



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Vos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

RESPONSE REQUIRED

June 27, 2014

Jordan Qualls
533 Meadowmont Village Circle
Chapel Hill, NC 27517

Conditional Approval

Project I.D. #: B-10237-14
Facility: The Crossings at Beaverdam
Project Description: Relocate 99 adult care home beds within Buncombe County
County: Buncombe
FID #: 140015

Dear Mr. Qualls:

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 there under, 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. Buncombe AL Investors, LLC and Buncombe Operations, LLC shall materially comply with all representations made in the certificate of need application and in the supplemental information materials submitted during the review. In those instances where representations conflict, Buncombe AL Investors, LLC and Buncombe Operations, LLC shall materially comply with the last made representation.



Certificate of Need Section

www.ncdhhs.gov

Telephone 919-855-3873 • Fax 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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2. Buncombe AL Investors, LLC and Buncombe Operations, LLC shall construct a replacement adult care home facility (ACH) which shall be licensed for no more than 99 ACH beds upon project completion.
3. For the first two years of operation following completion of the project, Buncombe AL Investors, LLC and Buncombe Operations, LLC 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.
4. Buncombe AL Investors, LLC and Buncombe Operations, LLC shall provide care to recipients of State/County Special Assistance with Medicaid for the facility, commensurate with representations made in Section VI.2, Exhibit 23, and supplemental materials.
5. Buncombe AL Investors, LLC and Buncombe Operations, LLC shall submit all patient charges and patient admissions for each source of patient payment to the CON Section at year end for each of the first three operating years following licensure of the beds in the facility.
6. Buncombe AL Investors, LLC and Buncombe Operations, LLC shall develop and implement an Energy Efficiency and Sustainability plan for the replacement facility that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
7. Prior to the issuance of a certificate of need, Buncombe AL Investors, LLC and Buncombe Operations, LLC shall provide, to the Certificate of Need Section, written documentation of available funding to provide for the start-up expenses projected in supplemental information.
8. Buncombe AL Investors, LLC and Buncombe Operations, LLC 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 **\$11,094,430**. 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 **July 28, 2014**. 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:

Site Purchased _____	September 15, 2014
Final Drawings Submitted to Construction Section, DHSR _____	October 1, 2014
Contract Award _____	October 14, 2014
25% Completion of Construction _____	March 2, 2015
50% Completion of Construction _____	May 4, 2015
75% Completion of Construction _____	July 6, 2015
Completion of Construction _____	September 28, 2015
Occupancy/Offering of Services _____	October 1, 2015
Licensure _____	October 1, 2015

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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,

Julie Halatek, Project Analyst

Lisa Pittman, Team Leader
Certificate of Need Section

JH:LP:pob

Attachment

cc: Medical Facilities Planning Branch, DHSR
Acute & Home Care 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:

Jordan Qualls
533 Meadowmont Village Circle
Chapel Hill, NC 27517

Project I.D. # B-10237-14
FID #140015

This the 27th day of June, 2014

Julie Halatek, Project Analyst