Dear Ms. Cromer:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of December 19, 2017 regarding the above referenced proposal. Based on the CON law in effect on the date of this response to your request, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective. This letter does not constitute approval to develop new or additional special care unit beds. You will need to demonstrate that they meet the criteria for an exception and it be granted by the Secretary of the Department of Health and Human Services.

However, you need to contact the Agency’s Construction and Adult Care Licensure Sections to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented in your correspondence. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is
required would need to be made by this office. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,

Bernetta Thorne-Williams  Martha J. Frison, Chief
Project Analyst  Healthcare Planning and Certificate of Need Section

cc:  Construction Section, DHSR
     Adult Care Licensure Section, DHSR
     Sharetta Blackwell, Program Assistant, Healthcare Planning, DHSR
December 19, 2017

Ms. Bernetta Williams, Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: No Review Request

Dear Ms. Williams:

I am writing on behalf of Galloway Ridge, Inc., an existing continuing care retirement community (CCRC), d/b/a The Arbor ("The Arbor"), located at 3000 Galloway Ridge Road in Pittsboro, which is licensed for 40 skilled nursing facility beds and 51 adult care home beds. The Arbor’s existing licensed beds were developed under State Medical Facilities Plan (SMFP) policies NH-2 and LTC-1, which allow plan exemptions for CCRCs for the development of skilled nursing and adult care home beds. Of The Arbor’s 51 existing adult care home beds, 15 are designated for memory care and the remaining 36 general adult care home beds are distributed among eight single occupancy rooms and 14 double occupancy rooms.

In response to growing demand for memory care beds within its community, The Arbor intends to designate an additional five of its existing adult care home beds as memory care beds by converting five double occupancy rooms to single occupancy rooms and constructing new space for the five adult care home beds that will be removed from double occupancy rooms. As noted above, The Arbor was developed under SMFP policies NH-2 and LTC-1; as such, the current moratorium on development of new special care units should have no impact on this proposed project. This project will not result in any change to The Arbor’s inventory of licensed adult care home beds nor a change to the licensure category of any beds. Following completion of this project, The Arbor will continue to be licensed for 51 adult care home beds, 20 of which will be designated for memory care with the remaining 31 general adult care home beds distributed among 13 single occupancy rooms and nine double occupancy rooms.

The purpose of this letter is to request confirmation that the project described herein is not subject to CON review, as it does not involve the development of a “new institutional health service” as defined by NCGS 131E-176(16) nor does the total project cost exceed $2 million, inclusive of site costs, construction costs, architect and engineering fees, furniture and

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equipment, and contingencies. Please see Attachment 1 for line drawings demonstrating that The Arbor will continue to operate a total of 51 licensed adult care home beds following completion of the project. Please see Attachment 2 for a letter from the project architect certifying that the total project costs are estimated to be $1,986,658.50 as well as a detailed breakdown of included costs.

Based on the foregoing discussion, The Arbor requests that the Healthcare Planning and Certificate of Need Section confirm that the project outlined in this letter does not constitute a “new institutional health service” and therefore does not require a Certificate of Need.

We would appreciate your response to this request as quickly as possible. If you have any questions, please contact me at 919.226.1707.

Best regards,

Emily Cromer

Emily Cromer
Consultant to Galloway Ridge, Inc. d/b/a The Arbor

Attachments
ATTACHMENT 1
TOTAL No. OF EXISTING LICENSED BEDS = 51
TOTAL No. OF MODIFIED LICENSED BEDS = 51

31 ADULT CARE BEDS
20 MEMORY CARE BEDS

THE ARBOR MEMORY CARE NEIGHBORHOOD
20 SINGLE OCCUPANCY MEMORY CARE BEDS (FORMERLY 15)

MEMORY CARE

- EXISTING SINGLE OCCUPANCY MEMORY CARE UNIT TO REMAIN
- SINGLE OCCUPANCY MEMORY CARE UNIT TO BE RE-CONFIGURED
- NEW MEMORY CARE UNIT TO HOUSE BEDS TRANSFERRED FROM AL (TOTAL 5 BEDS)

ADULT CARE (ASSISTED LIVING)

- EXISTING ADULT CARE DOUBLE BEDS TO REMAIN
- EXISTING ADULT CARE SINGLE BED TO REMAIN
- EXISTING DOUBLE OCCUPANCY CHANGED TO SINGLE OCCUPANCY (5 BEDS TRANSFERRED TO MEMORY CARE)

THE ARBOR ADULT CARE NEIGHBORHOOD
31 ADULT CARE BEDS (FORMERLY 36 BEDS)

- 13 SINGLE OCCUPANCY ROOMS (13 BEDS)
- 9 DOUBLES OCCUPANCY ROOMS (18 BEDS)

