State of Tennessee
Health Services and Development Agency
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Date: **March 9, 2016**

To: **HSDA Members**

From: **Melanie M. Hill, Executive Director**

Re: **CONSENT CALENDAR JUSTIFICATION**
Open Arms Corporation d/b/a Knox County #2 Bishops Bridge (Northwest) - Knoxville (Knox County), TN – CN1512-063
The establishment of a four bed ICF/IID home for individuals with Intellectual Disabilities (ICF/IID) located on an unaddressed lot approximately 0.25 acres, in the northwest quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishops Bridge Road. The estimated project cost is $1,370,000.

As permitted by Statute and further explained by Agency Rule later in this memo, I have placed this application on the Consent Calendar based upon my determination that the application appears to meet the established criteria for granting a Certificate of Need. Need, Economic Feasibility and Contribution to the Orderly Development of Health Care appear to have been demonstrated as detailed below. If Agency Members determine the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a Certificate of Need. If you find one or more of the criteria have not been met, then a motion to deny is in order.

Due to the sheer number of ICF/IID applications under review, some being recommended for CONSENT CALENDAR approval did not receive a 30-day review.

At the time the application entered the review cycle on January 1, 2016, it was not opposed. If the application is opposed prior to it being heard, it will be moved to the bottom of the regular March agenda and the applicant will make a full presentation.

Summary

Open Arms Care Corporation d/b/a Knox County #2 Bishops Bridge (Northwest) is seeking to establish a 4-bed ICF/IID home to be managed by Integra Resources, LLC. If approved, the facility will be located on an unaddressed lot approximately 0.25 acres, in the northwest quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishops Bridge Road in Knoxville. The site is adjacent to the location for a proposed companion application, Open Arms Care Corporation d/b/a Knox County # 1 Bishops Bridge (Northeast), CN1512-062. The projects will be adjacent to each other—this one on northwest quadrant and the other on the northeast quadrant. Please refer to the application, staff summary, and TDIDD report for more details about each facility. The plot plan will show the location of each facility.

Open Arms operates over 30 facilities across Tennessee and has provided care to over 1/3 of the state's ICF/IID population since 1990. As such, it is very familiar with both state and federal rules and regulations and is familiar with the settlement agreement.

The need for this facility is based upon the closure of Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. GVDC is being closed as part of the Exit Plan in a 19-year old lawsuit by the Department of Justice against the State of Tennessee, which found unconstitutional conditions at the State of Tennessee's four developmental centers. The lawsuit will be fully dismissed once all residents of GVDC have been transferred into smaller homes in the community and GVDC is closed.

The following information came directly from the TDIDD website and helps explain the need for this facility:

In April 1996, DIDD entered into a settlement agreement with the advocacy group People First, which had sued the state, charging violations of Civil Rights of Institutionalized Persons Act (CRIPA) at Clover Bottom and Greene Valley Developmental Centers. The United States Department of Justice strongly suggested that the state settle and, in December 1996, sued the state to become a party in the settlement negotiations.

Starting in May 2014, DIDD, the Bureau of TennCare and the Attorney General's office participated in court-ordered mediation for six months to reach an Exit Plan that ultimately will lead to the end of the nearly 20-year-old lawsuit. The Exit Plan was agreed to and executed by all of the parties to the lawsuit: the State, the U.S. Department of Justice, People First of Tennessee and the Parent Guardian Associations of Clover Bottom Developmental Center and Greene Valley Developmental Center.

On January 29, 2015, an order was issued by U.S. District Judge Kevin Sharp approving the Exit Plan. The order entered by Judge Sharp calls for a two-phase dismissal of the lawsuit based on the state completing obligations set forth in the Exit Plan.

The first phase is comprised of eight responsibilities DIDD and TennCare must complete by December 31, 2015 in order for the lawsuit to be partially dismissed.

The second phase requires the closure of Greene Valley Developmental Center in Greeneville by June 30, 2016. Upon closure, the lawsuit would be fully and finally dismissed.

More information can be found at http://tn.gov/didd/topic/clover-bottom-exit-plan.

When the link above is opened click on the link identified as "Greene Valley Closure Plan" http://tn.gov/assets/entities/didd/attachments/GVDC_Closure_Plan_FINAL.pdf.

The closure plan provides very detailed information regarding the closure and community transition process. It also notes the State of Tennessee will no longer be a willing provider of Intermediate Care Facility services for Individuals with Intellectual Disabilities (ICF/IID) at Greene Valley Developmental Center (GVDC). Instead, it states current GVDC residents will receive appropriate services and supports in alternative, community-based settings. The plan notes the Vision and Mission of the Department of Intellectual and Developmental Disabilities is to support all Tennesseans with intellectual and developmental disabilities to live fulfilling and rewarding lives and to become the nation's most person-centered and cost effective state support system.

Finally, United States District Court Judge Kevin Sharp of the Middle District of Tennessee who has overseen the Exit Plan was quoted as saying the Plan *is 'fair, reasonable and adequate' and provides the next iteration of improvement to the lives of those with disabilities in Tennessee. It will test political will and legislative leadership to continue that progress and to determine how best to care for those often left in the shadows.*

Please refer to the staff summary and the TDIDD report for a detailed narrative of the project.

Executive Director Justification -

I recommend approval of CN1512-063 for the establishment of a 4-bed ICF/IID located on an unaddressed lot approximately 0.25 acres, in the northwest quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishops Bridge Road (Northwest) My recommendation for approval is based upon my belief the following general criteria for a Certificate of Need have been met.

Need- Need is met, as this will transition four residents from the announced closure of GVDC. This is the last obligation that must be met to settle the State's 19-year old lawsuit {DOJ (People First of Tennessee) et al. v. CBDC lawsuit}. Judge Sharp found the State's Exit Plan "fair, reasonable, and adequate". These residents will continue to receive appropriate services and supports but they will now receive them in a community-based setting and in a home-like environment.

Economic Feasibility- The project is economically feasible based upon the applicant obtaining a construction loan to build the facility and the cost-based Medicaid reimbursement it will receive which is set by the Comptroller's Office. Since the State of Tennessee is the payor for this service, this setting is more economically feasible for the state.

Contribution to the Orderly Development of Health Care-According to TDIDD, this criterion is met based upon this provider's proven track record of providing services within both state and federal regulations, prior contractual relationships with both TennCare and the Department, and an understanding of both the intellectual disability population and the intellectual disability system in Tennessee. Additionally, it meets the goals set for GVDC residents to receive appropriate services and supports in alternative, community-based settings.

Statutory Citation -TCA 68-11-1608. Review of applications -- Report

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

Rules of the Health Services and Development Agency-- 0720-10-.05 CONSENT CALENDAR

(1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.

(2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.

(3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.

(4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.

(5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
MARCH 23, 2016
APPLICATION SUMMARY

NAME OF PROJECT:	Open Arms Care Corporation d/b/a Knox County #2 Bishops Bridge (Northwest)
PROJECT NUMBER:	CN1512-063
ADDRESS:	1817 Bishops Bridge Road Knoxville, (Knox County), Tennessee 37922
LEGAL OWNER:	Open Arms Care Corporation 6 Cadillac Drive, Suite 350 Brentwood, TN (Williamson County), TN 37027
OPERATING ENTITY:	Integra Resources, LLC 144 Second Ave North Nashville, TN 37201
CONTACT PERSON:	Michael D. Brent, Attorney (615) 252-6361
DATE FILED:	December 15, 2015
PROJECT COST:	$1,370,000
FINANCING:	Commercial Loan
REASON FOR FILING:	The establishment of a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID). ***The 4 beds are subject to the 160 bed ICF/IID Bed Pool.***

DESCRIPTION:

Open Arms Care Corporation d/b/a Knox County #2 Bishops Bridge Northwest (Open Arms) is seeking approval to establish a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) on an unaddressed 0.25 acre site on the northwest quadrant of a 7.2 acre parcel

currently being addressed as 1817 Bishop Bridge Road in Knoxville (Knox County), Tennessee 37922. The site will be adjacent to the 4-bed Open Arms resident home proposed in a companion application, Open Arms Care Corporation d/b/a Knox County #1 Bishops Bridge (Northeast), CN1512-062. Both of the proposed homes will share the same 7.2 acre parcel of property.

Open Arms Care Corporation is a Georgia non-profit corporation formed in 1986. As a licensed and Medicaid-certified ICF/IID provider, Open Arms has provided care for individuals in Tennessee requiring ICF/IID services since 1990. Currently, Open Arms operates 32 eight (8) bed residential group homes and 8 day treatment centers in multiple counties across Tennessee.

ICF/IIDs are intended to provide individuals with intellectual disabilities individualized health care and rehabilitation to promote their functional status and independence. All Open Arms residential group homes in Tennessee are managed by Integra Resources, LLC, who will also manage the proposed facility in this project. Integra will be responsible for the provision of nursing care, support services, and therapy services including physical, occupational, speech, and nutritional therapy services. The applicant will serve 4 individuals currently residing in the Greene Valley Developmental Center located in Greeneville, (Greene County), TN.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

INTELLECTUAL DISABILITY HABILITATION FACILITY (ICF/IID)
ICF/IID FACILITIES

A. Need

1. **The population-based estimate of the total need for ICF/ID facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria to be appropriate for ICF/ID services.**

   Application of this formula to the projected 2015 population of Knox County (460,612) results in a gross need for 147 ICF/IID beds.

   It appears that this criterion has been met.

2. **The estimate for total need should be adjusted by the existent ICF-ID beds operating in the area as counted by the Department of**

Health, the Department of Mental Health and Substance Abuse Services, and the Department of Intellectual and Developmental Disabilities in the Joint Annual Reports."

There are currently 64 ICF/IID beds operating in Knox County. Subtracting these 64 beds from the 147 gross bed need results in a bed need of 83 beds. The Department of Intellectual and Developmental Disabilities indicate 16 ***ICF/IID*** *beds are needed for GVDC residents who have chosen to reside in Knox County after the closure of GVDC. In addition, the existing ICF/IID beds in Knox County are full and there is not sufficient existing capacity in Knox County for those persons remaining at GVDC.*

Since the applicant is proposing a new 4 bed ICF/IID in a County where existing ICF/IIDs are operating at full capacity, it appears that this criterion has been met.

B. Service Area

1. **The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.**

A table of driving distances and times for basic services from the proposed ***ICF/IID*** *location is located on pages 24-25 of the original application. The distance from the site of the proposed project to essential services ranges from a 5 minute to 13 minute drive time.*

It appears that this criterion has been met.

2. **The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needing services involuntarily.**

The proposed project will be providing services to individuals currently residing at GVDC who have chosen to reside in Knox County. These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical

assessments. These services are available to all who need and qualify for services. The proposed project is within 5.4 miles, or 13 minutes driving time, of Parkwest Medical Center Hospital located in Knoxville (Knox County), TN.

It appears that this criterion has been met.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration."

The Commissioner of the Department of Intellectual and Developmental Disabilities (DIDD) has submitted a letter that supports this application as it contributes to the policy of moving residents from large, older developmental centers that do not contribute to operational efficiencies and economies of scale to private operation of smaller 4 person ICF/IID homes which are more efficient and economically feasible for the state.

It appears that this criterion has been met.

2. The proposal's relationship to underserved geographic areas and underserved population groups such as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.

The applicant indicates there are 75 individuals awaiting placement and this facility is one of several ICF/IID residential home facilities that are available to accept patients being discharged from GVDC. DIDD has determined that the existing facilities will not be sufficient to absorb the 16 GVDC residents who wish to live in Knox County.

It appears that this criterion has been met.

3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.

There are 8 ICF/IID 8-bed homes located in Knox County. All the beds are currently occupied. The proposed project will serve current residents

of GVDC, so the proposed project should have no impact on similar services supported by state and federal appropriations.

It appears that this criterion has been met.

4. **The degree of projected financial participation in the Medicare and TennCare programs should be considered.**

The applicant has indicated that 96% of the funding for the proposed project will be TennCare reimbursement and 4% Supplemental Security Income (SSI).

It appears that this criterion has been met.

D. Relationship to Existing Similar Services in the Community

1. **The area's trend in occupancy and utilization of similar services should be considered.**

There are 8 existing ICF/IID 8-bed homes currently in Knox County. These beds are currently occupied. If approved, this project will not impact the utilization of existing ***ICF/IID*** *providers in Knox County.*

It appears that this criterion has been met.

2. **Accessibility to specific special need groups should be an important factor.**

The proposed facility has been designed to accommodate needs of residents living with intellectual or developmental disabilities, including residents who are medically fragile. Residents will have access to family practice physicians and the local hospital. Open Arms, through its facility manager Integra Resources, will provide access to services provided by physical therapists, physical therapy assistants, occupational therapists, speech language pathologists, dieticians, nurses, and other licensed clinical professionals, as appropriate.

It appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Open Arms Care Corporation (Open Arms) proposes to construct a new 4-bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) in Knoxville (Knox County), TN for the purpose of transitioning 4 individuals into a smaller, group home located in the community. The proposed home will house 4 current residents of the Greene Valley Developmental Center (GVDC), Greeneville (Greene County), TN. Open Arms residential group home ICF/IID beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. ICF/IIDs provide comprehensive and individualized health care and rehabilitation services to promote the functional status and independence of individuals with intellectual disabilities.

These individuals have developmental disabilities and complex medical needs, which may include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical assessment. The age range of the men and women with developmental disabilities who need ICF/IID services is 18-70.

Open Arms employs nursing staff, physical therapists, occupational therapists, and speech language pathologists. The following chart displays the availability of essential services to residents of the proposed project.

Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Knoxville, TN	Facility is within city limits	Not applicable
Hospital	Parkwest Medical Center	5.4 miles	13 minutes
Physician Offices	UT Internal Medicine	1.2 miles	5 minutes
EMS/Fire Station	Rural/Metro Station 16 10208 Bluegrass Road Knoxville, TN	3.5 miles	7 minutes
Day Treatment (if applicable)	Open Arms Care	8.8	19 minutes
Greene Valley Development Center		87.9 miles	1 hour 35 minutes

Source: CN1512-063

Note to Agency members: The following statement from the DIDD Report on the proposed project provides history and development of 4-bed ICF/IID homes as follows: "The need for the development of the four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et.al. v. The Clover Bottom Developmental Center et. Al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community." As noted above GVDC is scheduled to close June 30, 2016 but could be extended up to 12 additional months.

The target date for completion of the project is November 2016.

ICF/IID Bed Pool

T.C.A. §71-5-105(b) enacted by the General Assembly, seeks to increase the total number of ICF/IID beds by 160 beds. These beds are then intended to be filled by individuals from state operated Developmental Centers.

- The applicant is requesting 4 beds from the bed pool as the residents of the proposed project currently reside in GVDC.
- As of March 1, 2016, there are currently 52 ICF/IID beds available in the bed pool with 32 ICF/IID beds pending review at HSDA Agency meetings in March-April 2016.
- A copy of the 160 Bed Pool Report is attached at the end of this summary.

Ownership

- Open Arms Care Corporation is a Georgia non-profit corporation formed in December 1986. Open Arms is licensed by DIDD to provide Medical Residential and Supported Living and licensed day treatment center services throughout Tennessee.
- Formerly known as the Rebound Care Corporation prior to calendar year 2000, Open Arms has 32 eight (8) bed ICF/IID facilities or licensed residential institutional habilitation facilities (residential group homes) with locations in Shelby, Davidson, Williamson, Hamilton and Knox Counties. Open Arms also operates 5 licensed day treatment centers in Tennessee. Please refer to the organizational chart in Attachment A.4 for a listing of these locations.

- Open Arms will be the licensed operator of the proposed 4-bed ICF/IID residential group home with day-to-day management to be contracted with Integra Resources, LLC, the manager of all existing Open Arms licensed facilities in TN.
- Open Arms will lease the facility from WCO AL DP, LLC (landlord), a subsidiary of Woodbine Community Organization. WCO is a TN non-profit corporation with no relationship to the applicant other than a contractual relationship for the land and building leases of all 32 Open Arms ICF/IID facilities in TN.
- WCO will purchase the land and building for the project through a development agreement with Facilities Development Group, LLC (FDG), subject to FDG's acquisition of the land from the current owner.
- Documentation of the applicant's legal interest in the site, including a visual/chart showing the key phases of the development arrangement between the parties, is provided in the December 1, 2015 Option to Lease agreement between WCO AL DP, LLC and Open Arms Care Corporation.

Facility Information

- The facility will be a newly constructed 2,800 square foot, one story fully sprinkled and accessible home on a 2.74 acre parcel.
- The home will consist of a living room, dining room, kitchen, laundry room, four bed rooms, 2 1/2 bathrooms, screened porch, an outside storage closet, and a carport.
- A backup generator will be available on-site to ensure essential resident services are not interrupted by unexpected power outages.
- An 11/17/2015 letter from Dave Johnson, AIA, Principal, STG Design, attests to the estimated construction cost of the proposed 4 bed home and conformance with all applicable building and safety codes, including design of the facility in accordance with current AIA Guidelines for Design and Construction of Health Care Facilities.

Project Need

The applicant provided the following justification for the project:

- The current bed need formula identified gross need for 147 ICF/IID beds in Knox County. Subtracting the existing 64 ICF/IID beds in Knox County results in a net need of 83 additional ICF/IID beds.
- The Department of Intellectual and Developmental Disabilities indicates 16 ***ICF/IID*** beds are needed for GVDC residents who have chosen to reside in Knox County after the closure of GVDC.

- The area wide occupancy for the existing 8 ICF/IID 8 bed homes in Knox County was 99.7% in 2014.
- The families and conservators for individuals moving out of GVDC are requesting that their family members move to ICF beds in the community setting.

Service Area Demographics

The applicant's declared service area is Knox County. An overview of the service area is provided as follows:

- The total population of Knox County is estimated at 460,712 residents in calendar year (CY) 2015 increasing by approximately 5.0% to 483,425 residents in CY 2019.
- The overall statewide population is projected to grow by 4.5% from 2015 to 2019.
- The 65 and older population is expected to comprise approximately 16.2% of the total county population in CY2019 compared to 17.3% statewide.
- The 65 and older population of Knox County will increase by approximately 14.9% from CY2015 to CY2019 compared to a statewide increase of 16% during the period.
- Based on September 2015 TennCare enrollee statistics, TennCare enrollees as a percentage of the total county population is 16.6%, compared with the state-wide average of 21.7%.

Historical Utilization

There are currently 8 8-bed ICF/IID homes in Knox County all owned and operated by Open Arms Care. Historical utilization for these facilities is presented in the table below.

Knox County ICF/IID Home Utilization-2012-2014

Name	Licensed Beds	2012 % Occupancy	2013 % Occupancy	% 2014 Occupancy
Total	64 (8-8 bed homes)	99.7%	99.4%	99.7%

Source: CN1512-063

The historical utilization table reflects the following:

- Knox County ICF/IID homes have remained essentially at full occupancy for each of the past three years.

Projected Utilization

The following table shows the projected utilization of the project.

Open Arms Care Corporation d/b/a
Knox County#2 Bishops Bridge (Northwest)
CN1512-063
March 23, 2016

Applicant's Facility Projected Utilization

Year	Licensed Beds	% Licensed Occupancy
Year 1	4	100.0%
Year 2	4	100.0%

Source: CN1512-063

- The applicant expects to operate at full occupancy each of the first two years of operation.

Project Cost

The total project cost is $1,370,000. Major costs are:

- Facility Lease - $1,327,500 or 96.7% of total cost.
- Contingency Fund-$24,424 or 1.8% of total cost
- For other details on Project Cost, see the Revised Project Cost Chart on page 31 in the application.

Funding

An 11/20/2015 letter provided in Supplemental 1 from Bill Berrell, Senior Vice President and Director of Healthcare Funding, ServisFirst Bank, confirmed the availability of an $8,000,000 commercial loan for the construction and permanent financing of up to 9 Open Arms ICF/IID facilities to facilitate the transition of residents from the Greene Valley Developmental Center.

- The terms of the loan include a 7 year maturity date with interest anticipated at approximately 7.75%-8.25%, subject to market conditions and the loan to value ratio.
- Per a November 24, 2015 letter, the ServisFirst Bank management representative confirmed that Facilities Development Group, LLC (developer) would be allowed to assign the loan to WCO (landlord of proposed home) who would assume responsibility for repayment.
- Although the applicant will be leasing the proposed ICF/IID 4-bed facility, the total estimated acquisition and construction cost amounts to approximately $885,000 per the detail shown on page 32 of the application.
- The applicant has the means to meet annual lease payments estimated at $88,500 in Year 1 of the project. Review of Open Arms audited financial statements for the fiscal year ending 12/31/2014 revealed Cash and Cash Equivalents of $1,376,934, Current Assets of $5,539,244 and Current Liabilities of $4,110,353 for a current ratio of 1.35 to 1.0.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- The proposed new 4-bed facility has no historical financial information.
- As a whole, review of the audited Consolidated Statement of Operations and Changes in Net Assets revealed Open Arms realized $38,852,281 in total unrestricted revenues for the fiscal year (FY) period ending 12/31/2014.
- Based on approximately $35,777,817 in total operating expenses, Open Arms realized approximately favorable earnings of approximately $3,046,737 before interest, depreciation, taxes and amortization (EBIDTA) during FY 2014.

Projected Data Chart

The applicant projects $969,298.00 in total gross revenue on 1,460 patient days in Year 1 increasing by 2.0% to $988,684 on 1,460 patient days in Year 2 (approximately $677 per day). The applicant projects breakeven in both Years 1 and 2 so that no net income is projected.

Charges

The average gross daily patient charge is projected to be $664/day in Year 1 increasing to $677/day in Year 2. Since there are no deductions from revenue reported, the net charge is the same. The charges of 8 private 4 bed licensed Knox County ICF/IIDD resident homes owned by Open Arms range from approximately $417.19/day to a high of $435.99/day. Per the applicant, the charges are based on a per resident per day rate and are established by the Tennessee Comptroller of the Treasury.

Medicare/TennCare Payor Mix

The applicant expects the proposed project to be funded 96% by TennCare/Medicaid and 4% Client Responsibility.

Staffing

Total estimated staffing is estimated at approximately 16.015 fulltime equivalents (FTE) in Year 1. A breakout of the staffing in Year 1 includes the following:

- 0.5 FTE Resident Manager
- 0.25 FTE Qualified MR Professional
- 0.25 FTE Registered Nurse
- 2.8 FTE Licensed Practical Nurse
- 0.375 FTE Physical, Occupational and Speech Therapists
- 11.23 FTE Direct Support Staff
- .11 FTE Admin/Support Staff
- 0.5 FTE Housekeeping/Maintenance

Note: Generally speaking, one (1) FTE is equivalent to an individual that works 2,080 regular hours per year.

Licensure/Accreditation

If approved, the proposed facility will be licensed by the Department of Intellectual and Developmental Disabilities. A copy of the 03/10/2015 annual survey inspection conducted by DIDD for Open Arms facilities in Knoxville (Knox County) is included in the application attachments. DIDD accepted the provider plan of correction and provided written notice of same on 03/26/2015.

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent or denied applications for this applicant.

