



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**

November 20, 2014

Chuck White  
PO Box 2568  
Hickory, NC 28603

**Conditional Approval**

Project I.D. #: F-10311-14  
Facility: Cabarrus Manor  
Project Description: Change of scope and cost overrun for Project I.D. #F-10263-14 (replace and relocate 60 adult care home beds from Kannapolis Village) and replace and relocate 48 ACH beds from the Concord House to a new combined replacement adult care home facility for a total of 108 adult care home beds  
County: Cabarrus  
FID #: 140292

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 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. Cabarrusco, LLC, AA Holdings - Kannapolis, LLC and Cabarrus AL Holdings, LLC shall materially comply with all representations made in the certificate of need application and in the supplemental information submitted during the review. In those instances where



**Certificate of Need Section**

[www.ncdhhs.gov](http://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

An Equal Opportunity/ Affirmative Action Employer



representations conflict, Cabarrusco, LLC AA Holdings - Kannapolis, LLC and Cabarrus AL Holdings, LLC shall materially comply with the last made representation.

2. Cabarrusco, LLC, AA Holdings - Kannapolis, LLC and Cabarrus AL Holdings, LLC shall construct a replacement adult care home facility (ACH) which shall be licensed for no more than 108 ACH beds upon project completion.
3. For the first two years of operation following completion of the project, Cabarrusco, LLC, AA Holdings - Kannapolis, LLC and Cabarrus AL Holdings, 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. Cabarrusco, LLC, AA Holdings - Kannapolis, LLC and Cabarrus AL Holdings, LLC shall provide care to recipients of State/County Special Assistance with Medicaid for the facility, commensurate with representations made in Section VI.2 and Exhibit L.
5. Cabarrusco, LLC, AA Holdings - Kannapolis, LLC and Cabarrus AL Holdings, 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. Cabarrusco, LLC, AA Holdings – Kannapolis, LLC and Cabarrus AL Holdings, LLC 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 representation in the written statement as described in paragraph one of Policy GEN-4.
7. Cabarrusco, LLC, AA Holdings - Kannapolis, LLC and Cabarrus AL Holdings, 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 \$6,880,243. 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 December 22, 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:

Final Drawings Submitted to the Construction Section, DHSR _____	February 20, 2015
Construction Contract Awarded _____	February 27, 2015
Final Drawings Approved by the Construction Section, DHSR _____	March 15, 2015
Construction Section, DHSR _____	May 15, 2015
Approval of Site by the Construction Loan Executed _____	May 1, 2015
Site Purchased _____	May 1, 2015
Building Permit Obtained _____	June 12, 2015
Site Preparation _____	June 18, 2015
Footings/Foundation Poured _____	July 20, 2015
25% Completion of Construction _____	September 9, 2015
50% Completion of Construction _____	February 20, 2016
75% Completion of Construction _____	May 29, 2016
Completion of Construction _____	August 15, 2016
Licensure of Facility _____	October 1, 2016
Medicare/Medicaid Certification _____	October 1, 2016

Chuck White  
Page 4  
November 20, 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,

Fatimah Wilson, Project Analyst

Lisa Pittman, Team Leader  
Certificate of Need Section

FW:LP:mw

Attachment

cc: Medical Facilities Planning Branch, DHSR  
Adult 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:

Chuck White  
PO Box 2568  
Hickory, NC 28603

Project I.D. # F-10311-14  
FID #140292

This the 20<sup>th</sup> day of November, 2014.

---

Fatimah Wilson  
Project Analyst