



**North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Certificate of Need Section**

2704 Mail Service Center • Raleigh, North Carolina 27699-2704  
<http://www.ncdhhs.gov/dhsr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor  
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief  
Phone: (919) 855-3873  
Fax: (919) 733-8139

**RESPONSE REQUIRED**

September 12, 2012

Dee Jay Zerman  
Hedrick Office Building, Suite G050  
211 Friday Center Drive  
Chapel Hill, NC 27517

**Conditional Approval**

Project I.D. #: J-8840-12  
Facility: University of North Carolina Hospitals  
Project Description: Consolidate Children's Sedation and Children's Surgery into combined Children's Surgery and Sedation Center  
County: Orange  
FID #: 923517

Dear Ms. Zerman:

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. The University of North Carolina Hospitals shall materially comply with all representations made in its certificate of need application.
2. The University of North Carolina Hospitals shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application and which would otherwise require a certificate of need.



3. The University of North Carolina Hospitals shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representations in the written statement as described in paragraph one of Policy GEN-4.
4. Prior to issuance of the certificate of need, The University of North Carolina Hospitals shall acknowledge acceptance of and agree to comply with all conditions stated herein in writing to the Certificate of Need Section.

**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 \$2,820,184. 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 October 12, 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:

Contract Award (Notice to Proceed) \_\_\_\_\_ January 4, 2013

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50% Completion of Construction \_\_\_\_\_ May 17, 2013  
Completion of Construction \_\_\_\_\_ September 13, 2013  
Occupancy/Offering Service(s) \_\_\_\_\_ September 30, 2013

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,

Gloria C. Hale, Project Analyst

Craig R. Smith, Chief  
Certificate of Need Section

GCH:CRS:mw

Attachment

cc: Construction Section, DHSR

CERTIFICATE OF SERVICE

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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:

Dee Jay Zerman  
Hedrick Office Building, Suite G050  
211 Friday Center Drive  
Chapel Hill, NC 27517

Project I.D. # J-8840-12

FID #923517

This the 12<sup>th</sup> day of September, 2012.

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Gloria C. Hale  
Project Analyst