Pending Applications

Open Arms Care Corporation d/b/a Knox County #1 Bishops Bridge (Northeast), CN1512-062, has a pending application that will be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed ICF/IID home on an unaddressed lot approximately 0.25 acres, in the northeast quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishop Bridge Road, Knoxville (Knox County), TN. **The estimated cost is $1,370,000.**

Open Arms Care Corporation d/b/a
Knox County#2 Bishops Bridge (Northwest)
CN1512-063
March 23, 2016

Open Arms Care Corporation dba Knox County #4 South Northshore Drive (Northwest), CN1512-064, has a pending application that will be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on a 0.95 acre lot on the northwest half of a 1.91 acre parcel currently addressed as 12629 South Northshore Drive in Knoxville (Knox County), Tennessee 37922. **The estimated project cost is $1,370,000.**

Open Arms Care Corporation dba Knox County #3 South Northshore Drive (Southeast), CN1512-065, has a pending application that is scheduled to be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on a 0.95 acre lot on the southeast half of a 1.91 acre parcel currently addressed as 12629 South Northshore Drive in Knoxville (Knox County), Tennessee 37922. **The estimated project cost is $1,370,000.**

Outstanding Certificate of Need

Open Arms Care Corporation dba Greeneville # 1 Chuckey Pike, CN1511-050A, has an outstanding Certificate of Need that will expire on April 1, 2018. The application was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the east side of a 2.72 acre lot on Chuckey Pike, Greeneville (Greene County, TN. **The estimated project cost is $1,370,000.** *Project Status Update: The project was recently approved.*

Open Arms Care Corporation dba Hamilton County #2 Gamble Road (Southwest), CN1511-051A, has an outstanding Certificate of Need that will expire on April 1, 2018. The application was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home located on an unaddressed 1.5 acre site on the southwest quadrant of a 15.5 acre parcel being addressed as 7817 Gamble Road, Georgetown (Hamilton County), TN 37336. **The estimated project cost is $1,370,000.** *Project Status Update: The project was recently approved.*

Open Arms Care Corporation dba Greeneville #3 East Church Street-East, CN1511-052A, has an outstanding Certificate of Need that will expire on April 1, 2018. The application was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the east half of a 2.74 acre

lot on East Church Street, Greeneville (Greene County), TN. **The estimated project cost is $1,370,000.** *Project Status Update: The project was recently approved.*

Open Arms Care Corporation dba Hamilton County #1 Gamble Road (Southeast), CN1511-053A, has an outstanding Certificate of Need that will expire on April 1, 2018. The application was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the southeast quadrant of a 15.5 acre lot on 7817 Gamble Road, Georgetown (Hamilton County), TN 37336. **The estimated project cost is $1,370,000.** *Project Status Update: The project was recently approved.*

Open Arms Care Corporation dba Greeneville #2 East Church Street-West, CN1511-054A, has an outstanding Certificate of Need that will expire on April 1, 2018. The application was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the west half of a 2.74 acre lot on East Church Street, Greeneville (Greene County), TN. **The estimated project cost is $1,370,000.** *Project Status Update: The project was recently approved.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL DISABILITIES FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 02/23/2016

LETTER OF INTENT

State of Tennessee 16
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in The Knoxville News Sentinel, which is a newspaper of general circulation in Knox County, Tennessee, on or before December 9, 2015, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 0.25 acres, in the northwest quadrant of a parcel of land which is approximately 7.2 acres, the entire 7.2 acres currently being addressed as 1817 Bishops Bridge Road, Knoxville, (Knox County), Tennessee 37922, which is located south of the intersection of Bishops Bridge Road and Strathmore Road, and also described as Parcels 154DA00101, 154DA00102, and 154DA00103 in the records of the Knox County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is $1,370,000.00.

The anticipated filing date of the application is on or before December 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babc.com.

(Signature)	Dec. 9, 2015 (Date)	mbrent@babc.com (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY

OPEN ARMS CARE CORPORATION NORTHWEST BISHOPS BRIDGE ROAD

CN1512-063

Open Arms Care Corporation d/b/a

Knox County #2 Bishops Bridge Road (Northwest)

Certificate of Need Application

Establishment of a 4-Bed Intermediate Care Facility for Individuals with Intellectual Disabilities

December 2015

1. Name of Facility, Agency, or Institution

Open Arms Care Corporation d/b/a Knox County #2 Bishops Bridge (Northwest)
Name

1817 Bishops Bridge Road — Knox
Street or Route — County

Knoxville — Tennessee — 37922
City — State — Zip Code

2. Contact Person Available for Responses to Questions

Michael D. Brent — Attorney
Name — Title

Bradley Arant Boult Cummings LLP — mbrent@babc.com
Company Name — Email Address

1600 Division Street, Suite 700 — Nashville — TN — 37203
Street or Route — City — State — Zip Code

Attorney for Manager — 615-252-361 — 615-252-6361
Association with Owner — Phone Number — Fax Number

3. Owner of the Facility, Agency or Institution

Open Arms Care Corporation — (615)-254-4006
Name — Phone Number

6 Cadillac Drive, Suite 350 — Williamson
Street or Route — County

Brentwood — TN — 37027
City — State — Zip Code

4. Type of Ownership of Control (Check One)

A. Sole Proprietorship _____
B. Partnership _____
C. Limited Partnership _____
D. Corporate (For Profit) _____
E. Corporation (Not-for-Profit) __X__
F. Government (State of TN or Political Subdivision) _____
G. Joint Venture _____
H. Limited Liability Company _____
I. (Other) Specify) _____

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER OF ALL ATTACHMENTS.

5. Name of Management/Operating Entity (If Applicable)

Integra Resources, LLC
Name

144 Second Avenue North — Davidson
Street or Route — County

Nashville — TN — 37201
City — State — Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership _____
B. Option to Purchase _____
C. Lease of __ Years _____
D. Option to Lease __X__
*E. Other (Specify)*_____ _____

PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

7. Type of Institution (Check as appropriate—more than one response may apply)

A. Hospital (Specify) _____ _____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Mental Health Residential Treatment Facility _____
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) __X__
I. Nursing Home _____
J. Outpatient Diagnostic Center ____
K. Recuperation Center _____
L. Rehabilitation Facility _____
M. Residential Hospice _____
N. Non-Residential Opioid Treatment Facility _____
O. Birthing Center _____
P. Other Outpatient Facility (Specify)_____ _____
Q. Other (Specify) _____ _____

8. Purpose of Review (Check as appropriate—more than one response may apply)

A. New Institution __X__
B. Replacement/Existing Facility _____
C. Modification/Existing Facility _____
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ _____
E. Discontinue of OB Services _____
F. Acquisition of Equipment _____
G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] _____
H. Change of Location _____
I. Other (Specify): _____

9. *Bed Complement Data*

Please indicate current and proposed distribution and certification of facility beds.

Response: Not applicable.

		Current Beds Licensed	Current Beds *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A.	Medical					
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical					
E.	ICU/CCU					
F.	Neonatal					
G.	Pediatric					
H.	Adult Psychiatric					
I.	Geriatric Psychiatric					
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation					
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR				4	4
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL				4	4

*CON—Beds approved but not yet in service.

10. Medicare Provider Number N/A

Certification Type N/A

11. Medicaid Provider Number TBD

Certification Type _____

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

Response: **Yes**

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organization (MCOs/BHOs)* operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes . If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area. N/A

Response to Section A, Item 3: Please see Attachment A.3.

Response to Section A, Item 4: Founded to address the needs of those moving out of large, state-run institutions, Open Arms Care Corporation, a Georgia nonprofit corporation ("Open Arms" or the "Applicant"), has 32 eight-resident homes or, Intermediate Care Facilities for Individuals with Intellectual Disabilities ("ICF/IID"), located in or near Chattanooga, Knoxville, Memphis, and Nashville, Tennessee. Please see Attachment A.4 for a list of facilities operated by Open Arms in Tennessee. Open Arms has no owners or members and is governed by a five-person board of directors consisting of Robert Taylor (Chair), Douglas B. Kline, and Jane Buffaloe, Mary Ellis Richardson, and Sandy Wybel.

In 1988, founding board members of Open Arms identified the need to build community facilities for individuals who were moving out of large, state-run institutions for individuals with intellectual and developmental disabilities in the state of Tennessee. Certificate of Need applications were submitted and approved and Open Arms Care (then known as Rebound Care Corporation) began offering services once it was approved for 256 beds across the state of Tennessee. (*Source: http://openarmscare.org/our-history*.) Through provider agreements with TennCare, Open Arms has been providing community-based facilities for individuals with intellectual and developmental disabilities for more than 25 years. Open Arms has no ownership shares or membership interests and is board-managed. Though Open Arms is a Georgia nonprofit corporation, the board of Open Arms is considering converting to a Tennessee nonprofit corporation. If the ultimate decision is to make such a conversion, a new Tennessee nonprofit corporation would be created and the existing Georgia corporation would be merged into it, with the result being that Open Arms would be a Tennessee corporation. The laws of some states allow a simpler process whereby a nonprofit corporation can change its domicile from one state to another, but that is not currently allowed for transitions from a Georgia to a Tennessee corporation.

Response to Section A, Item 5: Integra Resources, LLC ("Integra") manages all of Open Arms' ICF/IID facilities, which are identified in Attachment A.4, and is equally owned by SMI Group, LLC and Flatrock Investors, LLC. SMI Group, LLC is, in turn equally owned by George Stevens and Jeff Mastroleo, while Flatrock Investors, LLC is equally owned by Joseph Torrence and Richard Brown.

George Stevens, Jeff Mastroleo, Joseph Torrence, and Richard Brown have directly applicable experience in areas including healthcare operations, affordable housing operations, financing and management, government service in the areas of mental health and affordable housing, and executive-level management of healthcare providers.

The only relationship between Open Arms and Integra is the parties' existing contractual relationship. Neither Jeff Mastreolo, Joseph Torrence, Richard Brown, or George Stevens, nor their company, Integra, have ownership interests in, or governance positions with respect to, Open Arms. Integra will manage the facility proposed in this application, as well as three other Knox County facilities proposed by Open Arms simultaneously. A copy of the proposed management agreement with Integra is included as Attachment A.5.1 and copies of more

information about its principals and its Articles of Organization are collectively attached as Attachment A.5.2. Please note that the facility's annual budget will be finalized at a later date and attached as Exhibit A to the Management Agreement. The Applicant anticipates that the budget will be close to the expense numbers generated for the Projected Data Chart provided later in the application due to TennCare's reimbursement model, which will result in the facility's revenue matching its expenses.

Response to Section A, Item 6: The Applicant has an option to lease the building and the land upon which the building is located from WCO AL DP, LLC (the "Landlord"). The Landlord is a subsidiary of Woodbine Community Organization, a Tennessee nonprofit corporation and has no relationship with Open Arms, other than a contractual relationship from the current leases to Open Arms of buildings and land for the operation of its 32 current facilities. The Landlord will purchase the land and building for the project from Facilities Development Group, LLC ("Developer" or "FDG") pursuant to a Development Agreement between the Landlord and Developer, after Developer has acquired and financed the land pursuant to the contract attached as Attachment A.6.1 and then arranged the construction and financing of the proposed facility via a construction loan from Servis 1st Bank, which FDG will assign to the Landlord through an affiliate. Open Arms then has an option to lease the completed, fully furnished facility from the Landlord. Please see Attachment A.6.1 for copies of the Development Agreement and Option to Lease, and an illustration of the transactions between the parties. Please see Attachment A.6.2 for copies of the deed of the current owner and the purchase agreement between the current owner and FDG. Pursuant to these documents, including Section 2 of the Development Agreement, FDG is contractually obligated to acquire the land, develop and construct the building on the land, and then transfer the completed facility and assign the loan to the Landlord as a "turn-key" completed facility. The Landlord will then lease the completed facility to Open Arms pursuant to the lease agreement referenced in the Option to Lease.

Response to Section A, Item 13: There are no provider agreements in ICF/IID programs between providers and TennCare MCO's, as providers contract directly with TennCare, which reimburses them directly. Individual residents, however, do receive medical coverage for other services through TennCare MCOs due to contractual relationships between each resident and their respective TennCare MCO. Amerigroup, TennCare Select, BlueSelect, and UnitedHealthcare Community Plan are the only TennCare MCOs in the Applicant's proposed service area.

NOTE: ***Section B*** is intended to give the Applicant an opportunity to describe the project and to discuss the need that the Applicant sees for the project. ***Section*** C addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response:
Services
This project involves construction of a new 4-bed Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID") in Knoxville, Tennessee. This facility will be constructed for the purpose of transitioning four individuals from the Greene Valley Developmental Center ("GVDC"), a large, congregate institutional facility, into a smaller, group home located in the community. ICF/IID services are a Medicaid ("TennCare") benefit for individuals with intellectual and developmental disabilities, which provides individualized health care and rehabilitation services intended to increase functional status and independence. Although TennCare, specifically its Division of Long-Term Services & Supports, is responsible for the Home and Community-Based Services ("HCBS") Waiver programs, TennCare contracted DIDD to oversee and operate them. DIDD surveys and inspects ICF/IID providers to ensure compliance with DIDD licensure requirements and quality measures and administrates the licensure of providers, among other duties.

With the exception of coordinating the TennCare benefits of ICF/IID residents and HCBS waiver recipients, TennCare MCOs are not involved in the administration of HCBS waiver programs and ICF/IID's, as the ICF/IID program is a "carve-out" from the managed care program. Instead, TennCare contracts directly with the providers and reimburses them for their services. Long-term care services provided through ICF/IIDs are comprehensive, consisting of one provider furnishing or arranging for the provision of housing and services such as nursing, clinical therapy, and dietetic and behavioral services. Although HCBS waiver services are not provided in the same type of setting, recipients receive the same services as ICF/IID residents. HCBS Waiver recipients also have additional flexibility, as they can receive services from different providers and may choose to do so in different settings, such as a home with other waiver recipients or a family member or conservator's home.

The proposed ICF/IID facility will be a one-story, fully accessible family home of approximately 2,800 square feet with four bedrooms, combination living/dining room, kitchen, laundry, office, and associated storage areas. The home will have two large, fully accessible bathrooms, one half bath, and a residential sprinkler system. Depending on the resident and his or her medical needs, residents will receive assistance meeting hygiene requirements, specialized dietary services, physical therapy, and assistance with activities of daily living, as well as physical, occupational, and behavioral therapies. The overall goal is to provide the combination of an environment and services that will enrich their quality of life and sense of community. The Tennessee Department of Intellectual and Developmental Disabilities (DIDD) strongly supports this application as more fully expressed in its letter of recommendation, a copy of which is attached to this application as Attachment B.1.

Need/Existing Resources

Pursuant to an Exit Plan and Approved Order adopted by a federal court in January 2015, the Greene Valley Developmental Center must close on June 30, 2016, unless the timing for the Exit Plan is extended pursuant to its provisions and the Approved Order allowing certain extensions (not to exceed June 30, 2017). This Court Order brought an end to longstanding litigation against several institutions for the intellectually disabled in Tennessee.[1] As a result of the litigation, the state has closed two similar institutions and transitioned their residents to other facilities or living arrangements. Under the terms of the Exit Plan and DIDD's Transition Plan for GVDC, the institution's remaining residents had the opportunity to choose between private ICF/IID services and state-based Medicaid waiver programs.[2] Seventy-five (75) of the 85 individuals remaining at GVDC as of early September 2015, have opted to move to private ICF/IID facilities, with 16 having expressed a desire to live in the Knox County area.[3] The proposed facility, located in Knox County, is being developed to serve four of these individuals. Please see Attachment B.3 for the letter from DIDD indicating all individuals in Knox County for whom DIDD intends the Applicant to provide ICF/IID services following GVDC's closure. The individuals who will reside in the facility will continue to be funded through the ICF/IID program following GVDC's closure.

Please note that, since the late 1980's, each of the Applicant's operational sites have utilized unique TennCare provider numbers, and, based on discussions with TennCare, the Applicant intends to follow the same procedure for all new sites. With scattered site providers such as the Applicant and other ICF/IID providers, the TennCare provider number is site-specific, as opposed to provider-specific. For the past several months, TennCare, DIDD, and various providers (including the Applicant) who are seeking Certificates of Need for facilities for individuals who will be leaving Greene Valley Development Center (GVDC) when it closes have held periodic meetings to address the issues surrounding the construction of new facilities and the licensure and certification of those facilities. While the Applicant understands TennCare will not formally review an application until DIDD licenses the completed facility, following satisfactory completion of inspection of the facility, the applicant has received assurances from representatives of both TennCare and DIDD that the agencies will work together to assist the Applicant in obtaining inspection, licensure, and certification on a timely basis. The anticipated length of time for the inspection, licensure, and certification process has been taken into account when preparing the development schedule. Further, during various meetings with representatives of DIDD, the Applicant has been informed that the November 2016 anticipated date is acceptable pursuant to the extension provisions of the Order.

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[1] *People First of Tennessee, et al. v. Clover Bottom Developmental Center, et al.*, No. 3:95-cv-1227, Slip Op., 2015 WL 404077 at *1 (M.D. Tenn. Jan. 29, 2015).

[2] Both available at https://www.tn.gov/didd/topic/clover-bottom-exit-plan. TennCare's Home and Community Based (HCBS) Waiver programs serve "adults with intellectual disabilities and children under age six with developmental delay who qualify for and, absent the provision of services provided under [the waiver program], would require placement in a private [ICF/IID]." *See* TennCare, Statewide Waiver Program, available https://www.tn.gov/tenncare/article/statewide-waiver-program.

[3] November 4, 2015 memo from Terry Jordan-Henley of DIDD, which is attached as Attachment B.2.

Ownership
Open Arms is a licensed and Medicaid-certified ICF/IID provider in Tennessee – one of the largest in the state – and has been providing care for approximately one third of the state's population requiring ICF/IID services since 1988. The Applicant operates more than 30 facilities across Tennessee, with locations in Shelby, Davidson/Williamson, Hamilton, and Knox Counties. The Applicant is a non-profit corporation with no ownership shares or membership interests.

Staffing
The Applicant employs approximately 187 staff in Knox County for its current programs. From this group of qualified individuals and with its anticipated employment of some of GVDC's staff, the Applicant will be able to draw the 2.8 LPN nursing FTE and 11.23 FTE of direct support personnel needed to staff all three of the new facility's shifts.

Project Cost, Funding, and Feasibility
The facility's estimated cost of construction is $647,500, or $231.25 per square foot. Please see Section C, Economic Feasibility, for additional information about costs for land, site preparation, and other costs. The project financing will include a commercial loan to the Landlord (please see Attachment C. Economic Feasibility – 2) that will be sufficient for the Landlord to purchase the completed facility from FDG.

Because of the Applicant's extensive experience serving individuals with intellectual and developmental disabilities and its solid working relationship with DIDD, the Applicant believes that, in addition to being economically feasible, this project will greatly improve the lives of former GVDC residents.

B. II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of $5 million) and other facility projects (construction cost in excess of $2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within, the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response: The architect, Developer, and the Applicant's staff worked closely with a realtor to review several sites for suitability to construct the home and to evaluate utility and availability. The resulting location of the project is a .25-acre lot in the northwest quadrant of a 7.2-acre parcel currently addressed as 1817 Bishops Bridge Road and will be a one-story, fully accessible family home with four bedrooms, living room, dining room, kitchen, laundry, and associated storage areas. The home will have two large, fully accessible bathrooms and one half bath and all sidewalks and driveways will be a hard, paved surface to permit wheelchair access. Though two ICF/IID facilities will be constructed on the same parcel following Certificate of Need approval, an easement does not need to be granted from one facility to the other for access to the driveway or road as both properties will have the same owner. It will be constructed of brick and siding with asphalt shingles. There will be a residential sprinkler system. The home will be 2,800 square feet, and its estimated construction cost is $231.25 per square foot, for a total approximated cost of $647,500, which the Applicant believes is a reasonable cost for new construction of an ICF/IID facility in this area.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response: The four beds to be created through this project are ICF/IID (formerly known as ICF/MR) beds and are intended to specifically serve individuals transitioning out of GVDC as detailed above. This project will have no impact on existing services because it will directly replace four existing beds at GVDC that will no longer be in use following its closure.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

Response: Not Applicable.

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
B. Unit/Depart. GSF Sub-Total										
C. Mechanical/ Electrical GSF										
D. Circulation /Structure GSF										
E. Total GSF										

28

C. As the Applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ***ICF/IID Services (ICF/MR)***
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response: This project involves the establishment of a small ICF/IID group home for four individuals transitioning from GVDC, pursuant to the Exit Plan. DIDD's Transition Plan for GVDC is evidence of the need for this project. Without the Applicant's project, individuals who have chosen to remain in the service area would not have the support they require to reside in their chosen county.

D. Describe the need to change location or replace an existing facility.

Response: Not applicable. This project involves the establishment of a new ICF/IID facility. The only facility being replaced is GVDC, which must close by June 30, 2016, pursuant to the Court Order unless an extension is granted pursuant to the Exit Plan as previously noted.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
   a. Describe the new equipment, including:
      1. Total cost; (As defined by Agency Rule).

2. **Expected useful life;**
3. **List of clinical applications to be provided; and**
4. **Documentation of FDA approval.**

b. **Provide current and proposed schedules of operations.**

Response: Not applicable.

2. **For mobile major medical equipment:**
   a. **List all sites that will be served;**
   b. **Provide current and/or proposed schedule of operations;**
   c. **Provide the lease or contract cost.**
   d. **Provide the fair market value of the equipment; and**
   e. **List the owner for the equipment.**

Response: Not applicable.

3. **Indicate applicant's legal interest in equipment *(i.e.,* purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.**

Response: Not applicable.

B. III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:
1. **Size of site *(in acres);***
2. **Location of structure on the site; and**
3. **Location of the proposed construction.**
4. **Names of streets, roads or highway that cross or border the site. Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.**

Response: Please see Attachment B.III.A for a plot plan; please note that, though portions of the parcel acquired by the Applicant for the proposed facility are on a flood plain, the proposed facility will not be on a flood plain. The proposed location is close to the road and observes all setback requirements. The site is approximately .25 acres and is presently zoned "RA" for low density residential use. Please note that TCA §13-24-102 provides that, for the purposes of all zoning laws in Tennessee, a "single-family residence" includes any home in which eight or fewer unrelated persons with disabilities reside. Therefore, the facility complies with the zoning of the proposed location.

The area surrounding the proposed location at Bishops Bridge Road is a residential neighborhood of single-family homes similar to that proposed in this application. The following is a tabulation of the square footages of the homes in the immediate vicinity.

Address	Area of Home (sq. ft.)
1800 Bishops Bridge Road	2,160
1804 Bishops Bridge Road	1,632
1808 Bishops Bridge Road	2,208
1816 Bishops Bridge Road	2,160
1820 Bishops Bridge Road	1,724
1828 Bishops Bridge Road	2,032
1823 Strathmore Road	2,034
1824 Strathmore Road	2,034
1825 Strathmore Road	1,680
9306 Ashmeade Road	1,632
9307 Ashmeade Road	2,034
9309 Ashmeade Road	2,152

Source: Knox County GIS System, available http://www.kgis.org/portal/.

The proposed location meets the distance requirement prohibiting more two ICF/IID facilities from being within 500 yards of other ICF/IIID facilities, as the nearest licensed ICF/IID is 8.4 miles away as illustrated in the table below. With respect to the 500 yard setback requirement from other ICF/IID's in Tennessee Code Annotated 33-2-418(a), though the Applicant proposes another facility nearby, as long as the two proposed facilities are the only facilities within 500 yards of each other which they would be, both facilities would be in compliance with the 500 yard requirement.

Distance Between Proposed Location and Other Knox County ICF/IID's

Facility Name	ICF/IID Facility Address	Miles
Ball Camp Pike #1	7812 Ball Camp Pike, Knoxville, TN 37931	8.4
Ball Camp Pike #2	7814 Ball Camp Pike, Knoxville, TN 37931	8.7
Clayberry Road #1	6011 Clayberry Drive, Knoxville, TN 37931	11.4
Clayberry Road #2	6010 Clayberry Drive, Knoxville, TN 37931	11.4

Facility Name	ICF/IID Facility Address	Miles
Emory Road #1	6505 Emory Road, Knoxville, TN 37931	16.0
Emory Road #2	6509 Emory Road, Knoxville, TN 37931	15.9
Western Avenue #1	5411 Western Avenue, Knoxville, TN 37921	10.7
Western Avenue #2	5407 Western Avenue, Knoxville, TN 37921	13.1

B. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The project will house individuals transitioning from GVDC and will not be generally open to the public. Access for individuals housed at the site will be supervised by the facility's staff. Families of these individuals will have access to the facility from U.S. Interstate 140 ("I-140"), which is a 4 minute drive from the facility. From I-140, visitors take Exit 5 onto S. Northshore Drive, heading northeast, and proceed 0.8 mile. Visitors then turn onto Ebenezer Road, followed by another turn onto Ashmeade Road, which intersects with Bishops Bridge Road. The proposed location for the facility is less than 450 feet farther, on the left-hand side.

B. IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: *DO NOT SUBMIT BLUEPRINTS.* Simple line drawings should be submitted and need not be drawn to scale.

Response: Please see Attachment B.IV for a floor plan identifying the kitchen, living/sitting room, which will also serve as a dining space, and pantry.

B. V. For a Home Health Agency or Hospice, identify:

1. **Existing service area by County;**
2. **Proposed service area by County;**
3. **A parent or primary service provider;**
4. **Existing branches; and**
5. **Proposed branches.**

Response: Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

NEED

1. **Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.**

   Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

   Principle 1: The purpose of the State Health Plan is to improve the health of Tennesseans.

