - St Mary's	\$ 198.00	\$ 188.00	3.89	1.6
J-8717-11	Brookdale - Heritage	\$ 244.33	\$ 221.13	3.6	1.42
J-8729-11	ENW - Bellarose	\$ 196.00	\$ 186.00	4.22	1.44
J-8711-11	Hillcrest Convalescent Center	\$ 311.00	N/A	3.74	1.09
J-8726-11	Liberty - Cedar Fork	\$ 190.00	\$ 170.00	4.47	1.43
J-8727-11	Liberty - House Creek	\$ 190.00	\$ 170.00	4.47	1.43
J-8723-11	Liberty - St Mary's	\$ 190.00	\$ 170.00	4.47	1.43
J-8712-11	Medical Facilities of America	\$ 250.00	\$ 225.00	3.44	1.16
J-8730-11	NJ Cary Operations	\$ 240.00	\$ 205.00	3.5	1.3
J-8731-11	NJ Raleigh Operations	\$ 240.00	\$ 205.00	3.5	1.3
J-8720-11	UniHealth Post-Acute Care Cary	\$ 188.00	\$ 179.00	3.91	1.41
J-8722-11	UniHealth Post-Acute Care N. Raleigh	\$ 188.00	\$ 179.00	4.13	1.52
J-8719-11	UniHealth Post-Acute Care Raleigh	\$ 253.61	\$ 216.07	4.08	1.5
J-8721-11	Universal Fuquay Varina	\$ 190.00	\$ 180.00	3.57	1.14
J-8714-11	Universal N. Raleigh	\$ 180.00	\$ 165.00	3.41	1.09

**Exhibit 1**

Project ID	Applicant	% of Private beds	Medicaid %	Salaries					
				RN	LPN	CNA	DON	ADON	
J-8713-11	Britthaven - Cedar Fork	33%	74.0%	\$58,240	\$47,320	\$22,425	\$83,000	\$ 63,000	
J-8715-11	Britthaven - St Mary's	44%	76.0%	\$58,240	\$47,320	\$22,425	\$83,000	\$ 63,000	
J-8717-11	Brookdale - Heritage	87%	55.4%	\$54,237	\$45,488	\$24,619	\$89,757	N/A	
J-8729-11	ENW - Bellarose	46%	72.0%	\$57,000	\$47,000	\$25,000	\$85,000	\$ 70,000	
J-8711-11	Hillcrest Convalescent Center	87%	49.0%	\$50,462	\$39,808	\$22,196	\$74,991	\$ 48,565	
J-8726-11	Liberty - Cedar Fork	51%	67.2%	\$57,000	\$47,000	\$27,000	\$85,234	\$ 70,000	
J-8727-11	Liberty - House Creek	51%	67.2%	\$57,000	\$47,000	\$27,000	\$85,234	\$ 70,000	
J-8723-11	Liberty - St Mary's	51%	67.2%	\$57,000	\$47,000	\$27,000	\$85,234	\$ 70,000	
J-8712-11	Medical Facilities of America	33%	67.9%	\$56,160	\$49,920	\$25,350	\$81,120	N/A	
J-8730-11	NJ Cary Operations	33%	56.7%	\$61,194	\$54,309	\$25,194	\$89,502	N/A	
J-8731-11	NJ Raleigh Operations	33%	56.7%	\$61,194	\$54,309	\$25,194	\$89,502	N/A	
J-8720-11	UniHealth Post-Acute Care Cary	60%	64.6%	\$60,342	\$48,138	\$23,054	\$90,311	\$ 70,000	
J-8722-11	UniHealth Post-Acute Care N. Raleigh	60%	64.4%	\$60,454	\$48,138	\$23,054	\$90,311	\$ 70,000	
J-8719-11	UniHealth Post-Acute Care Raleigh	18%	46.3%	\$66,253	\$50,453	\$24,716	\$94,483	\$ 76,960	
J-8721-11	Universal Fuquay Varina	61%	66.7%	\$62,691	\$48,256	\$25,175	\$89,627	\$ 67,018	
J-8714-11	Universal N. Raleigh	27%	55.0%	\$62,400	\$53,498	\$30,654	\$99,009	\$ 69,618	