TOTAL: 31 BEDS
ATTACHMENT 2
PROPOSED CAPITAL COSTS

Project Name: Double Occupancy to Single Occupancy Memory Care Adult Care Home Beds

Proponent: Galloway Ridge, Inc. d/b/a The Arbor

A. Site Costs

(1) Full purchase price of land Acres _______ Price per Acre $N/A
(2) Closing costs $N/A
(3) Site Inspection and Survey $6,000
(4) Legal fees and subsoil investigation $N/A
(5) Site Preparation Costs (Sitework)
   Soil Borings $N/A
   Clearing-Earthwork/Demo $45,000
   Earthwork
   Sediment and erosion control, grading and clearing $42,000
   Site Utilities
   Fine Grade For Slab
   Roads-Paving
   Concrete Sidewalks
   Water and Sewer
   Footing Excavation
   Footing Backfill
   Termite Treatment $46,600

Sub-Total Site Preparation Costs

(6) Exterior Improvements

Site Concrete, Landscaping, seed, sod
Irrigation, gravel border, site fencing.
Landscape and pedestrian lighting
Building Concrete (slab on grade,
Perimeter insulation, patch slabs,
Level porch slab, Site Fencing, Sea Walls,
44" planters, mailboxes

$86,334

(7) Sub-Total Site work costs $226,434

B. Construction Contract

(8) Cost of Materials/Sub-contract
   General Requirements $152,465
   Concrete/Masonry/Precast $54,200
   Metals $2,300
   Carpentry, Millwork & Trim $127,162
   Finishes/Insulation/Drywall $423,802
   Woods/Doors & Windows/Finishes $62,807
<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermal &amp; Moisture Protection</td>
<td>$55,586</td>
</tr>
<tr>
<td>Equipment/Specialty Items</td>
<td>$15,535</td>
</tr>
<tr>
<td>Mechanical/Electrical/Plumbing</td>
<td>$479,472</td>
</tr>
<tr>
<td>Fire Protection</td>
<td>$23,850</td>
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<tr>
<td><strong>Sub-Total Cost of Materials/sub-cont.</strong></td>
<td><strong>$1,397,179</strong></td>
</tr>
<tr>
<td>(9) Cost of Labor</td>
<td>$Included in the above</td>
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<tr>
<td>(10) Special Inspection</td>
<td>$5,000</td>
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<tr>
<td>(11) GC Contingency</td>
<td>$33,375</td>
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<tr>
<td>(12) Builders Risk insurance</td>
<td>$7,200</td>
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<tr>
<td>(13) GC general liability insurance</td>
<td>$7,142</td>
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<tr>
<td>(14) Building and Grading Permits</td>
<td>$10,600</td>
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<tr>
<td>(15) Contractor Fee</td>
<td>$116,811</td>
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<tr>
<td>(16) <strong>Sub-Total Construction Contract</strong></td>
<td><strong>$180,128</strong></td>
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**C. Miscellaneous Project Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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<tbody>
<tr>
<td>(12) Building Purchase</td>
<td>N/A</td>
</tr>
<tr>
<td>(13) Fixed Equipment Purchase/Lease</td>
<td>N/A</td>
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<tr>
<td>(14) Movable Equipment Purchase/Lease</td>
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<tr>
<td>(15) Furniture and Fixtures</td>
<td>N/A</td>
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<tr>
<td>(16) Landscaping (included in Sitework Scope)</td>
<td>N/A</td>
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<tr>
<td>(17) Consultant Fees</td>
<td>N/A</td>
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<tr>
<td>Architect and Engineering Fees</td>
<td>$163,466</td>
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<tr>
<td>Legal Fees</td>
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<td>Market Analysis</td>
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<tr>
<td>Other</td>
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<tr>
<td>(18) Financing Costs (e.g. Bond, Loan, etc.)</td>
<td>N/A</td>
</tr>
<tr>
<td>(19) Interest During Construction</td>
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<tr>
<td>(20) Other (Specify)</td>
<td>N/A</td>
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<tr>
<td>(21) <strong>Sub-Total Miscellaneous</strong></td>
<td><strong>$182,917.50</strong></td>
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<tr>
<td>(22) <strong>Total Capital Cost of Project</strong></td>
<td></td>
</tr>
<tr>
<td>(Sum A-C above)</td>
<td><strong>$1,986,658.50</strong></td>
</tr>
</tbody>
</table>

I certify that to the best of my knowledge, and based on pricing drawings by Perkins Eastman dated June 6th, 2017 and base price probable cost estimate dated June 12th, 2017 by Weaver Cooke construction, the costs of the proposed project named above are complete and correct.

(Signature of Licensed Architect or Engineer) Date Certified: December 15th, 2017

I assure that, to the best of my knowledge, the above costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

(Proponent Signature of Officer) Date Signed: 12/5/2017 (Title of Officer)