Response: The new home will support this principle by ensuring all residents receive high quality health care. Residents will have medical care on an as-needed basis as well as per physician recommendations. The individuals will have access to services for all their healthcare needs, including mental health. They will have both planned and spontaneous activities to enjoy in their new community and they will be given the opportunity to participate in vocational training or job coaching.

Principle 2: Every citizen should have reasonable access to health care.

Response: The Applicant will ensure that all residents continue to receive medical care as needed as well as in the manner and on the schedule prescribed by regulations and residents' physicians. Additionally, the transition from a large facility such as GVDC to the home proposed by the Applicant in this application will provide residents with higher quality and more personalized medical care, as staff and physicians will have more time to monitor residents' physical and mental well-being.

Principle 3: The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

Response: Providing support in an ICF/IID is cost effective at the Applicant's facility due to concise staffing, preventive healthcare, management oversight of resource utilization, and design of a home specifically dedicated to the GVDC population. Ongoing cost efficiency will result from preventive healthcare and preservation of residents' existing mobility through therapy as well as the facility's proximity to another ICF/IID facility being proposed as a result of the GVDC closure. Pairing ICF/IID homes is a fairly standard practice utilized by both public and private ICF/IIDs in the state. Benefits of the Applicant's facilities sharing a management company range from the Applicant's ability to obtain better rates on lawn care to increased efficiency due to the Applicant's ability to conduct joint internal visits and audits for both facilities, as opposed to having to make arrangements for two different locations.

Additionally, through its 25 years of experience, the Applicant will be able to put its expertise to work and take advantage of economies of scale possible due to its locations throughout

the state, both of which will enable the Applicant to spend less money than would be spent by a less experienced applicant.

Principle 4: Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

Response: As a provider of ICF/IID services, the Applicant is regulated by both the state and the federal government. Further, as a decades-long ICF/IID services provider veteran, the Applicant is well versed in satisfying these requirements and ensuring that its facilities meet regulatory and licensure expectations and standards. Tennesseans can be confident that services offered at one of the Applicant's facilities have the backing of this experience and regulatory oversight.

Principle 5: The state should support the development, recruitment and retention of a sufficient and quality health care workforce.

Response: The Applicant utilizes licensed and unlicensed personnel to provide cohesive care to the individuals supported. Additionally, the Applicant, with the addition of a new ICF/IID in the area, will ensure that these services remain available to the community and that individuals interested in providing the services continue to come to the community to work.

a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

A. Need

1. The population-based estimate of the total need for ICF/MR facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria and be appropriate for ICF/MR services.

Response: The 2015 population of Knox County, Tennessee is estimated to be 460,612, with 64 ICF/IID beds currently in the county. Using the need-based estimate of .032%, the need in Knox County is 147 beds.

This project, however, does not involve the development of new ICF/IID beds. Therefore, the population-based needs analysis in the Guidelines for Growth is inapplicable. The beds which are being used by this project serve only to replace beds already in existence at GVDC and are being built in response to the need for services arising from the closure of

GVDC, which would otherwise eliminate these beds. Thus, no net increase in the number of ICF/IID beds is intended by this application.

As a private ICF/IID service provider, approval of the Applicant's application, however, will be subject to the availability of beds from the 160 bed pool, 84 of which remain available.

2. The estimate for total need should be adjusted by the existent ICF/MR beds operating in the area as counted by the Department of Health, Department of Mental Health and Developmental Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

Response: The total estimated need minus the existing beds leaves a need of 83 beds. However, according to DIDD, 16 ICF/IID beds are needed for GVDC residents who wish to live in the Knox County area. All existing ICF/IID beds in the Knox County area are full, and there is not sufficient existing capacity in the area to develop services for remaining GVDC residents without development of new ICF/IID beds. The Applicant is the sole provider coordinating with DIDD to develop 16 new beds in Knox County. DIDD is counting on the Applicant to provide these beds, four of which are contemplated under the proposed project.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

Response: The Applicant has attended provider fairs hosted by DIDD and met with individual residents, their families and conservators. From these meetings and events, the Applicant has found that the families and conservators of 16 of the individuals remaining at GVDC desire that their loved ones live in the Knox County area. The facility contemplated in this application will be located in Knox County to serve their needs.

Given the anticipated acuity level of individuals at the facility, and the recent changes by CMS regarding Home and Community-Based Services (HCBS) as to whether such individuals receive services in their own home or in the community, transportation to a day center may not occur on a regular basis. If such day center services are needed Open Arms has an existing day center in Knoxville which it currently utilizes for other facilities it operates in Knoxville, and which has the capacity to accommodate individuals from this proposed facility as well.

Please find below a chart of distances from the proposed location to services within the area.

Service	Closest Location	Driving Distance	Driving Time
Incorporated City	Knoxville, Tennessee	N/A	N/A
Hospital	Parkwest Medical Center 9352 Park West Blvd. Knoxville, TN 37923	5.4 miles	13 minutes
Physician Offices	UT Internal Medicine	1.2 miles	5 minutes

Service	Closest Location	Driving Distance	Driving Time
	Doug Davis, MD 9625 Kroger Park Dr., #450 Knoxville, TN 37922		
EMS/Fire Station	Rural/Metro Station 16 10208 Bluegrass Rd., Knoxville, TN 37922	3.5 miles	7 minutes
Day Treatment (if applicable)	Open Arms Care 7810 Ball Camp Pike Knoxville, TN 37931	8.8 miles	19 minutes
Greene Valley Development Center **4850 E. Andrew Johnson Hwy.** **Tusculum, TN 37745**		87.9 miles	1 hour, 35 minutes

2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needed services involuntarily.

Response: The project population consists of the remaining residents of GVDC who wish to relocate to an ICF/IID within Knox County. The Applicant is aware of their special needs, including their age distribution, nutritional needs, mobility and visual impairments, and their psychiatric and behavioral needs. This facility is designed and located with their needs in mind and is dedicated to serving them. The Applicant serves all individuals regardless of racial, ethnic, or other demographic background. The proposed facility will be located in a residential setting to promote community inclusion.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in the state, city, county, and /or regional plans and other documents should be a significant consideration.

Response: The Applicant is building this facility to serve the needs of the individuals affected by closure of GVDC and will assist the State in fulfilling its responsibility under the Court Order to offer GVDC's remaining residents a choice to transition to a private ICF/IID or to enroll in the state-based Medicaid waiver program.

2. The proposal's relationship to underserved geographic areas and underserved populations groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.

Response: All of the remaining residents at GVDC will need to find other homes by June 30, 2016, unless extended to June 30, 2017 as previously noted, and 75 of these individuals have chosen to transition to an ICF/IID. DIDD has determined that the existing facilities will not be sufficient to absorb the 16 GVDC residents who wish to live in Knox County. This

facility, along with others proposed by the Applicant and its peers, will ensure that these individuals have the services they need.

3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.

Response: This project will shift existing ICF/IID beds from GVDC to a four-bed group home, as a part of the closing of GVDC. This will, in turn, shift federal and state funding from GVDC to the small group home described in this application.

4. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

Response: ICF/IID services in Tennessee are funded by TennCare and the Applicant anticipates that TennCare funds will be responsible for 96% of the facility's revenue.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

Response: The Applicant operates all 64 ICF/IID beds currently licensed in Knox County in eight (8) facilities which each contain 8 licensed beds.

These beds are at full occupancy. At present, 16 beds (including the four contemplated in this application) are being planned to meet DIDD's identified need for 16 beds in Knox County. This indicates that the proposed beds, like the others in the service area, will operate at full capacity, as well.

A chart of the occupancy of ICF/IID's in the county for the past three years follows.

ICF/IID Utilization, Knox County

	2012	2012	2012	2013	2013	2013	2014	2014	2014
Facility/Address	**Lic. Beds**	**ADC**	**% Occup.**	**Lic. Beds**	**ADC**	**% Occup.**	**Lic. Beds**	**ADC**	**% Occup.**
Open Arms Care - A	8	8	100.0%	8	8	99.7%	8	8	100.0%
Open Arms Care - B	8	8	99.9%	8	8	98.8%	8	8	98.9%
Open Arms Care - C	8	8	99.9%	8	8	100.0%	8	8	100.0%
Open Arms Care - D	8	8	99.1%	8	8	100.0%	8	8	100.0%
Open Arms Care - E	8	8	99.4%	8	8	98.6%	8	8	100.0%
Open Arms Care - F	8	8	99.9%	8	8	99.0%	8	8	100.0%
Open Arms Care - G	8	8	100.0%	8	8	100.0%	8	8	98.8%
Open Arms Care - H	8	8	99.6%	8	8	99.3%	8	8	100.0%
TOTAL	**64**	**64**	**99.7%**	**64**	**64**	**99.4%**	**64**	**64**	**99.7%**

Source: Attachment in November 4, 2015 email from Terry Jordan-Henley of DIDD.

2. *Accessibility to specific special needs groups should be an important factor.*

Response: As an ICF/IID home, this facility will be accessible to individuals living with intellectual or developmental disabilities. Its bathroom and bedroom facilities and nursing station are specifically designed to assist medically fragile residents with severe intellectual or developmental disabilities.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

Response: Not applicable. GVDC is closing and the proposed facility will take on four of its current residents; there is no change of site.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: Since its first facility opened in 1990, the Applicant has grown to be the largest provider of private ICF/IID facilities in Tennessee, providing care for one third of the state's most medically fragile population in Shelby, Davidson/Williamson, Hamilton, and Knox counties. Drawing on 25 years of experience serving Tennesseans, the Applicant plans to establish nine (9) 4-bed ICF/IID facilities in response to the closure of GVDC, including the ICF/IID proposed in this application. The Applicant, therefore, will seek Certificate of Need approval for two facilities in Hamilton County, three in Greene County, and four in Knox County.

3. Identify the proposed service area and justify the reasonableness of that proposed area.

Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

Response: Please see Attachment Need.3 for a map of the service area. Though DIDD has identified the 16 individuals who have chosen to live in the service area, the Applicant is still assessing the final housing assignments. Therefore, using information from all 16 residents staying in the service area, the distances from the proposed facility to the residents' family members' and/or guardians' addresses in Tennessee range from 7.6 miles, or a 16 minute drive, to 111 miles, or a one hour and 58 minute drive. Two residents have guardians who live out of state, the farthest of whom is 397 miles away, a 6 hour, 34 minute drive.

4. A. Describe the demographics of the population to be served by this proposal.

Response: The population to be served by this proposal consists of the 85 remaining residents of GVDC, the great majority of whom chose to transition to ICF/IID facilities pursuant to the Court Order closing the institution. The Applicant is aware of the individuals to be served by this proposed facility. DIDD has identified the four individuals to whom the Applicant has committed to provide residency in this facility and in eight other 4-bed ICF/IIDs that will be the subject of subsequent applications for Certificates of Need. See Attachment B.2 for the November 4, 2015 memo from DIDD to the Applicant; please note that the residents' names have been redacted to preserve confidentiality.

	Tennessee	Knox County
2015 Total Population	6,735,706	460,612
2019 Total Population	7,035,572	483,425
Total Population % Change	4.5%	5.0%
Age 65+ Population 2015	1,051,862	68,027
Age 65+ Population 2019	1,219,696	78,177
Age 65+, % Change	16.0%	14.9%
Age 65+, % Total Population 2015	17.3%	16.2%
TennCare Enrollees through 9/2015	1,461,025	76,364
TennCare Enrollees as % of Total Population, 2015	21.7%	16.6%
Median Age	38	37.2
Median Household Income	$44,298	$47,694
Population % Below Poverty Level	17.6%	14.6%

Sources: Tennessee Population Estimates 2015 and 2019; TennCare Enrollment Report for September 2015; U.S. Census Bureau Quickfacts

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: The anticipated residents of the facility are all individuals with severe intellectual or developmental disabilities requiring institutional care. In particular:

- 54 are 23-60 years of age, while the remaining 31 are 61 and older;
- 37 require enteral feedings, and another 17 have structured dining plans;
- 65, 42 of which are non-ambulatory, have mobility impairments;
- Approximately 60% use a customized seating system and/or other alternative positioning equipment;
- 28 are legally blind; and
- 28 are prescribed psychotropic medications, and 13 have a Behavioral Support Plan or Behavioral Support Guidelines.

The Applicant's facility will be specially designed to meet residents' physical and medical needs, such as accessible entry doors, hallways, bathrooms, transportation, and ADA-compliant sink/vanity and toilets. Other services that will be provided include assistance meeting hygiene requirements, specialized dietary services, physical therapy, and activities of daily living, including physical, occupational, and behavioral therapies. The overall goal is to provide residents with an environment and services that will let them live dignified and meaningful lives in a community setting.

5. **Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.**

Response: As noted above, all existing ICF/IID beds are at full occupancy, and there are no approved-but-unimplemented ICF/IID beds for Knox County.

6. **Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

Response: The Applicant projects 100% occupancy of all four beds, or 1460 resident bed days, for the first two years of operation of this facility. This is based upon the fact that DIDD has identified the four (4) individuals to whom the Applicant has committed to provide ICF/IID beds in Knox County following Certificate of Need approval. Further, with GVDC's closure and the full occupancy of existing ICF/IID facilities, the proposed project will have to operate at 100% occupancy to accommodate the need created by GVDC's closure. It is

also based upon the years of experience the Applicant has had operating ICF/IIDs in Tennessee and the current occupancy rate in the county.

C. ECONOMIC FEASIBILITY

1. **Provide the cost of the project by completing the Project Costs Chart on the following page.**

Justify the cost of the project.

- **All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee.)**

- **The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or *"per* click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.**

- **The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.**

- **For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.**

Response: Please see Attachment C. Economic Feasibility – 1 for a copy of the letter from the architect supporting the estimated construction cost. Please see the Project Costs Chart on the following page, which includes the cost of an emergency generator.

When calculating its costs, the Applicant has used two separate contingency funds in the application. As the total rent expense over the term of the lease is higher than the costs of land purchase, development, construction, etc. (as specified on page 32), that amount is used in the Project Costs Chart, but the Applicant also believes it is appropriate to include a small Contingency Fund ($24,424) in the Project Costs Chart for unanticipated expenses. The total costs of development specified on page 32 (land purchase, development, construction, etc.) are estimates, which may vary due to subsurface conditions not yet known or other reasons, and the Applicant believes it is appropriate to include a $50,500 contingency fund related to the items estimated on page 32.

PROJECT COST CHART

A. Construction and equipment acquired by purchase	
1. Architectural and Engineering Fees	
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$ 15,000
3. Acquisition of Site	
4. Preparation of Site	
5. Construction Costs	
6. Contingency Fund	$ 24,424
7. Fixed Equipment (Not included in Construction Contract)	
8. Moveable Equipment (List all equipment over $50,000)	
9. Other	
B. Acquisition by gift, donation, or lease	
1. Facility (inclusive of building and land) *	$ 1,327,500
2. Building only	
3. Land only	
4. Equipment (Specify) all FF&E is included in the Facility Lease	
5. Other (Specify)	
C. Financing Costs and Fees	
1. Interim Financing	
2. Underwriting Costs	
3. Reserve of One Year's Debt Service	
4. Other (Specify)	
D. Estimated Project Cost (A+B+C+)	$ 1,366,924
E. CON Filing Fee	$ 3,076
F. Total Estimated Project Cost (D+E)	$ 1,370,000
TOTAL	**$1,370,000**

*The Lease has an anticipated term of 15 years at an anticipated rent of $88,500 per year, for a total of $1,327,500.

Estimated acquisition, development and construction costs (inclusive) for the leased facility are:

Acquisition of site	60,000
Architectural and engineering fees	32,000
Preparation of site	45,000
Construction costs	647,500
Landscaping and irrigation	25,000
Contingency fund	50,500
Furnishings and equipment	25,000
TOTAL	**885,000**

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

_X_ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

___ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

___ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.

___ D. Grants--Notification of intent form for grant application or notice of grant award; or

___ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

___ F. Other—Identify and document funding from all other sources.

Response: Please see Attachment C. Economic Feasibility – 2 for documentation of the project's funding by ServisFirst Bank; ServisFirst Bank's acknowledgment and acceptance of the assignment of the loan for the construction and development of the facility from the Developer to the Landlord; and a letter from the Developer and the Landlord asserting the parties' agreement to assign the loan as described above and elsewhere in the application.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: This project will be cost-effective as the Applicant is taking advantage of all of its expertise and resources. For example, assuming Certificate of Need approval, the Applicant will use the same layout for all ICF/IID homes it will build to accommodate GVDC residents.

The cost per square foot of construction for the Applicant's proposed facility is $231.25, compared with a range of $92 to $140 per square foot in 4-bed ICF/IID facilities approved in 2008. The Applicant's total cost per square foot reflects both the increase in costs of construction labor and materials and changes in design and amenities of such facilities over the past seven years, and the Applicant believes the amount to be reasonable in the present market. Please see below for a chart of the cost per square foot of construction of this project and similar projects previously approved by the Health Services and Development Agency.

Applicant's Project and Other Recently Approved ICF/IIDs
Cost Per Square Foot of Construction

Facility	Address	Year	Project No.	Cost per Sq. Ft.
Applicant's Facility	Bishops Bridge Road Knoxville, TN 37922	2015	CN1511-050	$231.25
Bradley/Cleveland Services	764 Old Chattanooga Pike, SW Cleveland, TN 37311	2008	CN0809-064	$140
RHA/Trenton MR, Inc.	Site B, 1132 High Street Trenton, TN 38382	2008	CN0811-110	$127
Comcare, Inc.	32 Whirlwind Road Greeneville, TN 37743	2008	CN0812-117	$92

All Open Arms facilities are currently leased from a subsidiary of Woodbine Community Organization, a Tennessee nonprofit corporation (which has no relationship with Open Arms, other than a contractual relationship from the current leases), and this facility will be leased in a similar structure. As the Landlord will be responsible for the development and construction of the facility, the Project Cost Chart only includes the anticipated lease expenses over the life of the lease, which is in excess of the development and construction costs.

The components of development and construction costs are as follows:

Acquisition of site	60,000
Architectural and engineering fees	32,000
Preparation of site	45,000
Construction costs	647,500
Landscaping and irrigation	25,000
Contingency fund	50,500
Furnishings and equipment	25,000
TOTAL 885,000	

4. **Complete Historical and Projected Data Charts on the following two pages—do *not* *modify the Charts provided or submit Chart substitutions!* Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only (i.e.,* if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).**

Response: There is no Historical Data on this facility since it is a new facility. Please see Attachment C. Economic Feasibility – 4 – Projected Data Chart. The Applicant's payment for the ICF/IID services it provides will be reimbursement from TennCare be based on its expenses such that its funding will equal its expenses. Therefore, there will be no surplus revenue. Further, the Applicant anticipates no bad debt due to its reimbursement by TennCare for 96% of its expenses, with the remaining 4% anticipated to come from residents' SSI income. Similarly, as this project is for residents transitioning from GVDC and known to be TennCare recipients, the Applicant does not anticipate providing any charity care.

Please note that the Applicant's lease payments are structured to allow the Landlord to fulfill its responsibility to maintain the building, so the Applicant will not be responsible for repairs and upkeep of the facility beyond the usual tenant duties such as lawn care and cleaning. Additionally, the Projected Data Chart accounts for residents' dietary meals and "Supplies" expenses in the "Other Expenses" line item at D.9 in the chart itself and in the "Programming Expenses" category if one refers to the itemization of that line item that follows the Projected Data Chart.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: This project's Average Gross charge is $663.90 per patient day.

	Per Patient Day
Average Gross Charge	$663.90
Average Deduction	$0
Average Net Charge	$663.90

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: The proposed charge schedule is $663.90 per patient day for the first year of operations. The Applicant anticipates that almost all of its revenue will come from TennCare, with some of the revenue coming from residents' SSI benefits, as required by TennCare. The money from residents' SSI benefits will be used to cover some of the cost of services. The Applicant is not aware of any residents with food stamp benefits.

6. B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: The Applicant's proposed rate is $663.90 per patient day, which is more than the rate currently charged by ICF/IID's in Knox County, which are shown in the table below. The existing ICF/IID's in the county, however, are 8-bed ICF/IID's and the economics of the operations of the new four-bed homes will be considerably different from the operations of the existing homes. The existing homes are larger, with 8 beds instead of 4, so some "economies of scale" are not as large for a home with 4 beds/residents as with a home with 8 beds/residents. This applies to a variety of items ranging from expenses for supplies to staffing ratios. Additionally, the applicant believes there may be higher acuity levels for some residents in some of the 4-bed homes, as compared to 8-bed homes, which will also impact costs of operations.

Knox County 8-Bed ICF Established Per Diem Rate	
Facility	**Rate**
Open Arms 6010 Clayberry Road	$428.41
Open Arms 6011 Clayberry Road	$417.29
Open Arms 5407 Western Avenue	$418.19
Open Arms 5411 Western Avenue	$429.99

Knox County 8-Bed ICF Established Per Diem Rate	
Facility	**Rate**
Open Arms 6505 Emory Road	$423.90
Open Arms 6509 Emory Road	$435.99
Open Arms 7812 Ballcamp Pike	$424.76
Open Arms 7814 Ballcamp Pike	$427.20

Source: Applicant's internal records. Rates are charged per person supported per day and are established by the Tennessee Comptroller of the Treasury.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: As the Projected Data Chart indicates, this project is intended to run on a break-even basis. Proposed project charges were developed with this goal in mind. The client anticipates that approximately 96% of the revenue will come from TennCare and 4% of the revenue will come from SSI benefits.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: As the Projected Data Chart indicates, this project is intended to run on a break-even basis. Proposed project charges were developed with this goal in mind.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: All the participants in this project will be TennCare/Medicaid recipients. This project is intended to provide specialized services to TennCare/Medicaid recipients in need of ICF level care. The Applicant anticipates that 96% of its revenue will come from TennCare.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alphanumeric order and labeled as Attachment C, Economic Feasibility-10.

Response: Please see Attachment C. Economic Feasibility-10 for the Applicant's most recent balance sheet, income statement, and audited financial statement.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the Applicant should justify why not; including reasons as to why they were rejected.

Response: Under the terms of the Exit Plan for GVDC, the institution's remaining residents had to choose between private ICF/IID services or state-based Medicaid waiver programs. ICF/IID services were by far the most frequently selected alternative, and the Applicant is providing the proposed ICF/IID beds specifically for those who made this choice. Since no other alternative will satisfy the Exit Plan with respect to these individuals, there is no practicable alternative available.

b. The Applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response: There are no alternatives to this proposal that will satisfy the Exit Plan. The planned group homes cannot exceed four beds per home, and it would be prohibitively expensive to provide these services on a scale involving fewer beds per home. Constructing a new home is in line with the Applicant's experience and current practices. Intermediate care facilities must meet regulatory requirements such as those concerning life safety features for ventilation, separation, and flammable materials, and programmatic design concerning client needs and staff engagement that are generally absent in typical residential homes, so converting an existing house into an ICF/IID would have required considerable renovation and construction. According to the Applicant's research and knowledge, most of the new bed ICF homes in the past five years have been new construction as opposed to renovation.

C. CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the Applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Response: The Applicant anticipates having a transfer agreement in place with Fort Sanders Regional Medical Center, University of Tennessee Medical Center, Parkwest Medical Center, and Tennova Turkey Creek.

2. **Describe the positive and/or negative effects of the proposal on the health care system.**

   Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: This project is essential to the success of the Transition Plan governing GVDC's closure because DIDD is counting on the ICF/IID beds provided in this proposal to fulfill its court-ordered duties to replace existing ICF/IID beds at GVDC. There is no duplication of service. There are no negative effects of this proposal.

3. **Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

Response: The staffing of the three shifts at this new facility is anticipated as follows: the direct care resident to staff ratio will be approximately two (2) staff members to four (4) residents at night and three (3) or four (4) staff members to four (4) residents for the first two shifts. This staffing pattern meets and exceeds the minimum staff to resident ratio required by DIDD, which is 1 staff to 4 residents if the resident population has moderate intellectual and/or physical disabilities and 1 staff to 3.2 residents if the resident population suffers from severe mental and/or physical disabilities. Direct care is provided by Licensed Practical Nurses ("LPN's") and Direct Support Professionals. Direct Support Professionals assist residents in developing skills in self-help, communication, and socialization as well as training in daily living activities such as hygiene. Direct Support Professionals must have a high school diploma or GED equivalent and must receive annual CPR certification and training sessions on topics such as Crisis Prevention Intervention, Abuse and Neglect, and the American Disabilities Act.