**Salary Average:** \$58,742 \$48,435 \$25,004 \$87,207 \$ 67,347

**Salary Median:** \$58,240 \$47,729 \$25,088 \$87,368 \$ 70,000

**Exhibit 1**

Project ID	Applicant	% of Salaries	SCU?	Activity/Dining per Bed	Green Energy?	Equity Contribution
J-8713-11	Britthaven - Cedar Fork	22.00%	No	69	Solar	30%
J-8715-11	Britthaven - St Mary's	22.00%	No	55	Solar	28%
J-8717-11	Brookdale - Heritage	21.73%	No	46	No	100%
J-8729-11	ENW - Bellarose	18.00%	No	60	No	12%
J-8711-11	Hillcrest Convalescent Center	12.80%	No	108	No	0%
J-8726-11	Liberty - Cedar Fork	23.50%	Yes	95	Gen & Rainwater	100%
J-8727-11	Liberty - House Creek	23.50%	Yes	95	Gen & Rainwater	100%
J-8723-11	Liberty - St Mary's	23.50%	Yes	102	Gen & Rainwater	100%
J-8712-11	Medical Facilities of America	24.88%	No	80	No	20%
J-8730-11	NJ Cary Operations	19.73%	Yes	34	No	20%
J-8731-11	NJ Raleigh Operations	19.73%	Yes	34	No	20%
J-8720-11	UniHealth Post-Acute Care Cary	23.03%	No	46	No	0%
J-8722-11	UniHealth Post-Acute Care N. Raleigh	23.28%	Yes	39	No	0%
J-8719-11	UniHealth Post-Acute Care Raleigh	25.30%	Yes	43	No	0%
J-8721-11	Universal Fuquay Varina	21.63%	Yes	52	Ozone Laundry	100%
J-8714-11	Universal N. Raleigh	20.02%	No	28	Ozone Laundry	100%

**Exhibit 1**

**From:** Good, Justin [Justin.Good@cassidyturley.com]  
**Sent:** Wednesday, September 07, 2011 9:02 AM  
**To:** Will Purvis; Doug Whitman; Hunter Diefes  
**Subject:** FW: 8215 Leesville Rd.

**Justin Good**  
Vice President  
Cassidy Turley  
3110 Edwards Mill Road, Suite 210  
Raleigh, NC 27612

**T** 919-791-2117 **C** 919-815-6782 **F** 919-789-0268  
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**Cassidy**  
**Turley** Commercial  
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**From:** mjhowe@cbctmp.com [mailto:mjhowe@cbctmp.com]  
**Sent:** Wednesday, September 07, 2011 9:03 AM  
**To:** Good, Justin  
**Subject:** RE: 8215 Leesville Rd.

Yes, and still, to date, moving forward.

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**From:** Good, Justin [Justin.Good@cassidyturley.com]  
**Sent:** Wednesday, September 07, 2011 8:58 AM  
**To:** Mark Howe  
**Subject:** RE: 8215 Leesville Rd.

Mark:

Thanks for your note. Are you saying that the 13.49 acre parcel located at 8215 Leesville Road (PIN #0787488414) that you're listing went under contract on 6-20-2011 and is still under contract?

Justin  
**Justin Good**  
Vice President  
Cassidy Turley  
3110 Edwards Mill Road, Suite 210  
Raleigh, NC 27612

**T** 919-791-2117 **C** 919-815-6782 **F** 919-789-0268  
[Justin.Good@cassidyturley.com](mailto:Justin.Good@cassidyturley.com) [www.cassidyturley.com](http://www.cassidyturley.com)

**Cassidy**  
**Turley** Commercial  
Real Estate Services

**Exhibit 2**

If you need to send me a file larger than 5MB [please use this link](#)

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**From:** mjhowe@cbctmp.com [mailto:mjhowe@cbctmp.com]

**Sent:** Tuesday, September 06, 2011 12:13 PM

**To:** Good, Justin

**Subject:** 8215 Leesville Rd.

Justin, thanks for the follow up call, this morning. Our contract, dated 6/20/2011, on Leesville Rd., is moving along, and currently we are waiting on Raleigh, for comments to a First Site Plan submittal. If all issues go as hoped, we may have a closing, in the Fall of 2011.

*Mark Howe, CCIM , NCGC, ALC*  
*Senior Commercial Investment Broker*  
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[mjhowe@cbctmp.com](mailto:mjhowe@cbctmp.com)

**Exhibit 2**