Position	FTE's
Resident Manager	.5
Qualified MR Professional	.25
Physical Therapist	.125
Occupational Therapist	.125
Speech Therapist	.125
Housekeeping, Maintenance, and Grounds	.5
Nursing Staff, RN	.25
Nursing Staff, LPN	2.8
Direct Support Professional	11.23

Position	FTE's
Other Central Office Support Personnel	.11
Total	16.015

The 2014 data from the Tennessee Department of Labor & Workforce Development provides median salary data for the following clinical staff in Tennessee:

RN	$56,370
LPN	$36,000
Resident Manager	N/A
Qualified MR Professional	N/A
Nursing Assistants	$22,267
Physical Therapist*	$83,372
Occupational Therapist*	$81,812
Speech Therapist*	$64,102

*The Applicant will be hiring independent contractors to provide these services according to residents' individual needs, so they are not included in the salary scale below.

The Applicant proposes the following salary scale for key staff in Year 1:

Position	Proposed Salary
RN	$60,000
LPN	$38,836
Direct Support Professional	$22,431

4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Response: The Applicant currently has approximately 187 staff in Knox County. The Applicant does not anticipate difficulty filling positions needed for the project and anticipates that many of the employees for the facility will come from GVDC.

5. **Verify that the Applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.**

Response: The Applicant has reviewed and understands the aforementioned requirements.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. *(e.g.,* internships, residencies, etc.).**

Response: Not applicable.

7. a. **Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.**

Response: The Applicant has reviewed and understands the aforementioned requirements.

b. **Provide the name of the entity from which the Applicant has received or will receive licensure, certification, and/or accreditation.**

Response: The Applicant will receive licensure, certification, and accreditation as listed below.

Licensure: The Tennessee Department of Health and the Tennessee Department of Intellectual and Developmental Disabilities.

Certification: TennCare.

Accreditation: Not applicable.

c. **If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.**

Response: Not applicable. This application is for a new facility.

d. **For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.**

Response: Not applicable. Please see Attachment C: Contribution to the Orderly Development of Healthcare – 7(d) for the most recent survey for the Applicant's currently licensed facilities in Knox County. Please note that the Applicant does not have an executed copy of the letter, as it only has an electronic copy.

8. **Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses 'held by the Applicant or any entities or persons with more than a 5% ownership interest in the Applicant. Such information is to be provided for licenses regardless of whether such license is currently held.**

Response: None.

9. **Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project**

Response: None.

10. **If the proposal is approved, please discuss whether the Applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.**

Response: If approved, the Applicant will comply with all reporting requirements outlined under Tennessee regulations.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Attn:
To: BRADLEY ARANT BOULT CUMMINGS

(Advertising) NOTIFICATION OF INTENT TO APPLY FOR **(Ref No:** 835425)

P.O.#:

PUBLISHER'S AFFIDAVIT

State of Tennessee }
s.s
County of Knox }

Before me, the undersigned, a Notary Public in and for said county, this day personally came Louise Watkins first duly sworn, according to law, says that he/she is a duly authorized representative of *The Knoxville News-Sentinel*, a daily newspaper published at Knoxville, in said county and state, and that the advertisement of:

(The Above-Referenced)

of which the annexed is a copy, was published in said paper on the following date(s):

12/09/2015

and that the statement of account herewith is correct to the best of his/her knowledge, information, and belief.

Louise Watkins

Subscribed and sworn to before me this 9th day of December 20 15

Ashley Breeden
Notary Public

My commission expires _____ 20____

ASHLEY BREEDEN
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF KNOX
MY COMMISSION EXPIRES
MAY 5 2019

Notice Of Foreclosure

tain property therein described to Robert M. Wilson, Jr. as Trustee for Mortgage Electronic Registration Systems, Inc. as nominee for America's Wholesale Lender, its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by Green Tree Servicing LLC.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee, by Green Tree Servicing LLC, will, on January 6, 2016 on or about 12:00 PM, at the Cumberland County Courthouse, Crossville, Tennessee, offer for sale certain property hereinafter described to the highest bidder FOR certified funds paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Cumberland County, Tennessee, and being more particularly described as follows:

Tracts or parcels of land, lying and being in the Second Civil District of Cumberland County, Tennessee, bounded and described as follows: Parcel Number 1: Map 38, Parcel 76.00 Beginning at a stone in T.M. Bilbrey's line running 45 poles West to a stone in Dock Hutton's corner; thence 34 poles North to a stone in the County Road running Via Bowman's School; thence East 45 poles to a stone in the line of Laurence Wyatt's land; thence South to the beginning 39 poles, containing five acres, more or less. However, the following 3 tracts are expressly excluded from this conveyance: Tract Number 1: One acre, more or less, beginning North East corner of L. B. Wyatt home tract; thence East about 60 yards to a stone in H. D. Woody North line of home tract; thence South straight line to Edward Bowman line of his Willie Bilbrey tract; thence North West to L.B. Wyatt South east corner; thence North to beginning containing one acre more or less. Tract Number 2: Beginning at a stone at Edward Bowman Northwest corner of two acre tract; thence North 75 yards to a stone in Co. Road. Known as Bowman Road; thence East with said Road 57 yards to a stone; thence South 97 yards to a stone in Edward Bowman line; thence West with Edward Bowman line to beginning, containing 1 acre, more or less. Tract Number 3: Beginning on a stake, L. B. Wyatt's Northwest corner in the South right of way of the Bowman Road; thence with said right of way South 85 degrees 45 minutes West 194 feet to a fence corner, Bullock's Northeast corner; thence with said Bullock's East boundary line South 0 degrees 45 minutes West 194 feet to a fence corner; Bullock's northeast corner; thence with said Bullock's east boundary line South 0 degrees 45 minutes West 224.5 feet to the beginning, containing one 1 acre, more or less.

ALSO KNOWN AS: 3355 Bowman Loop, Crossville, TN 38571-0682

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property:

CARLTON R. THURMAN
MARY IRENE THURMAN
THE BANK OF NEW YORK MELLON FKA THE BANK OF NEW YORK AS TRUSTEE FOR THE BENEFIT OF THE CERTIFICATEHOLDERS OF THE CWHEQ INC
BOBBIE WATTENBARGER

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above.

W&A No. 204942
DATED November 13, 2015
WILSON & ASSOCIATES, P.L.L.C., Successor Trustee
FOR SALE INFORMATION, VISIT WWW.MYFIR.COM and WWW.REALTYTRAC.COM

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated July 25, 2005, and the Deed of Trust of even date securing the same, recorded August 3, 2005, in Book No. 1-21, at Page 808, in Office of the Register of Deeds for Monroe County, Tennessee, executed by Joshua A. Fox and Tracey K. Fox and Faye Curtis Tennyson, conveying certain property therein described to Arnold M. Weiss, Esq. as Trustee for Wells Fargo Bank, N.A.; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by Wells Fargo Bank, N.A..

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee, by Wells Fargo Bank, N.A., will, on January 12, 2016 on or about 11:00 AM, at the Monroe County Courthouse, 105 College Street, Madisonville, Tennessee, offer for sale certain property hereinafter described to the highest bidder FOR certified funds paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Monroe County, Tennessee, and being more particularly described as follows:

Lying and being in the First Civil District of Monroe County, Tennessee, and in the City of Sweetwater, Tennessee, and being more particularly described as follows: Being a house and two lots, Numbers 5 and 6, fronting 99' on the south side of Broad Street, and running back South between parallel lines 141.5' to an alley.

ALSO KNOWN AS: 705 Broad Street, Sweetwater, TN 37874-1617

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property:

JOSHUA A. FOX
TRACEY K. FOX
FAYE CURTIS TENNYSON
DISCOVER BANK
Y-12 FEDERAL CREDIT UNION

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above.

W&A No. 304318
DATED November 13, 2015
WILSON & ASSOCIATES, P.L.L.C., Successor Trustee
FOR SALE INFORMATION, VISIT WWW.MYFIR.COM and WWW.REALTYTRAC.COM

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated September 14, 2012, and the Deed of Trust of even date securing the same, recorded September 21, 2012, in Book No. 1440, at Page 872, in Office of the Register of Deeds for Roane County, Tennessee, executed by Andrea Herrell and Bradley Scott Herrell, conveying certain property therein described to Charles E. Tonkin, II as Trustee for Mortgage Electronic Registration Systems, Inc., as nominee for Mortgage Investors Group, its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by Wells Fargo Bank, NA.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee by Wells Fargo Bank, NA, will, on January 26, 2016 on or about 12:00 PM, at the Roane County Courthouse, 200 East Race Street, Kingston, Tennessee, offer for sale certain property hereinafter described to the highest bidder FOR certified funds paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Roane County, Tennessee, and being more particularly described as follows:

Situated in the Second (2nd) Civil District of Roane County, Tennessee, within the corporate limits of the City of Oak Ridge, Tennessee, and being more particularly described as follows: Being designated as all of Lot 73, Block 1681, Southwood Subdivision, as shown by map of record in Map Cabinet C, Slide 34, in the Register's Office for Roane County, Tennessee, to which plat specific reference is hereby made for a more particular description of said lot and according to survey by Lockett and Associates, Inc., 214 Main Street Oliver Springs, TN 37840, bearing drawing number 03-616.

ALSO KNOWN AS: 215 Sweetgum Lane, Oak Ridge, TN 37830

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property:

ANDREA HERRELL
BRADLEY SCOTT HERRELL

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above.

W&A No. 261300
DATED November 13, 2015
WILSON & ASSOCIATES, P.L.L.C., Successor Trustee
FOR SALE INFORMATION, VISIT WWW.MYFIR.COM and WWW.REALTYTRAC.COM

SUCCESSOR TRUSTEE'S NOTICE OF SALE

WHEREAS, by Deed of Trust dated the 18th day of December, 2011, of record in Instrument No. 201201070044370 in the Register's Office for Knox County, Tennessee, BETTY A. HARMON (the "Grantor") conveyed to Amelia A. Shreve, Trustee, the hereinafter described real estate to secure the payment of Grantor's Promissory Note described therein owing; and

WHEREAS, GORDON D. FOSTER was appointed Successor Trustee of said Deed of Trust by the Beneficiary, said Appointment being recorded in the aforesaid Register's Office; and

WHEREAS, default has occurred and I have been directed to foreclose said Deed of Trust and sell said real estate.

NOW, THEREFORE, by virtue of the authority vested in me by said Deed of Trust, I will offer to sell and sale the following described property AT PUBLIC AUCTION on the 21st day of January, 2016, at 11:00 a.m. at the City County Building in Knoxville, Tennessee, to the last, highest and best bidder FOR CASH (on such terms as announced at sale), SUBJECT, HOWEVER, TO ALL PRIOR ENCUMBRANCES OF RECORD, including the Deed of Trust of record in Instrument No. 200201100058909 the following described real estate (the "Real Property"):

SITUATED in District No. 7 (old 2) of Knox County, Tennessee, lying on the southerly or southeasterly side of Charles Street and being more particularly described as follows:

BEGINNING at a stake in the southerly line of Charles Street, which said stake is located 300 feet in a westerly direction from the westerly line of Fountain City Heights Addition and being common corner to property now or formerly belonging to Ison; thence along the Ison line South 35 deg. 49 min. East 200 feet to a stake corner to other property of Roy Glenn Foust; thence along the Foust line South 58 deg. 40 min. West 117.2 feet to the property now or formerly belonging to Harless; thence along the Harless line North 35 deg. 49 min. West 200 feet to a stake in the southerly line of Charles Street; thence along the southerly line of Charles Street North 58 deg. 49 min. East 117.2 feet to the POINT OF BEGINNING.

BEING the same premises conveyed to Billy R. Harmon (since deceased) and wife, Betty A. Harmon from Roy Glenn Foust and wife, Georgia Mae Foust by Warranty Deed dated 2/20/1951, and recorded on 3/5/1951, at Book 855, Page 189, in Knox County, TN.

Tax Map No. 058DC006

Said property bears the street address of 1519 Charles Drive, Knoxville, TN 37918, but the street address is not part of the legal description of the foreclosing instrument. In the event of a discrepancy between the street address and the legal description, the legal description of the Deed of Trust shall control.

The Real Property and improvements thereon, if any, will be sold AS IS WHERE IS without warranties or representations of any kind. The aforesaid sale may be postponed to a later date by oral announcement at the time and place of the published sale or cancelled without further written notice or publication.

I reserve the right to take or accept the next highest or best bid at such sale should the last and highest bidder fail or refuse to comply with the terms of sale for any reason. In such event, I shall also reserve the right to reopen the bidding or republish and sell said Real Property at my option. The Beneficiary may become the purchaser at the sale.

The Successor Trustee reserves the right to conduct the sale by or through his agents or attorneys acting in his place or stead, including the use of an auctioneer.

OTHER INTERESTED PARTIES:
1. Mitchell Harmon, Executor of the Estate of Betty A. Harmon;
2. Heirs and Claimants of the Estate of Betty A. Harmon.

Witness my hand this 4th day of December, 2015.

s/ Gordon D. Foster
Gordon D. Foster, Successor Trustee
Winchester, Sellers, Foster & Steele, P.C.
Suite 1000, First Tennessee Plaza
800 South Gay Street
Knoxville, Tennessee 37929
My File No. 1202.1572
Email: gfoster@wsfs-law.com
PUBLISH DATES: December 9, 2015; December 16, 2015; December 23, 2015

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Public Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 0.35 acres, in the northwest quadrant of a parcel of land which is approximately 7.2 acres, the entire 7.2 acres currently being addressed as 1817 Bishops Bridge Road, Knoxville, (Knox County), Tennessee 37922, which is located south of the intersection of Bishops Bridge Road and Strathmore Road, and also described as Parcels 154DA00101, 154DA00102 and 154DA00103 in the records of the Knox County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is $1,370,000.00.

The anticipated filing date of the application is on or before December 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babc.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street, Nashville, Tennessee 37243

(A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Public Notices

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Public Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 0.95 acres, being the southeast half of a parcel of land which is approximately 1.91 acres, the entire 1.91 acres currently being addressed as 12639 South Northshore Drive, Knoxville, (Knox County), Tennessee 37922, which is located approximately 1/4 mile southwest of the intersection of South Northshore Drive and Holder Lane, and also described as Parcel 169 01601 in the records of the Knox County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is $1,370,000.00.

The anticipated filing date of the application is on or before December 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babc.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street, Nashville, Tennessee 37243

(A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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Public Notices

NOTICE OF PUBLICATION

TO: UNKNOWN HEIRS OF AVA LEABOW AND UNKNOWN OWNERS OF AND INTERESTS IN 0.323 ACRE OF LAND LYING IN THE SEVENTH CIVIL DISTRICT OF KNOX COUNTY, LOCATED AT 2611 ADDISON DRIVE, KNOXVILLE, TENNESSEE 37918.

Please take notice that on the 17th day of November, 2015 an in rem Petition for Condemnation was filed against you in the Circuit Court for Knox County, Tennessee, pursuant to Tennessee Code Annotated Section 29-17-701, et seq. to acquire the entire 0.323 acre property located at 2611 Addison Drive, Tax Map and Parcel No. 069DC-057, in Knoxville, Tennessee. The owner of record was Avalee Leabow who passed away without a will. Therefore, some of the owners of the property are unknown. You must plead, answer or accept the Petition as provided by law within thirty (30) days of the last date of publication or a Judgment will be taken as confessed against you and the matter proceeded with as provided by law before Judge Deborah C. Stevens of the Knox County Circuit Court, Division III, 400 Main Street, Knoxville, Tennessee 37902. Answers must be filed with the Clerk of the Circuit Court and a copy served on the State's attorney, Cynthia L. Paduch, and her address is 501 West Main Street, First Floor, Historic Post Office Building, Knoxville, Tennessee 37902, (865) 594-6227. This notice will be published in the Knoxville News Sentinel for four (4) consecutive weeks.

This the 18th day of November, 2015.
CATHERINE F. SHANKS
CIRCUIT COURT CLERK

LOOKING FOR LEGAL ADS? LOOK RIGHT HERE
Visit us online at localfieds

LOOKING FOR LEGAL ADS? LOOK RIGHT HERE.
Visit us online at
localfieds

Request for Bids

ADVERTISEMENT FOR BID

W. Millers Cove Water Tank
Tuckaleechee Utility District – Owner

Separate sealed BIDS for the furnishing of all labor, materials, equipment, and services for the construction of a 139,000 gallon glass-lined, bolted-steel water tank will be received by Tuckaleechee Utility District, P.O. Box 58, Townsend, TN 37882 until 1:30 pm, EST on December 22, 2015 and then at the Tuckaleechee Utility District Office, 7706 Chestnut Hill Road, Townsend, TN 37882.

The Information for Bidders, Form of Bid, Form of Contract, Plans, Specifications, and Forms of Bid Bond, Performance and Payment Bond, and other contract documents may be examined at the following:

Ivins & Ivins Engineering, Inc.
357 Dominion Circle
Knoxville, TN 37934

Knoxville Builders Exchange
300 Clark Street
Knoxville, TN 379212

Copies may be obtained at the office of Ivins & Ivins Engineering, Inc. located at 357 Dominion Circle, Knoxville, TN, 37934, 865-675-0249 upon payment of $50.00 for each set. No refunds will be issued.

A pre-bid conference will be held on December 17, 2015 at the Tuckaleechee Utility District Office at 2:00pm.

The Owner reserves the right to waive any informality or to reject any or all bids.

Each bidder must deposit with his bid, security in the amount, form and subject to the conditions provided in the Information for Bidders.

All bidders must be licensed General Contractors as required by the Contractor's Licensing Act of 1994 of the General Assembly of the State of Tennessee, and qualified for the type of construction being bid upon.

No bidder may withdraw his bid within 60 days after the actual date of the opening thereof.

December 9, 2015

LYNN VALENTINE, DISTRICT MANAGER
TUCKALEECHEE UTILITY DISTRICT

REQUEST FOR BIDS

The Oak Ridge Sportsmen's Association is seeking bids for mowing, trimming, pruning, mulching, weeding, and other grounds keeping services for March 1, 2016, through February 28, 2017. Contractor must be appropriately licensed, bonded, and insured.

Located in Oak Ridge, Tennessee, the club property includes a number of shooting ranges, a clubhouse, and other facilities. The main entrance gate to the property is located at 2665 Oak Ridge Turnpike. The entry gates require entrance codes. For additional information, or to arrange for a guided viewing of the property, please contact Wayne Porter, [illegible]@att.net, or text to 865-740-1387 or Tobias Albrecht, [illegible]@earthlink.net or 865-805-1187.

Specifications, scope of work, and an aerial photograph may be found online at www.orsaonline.org/groundserv.ice.pdf.

Real Estate Sales

North

Credit Union Foreclosure

1700 Westchester Drive, Knoxville, TN 37918 $129,900 or best offer. Located in the Inskip Area near Fountain City. 3 bdrm., 2 bath, 1762 sq. ft., Hardwood Floors, New Cabinets, Fireplace, Central Heat and Air, Fenced Back Yard with a Large Patio. Financing Available with approved credit and 10% down. Payments as low as $492.24 per month, 2.99% annual percentage rate on a 5 year adjustable rate mortgage amortized over 30 years. Call 865.541.2500 for a viewing appointment.

West

Farragut/Fox Run. Full brick rancher, 4 BR main level, bonus up, 3 1/2 BA, updated kit., 3 car gar., lrg deck, lrg bsmt storage, irrigation syst., cent vac, alarm syst., 3975 SF, $389,900. 865-414-0323

Condos-Furn

FARRAGUT OFF PARKSIDE DR. 2 BR, 1 BA, 1100 SF, secure, priv., move in ready, $99,900. (865) 368-2375

Duplex/Multiplex-Unfurn

SEYMOUR ON PRIV. FARM
2 BR, mtn view, water/yd maint. furn. Great for elderly & others. Nice & quiet. Carport. F&B decks. W&D. Dr. Berry (865)356-4131

Manufactured Homes

I BUY OLDER MOBILE HOMES. 1990 up, any size OK. 865-384-5643

Real Estate Rentals

Apartments - Unfurn.

1 BR POWELL SPECIAL no cr. ck, no pet fee, water paid. All appls. $520/mo. Phone 865-938-6424 or 865-384-1059.

1 BR, FTN CITY/N. KNOX - Lg. quiet & safe, W/D, lots of closets, priv. parking. No pets. $475. (865)803-1959

Apartments - Unfurn.

1,2,3 BR
$355 - $460/mo.
GREAT VALUE
RIVERSIDE MANOR
ALCOA HWY 970-2267
*Pools, Laundries, Appl.
*5 min. to UT & airport
www.riversidemanorapts.com

BEAR CREEK
2 BR townhome. West. W/D conn, patio, $685 mo. 865-693-2979

BEST DEAL OUT WEST! - 1BR from $375. 3BR $650-$695. No pets. Parking @ front door. (865)470-8686

BRICK TOWNHOUSE - Turkey Creek area. 2 BR, 1.5 BA. W/D conn., $650 mo. + $350 dep. No pets. No vouchers. Cr. ck. (865)988-0905

BROADWAY TOWERS
62 AND OLDER
Or Physically Mobility Impaired
1 & 2 BR, util. incl. Laundry on site. Immediate housing if qualified. Section 8-202.
865-524-4092 for appt.
TDD 1-800-927-9275

COTTAGE TYPE APT. - all brick, 1BR, W/D hookup, non-smoking, 1 small pet. Maynardville. $435 mo. $200 DD. (865)258-3758.

MORNINGSIDE GARDENS
1 BR Apt Now Available
ELDERLY OR DISABLED COMPLEX
A/C, Heat, Water & Electric Incl, OnSite Laundry, Computer Center & Resident Services
Great location! On the Bus Line! Close to Shopping!
Rent Based on Income. Some Restrictions Apply
Call 865-523-4133. TODAY for more information

NORTH KNOXVILLE 2 BD 2 BA - 4206 Plummer Dr. 3BR, North Knoxville 3bd2ba Townhouse10 Minutes from Downtown$900/month865-314-0342 (865)314-0342

OAK RIDGE, renovated 2 BR apt, C H/A, New kit, appls, DW & bath. Lrg fncd lot, great for children. Close to schools. Lawn care incl. $525 mo. Call Sheila Morgan 865-250-5318 or 865-483-7203

Sequoyah Hills
1 BR, 2 BA, open floor plan, W/D conn., $959 mo. (865) 691-2979

WEST - 2 BR
Renovated Apts. 1249 SF, close to West Town Mall, pool, deck, $694. 865-691-2979

WEST - 2 BR, 1 1/2 BA, close to Turkey Creek. 1088 SF, no pets, ref. req., $660 mo. + DD. (865)566-1756.

WEST - CREEKWOOD
1500 SF, 3 BR, 1.5 BA, lrg patio, W/D conn. $859 mo. (865)691-2979

Homes Furnished

2 BR HOUSE Trailer Completely furn. - 2000 model. $32,000. Loc Lot 5, 3725 Maynardville Hwy. (865)386-2746

Homes Unfurnished

4 BR W/POOL - 9013 Coburn Dr., Dbl. OV, REF. 2 1/2 BA. (New BA). LR, DR, DN/FP. Fncd yd. 2 car gar. Cr. ck. $1795/mo. $1000 Sec. Dep. Call (865)250-4959.

CEDAR LN/Highland, Cute 1 1/2 story 3BR, 2BA, deck, sunrm., gar., appls, no pets, lse, $900 o/a. 865-588-7428.

RENTAL/SALE/OWNER FINANCE 4/1/2 Tellico Village, Panoramic Lake View. Clean! $320K, (774)487-4158.

Condos Unfurnished

CONDO - WEST. Colonies. Brick 2 BR, 1.5 BA, fpl, carport, pool, tennis crt., gr't view of Smoky Mtns. $795/mo + dep. Avail Now. (865) 316-8053

FTN. CITY, BEAUTIFUL CONDO. 2 BR / 2 1/2 BA. Patio, 1 car garage. 865-670-8105.

WILLIAMSBURG TOWNHOUSE, West Hills. 2 BR, new crpt, water furn., no pets. $725. (865) 584-2622

Townhouse/Villas Unfurn

Cedar Bluff T-house. Dec. free possible. $595 mo. 2BR, 1.5BA, WD conn. FP. Mike 865-777-2702; Jess 865-257-5321

Manufactured Homes

RENT TO OWN 3 BR, 2 BA - In park. $750/mo. 199 Betty Lou Lane, Maynardville. (865)556-4244

Rooms Furn/Unfurn

ALL ROOMS have A/C, cable TV & refrig. Maid service. Low rates. Morris Motel. (865)687-8866.

Real Estate Commercial

Commercial Property/Sale

1.83 ACRES at Light #1 in Pigeon Forge on Super Hollow Rd, east side of Cracker Barrel. 865-604-4247

CARBON FIBER OAK RIDGE 65,000 Sq. Ft. state of the art technology/ MFG facility on 31 acres. Adjacent to Carbon Fiber Tech. Center in Oak Ridge. Expandable to 150,000 Sq. Ft. w/highbay area, labs, a secure facility. For Sale or Lease. For video walk through, brochure, and contact info. go to www.hnproperties.net.

Commercial RE Lease

LOCATED 1 BLOCK OFF SUTHERLAND AVE. 510 SF Office Bldg. Cent. gas heat, 3 lg. offices, reception area, break area & lg. storage room. $850 mo. Lease, lg. fenced outside storage avail. $350/mo. 865-765-1123 or (865)539-1145.

OAK RIDGE Top floor of bank building in Oak Ridge, 8,000 Sq. Ft. of office space. Location, Location, Location, secure space w/17 offices, large conference room, kitchen, break room & 2 vaults. For Lease or Sale. For info, email
[illegible]@aol.com

VACANT SPACES AVAILABLE
www.yourproperties.com
(865) 689-5500

Offices/Warehouses/Rent

2500 SF Retail/Warehouse. Covered loading dock. 2 large truck doors, fenced storage, on Hwy 25W. 2639 Clinton Hwy, Powell, TN 37849. $1700 mo. 865-943-3007

4000 SF Office/Warehouse with dock & drive in, prime location Middlebrook Pk. $3,000 mo.
3000 SF Office/Warehouse drive in bay, Papermill, $1,300 mo.
865-544-1717; 865-740-0990

DOWNTOWN OFFICE SUITE WITH PARKING - 119 W. Summit Hill Drive. Downtown prime 1st fl 4500 sq. ft. office space w/ parking. Easy I-40 access. (865)637-8400

Retail Space/Rent

WHATZIT SOLUTION
Paper over the cracks

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

2. **If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.**

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): **March 23, 2016.**

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

PHASE	DAYS REQUIRED	ANTICIPATED DATE (MONTH/YEAR)
1. Architectural and engineering contract signed	None	February 2016
2. Construction documents approved by the Tennessee Department of Health	51	May 2016
3. Construction contract signed	None	February 2016
4. Building permit secured	21	April 2016
5. Site preparation completed	51	May 2016
6. Building construction commenced	58	May 2016
7. Construction 40% complete	138	August 2016
8. Construction 80% complete	218	October 2016
9. Construction 100% complete (approved for occupancy	238	November 2016
10. *Issuance of license	252	December 2016
11. *Initiation of service	257	December 2016
12. Final Architectural Certification of Payment	281	January 2017
13. Final Project Report Form (HF0055)	286	January 2017

* **For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

Attachment B.1

DIDD Support Letter

STATE OF TENNESSEE
Department of Intellectual and Developmental Disabilities
Citizens Plaza, 10th Floor
400 Deaderick Street
NASHVILLE, TN 37243-0675

August 11, 2015

Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street
Nashville, TN 37243

RE: Application for Certification of Need submitted by Open Arms Care

Dear Director Hill:

The Department of Intellectual and Developmental Disabilities (Department) strongly supports the application for a Certificate of Need (CON) on behalf of Open Arms Care. Based upon the Department's knowledge of Open Arms Care, it is the Department's belief that they meet the three (3) criteria necessary for approval which are namely, need, economic feasibility and contribution to the orderly development of health care.

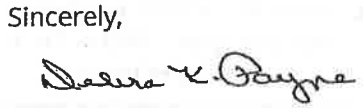
The need for these facilities has resulted from the national trend away from caring for persons with intellectual disabilities in large, congregate institutional settings to more integrated, smaller homes in the community. In 2006, Tennessee, believing this to be best practice, passed legislation which created one hundred sixty (160) new ICF/IID beds to be used solely for persons transitioning from state developmental centers. At this time there remain eighty-four (84) of the one hundred sixty (160) beds available for development. The need for the development of these remaining eighty-four (84) beds comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. One of these developmental centers has already closed, another is set to close in the fall of 2015, the third is a small specialized developmental center for persons who are court ordered for competency evaluation and training, and GVDC. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community. Therefore, the Department supports this application for a CON to facilitate the closure of and transition of the residents of GVDC.

Transitioning the residents from GVDC, a large institution, to four (4) person ICF/IIDs in the community is more economically feasible for the State, which pays for these services. The census at GVDC at the time of the announcement of closure was 101, but at its peak, GVDC supported 1100 residents. Operating a large developmental center is inefficient and does not produce economy of scale due to the large overhead associated with utilities and maintenance costs on older inefficient buildings that operate on a boiler system. The private operation of smaller four (4) person ICF/IIDs is much more efficient and economically feasible for the state.

For many of the same reasons stated above in relation to the criteria of "need", the approval of this CON and development of four person ICF/IID beds meets the criteria of contribution to the orderly development of health care. As a result of the Exit Plan in the nineteen (19) years old lawsuit described above, these homes and beds are needed to transition the remaining residences from GVDC and provide for the health and safety needs of these vulnerable persons. These beds will provide the same level of care that these persons are receiving at GVDC, namely the ICF/IID level of care. This application has been submitted by a current provider of services in Tennessee for persons with intellectual disabilities, therefore they have a proven track record of providing these services within both state and federal regulations which includes the availability and accessibility of human resources, prior contractual relationships with both the Department and TennCare and an understanding of the both the intellectual disability population and intellectual disability system in Tennessee.

Based on the above stated reasons the department strongly supports Open Arms Care, application for a CON to build four (4) person ICF/IIDs in East Tennessee in order to effectuate the safe transition of residents of GVDC and comply with the Exit Plan leading to the conclusion of the nineteen (19) years old *CBDC et. al* lawsuit. If you need any further information or have any questions please contact me.

Sincerely,



Debra K. Payne
Commissioner

DKP:ts

Attachment B.2

November 4, 2015 DIDD Memo

Intellectual &
Developmental Disabilities

East Tennessee
Regional Office

November 4, 2015

RE ICF/IID Expansions and CON Development:

The following information may be requested regarding development of your ICF/IID expansion homes in the East Tennessee region. Information is provided generally for all persons supported at Greene Valley Developmental Center and is broken down by the three primary development areas: Hamilton County, Knox County, Roane County and Greene County where appropriate.

How many persons/families/legal representatives chose ICF/IID services over HCBS Waiver services through the Freedom of Choice process? As of 8/21/15, a total of 10 legal representatives for persons supported by GVDC had selected HCBS services; the legal representatives for the remaining 75 persons had selected ICF/IID services.

What geographic areas were selected by the persons supported for ICF/IID services? Of the 75 persons whose legal representatives selected ICF/IID services, the breakdown is as follows:
Hamilton County: 8
Knox County: 16
Roane County: 6
Greene County: 45

Are all existing ICF/IID beds in the geographic areas currently full? Please reference a separate grid showing ICF/IID utilization for the appropriate geographic area for 2012, 2013 and 2014. Generally, the answer to that question is yes for all geographic areas.

What providers currently operate ICF/IID services in the geographic areas? Per area, those providers are:
Hamilton County: Open Arms Care, Orange Grove Center.
Knox County: Open Arms Care.
Roane County: Michael Dunn Center.
Greene County: Comcare, DIDD East Tennessee Homes.
A separate grid shows ICF/IID utilization for the appropriate geographic areas for 2012, 2013 and 2014. Specific site information is redacted.

What other ICF/IID sites are planned to come on line to accommodate GVDC residents? For each geographic area, planned ICF/IID development is as follows:
Hamilton County: 2 sites (8 beds)
Knox County: 4 sites (16 beds)
Roane County: 2 sites (8 beds)
Greene County: 8 sites (32 beds)

What are the general demographics and/or special needs of persons exiting GVDC? Demographic

Intellectual &
Developmental Disabilities

East Tennessee
Regional Office

information is not available specific to geographic areas. However, the demographic information generally applies to all geographic areas in which services have been selected. Those demographics are as follows for the 85 persons supported at GVDC on 8/21/15:
Age: 54 persons aged 23-60 years (64%); 31 persons aged 61+ years (36%).
Gender: 48 female (56%); 37 male (44%).
Nutritional Status: 37 require enteral feedings (44%); 17 others have structured dining plans (20%).
Mobility Status: 65 have mobility impairments (76%); 42 of those persons are non-ambulatory (49%). 56 persons use a customized seating system (66%). 51 persons use other alternative positioning equipment (60%).
Visual Status: 28 persons are legally blind (33%).
Psychiatric/Behavioral Status: 28 persons are prescribed psychotropic medication (33%); 13 persons have a Behavior Support Plan or Behavior Support Guidelines (15%).

Please let me know if you require any additional information for the development of your Certificate of Need.

Respectfully,

Terry Jordan-Henley

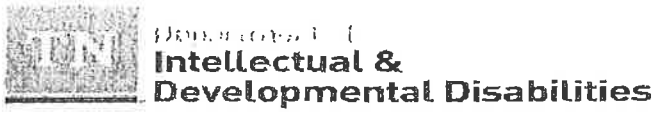
Terry Jordan-Henley
Deputy Regional Director, East

c: John Craven, East Regional Director
ICF/IID Expansion Development File per Provider

East Regional Office • 520 W. Summit Hill Drive, Suite 201 • Knoxville, TN 37901 • 865-594-9302 • Fax: 865-558-0226 • terry.jordan-henley@tn.gov

Attachment B.3

Letter from DIDD Regarding Anticipated Residents



September 1, 2015

Charles Schnell, Director
Open Arms Care - Knoxville
7325 Oak Ridge Highway, Suite 200
Knoxville, TN 37931

Dear Mr. Schnell:

The following provides a list of people currently supported at GVDC whose conservators selected Open Arms Care - Knoxville to provide ICF/IID supports and whom you indicated a willingness to support. The home compositions were determined based on valuable input from GVDC staff considering friendships, current service and support needs. Please review the lists and confirm in writing your intent to develop ICF/IID supports and services for these specific people by the close of business September 4, 2015.

[redacted]

It is important to confirm and solidify your plans for the development of homes for individuals currently residing at GVDC and final home compositions as soon as possible. Once confirmed, our intent is not to change the composition of housing arrangements unless absolutely necessary and any change must be communicated to my office immediately for approval. Please provide the status of your CON process and the addresses where the four-person ICF/IID homes will be developed. I believe people and their families will appreciate knowing where they will live and with whom.

If your agency agreed to provide supports to any person not on the above list, please contact John Craven, Regional Director at 865-594-9301 or Terry-Jordan-Henley, Deputy Regional Director at 865-594-9302. DIDD appreciates your commitment and efforts on behalf of people supported by GVDC.

Respectfully,

John Craven
Regional Director, East

C: Debbie Payne, DIDD Commissioner
Jordan Allen, DIDD Deputy Commissioner
Theresa Sloan, DIDD Legal Counsel
Jon Lakey, Attorney, Pietrangelo Cook, PLC
Richard Brown, Esquire

East Regional Office • 520 W. Summit Hill Drive, Suite 201 • Knoxville, TN 37901 • 865-594-9301 • Fax: 865-558-0226 •john.craven@tn.gov

Attachment B.III.A

Plot Plan

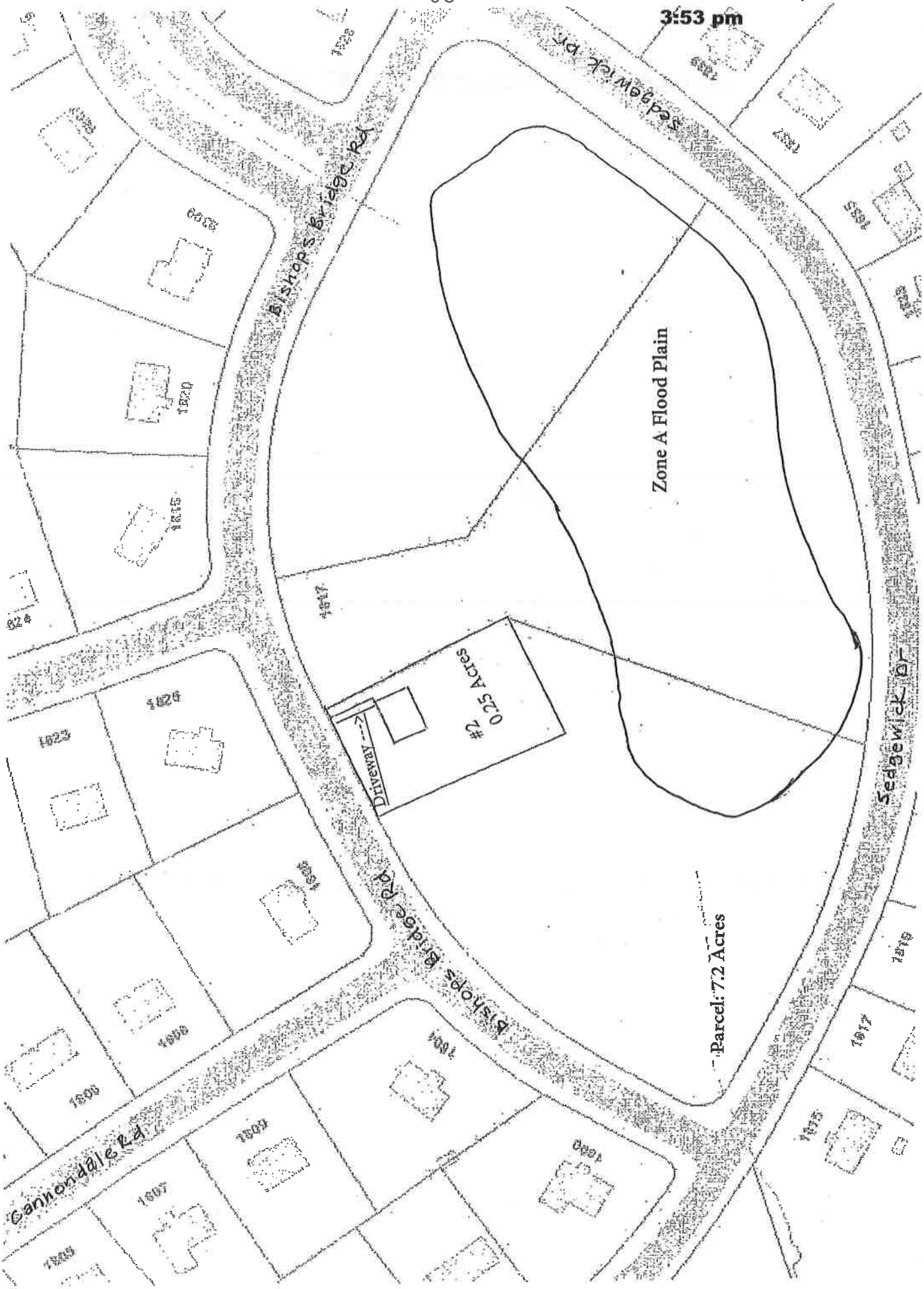
SUPPLEMENTAL #1
December 22, 2015
3:53 pm

Supplemental Attachment – Replacement Attachment B.III.A

SUPPLEMENTAL #1

December 22, 2015

3:53 pm



SUPPLEMENTAL #1

December 22, 2015

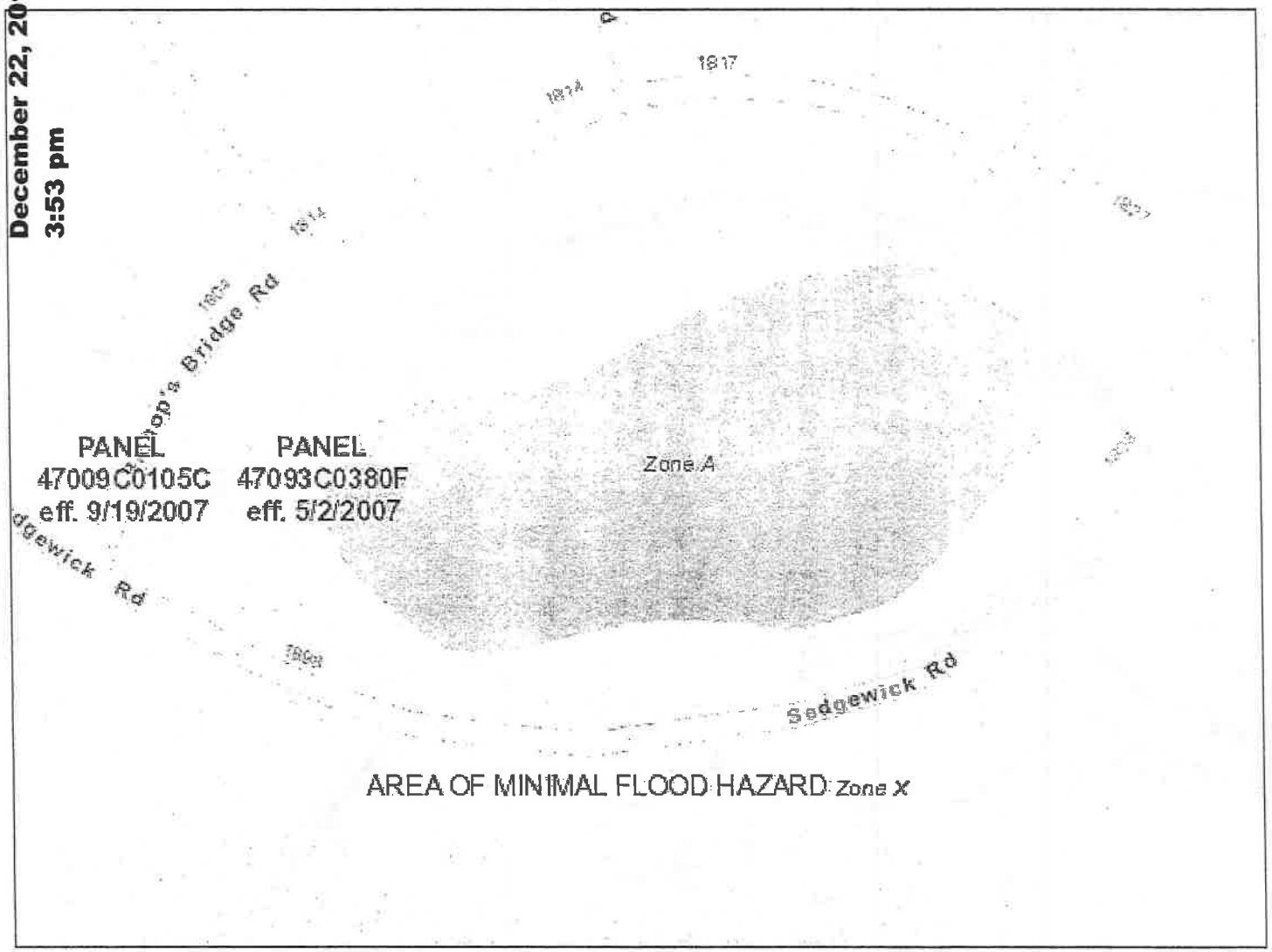
3:53 pm

SUPPLEMENTAL #1

FEMA's National Flood Hazard Layer (Official)

Data from Flood Insurance Rate Maps (FIRMs) where available digitally. Try http://bit.ly/1bPpUjq (Unofficial) if this map is down

December 22, 2015
3:53 pm



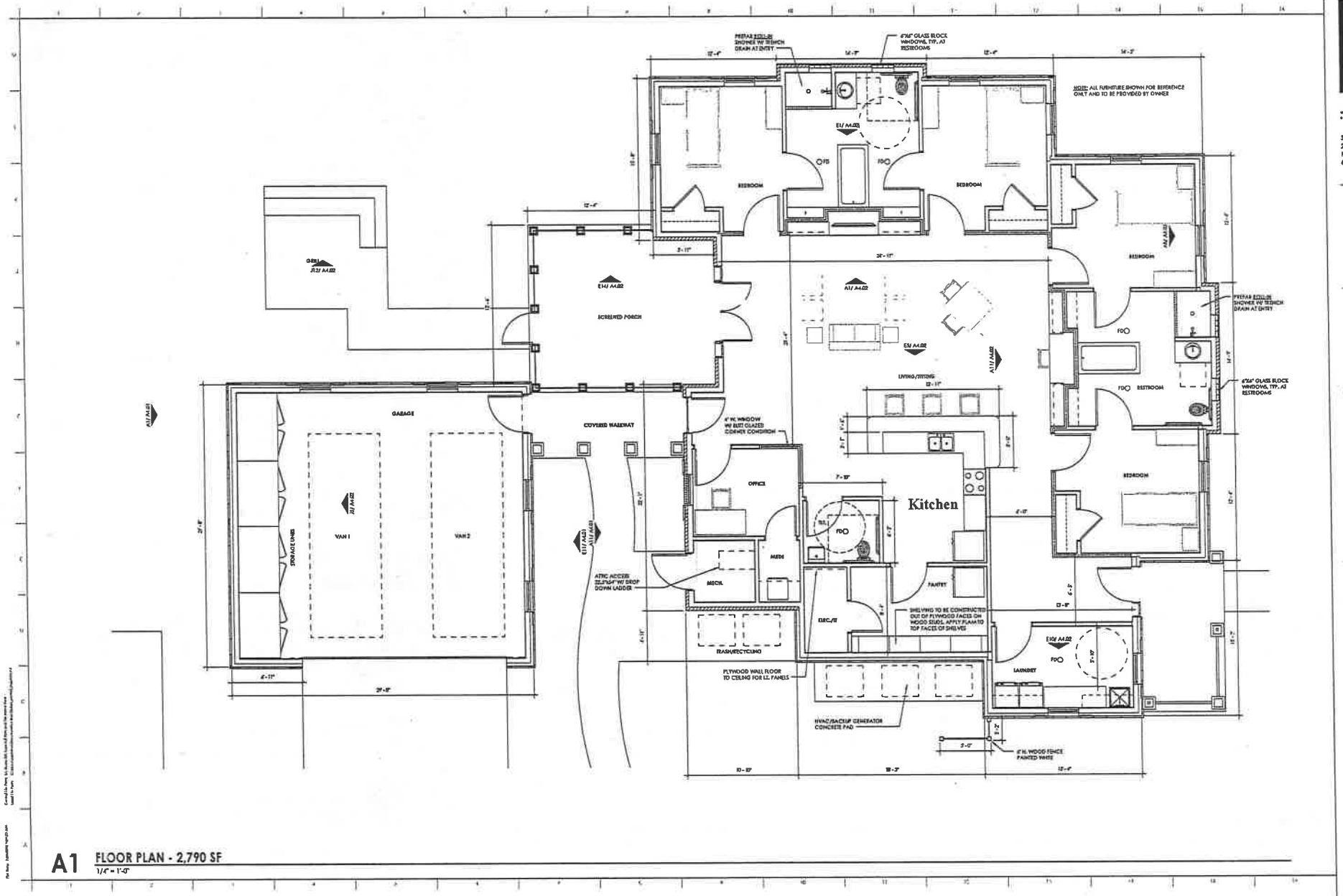
National Geospatial-Intelligence Agency (NGA); Delta State University; Esri | scott.mcafee@fema.dhs.gov | State of North Carolina DOT, Esri, HERE, DeLorme, INCREMENT P, NGA, USGS

Attachment B.IV

Floor Plans

SUPPLEMENTAL #1
December 22, 2015
3:53 pm

Supplemental Attachment – Revised Floor Plan



A1 FLOOR PLAN - 2,790 SF
1/4" = 1'-0"

STG DESIGN

STG Design, Inc.
211 Union
Nashville, TN 37201
615.248.4400

Open Arms 4 Bed House
Enter Address Under Manage Project Information

73

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This sheet is only one component of the total document package which consists of all sheets of drawings and the project manual.

PLAN NORTH

TRUE NORTH

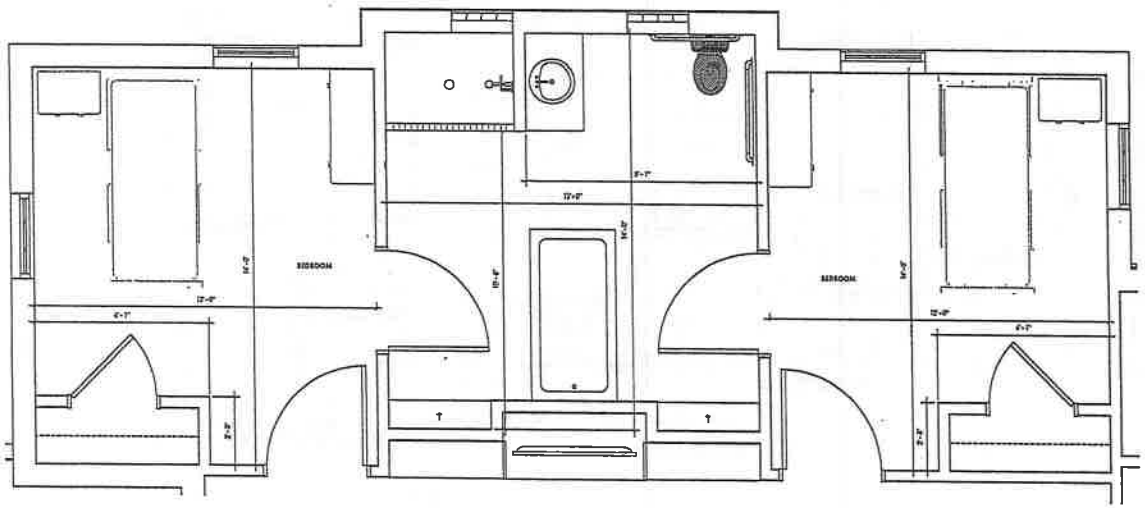
SUPPLEMENTAL #1
December 22, 2015
3:53 pm

Project Number 21.15253.02

Project Director
Quality Assurance
Drawn By

4 BED FLOOR PLAN

A2.01



A1 BED/BATH TYPICAL SUITE
1/2" = 1'-0"

PRICING NOTES

1. GENERAL NOTES
A. TYPE VB CONSTRUCTION - WOOD ALLOWED UNPROTECTED
B. FURNITURE SHOWN FOR REFERENCE ONLY.
C. PROVIDE FULLY RECESSED FIRE EXTINGUISHER, EXIT LIGHTS, FIRE ALARM DEVICES, ETC. AS REQUIRED. CONFIRM LOCATIONS WITH ARCHITECT PRIOR TO INSTALLATION.

2. PARTITION TYPES
A. PROVIDE 3.5" NON ABLE STUD, SOARS UP TO 45" AFF. TYP. AT ALL INTERIORS. CONSTRUCTIPE X GYP. BOARD FROM 45" AFF. TO CEILING
B. 1 HR. RATED WALLS NOTED ON FLOOR PLAN. NOTE: ALL RESIDENT BEDROOM/BATHROOM CEILINGS MUST BE 1 HR. RATED. PROVIDE DAMPEN FIRE CAULKING AS NECESSARY

3. SUPPORTS/BLOCKING
A. PROVIDE PLYWOOD BLOCKING IN PARTITIONS FOR TELEVISIONS
B. PROVIDE PLYWOOD BLOCKING IN CEILING AT MOUNT TRACE LOCATIONS, REF. RCP
C. PROVIDE PLYWOOD BLOCKING IN PARTITIONS FOR UPPER CABINETS AT KITCHEN AND LAUNDRY ROOM
D. PROVIDE PLYWOOD BLOCKING IN PARTITIONS AT COMPUTER STATION FOR WORKSURFACE
E. ALLOW FOR PLYWOOD BLOCKING AT (1) LOCATION IN EACH RESIDENT ROOM FOR TV BRACKET INSTALLATION
F. ALLOW FOR PLYWOOD BLOCKING IN MED ROOM AT BACK WALL

4. WINDOW TREATMENT
A. PROVIDE MINI BLINDS AT EXTERIOR GLAZING THROUGHOUT. CONTRACTOR TO COVER, PROTECT AND CLEAN BLINDS, WANDS AND STRINGS PRIOR TO MOVE IN.
B. PROVIDE MINI BLINDS AT FRENCH DOORS AND SIDELIGHTS.

5. DOORS AND HARDWARE
A. PROVIDE HOLLOW METAL DOORS THROUGHOUT INTERIOR, LAMINATE DOORS W/ CLR ACROVYN FAMILED DOORS
B. PROVIDE EXTERIOR GRADE FRENCH DOORS W/ SIDELIGHTS AT PORCH, DOORS AND SIDELIGHTS TO HAVE HALF HEIGHT GLASS INSERT
C. PROVIDE HOLLOW METAL DOOR FRAME WITH CLR ACROVYN FRAME, SYSTEM TO MATCH DOOR FINISH
D. AT TENANT RESTROOM DOORS, DOOR TO BE 1'-10" TALL. ALLOW FOR MORE OF FRAME TO BE CUT TO ALLOW FOR MOUNT TRACE TO BYPASS DOOR FRAME
E. TYPICAL HARDWARE TO BE ADA COMPLIANT LEVERS THROUGHOUT U.N.O., FINISH BRUSHED ALUMINUM. PROVIDE LOCKING MECHANISMS AT LAUNDRY, STORAGE, PANTRY, AND OFFICE
F. ALL DOORS TO BE 3'-4" X 7'-0" UNLESS NOTED OTHERWISE. CLOSET DOORS, MECH. AND ELEC/CL DOOR TO BE 3'-0" X 7'-0", FRENCH DOORS TO BE 6'-0" W. X 7'-0"
G. OUTSIDE OF EXTERIOR DOORS TO BE PAINTED WHITE

6. GLAZING
A. PROVIDE A 3'-0" WX 4'-0" H DOUBLE GLAZED LOW E GLASS VINYL WINDOWS W/ GRILLE THROUGHOUT, U.N.O.
B. PROVIDE 2'-0" WX 2'-0" H GLASS BLOCK WINDOWS IN TENANT RESTROOMS
C. PROVIDE 2'-0" WX 3'-0" H DOUBLE GLAZED LOW E GLASS VINYL WINDOWS W/ GRILLE IN ROOF DORMERS, REF. ELEVATIONS FOR LOCATIONS

7. CABINETS, SHELVING AND APPLIANCES
A. PLASTIC LAMINATE CABINETS SHALL HAVE FLUSH OVERLAY DOORS WITH 4" WIRE PULL HARDWARE, U.N.O.
B. ALL COUNTERTOPS TO BE 1 1/2" THICK, MITERING GUARTS W/ EDGES OF COUNTERTOP TO BE POLISHED. PROVIDE BLOCKING AS REQUIRED.
C. AT KITCHEN, ALLOW FOR UPPER CABINETS TO HAVE TWO ADJUSTABLE SHELVES.
D. AT KITCHEN, IN ADDITION TO STANDARD BASE CABINETS ALLOW FOR A VERTICAL ROW OF FOUR DRAWERS. TOP THREE DRAWERS TO BE 6" HIGH AND LAST DRAWER TO BE LARGER.
E. ALLOW FOR INTERIOR OF CABINETS AND DRAWERS TO BE WHITE MELAMINE
F. ALLOW FOR ONE HIDDEN SIDING TRASH CAN CABINET IN KITCHEN.
G. ALLOW FOR PLASTIC LAMINATE CABINETS AT LIVING AREA, REFER TO ELEVATIONS FOR DESIGNATIONS
H. ALLOW FOR FLOATING PAINT GRADE WOOD SHELVES AT LIVING AREA W/ HIDDEN WALL SUPPORT, REFER TO ELEVATIONS
I. ALLOW FOR PLASTIC LAMINATE WATER RESISTANT CABINETS AT RESIDENT RESTROOMS, REFER TO ELEVATION FOR DESIGNATIONS
J. RESIDENT CLOSETS TO HAVE BUILT IN SHELVING AND ROD
K. ALLOW FOR HIDDEN WALL SUPPORTS FOR COUNTERTOPS AT DINING SURFACE IN KITCHEN AS WELL AS AT COMPUTER STATION
L. ALLOW FOR ADJUSTABLE SHELVING AT MED ROOM AND LL ROOM

8. FLOORING
A. PROVIDE SHAW HARD SURFACE - NATURELIFE WOOD II - HETEROGENEOUS SHEET VINYL FLOORING THROUGHOUT, U.N.O.
*AS AN ADD ALTERNATE, PROVIDE SHAW HARD SURFACE - UNCOMMON GROUND II - HIGH PERFORMANCE LUXURY VINYL PLANK FLOORING
B. PROVIDE VINYL FLOORING W/ 4" COVE AT ALL (3) RESTROOMS
C. PROVIDE SEALED CONCRETE FLOORING AT MECHANICAL AND ELECTRICAL CLOSETS
D. PROVIDE POLISHED CONCRETE FLOOR AT GARAGE
E. PROVIDE BROOMED FINISH CONCRETE AT ALL SIDEWALKS AND GRILL AREA

9. WALL FINISH MATERIALS
A. APPLY C/S ACROVYN HIGH IMPACT WALL PROTECTION FINISH: ACROVYN SOLID COLORS, UP TO 36" AFF. AT ALL INTERIOR LOCATIONS, SEAMS TO BE 1/16" CHASE JOINT W/ STANDARD CLEAR CAULK
B. ALLOW FOR 4" H. PAINT GRADE CHAIR RAIL TO BE CONTINUOUS THROUGHOUT INTERIORS STARTING AT 36" AFF., PAINTED
C. ALLOW FOR 4" H. PAINT GRADE WOOD BASE TO BE CONTINUOUS THROUGHOUT INTERIORS, PAINTED
*AS AN ADD ALTERNATE, PRICE 4" PAINT GRADE WOOD BASE IN LIEU OF 4", PAINTED
D. ALLOW FOR 4" PAINT GRADE WOOD CROWN MOLDING AT ALL COMMON AREAS (LIVING/KITCHEN), PAINTED
E. PROVIDE BUILDING STANDARD, LOW VOC PAINT THROUGHOUT SUITE ABOVE CHAIR RAIL TO MATCH ACROVYN WALL PROTECTION COLOR
F. ALLOW FOR ACROVYN CORNER GUARDS SMOOTH EDGE, ACCENTING CORNER GUARD AT ALL PROTRUDING CORNERS THROUGHOUT INTERIOR, FINISH ACROVYN SOLID COLORS
G. ALL FIRE ALARMS, STROBES AND ALL WALL MOUNTED ALERTS TO BE LOCATED 12"-18" FROM CORNER OF ROOM, NO STROBES LOCATED AT CENTER OF WALL AT ROOM.

10. CEILINGS/LIGHTING
A. PROVIDE PAINTED GYPSUM BOARD CEILINGS THROUGHOUT, U.N.O.
B. PROVIDE 6" RECESSED CAN CFL LIGHT FIXTURE THROUGHOUT, U.N.O.
C. PROVIDE 1X4 FLUORESCENT FIXTURES IN MECHANICAL, ELECTRICAL, PANTRY, AND GARAGE.
D. PROVIDE (3) DECORATIVE PENDANT LIGHT FIXTURES, BUDGET $250/EA
E. RECESSED CAN LIGHTS IN RESTROOMS TO BE DAMP PROOF
F. PROVIDE VENTED METAL SHIPS AS SHOWN ON RCP, COLOR: WHITE
G. PROVIDE (1) VANITY LIGHT OVER EACH SINK IN ALL THREE RESTROOMS, ALLOWANCE $300/EA
H. ALLOW FOR EXTERIOR SCONCES, ALLOWANCE $300/EA, REF. ELEVATIONS FOR LOCATIONS

11. ELECTRICAL & LOW VOLTAGE
A. ALL INTERIOR OUTLETS TO BE SAFETY OUTLETS, FINISH: WHITE
B. ALLOW FOR CABLE/SAT/POWER OUTLETS AT (1) LOCATION IN EACH RESIDENT ROOM, BEHIND TV IN LIVING SPACE, AT COMPUTER WORK STATION, AND OFFICE
C. ALLOW FOR VERIZON DATA OUTLETS THROUGHOUT LIVING SPACE, KITCHEN, AND LL ROOM
D. ALLOW FOR NETWORKED ENERGY MANAGEMENT SYSTEM TO BE INSTALLED
E. ALLOW FOR 8 UNDERFLOOR BACKUP CONTRACTOR W/ AUTOMATIC TRANSFER SWITCH
F. ALLOW FOR (2) QUAD OUTLETS IN ELECTRICAL ROOM
G. EXTERIOR LIGHTS IN LANDSCAPING TO BE SOLAR POWERED
H. ALLOW FOR (1) 2 TON-14 SEER UNIT TO CONDITION THE RESIDENT BEDROOM AND BATHS
I. ALLOW FOR (1) 4 TON-14 SEER UNIT TO CONDITION THE COMMON SPACES (EVERYTHING EXCEPT RESIDENT BED/BATH AREAS)

12. PLUMBING AND HARDWARE
A. ALL TOILETS TO BE ADA ACCESSIBLE
B. PROVIDE (1) ADA MIRROR ABOVE EACH RESTROOM SINK INCLUDING RESTROOM IN COMMON SPACE, BUDGET $300/EA
C. IN TENANT RESTROOMS, PROVIDE ADA COMPLIANT INTEGRAL VANITY SINK W/ BACKSPLASH AND APRON, FAUCET TO BE BRUSHED ALUMINUM ADA COMPLIANT, ALLOW FOR INSULATION OF TRAP
D. PROVIDE PRICING ALLOWANCE OF $300 FOR EACH RESIDENT RESTROOM HARDWARE ACCESSORIES (TOWEL HOOK, TOILET PAPER HOLDER, TOWEL BAR X 2 GRAB BARS) ALLOWANCE DOES NOT INCLUDE FAUCETS
E. PROVIDE PRICING ALLOWANCE OF $300 FOR HARDWARE IN COMMON SPACE RESTROOM, ALLOWANCE DOES NOT INCLUDE FAUCET
F. IN COMMON SPACE RESTROOM, PROVIDE ADA COMPLIANT WALL HUNG SINK W/ SHROUD. ALLOW FOR BRUSHED ALUMINUM ADA COMPLIANT FAUCET
G. AT KITCHEN, ALLOW FOR COMMERCIAL FAUCET AND DOUBLE SINK, FINISHED BRUSHED ALUMINUM.
H. ALLOW FOR WATER LINE CONNECTION AT KITCHEN REFRIGERATOR
I. FLOOR DRAINS TO HAVE BRUSHED METAL COVERS, NOTE: PROVIDE TRAP PRIMERS AT FLOOR DRAINS
J. ALLOW FOR BACKFLOW PREVENTOR IN MECHANICAL ROOM
K. AUTOMATIC FIRE SPRINKLER SYSTEM REQUIRED NFPA 13D WITH QUICK RESPONSE HEADS. SHOWS ALARMS REQUIRED IN EACH RESIDENT ROOM
L. ALLOW FOR (1) AMERICAN STANDARD EVERCLEAN 72" X 36" WHEELCHAIR ACCESSIBLE TUB, MODEL: 7236L IN EACH RESIDENT BATHROOM.
M. ALLOW FOR REMOTE FIRE AWAY SYSTEM TO BE INSTALLED IN RANGE VENT HOOD
N. ALLOW FOR 30" NC SYSTEM TO BE INSTALLED WITH 1,250 GALLON TANK AND LEACH FIELD

13. ADDITIONAL NOTES
A. ALLOW FOR GAS WATER HEATER
*AS AN ADD ALTERNATE, PRICE ELECTRIC WATER HEATER
B. ALLOW FOR DAMPERS IN CEILING THROUGHOUT TO ALLOW FOR ATTIC AIR CIRCULATION
C. PROVIDE SPRAY FOAM IN ATTIC W/ VENTILATION TRAYS UNDER ROOF SHEATHING FOR AIR CIRCULATION
D. ALLOW FOR $30,000 LANDSCAPING ALLOWANCE
E. ALLOW FOR $3,000 IRRIGATION ALLOWANCE FOR LANDSCAPING ONLY
F. ALLOW FOR GUTTERS AND DOWNSPOUTS AT ALL ROOF EAVES. CONNECT DOWNSPOUTS TO UNDERGROUND DRAINAGE, TAKE AWAY FROM BUILDING AND DAYLIGHT INTO LAWN
G. ALLOW FOR ICE SHIELDS AT APPLICABLE ROOF CONDITIONS
H. ALLOW FOR FIRE DAMPERS WHERE NECESSARY
I. ALLOW FOR 10'-0" X 20'-0" WHITE GARAGE DOOR W/ WINDOWS
J. ALLOW FOR 10,740.38 FOR EACH OVERHEAD TRACK, (3) TOTAL TRACKS
K. ALL APPLIANCES TO BE SUPPLIED BY OWNER
L. ALLOW FOR (6) INDOOR CEILING MOUNTED OBSERVATION CAMERAS W/ 8 CHANNEL RECEIVER
M. ALLOW FOR ACCESS PANEL TO EACH SPA TUB FROM LIVING ROOM (EXCEPT OF MAIL), (1) UNDER COMPUTER STATION LAMINATED WITH ACROVYN WALL PROTECTION, (1) UNDER TV IN CABINETS
N. REFER TO EXTERIOR ELEVATIONS FOR ALL EXTERIOR MATERIALS, COLORS TBD
O. ALLOW FOR (2) NETWORKED DUAL ZONE THERMOSTATS

SLG DESIGN
www.slgdesign.com
STG Design, Inc.
311 Union
Nashville, TN 37201
615.248.4400

Open Arms 4 Bed House
Enter Address
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Project Information

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The owner is only one component of the total document package which consists of all sheets of drawings and the project manual.

0	PRICING SET	08.18.15
△	Issue	

Project Number: 2L.U22.LB

Project Director
Quality Assurance
Drawn by JO

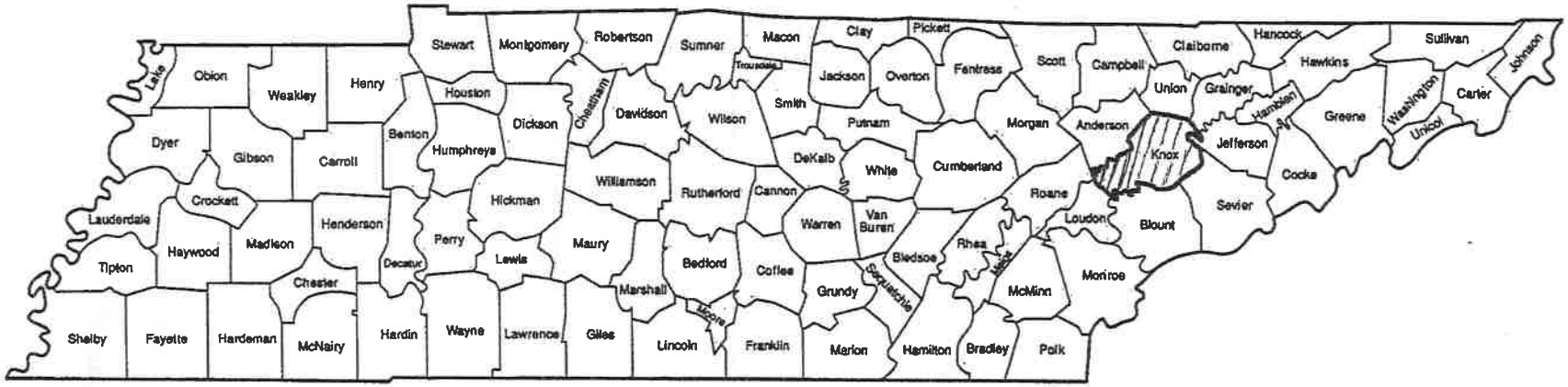
PRICING NOTES AND BATHROOM SUITE

A2.11

Attachment Need.3

Service Area Map

Knox County, Tennessee



Attachment C. Economic Feasibility – 1

Letter Supporting Estimated Construction Costs

November 17, 2015

Freddie Vanderveer
Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN 37027

Re: New Homes

Dear Freddie:

It is my pleasure to submit this letter outlining the new 4- bed homes to be constructed in the State of Tennessee. The homes will be new construction 2,800 square foot, 4-bed ICF/IID facilities. We have worked diligently to accommodate the needs of the future residents, and have taken into account their special requirements in designing the homes

AUSTIN
HOUSTON
NASHVILLE

My initial estimate is that construction of each home will cost in the range of $595,000 - $750,000, which includes an allowance of $25,000 for landscaping and irrigation. This estimate represents what it will cost to construct the project, and to provide a physical environment, according to the applicable federal, state, and local construction codes, standards, specifications, and requirements. The physical environment will conform to applicable federal standards, manufacturer's specifications, Americans with Disabilities Act (ADA), and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities. Civil design will be incorporated on a per site basis as the lots become available. The commercial grade materials on the interior and exterior are subject to change on a per lot basis.

Sincerely,

Dave Johnston AIA
Principal

211 Union
Nashville Tennessee 37201
615 248 4400 V
615 248 4401 F

www.stgdesign.com

Attachment C. Economic Feasibility - 2

Documentation from Lender

SERVISFIRST BANK
The Tower
611 Commerce Street
Suite 3131
Nashville, Tennessee 37203
servisfirstbank.com

November 20, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health and Development Services Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37242

RE: Financing Letter of Interest for construction and permanent financing of 9 new residential homes for Open Arms Care Corporation.

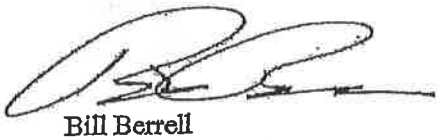
Dear Ms. Hill :

I am writing in regards to my recent discussions with the senior management team of Facilities Development Group and Open Arms Care Corporation concerning construction and permanent financing for up to $8,000,000; for 9 residential homes associated with a Certificate of Need Application for the transition of residents from Greene Valley Development Center.

On behalf of ServisFirst Bank (the "Bank"), I am pleased to advise you of the Bank's intent to extend to Facilities Development Group, LLC (the "Borrower") an up to $8,000,000 Term Loan Credit Facility (the "Credit Facility"). The Credit Facility is expected to mature 7 years from closing and will be utilized for the construction and permanent financing of up to 9 residential homes for lease to Open Arms Care Corporation. Open Arms Care Corporation would use the homes to establish and operate up to 9 ICF / IDD facilities for patients transitioning from Greene Valley Development Center. The Credit Facility would be subject to an aggregate loan to value customary for this financing type. Based on current market conditions and the anticipated loan to value ratio, the interest rate on the Credit Facility is anticipated to be between 7.75% and 8.25%. The Credit Facility would include security documentation typical for a transaction of this type, including deeds of trust, and assignments of leases. It would also be subject to provisions substantially similar to the Credit Facilities currently in place for Facilities Development Group and its loan for facilities operated by Open Arms Care Corporation, as well as conditions precedent, terms, loan covenants, and performance ratios that are standard for a transaction of this type (for example, a ratio of cash flow to fixed charges of not less than 1.15 to 1.00 is required in the current Credit Facility documents).

ServisFirst Bank very much looks forward to working with Facilities Development Group and Open Arms Care Corporation on this important project. Please feel free to contact me if you have any questions or need additional information from the Bank.

Sincerely,



Bill Berrell
Senior Vice President
Director, Healthcare Banking

SERVISFIRST BANK
The Tower
611 Commerce Street
Suite 3131
Nashville, Tennessee 37203
servisfirstbank.com

November 24, 2015

Servis 1st Bank

Ms. Melanie Hill
Executive Director
Tennessee Health and Development Services Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37242

RE: Clarification on Financing Letter of Interest for construction and permanent financing of 9 new residential homes for Open Arms Care Corporation.

Dear Ms. Hill:

To clarify my letter of November 20, 2015, it is the intention of the parties that the original loan of up to $8,000,000 would be a "construction loan" to Facilities Development Group, LLC, which would then be assigned to, or converted to a permanent loan to, WCO AL DP, LLC, a nonprofit limited liability company which is a wholly owned subsidiary of Woodbine Community Organization (with a 7 year maturity). The entire financing transaction (construction and permanent) is anticipated to be at interest rates and terms indicated in the November 20, 2015 letter, and documented accordingly. Please let me know if you have any further questions.

Sincerely,

Bill Berrell
Senior Vice President
Director, Healthcare Banking

FACILITIES DEVELOPMENT GROUP, LLC
SUITE 400
144 SECOND AVENUE NORTH,
NASHVILLE, TENNESSEE 37201

November 24, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health and Development Services Agency
502 Deadrick Street, 9th Floor
Nashville, TN 37242

RE: Open Arms Care Group Homes

Dear Ms. Hill:

To clarify the intent of the provisions of the Development Agreement dated November 20, 2015 between Facilities Development Group, LLC, and WCO AL DP, LLC, we would note that Section 1.03 provides for the sale of the new facility after the completion of construction (with construction to be financed by a construction loan from Servis1st Bank), and Section 2.01 (e) addresses the permanent financing (which is intended to be a permanent loan for all the new facilities). This is to confirm that the intent of the parties in the Development Agreement includes the willingness of FDG to assign the loan to WCO, and the willingness of WCO to assume the loan.

Please let me know if you have any further questions.

Very truly yours,

FACILITIES DEVELOPMENT GROUP, LLC

By: Richard Brown

AGREED AND ACKNOWLEDGED:

WCO AL DP, LLC

By: Catherine L. Dodd

Attachment C. Economic Feasibility – 4 – Projected Data Chart

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure)	1,460 bed days	1,460 bed days
B. Revenue from Services to Patients		
1. Inpatient Services ICF/IDD	$ 969,298	$ 988,684
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	$ 969,298	$ 988,684
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	$ 0	$ 0
NET OPERATING REVENUE	$ 969,298	$ 988,684
D. Operating Expenses		
1. Salaries and Wages	$ 510,746	$ 520,961
2. Physician's Salaries and Wages		
3. Supplies		
4. Taxes		
5. Depreciation		
6. Rent	88,500	90,270
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates	50,530	51,541
9. Other Expenses (Specify) (see attached)	319,522	325,912
Total Operating Expenses	$ 969,298	$ 988,684
E. Other Revenue (Expenses) -- Net (Specify)	$ 0	$ 0
NET OPERATING INCOME (LOSS)	$ 0	$ 0
F. Capital Expenditures		
1. Retirement of Principal	$	$
2. Interest		
Total Capital Expenditures	$ 0	$ 0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$ 0	$ 0

D.9 Other Expenses	
Administrative Expenses	$87,235
Employee Benefits Expenses	$94,347
Health Services Expenses	$33,900
Other Operating Expenses	$26,990
Plant Operation Expenses	$19,600
Programming Expenses	$52,450
Dietary Expenses	$2,500
Clinical Services	$2,500
TOTAL:	$319,522

Attachment C. Economic Feasibility - 10

Balance Sheet, Income Statement and Audited Financial Statement

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

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LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Open Arms Care Corporation Inc., and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Open Arms Care Corporation Inc., and Affiliates (collectively the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Open Arms Care Corporation Inc., and Affiliates as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 14-16 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and cash flows of the individual companies. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Lattimore Black Morgan & Cain, PC

Brentwood, Tennessee
May 26, 2015

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Balance Sheets

December 31, 2014 and 2013

Assets

	2014	2013
Current assets:		
Cash and cash equivalents	$ 1,376,934	$ 2,241,667
Funds held in custody for others	341,008	227,967
Patient accounts receivable, less allowance for uncollectible accounts of approximately $89,000 in 2014 and 2013	3,461,373	3,235,963
Prepaid expenses and other current assets	50,657	65,368
Trusteed funds - current portion	309,272	1,092,324
Total current assets	5,539,244	6,863,289
Property and equipment:		
Land and land improvements	3,635,056	3,408,743
Buildings and improvements	20,623,250	20,421,917
Furniture and equipment	4,017,214	3,942,706
Vehicles	86,893	92,789
	28,362,413	27,866,155
Accumulated depreciation and amortization	(23,234,385)	(22,007,838)
Property and equipment	5,128,028	5,858,317
Other Assets:		
Trusteed funds	3,006,237	3,740,683
Bond issue costs, less accumulated amortization of approximately $1,756,000 and $1,691,000 in 2014 and 2013, respectively	141,157	197,786
Investments and other long-term assets	1,140,844	1,093,683
Total other assets	4,288,238	5,032,152
Total assets	$ 14,955,510	$ 17,753,758

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued expenses	$ 690,968	$ 661,879
Funds held in custody for others	341,008	227,967
Accrued salaries and benefits	783,587	912,761
Accrued interest	234,698	274,909
Current portion of long-term debt	2,059,992	1,964,992
Total current liabilities	4,110,253	4,042,508
Long-term debt, less current portion	9,670,666	11,726,109
Total liabilities	13,780,919	15,768,617
Net assets	1,174,591	1,985,141
Total liabilities and net assets	$ 14,955,510	$ 17,753,758

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2014 and 2013

	2014	2013
Unrestricted revenues:		
Net patient service revenues	$ 38,502,732	$ 38,566,913
Investment income	150,620	209,565
Net special events revenue	27,320	29,486
Other revenues	171,609	45,851
Total unrestricted revenues	38,852,281	38,851,815
Expenses:		
Salaries and wages	23,076,453	22,331,999
Employee benefits	4,441,974	4,376,569
Professional services	1,696,685	1,582,793
Supplies and expenses	4,826,986	4,672,551
Maintenance and repairs	525,870	494,137
Utilities	705,636	667,133
Insurance	515,976	494,518
Depreciation and amortization	1,058,046	1,110,673
Interest expense	651,871	748,270
Loss (gain) on disposal of property and equipment	(11,398)	691
Taxes and licenses	2,165,143	2,185,300
Provision for doubtful accounts	9,589	16,306
Total expenses	39,662,831	38,680,940
Excess of revenues over expenses (expenses over revenues)	(810,550)	170,875
Net assets at beginning of year	1,985,141	1,814,266
Net assets at end of year	$ 1,174,591	$ 1,985,141

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Excess of revenues over expenses (expenses over revenues)	$ (810,550)	$ 170,875
Adjustments to reconcile excess (deficit) revenues over expenses to net cash provided (used) by operating activities:		
Net gains on investments and trusteed funds	(51,460)	(97,928)
Depreciation and amortization	1,058,046	1,110,673
Provision for doubtful accounts	9,589	16,306
(Gain) loss on disposal of property and equipment	(11,398)	691
(Increase) decrease in operating assets:		
Patient accounts receivable	(234,999)	120,355
Prepaid expenses and other current assets	14,711	(22,497)
Other assets	16,366	5,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	29,089	(1,633)
Accrued salaries and benefits	(129,174)	(649,460)
Accrued interest	(40,211)	(38,298)
Net cash provided (used) by operating activities	(149,991)	614,084
Cash flows from investing activities:		
Proceeds from the sale (purchases) of investments, net	(22,851)	97,665
Proceeds from disposal of property and equipment	4,708	15,110
Purchase of property and equipment	(259,889)	(189,954)
Decrease in trusteed funds, net	1,528,282	805,994
Net cash provided by investing activities	1,250,250	728,815
Cash flows from financing activities -		
Principal payments of long-term debt	(1,964,992)	(1,874,992)
Decrease in cash and cash equivalents	(864,733)	(532,093)
Cash and cash equivalents at beginning of year	2,241,667	2,773,760
Cash and cash equivalents at end of year	$ 1,376,934	$ 2,241,667
Supplemental disclosure of cash flow information -		
Cash paid for interest	$ 692,082	$ 786,568

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(1) Organization

The accompanying consolidated financial statements of Open Arms Care Corporation Inc., and Affiliates (collectively the "Company") include the transactions and accounts of Open Arms Care Corporation, Inc., Open Arms Care Foundation ("Foundation"), and Open Arms Health System, LLC ("Clinic").

Open Arms Care Corporation, Inc. owns intermediate care facilities for persons with intellectual and developmental disabilities. The facilities are located in Chattanooga, Knoxville, Memphis, and Nashville, Tennessee. Prior to November 6, 2000, Open Arms Care Corporation, Inc. was known as Rebound Care Corporation d/b/a Open Arms Care Corporation. In 2005, the Foundation was formed to support non-Medicaid allowable expenses and capital projects through charitable donations for the benefit of the Open Arms Care Corporation, Inc.'s clients. In 2013, Open Arms Health System, LLC was formed to provide routine clinic services to the clients and employees of Open Arms Care Corporation, Inc.

(2) Summary of significant accounting policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of Open Arms Care Corporation, Inc., Open Arms Care Foundation, Inc., and Open Arms Care Health Services, LLC. All significant intercompany accounts and transactions have been eliminated.

(b) Cash and cash equivalents

The Company considers cash and highly liquid investments having a maturity date at acquisition of 90 days or less, excluding amounts designated under bond indenture agreements and trusteed funds designated for operating expenditures, to be cash and cash equivalents.

(c) Investments and trusteed funds

Investments and trusteed funds, which are comprised of cash and cash equivalents, equity and debt securities with readily determinable fair values, are accounted for as trading securities and all investments in such securities are measured at fair value. Investment income or loss (including realized gains and losses on the sale of investments, interest, dividends, and unrealized gains and losses on investments) is included in unrestricted revenues unless the income or loss is restricted by donor or law.

(d) Property and equipment

Property and equipment are stated at cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Buildings and improvements are generally depreciated over ten to twenty five years, furniture and equipment over three to ten years and vehicles over three to five years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(e) Bond issue costs and discount

Bond issue costs and discount are being amortized using the effective interest method over the life of the debt.

(f) Performance indicator

The excess of revenues over expenses or expenses over revenues as reflected in the accompanying statements of operations is a performance indicator.

(g) Federal income taxes

Open Arms Care Corporation, Inc. is an organization recognized as exempt from federal income tax under Section 501(c)(3) and as a public charity under Section 509(a)(1) and as a hospital described in Section 170(b)(1)(A)(iii). Open Arms Care Foundation is an organization recognized as exempt from federal income tax under 501(c)(3) and as a public charity under Section 509(a)(1) and as a publicly supported organization under Section 170(b)(1)(A)(vi). The Internal Revenue Service has determined that the Company is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Open Arms Health System, LLC is a single member limited liability company and for tax purposes, is treated as a disregarded entity of Open Arms Care Corporation, Inc.

Under generally accepted accounting principles, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax purposes not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no material uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

As of December 31, 2014, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company files Federal Form 990 informational tax returns. The Company is currently open to audit under the statute of limitations for years ended December 31, 2011 through 2014.

(h) Revenue recognition

Net patient service revenue is recognized at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are made on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

(i) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2014 and May 26, 2015, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Credit risk

The Company may maintain cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

(4) Medicaid program

Services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Company is reimbursed at a rate determined prospectively based on its filed cost reports. Final determination of amounts to be received is subject to audit by Medicaid.

The State of Tennessee passed legislation, effective July 1, 1994, which imposed a provider tax on Intermediate Care Facilities for persons with intellectual and developmental disabilities at a rate of 6% of gross receipts, as defined. During 2008, this rate was reduced to 5.5%. The statements of operations include approximately $2,106,000 and $2,128,000 of Tennessee provider tax expense for 2014 and 2013, respectively. Additionally, net patient service revenues include approximately $2,106,000 and $2,128,000 in reimbursement related to per diem rates as a result of the provider tax for 2014 and 2013, respectively.

Substantially all net patient service revenues in 2014 and 2013 relate to services provided to patients covered by the Medicaid program. Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. The Company believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicaid program.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(5) Fair value measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The Company does not have any fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2014 and 2013.

The following table sets forth by level, within the fair value hierarchy, the Company's investments and trusteed funds at fair value as of December 31, 2014 and 2013:

	Fair Value Measurements as of December 31, 2014 using the following inputs			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 1,298,664	$ -	$ -	$ 1,298,664
Marketable equity securities	511,181	-	-	511,181
Corporate & government debt securities	461,884	2,155,449	-	2,617,333
Total	$ 2,271,729	$ 2,155,449	$ -	$ 4,427,178

	Fair Value Measurements as of December 31, 2013 using the following inputs			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 1,615,766	$ -	$ -	$ 1,615,766
Marketable equity securities	1,029,614	-	-	1,029,614
Corporate & government debt securities	589,710	2,646,060	-	3,235,770
Total	$ 3,235,090	$ 2,646,060	$ -	$ 5,881,150

(6) Trusteed funds

Trusteed funds consist of the following:

	2014	2013
Debt reserve funds	$ 2,617,710	$ 2,606,227
Debt service funds	309,272	1,092,324
Renewal and replacement funds	388,527	1,134,456
	$ 3,315,509	$ 4,833,007

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

The bond funds are maintained in accordance with the trust indentures related to the bond issue described in Note 7. Amounts on deposit in the debt service and debt reserve funds are required to be used to pay interest, principal and provide security (collateral) for indebtedness on the bonds. Amounts on deposit in the renewal and replacement funds are excess funds to be used in the event there are insufficient moneys available to pay all amounts due as to principal and interest on the Series 1998 Bonds, payment of operating expenses to the extent of any deficiency in the operating and maintenance fund, and payment of the cost of additions and capital improvements.

(7) Long-term debt

Long-term debt consists of the following:

	2014	2013
The Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, Tennessee Health Facility Revenue Refunding Bonds Series 1998 (Series 1998 Bonds), interest varying from 5.0% to 5.1% through 2019.	$ 10,975,000	$ 12,860,000
The Health, Educational and Housing Facility Board of the County of Shelby, Tennessee; interest at 4.34% per annum due July 1, 2023.	766,750	846,742
Less bond issue discount	(11,092)	(15,641)
	11,730,658	13,691,101
Less current portion	(2,059,992)	(1,964,992)
Long-term debt, net of current portion	$ 9,670,666	$ 11,726,109

In 1998, the Company issued $32,585,000 Series 1998 Bonds. The Series 1998 Bonds were issued under the terms of a Note and Master Trust Indenture dated September 1, 1998. The proceeds of the Series 1998 Bonds were used to refund all of The 1992 Health, Educational and Housing Facility Board of the county of Shelby, Tennessee Revenue Bonds, fund a debt service fund for the Series 1998 Bonds, and pay a portion of the costs of issuing the bonds.

The Series 1998 Bonds are insured by a municipal bond insurance policy with Radian Group, Inc. ("Radian") and are secured by the assets of the Company. Bonds that mature on or after August 1, 2012 are subject to redemption in whole or in part at any time after August 1, 2008 at par.

In 2003, the Company borrowed $1,600,000 at an interest rate equal to 4.38% per annum from the Health, Educational, and Housing Facility Board of the county of Shelby, Tennessee maturing on July 1, 2023 for the purchase of the new land and building in Memphis, Tennessee. The original loan agreement stated a call provision that allowed the holder to demand full payment on February 1, 2009. On April 13, 2009, this loan agreement was amended and the call provision was extended until April 1, 2011 and the interest rate was reduced to 3.47%. On May 17, 2011, this loan agreement was amended and the call provision was extended until April 1, 2016 and the interest rate was increased to 4.34%.

A summary of approximate future maturities on long-term debt as of December 31, 2014 is as follows:

Year	
2015	$ 2,059,992
2016	2,165,000
2017	2,270,000
2018	2,380,000
2019	2,500,000
2020 and later years	366,758
Less bond issue discount	(11,092)
	$ 11,730,658

During 2015, the long-term debt discussed above was paid off in conjunction with a sale-leaseback transaction as discussed in Note 13.

(8) Investment income

Investment income during 2014 and 2013 was comprised of the following:

	2014	2013
Interest and dividend	$ 99,160	$ 111,637
Realized gain	183,314	63,742
Change in unrealized gain (loss)	(131,854)	34,186
	$ 150,620	$ 209,565

(9) Commitments and Contingencies

Operating Lease Commitments

Future minimum annual rental payments under noncancelable operating lease and service agreements as of December 31, 2014 are as follows:

Year	
2015	$ 306,000
2016	278,000
2017	87,000
2018	7,000
	$ 678,000

Total rental expense under noncancelable operating leases and service agreements, which includes amounts applicable to short-term leases, was approximately $1,026,000 and $934,000 for 2014 and 2013, respectively. The expense is higher than the future commitments due to vehicle leases that have cancellation features at the Company's option.

Healthcare Regulation

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Healthcare Reform

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act ("collectively, the "Health Care Reform Legislation"). The Health Care Reform Legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Provisions of the Health Care Reform Legislation become effective at various dates over the next several years and a number of additional steps are required to implement these requirements. Due to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding health care policies. Changes to existing Medicaid coverage and payments are also expected to occur as a result of this legislation. While the full impact of Health Care Reform Legislation is not yet fully known, changes to policies regarding reimbursement, universal health insurance and managed competition may materially impact the Company's operations.

Insurance

The Company maintains claims made basis professional and occurrence basis general liability insurance for primary coverage. The Company also maintains excess insurance coverage.

Litigation

The Company is subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the Company's financial position.

(10) Related party transactions

The Company incurred professional fees and expenses totaling approximately $50,000 and $87,000 in 2014 and 2013, respectively, for services provided by an entity owned by a board member.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(11) Functional expenses

The Company provides intermediate care services to individuals with intellectual and developmental disabilities within certain geographic locations. Expenses related to providing these services are as follows:

	2014	2013
Intellectual and developmental services	$ 36,315,584	$ 35,413,920
General and administrative	3,322,901	3,213,287
Fundraising	24,346	53,733
	$ 39,662,831	$ 38,680,940

(12) Retirement plan

The Company has a defined contribution 403(b) retirement plan for employees who have two years of service. For the years ended December 31, 2014 and 2013, the Company contributed approximately 1.0% of each participants' compensation, subject to Internal Revenue Code limitations. The Company contributed approximately $147,000 and $146,000 to the plan in 2014 and 2013, respectively.

(13) Subsequent events

During April 2015, the Company sold substantially all of its property and equipment to an unrelated party for approximately $11.5 million. The Company received cash of approximately $9.6 million and a note receivable for $1.9 million. The Company used the cash proceeds and certain trusteed funds to retire all of the Company's long-term debt discussed in Note 7. The gain, which was approximately $5,765,000, will be deferred and recognized as a reduction in rent expense over the term of the new lease. In conjunction with the transaction, the Company entered into an agreement to lease the property and equipment from the buyer. The lease is for a term of 15 years and can be extended at the option of the Company for two additional 5 year terms. The payments under the lease through the initial lease term ending in 2030 are as follows:

Year	
2015	$ 2,714,000
2016	3,276,000
2017	2,746,000
2018	2,112,000
2019	1,586,000
Thereafter	6,600,000
	$ 19,034,000

During 2015, the Company entered into a long-term management agreement with Integra Resources, LLC to manage its facilities. The management agreement is for a term of 7 years and calls for annual payments of approximately $2.4 million.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Balance Sheet

December 31, 2014

	Chattanooga	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Current Assets:										
Cash and cash equivalents	$ 4,000	$ 5,000	$ 5,000	$ 5,000	$ 1,071,871	$ 1,090,871	$ 90,474	$ 1,181,345	$ 195,589	$ 1,376,934
Funds held in custody for others	73,558	40,541	121,237	105,672	-	341,008	-	341,008	-	341,008
Patient accounts receivable, net	828,978	916,787	912,479	803,026	103	3,461,373	-	3,461,373	-	3,461,373
Prepaid expenses and other current assets	16,431	14,841	7,324	11,076	985	50,657	-	50,657	-	50,657
Trusteed funds - current portion	-	-	-	-	309,272	309,272	-	309,272	-	309,272
Total current assets	922,967	977,169	1,046,040	924,774	1,382,231	5,253,181	90,474	5,343,655	195,589	5,539,244
Property and equipment:										
Land and land improvements	668,173	906,081	681,621	1,379,181	-	3,635,056	-	3,635,056	-	3,635,056
Buildings and improvements	5,021,197	4,879,231	6,110,235	4,589,108	23,479	20,623,250	-	20,623,250	-	20,623,250
Furniture and equipment	827,784	965,344	870,188	863,079	490,819	4,017,214	-	4,017,214	-	4,017,214
Vehicles	9,234	18,555	25,610	33,494	-	86,893	-	86,893	-	86,893
	6,526,388	6,769,211	7,687,654	6,864,862	514,298	28,362,413	-	28,362,413	-	28,362,413
Accumulated depreciation and amortization	(5,400,090)	(5,889,659)	(5,711,051)	(5,753,666)	(479,919)	(23,234,385)	-	(23,234,385)	-	(23,234,385)
Property and equipment	1,126,298	879,552	1,976,603	1,111,196	34,379	5,128,028	-	5,128,028	-	5,128,028
Other assets:										
Trusteed funds	795,513	475,716	470,639	796,527	467,842	3,006,237	-	3,006,237	-	3,006,237
Bond issue costs, less accumulated amortization	42,150	25,211	31,593	42,203	-	141,157	-	141,157	-	141,157
Investments and other long-term assets	7,500	6,815	14,360	-	1,112,169	1,140,844	-	1,140,844	-	1,140,844
Total other assets	845,163	507,742	516,592	838,730	1,580,011	4,288,238	-	4,288,238	-	4,288,238
Total assets	$ 2,894,428	$ 2,364,463	$ 3,539,235	$ 2,874,700	$ 2,996,621	$ 14,669,447	$ 90,474	$ 14,759,921	$ 195,589	$ 14,955,510

See accompanying independent auditors' report

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Balance Sheet (continued)

December 31, 2014

	Chattanooga	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Current liabilities:										
Accounts payable and accrued expenses	$ 134,896	$ 133,852	$ 216,547	$ 118,089	$ 75,065	$ 678,449	$ -	$ 678,449	$ 12,519	$ 690,968
Funds held in custody for others	73,558	40,541	121,237	105,672	-	341,008	-	341,008	-	341,008
Accrued salaries and benefits	235,281	174,398	153,070	169,637	51,201	783,587	-	783,587	-	783,587
Accrued interest	73,085	43,713	44,723	73,177	-	234,698	-	234,698	-	234,698
Current portion of long-term debt	620,486	371,115	447,127	621,264	-	2,059,992	-	2,059,992	-	2,059,992
Total current liabilities	1,137,306	763,619	982,704	1,087,839	126,266	4,097,734	-	4,097,734	12,519	4,110,253
Intercompany payable/(receivable)	(3,528,646)	(738,127)	(1,072,795)	(2,801,424)	8,140,992	-	-	-	-	-
Long-term debt, less current portion	2,814,794	1,683,875	2,352,573	2,819,424	-	9,670,666	-	9,670,666	-	9,670,666
Total liabilities	423,454	1,709,367	2,262,482	1,105,839	8,267,258	13,768,400	-	13,768,400	12,519	13,780,919
Net assets (deficit), unrestricted	2,470,974	655,096	1,276,753	1,768,861	(5,270,637)	901,047	90,474	991,521	183,070	1,174,591
Total liabilities and net assets (deficit)	$ 2,894,428	$ 2,364,463	$ 3,539,235	$ 2,874,700	$ 2,996,621	$ 14,669,447	$ 90,474	$ 14,759,921	$ 195,589	$ 14,955,510

See accompanying independent auditors' report

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Statement of Operations and Changes in Net Assets (Deficit)

For the year ended December 31, 2014

	Chattanooga	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Unrestricted revenue:										
Net patient services revenue	$ 10,112,558	$ 9,965,808	$ 9,581,650	$ 8,842,716	$ -	$ 38,502,732	$ -	$ 38,502,732	$ -	$ 38,502,732
Investment income	27,214	16,264	16,090	27,234	63,598	150,400	-	150,400	220	150,620
Net special events revenue	-	-	-	-	-	-	-	-	27,320	27,320
Intercompany revenue	22,632	2,424	10,095	5,591	8,625	49,367	-	49,367	(49,367)	-
Other revenues	26,063	24,385	24,492	30,966	15,149	121,055	1,000	122,055	49,554	171,609
Total unrestricted revenues	10,188,467	10,008,881	9,632,327	8,906,507	87,372	38,823,554	1,000	38,824,554	27,727	38,852,281
Expenses:										
Salaries and wages	5,810,077	5,935,693	5,418,382	5,311,568	600,733	23,076,453	-	23,076,453	-	23,076,453
Employee benefits	1,258,451	1,227,786	951,774	950,885	53,078	4,441,974	-	4,441,974	-	4,441,974
Professional services	238,449	217,620	631,742	252,387	352,877	1,693,075	2,610	1,695,685	1,000	1,696,685
Supplies and expenses	1,207,485	1,105,180	1,160,867	922,919	401,256	4,797,707	20,325	4,818,032	8,954	4,826,986
Maintenance and repairs	151,884	115,002	130,930	122,854	4,895	525,565	305	525,870	-	525,870
Utilities	187,795	159,041	155,874	202,209	717	705,636	-	705,636	-	705,636
Insurance	122,092	127,060	114,992	117,292	34,540	515,976	-	515,976	-	515,976
Depreciation and amortization	263,571	233,956	291,373	244,068	25,078	1,058,046	-	1,058,046	-	1,058,046
Interest expense	192,994	115,421	150,172	193,284	-	651,871	-	651,871	-	651,871
Loss (gain) on disposal of property and equipment	(1,281)	1,071	(6,757)	(4,431)	-	(11,398)	-	(11,398)	-	(11,398)
Taxes and licenses	573,559	557,602	534,431	496,966	2,025	2,164,583	393	2,164,976	167	2,165,143
Provisions for doubtful accounts	9,268	-	321	-	-	9,589	-	9,589	-	9,589
Intercompany expense	305,184	305,184	305,184	305,184	(1,220,736)	-	-	-	-	-
Total expenses	10,319,528	10,100,616	9,839,285	9,115,185	254,463	39,629,077	23,633	39,652,710	10,121	39,662,831
Increase (decrease) in net assets (deficit)	(131,061)	(91,735)	(206,958)	(208,678)	(167,091)	(805,523)	(22,633)	(828,156)	17,606	(810,550)
Net assets (deficit) at beginning of year	2,602,035	746,831	1,483,711	1,977,539	(5,103,546)	1,706,570	113,107	1,819,677	165,464	1,985,141
Net assets (deficit) at end of year	$ 2,470,974	$ 655,096	$ 1,276,753	$ 1,768,861	$ (5,270,637)	$ 901,047	$ 90,474	$ 991,521	$ 183,070	$ 1,174,591

See accompanying independent auditors' report

Open Arms Care Corporation
Summary of All Units
BALANCE SHEET
Wednesday, September 30, 2015

10/12/2015

	@YTD
ASSETS	
CURRENT ASSETS:	
Cash	$2,608,360.12
ServisFirst-General	2,003,119.24
Client Funds	341,008.05
Cash in Escrow	4,000.00
Accounts Receivable-Patient	3,276,407.18
Accounts Receivable-Other	20,786.54
Accounts Receivable-OAHS	383.25
Allowance for Doubtful Accounts	(89,354.81)
Prepaid Expense	49,986.23
Total Current Assets	***8,214,695.80***
Property & Equipment:	
PP&E Clearing (WCO)	186,294.79
Buildings & Improvements	14,916.28
Vehicles	69,049.35
Less Accumulated Depreciation	(70,167.65)
Net Property & Equipment	200,092.77
Deposits	14,815.18
Note Receivable	1,914,894.96
Investment in OAHS	125,100.00
Other Non Current Assets	14,360.00
Total Assets	***$10,483,958.71***
Liabilities & Fund Balance	
Current Liabilities	
Accounts Payable	368,843.19
Client Funds	341,008.05
Employee Withholdings	10,237.55
Accrued Salaries & Payroll Taxes	595,852.94
Accrued Vacation	492,888.13
Accrued Expenses	518,785.59
Accrued Interest	20,000.00
Accrued Rent	1,414,792.20
Deferred Rent	16,439.00
Due to Management Company	49,355.65
Total Current Liabilities	***3,828,202.30***
Deferred Gain	6,665,761.83
Deferred Gain - Closing Costs	(900,201.61)
Note Payable-Integra	2,000,000.00
Total Liabilities	***$11,593,762.52***
Fund Balance	
Beginning Fund Balance	1,026,148.18
Net Surplus (Deficit)	(2,135,951.99)
Total Fund Balance	***(1,109,803.81)***
Total Liabilities & Fund Balance	***$10,483,958.71***

UNAUDITED

10/12/2015

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

	June ACTUAL	July ACTUAL	August ACTUAL	September ACTUAL	September BUDGET	September Var	YTD ACTUAL	YTD BUDGET	YTD Var
REVENUE									
Medicaid	$3,130,679	$3,221,959	$3,228,407	$3,126,748	$3,265,699	($138,951)	$28,265,601	$29,337,421	($1,071,820)
Resident Liability	109,395	105,600	106,126	106,126		106,126	962,884		962,884
Unrealized Gains (Losses)							(149,897)		(149,897)
Miscellaneous Income	15	70,769	848				71,707		71,707
Investment Income	728	595	594	576		576	178,322		178,322
Gain/ Loss-Asset Disposal	2,550						5,325		5,325
Donations	200	1,350	6				1,563		1,563
United Way Designations			145				196		196
Corporate Gifts & Grants							2,720		2,720
Support from OACF							1,829		1,829
Total Revenue	3,243,567	3,400,273	3,336,126	3,233,450	3,265,699	(32,249)	29,340,250	29,337,421	2,829
Capacity	256	256	256	256	0	(256)	256	0	(256)
Occupied Beds	255	253	254	255	0	(255)	255	0	(255)
Occupancy %	99.6%	98.8%	99.2%	99.6%	0.0%	(99.6%)	99.6%	0.0%	(99.6%)
Lost Revenue Days	25	91	73	32		(32)	333		(333)
WAGES									
Salary Wages	370,791	367,994	366,523	308,962	329,376	20,414	3,529,360	3,306,195	(223,165)
Regular Hourly Wages	1,124,275	1,171,711	1,188,009	1,152,262	1,143,671	(8,591)	10,180,340	10,358,541	178,201
Overtime Wages	61,211	70,580	93,314	83,598	49,498	(34,100)	568,893	445,498	(123,395)
Sick Wages	21,072	21,039	23,334	26,602	25,156	(1,446)	215,661	226,403	10,742
Incentive/Bonus Wages	200	2,882	(427)	2,050	2,922	872	14,165	26,308	12,143
Holiday Wages	6,646	63,671	6,177	65,341	38,685	(26,656)	319,973	348,173	28,200
Vacation Wages	77,240	73,434	71,760	61,678	67,165	5,487	572,012	604,496	32,484
Training Wages	3,461	3,775	2,962	3,845	3,320	(525)	32,123	29,880	(2,243)
Temporary Labor Services	6,982	16,059	17,224	24,427	6,802	(17,625)	125,271	61,218	(64,053)
Payroll Taxes	122,429	132,176	128,439	127,157	122,795	(4,362)	1,158,527	1,136,746	(21,781)
TOTAL	1,794,307	1,923,321	1,897,315	1,855,922	1,789,390	(66,532)	16,716,345	16,543,458	(172,887)
EMPLOYEE BENEFITS									
Medical/Hospital Benefits	260,018	229,558	265,978	247,877	260,272	12,395	2,339,367	2,397,712	58,345
Dental Insurance Benefits	4,703	4,971	4,967	4,709	5,184	475	44,020	46,802	2,782
Life Ins AD&D Benefits	13,856	14,568	13,969	13,702	14,285	583	128,671	130,283	1,612
403B Contributions	10,634	15,897	10,451	10,771	11,364	593	106,735	105,203	(1,532)
Workers Compensation	38,336	68,299	54,248	55,023	62,266	7,243	504,307	560,394	56,087
Staff Education-Tuition Reimb	2,588	588	3,983		2,774	2,774	22,120	24,966	2,846
Other Benefits	62	277	161	72	91	19	1,192	818	(374)
TOTAL	330,197	334,158	353,757	332,154	356,236	24,082	3,146,412	3,266,178	119,766
OPERATING EXPENSE									
Awards & Incentives	950	354	3,036	25,247	3,765	(21,482)	43,262	33,885	(9,377)
Bad Debt					807	807		7,263	7,263
Bank Charges	1,202	1,217	766	661	2,002	1,341	16,464	18,018	1,554

UNAUDITED

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

10/12/2015

	June ACTUAL	July ACTUAL	August ACTUAL	September ACTUAL	September BUDGET	September Var	YTD ACTUAL	YTD BUDGET	YTD Var
Client Lodging					44	44		396	396
Community Awareness	(170)				776	776	872	6,984	6,112
Consult/Contract-Ambulance		20					20		(20)
Consult/Contract-Audiology		305			75	75	325	675	350
Consult/Contract-Behav Spec	152	76	76	152	502	350	1,900	4,518	2,618
Consult/Contract-Dental	21,724	18,564	43,536	38,285	23,756	(14,529)	254,705	213,804	(40,901)
Consult/Contract-Dietary	5,745	7,324	7,874	8,120	5,789	(2,331)	72,475	52,101	(20,374)
Consult/Contract-O.T.	15,404	11,700	17,209	13,757	14,324	567	126,542	128,916	2,374
Consult/Contract-P.T.	9,659	9,923	10,335	8,861	9,146	285	84,436	82,314	(2,122)
Consult/Contract-Psychiatry	2,235	1,500	2,200	1,950	2,467	517	18,642	22,203	3,561
Consult/Contract-Psychology	10,127	4,009	7,561	3,839	5,346	1,507	55,304	48,114	(7,190)
Consult/Contract-Social Services	5,232	819	6,573	6,105	5,568	(537)	37,920	50,112	12,192
Consult/Contract-Speech	6,932	8,592	13,644	7,652	10,245	2,593	91,934	92,205	271
Consult/Contract-IT					125	125	165	1,125	960
Consult/Contract-Lab Fees	4	127	345	(341)	350	691	254	3,150	2,896
Consult/Contract-Hotline		231			78	78	463	702	239
Consult/Contract-Pharmacy	1,414	434	1,295	560	1,139	579	12,767	10,251	(2,516)
Consult/Contract-Physicians	14,300	14,643	14,197	14,202	13,600	(602)	128,241	122,400	(5,841)
Consult/Contract-RN	2,100		2,100	1,050		(1,050)	6,300		(6,300)
Consult/Contract-Vision	2,102	932	1,594	616	1,272	656	11,978	11,448	(530)
Directors' Fees & Expenses	12,910	5,833	5,833	7,083	8,333	1,250	61,953	74,997	13,044
Dues & Subscriptions	4,731	2,157	1,729	3,389	6,129	2,740	37,842	55,161	17,319
Equipment-Non Capital	14,388	9,047	32,085	32,639	12,296	(20,343)	133,420	110,655	(22,765)
Improvements-Non-Capital					646	646	2,982	5,814	2,832
Insurance	43,302	43,302	43,302	43,302	43,414	112	390,597	390,747	150
IT Support - PC/Laptop Support	8,502	10,088	10,016	9,415	7,999	(1,416)	79,438	71,991	(7,447)
IT Support - Network/Server	15,837	15,425	15,066	14,589	17,142	2,553	138,020	152,274	14,254
IT Support - Minor Equipment		3,041	10	5,423	1,115	(4,308)	57,420	10,029	(47,391)
IT Support - Shipping					44	44		396	396
IT Support - Special Projects			4,350		2,933	2,933	23,092	26,397	3,305
IT Support - Other					235	235		2,115	2,115
Janitorial Services	7,656	7,905	10,623	8,351	8,007	(344)	71,736	72,063	327
Late Fees/ Finance Charges	38	705	128	(51)		51	1,865		(1,865)
Leased Building & Storage	32,479	30,536	31,576	32,392	34,650	2,258	289,550	311,850	22,300
Leased Equipment	12,433	13,188	12,560	10,296	12,475	2,179	116,783	112,269	(4,514)
Leased Transportation Vehicles	28,234	28,042	29,431	29,526	39,236	9,710	251,852	374,924	123,072
Maintenance & Repair-Building	15,446	22,711	52,522	14,823	18,415	3,592	180,648	165,735	(14,913)
Maintenance & Repair-Equip	6,221	5,906	8,136	8,856	9,671	815	65,958	87,039	21,081
Maintenance & Repair-Grounds	9,898	9,036	15,199	9,052	8,759	(293)	78,901	78,831	(70)
Maintenance & Repair-Vehicles	14,379	6,665	14,323	9,499	10,034	535	86,388	90,646	4,258
Medical Equipment	1,792	480	79	1,402	1,520	118	10,514	13,680	3,166
Meetings	6,104	3,570	3,210	4,047	3,185	(862)	27,082	28,665	1,583
Miscellaneous - Unallowable				20		(20)	5,220		(5,220)
Network Expense	7,995	7,802	7,808	8,366	9,614	1,308	70,151	86,526	16,375
Payroll Expenses	14,285	19,644	15,277	15,250	16,733	1,483	152,715	150,597	(2,118)
Pest Control	2,743	664	3,723	1,500	2,159	659	20,657	19,431	(1,226)
Postage and Courier Services	1,585	951	2,313	1,364	1,604	240	13,609	14,436	827

UNAUDITED

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

10/12/2015

	June ACTUAL	July ACTUAL	August ACTUAL	September ACTUAL	September BUDGET	September Var	YTD ACTUAL	YTD BUDGET	YTD Var
Printing	74	321		2,258	499	(1,759)	4,936	4,491	(445)
Professional Fees-Audit	4,379	6,000	1,750	2,200	3,770	1,570	54,329	33,930	(20,399)
Professional Fees-Legal	11,248	1,491	348	(5,857)	11,759	17,616	42,232	105,831	63,599
Professional Fees-Other	4,300	4,420	14,275	13,750	2,111	(11,639)	67,851	18,999	(48,852)
Recreation - Clients	7,524	5,668	3,072	6,195	8,231	2,036	55,801	74,079	18,278
Security Services	1,726	260	780	7,773	2,357	(5,416)	21,777	21,213	(564)
Staff Education, Seminars	2,046	7,637	4,980	28	2,573	2,545	27,226	23,157	(4,069)
Staff Recruitment-Advertising	703	204	1,345	68	1,027	959	8,975	9,243	268
Staff Recruitment-PreEmploy	6,265	4,418	6,361	7,388	4,952	(2,436)	50,250	44,568	(5,682)
Staff Training Materials	2,140	3,423	3,348	599	2,533	1,934	20,910	22,797	1,887
Supplies-Cleaning and Laundry	9,564	8,111	11,926	10,409	9,755	(654)	89,327	87,795	(1,532)
Supplies-Client	7,577	6,861	7,588	8,323	6,332	(1,991)	66,346	56,988	(9,358)
Supplies-Clothing	1,380	305	788	728	1,292	564	8,975	11,628	2,653
Supplies-Food	76,125	73,045	71,059	74,541	71,949	(2,592)	637,732	647,541	9,809
Supplies-Food Supplements	4,634	6,161	4,946	8,819	5,693	(3,126)	48,382	51,237	2,855
Supplies-Non-food	6,492	5,188	7,306	7,352	5,647	(1,705)	53,390	50,828	(2,562)
Supplies-Medical	23,319	20,613	26,508	20,745	23,425	2,680	195,511	210,825	15,314
Supplies-Office	6,977	3,606	8,345	9,103	6,733	(2,370)	54,489	60,595	6,106
Supplies-Pharmacy-OTC	10,966	(1,633)	13,891	4,715	5,222	507	58,247	46,998	(11,249)
Supplies-Pharmacy-Rx	12,439	(1,901)	18,534	10,857	8,012	(2,845)	96,820	72,108	(24,712)
Supplies-Program	4,749	4,458	6,420	4,199	5,485	1,286	41,443	49,365	7,922
Supplies-Resident Decor/Linens	3,371	1,296	1,726	2,079	2,252	173	13,360	20,268	6,908
Taxes & Licenses-Business	12,010	2,425	800		3	3	49,973	39,447	(10,526)
Taxes & Licenses-Other	1,097	1,200	(800)	1,659	194	(1,465)	5,494	1,746	(3,748)
Taxes & Licenses-Provider	184,203	179,414	182,087	188,260	201,642	13,382	1,620,579	1,616,536	(4,043)
Taxes & Licenses-Transport	1,269	9	117		264	264	2,548	2,388	(160)
Telephone-Cell Phones	6,441	5,571	6,361	5,996	7,864	1,868	53,195	71,592	18,397
Telephone-Regular & Pagers	7,053	6,176	8,514	5,851	6,204	353	60,369	55,836	(4,533)
Telephone-Long Distance	448	310	237	387	531	144	2,814	4,779	1,965
Transportation-Gas, Oil, Detail	17,618	17,014	13,987	12,779	21,201	8,422	126,343	193,153	66,810
Travel-Airfare		1,144			256	256	1,144	2,304	1,160
Travel-Lodging	4,307	2,083	4,633	5,512	4,156	(1,356)	21,999	37,404	15,405
Travel-Meals & Entertainment	305	1,434	3,165	1,200	1,285	85	8,868	11,565	2,697
Travel-Mileage	4,140	3,679	4,242	3,992	4,176	184	32,315	37,586	5,271
Travel-Parking, Tolls, Auto	451	135	284	135	280	145	1,628	2,520	892
Utilities-Cable	3,236	2,954	3,841	3,406	3,216	(190)	29,690	28,944	(746)
Utilities-Electric	36,311	40,008	45,502	33,153	40,692	7,539	366,385	366,228	(157)
Utilities-Gas	1,170	555	1,809	820	2,514	1,694	20,176	22,626	2,450
Utilities-Propane					498	498	3,854	4,482	628
Utilities-Septic	1,100		2,200	1,100	1,257	157	9,900	11,313	1,413
Utilities-Water & Sewer	10,337	11,253	12,990	9,598	11,208	1,610	100,828	100,872	44
Integra - Cost of Operations	47,688	49,975	45,221	38,822	44,870	6,048	277,627	314,090	36,463
Integra - Management Fee	199,360	199,360	199,360	199,360	200,000	640	1,196,160	1,400,000	203,840
TOTAL	1,106,612	1,012,119	1,201,506	1,109,491	1,121,444	11,953	9,043,560	9,467,747	424,187
ALLOCATIONS									
Central Support Services	1	(1)			(1)	(1)	(1)	5	6

UNAUDITED

10/12/2015

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

	June ACTUAL	July ACTUAL	August ACTUAL	September ACTUAL	September BUDGET	September Var	YTD ACTUAL	YTD BUDGET	YTD Var
TOTAL	1	(1)			(1)	(1)	(1)	5	6
TOTAL OPERATING EXPENSE	*3,231,117*	*3,269,597*	*3,452,578*	*3,297,567*	*3,267,069*	*(30,498)*	*28,906,316*	*29,277,388*	*371,072*
OPERATING MARGIN	*12,450*	*130,676*	*(116,452)*	*(64,117)*	*(1,370)*	*(62,747)*	*433,934*	*60,033*	*373,901*
CAPITAL									
Amortization	371	371	371	371		(371)	152,250	152,250	
Depreciation	20,073	20,003	20,423	20,004	82,784	62,780	265,283	167,804	(97,479)
Interest	301,523	301,523	301,523	301,523	206,216	(95,307)	343,219	752,729	409,510
Rent Expense	321,967	321,897	322,317	321,898	289,000	(32,898)	1,809,135	1,443,511	(365,624)
TOTAL							2,569,887	2,516,294	(53,593)
Net Surplus/(Deficit)	*($309,517)*	*($191,221)*	*($438,769)*	*($386,015)*	*($290,370)*	*($95,645)*	*($2,135,953)*	*($2,456,261)*	*$320,308*

UNAUDITED

Attachment C: Contribution to the Orderly Development of Healthcare – 7(d)

STATE OF TENNESSEE
DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL DISABILITIES
East Tennessee Regional Office of Licensure and Review
Greene Valley Developmental Center, Hawthorn Building
PO Box 910
Greeneville, Tennessee 37744-0910

March 26, 2015

Teresa Coy
Open Arms Care, Corporation
7325 Oak Ridge Hwy.
Suite 200
Knoxville, TN 37921

Dear Ms. Teresa Coy :

A review has been completed of the Open Arms Care Corporation. plan of compliance that was submitted on March 20, 2015. The approval status given your plan is: **Approved**- Your plan of compliance is acceptable. You are expected to meet the terms of your plan.

A copy of your plan of compliance is being returned to you and is enclosed. This approval status letter and your plan of compliance should become part of your records.

If you have any questions, please contact me by phone at (423) 787-6553 or by email at Elaine.C.Matthews@tn.gov

Sincerely,

Kevin R. Beddingfield
Licensure Surveyor, East Region
Department of Intellectual and Developmental Disabilities

LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM STATE OF TENNESSEE DEPARTMENT OF DEVELOPMENTAL DISABILITIES	DATE OF NOTICE: 3/11/2015 PAGE 1 OF 8 PAGE(S)	NOTICE OF NON-COMPLIANCE TO: (Licensee's Name & Address) Open Arms Care Corporation –Knoxville 7325 Oak Ridge Hwy. Suite 200 Knoxville, TN 37931
NAME AND ADDRESS OF DIDD LICENSURE OFFICE SENDING NOTICE: East Tennessee office of Licensure and Review Greene Valley Developmental Center, Hawthorne Building PO Box 910 Greenville, TN 37744-0910	EVENT AND DATE RESULTING IN THIS NOTICE: License Survey completed: 3/10/2015	Name and Location of Facility in Non- Compliance: Clayberry Road #1 & #2 Emory Road #1 & #2 Western Ave. #1 & #2 Ball Camp #1 & #2 7810 Ball Camp Pike

NOTICE TO LICENSEE: Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the DIDD Office of Licensure listed above.

YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN: 3/20/2015

Reference Rule Number	Summary Of The Findings Of Non- Compliance With The Rules Referenced	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
	6010 Clayberry Rd.-			
5-.02 (16)	Room #1 on right has light bulbs out in ceiling fixture.	A	Bulb to be replaced.	04.01.15
5-.02(2)	Range hood filter had grease build up.	A	Work order submitted on 03.13.15. Filter will be replaced.	04.10.15
5-.05(12)	Open containers of Corn meal, Flour, and grits not in sealed containers.	A	Flour placed in sealed container. Corn meal placed in sealed bag. Grits discarded.	03.11.15
4-.03(2)a	Flammables were found stored in hot water heater room.	A	Items removed from hot water heater room.	03.13.15
5-.02(1)	Room #4 has broken blinds.	A	Blinds will be replaced. Measurements done on 03.13.15.	04.10.15
5-.02(2)	Living room in need of painting, especially	A	Living room / living room doors will be painted.	05.08.15

SIGNATURE OF DIDD REVIEWER OF P.O.C.	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
[illegible]	3-26-15	Teresa Coy QAD	3.20.15

*P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.) A=Approved. AE=Approved With Exception. RR=Rejected-Resubmit. RS=Rejected-Sanction.

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	6010 Clayberry Rd: Cont-			
5-.02(1)	Closet doors marred by wheel chairs. Room #4 chest of drawers is blocking door from closing completely.	A	Chest of drawers has been moved to the other side of the room. Door is able to be closed completely.	03.11.15
2-.16	License not posted for public view.	A	License has been moved to the side foyer to enable public viewing.	03.15.15
	6011 Clayberry-			
4-.03(2)a	Flammables were stored in hot water heater room.	A	Items have been removed from the hot water heater room.	03.15.15
5-.02(1)	Bedroom #2 has missing tiles on baseboard and wall needs painting in immediate area.	A	Tiles will be replaced and painting will be completed.	05.08.15
5-.02(1)	Bedroom #1 needs painting at bottom of wall.	A	Damage was due to wheelchairs. Area will be patched and painted.	05.08.15
5-.02(13)	First Aid kit missing band aids and gauze pads.	A	First aid kit has been restocked.	03.15.15
6-.02(1)	Emergency procedures not on site.		Emergency books are being updated and will be placed in the group home.	05.08.15
2-.16	License not posted for public view.	A	License has been moved to the side foyer to enable public viewing.	03.14.15
	6505 Emory Rd-			
4-.03(2)a	Combustibles were found in furnace room and Hot water heater room.	A	Items were removed from the furnace room and hot water heater room.	03.15.15

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	6505 Emory Rd- Cont-			
5-.05(13)	No lid on kitchen trash can at time of survey.	A	Trash can has been replaced.	03.12.15
2-.16 5-.02(1)	License needs to be posted for public view.	A	License has been moved to the side foyer to enable public viewing.	03.15.15
5-.02(16)	Bath room #2 has sharp edge where toilet paper holder had been located.	A	New toilet paper holder will be installed.	04.10.15
5-.02(1)	Bedroom #1 has light out in bathroom fixture.	A	Bulb has been replaced.	03.12.15
4-.06(2)a(4)	Bath room #3 has sharp edge where toilet paper holder had been located.	A	New toilet paper holder will be installed.	04.10.15
5-.03(1)	Emergency light near kitchen not working.	A	Maintenance will assess; then replace bulb or battery as needed.	04.10.15
5-.02(16)	**6509 Emory Rd-**			
5-.05(13)	Two handles missing in Bedroom #3 Chest of drawers	A	Four decorative knobs will be purchased to the replace the drawer handles.	04.10.15
	Bath room #4 has 1 light out in Bath room fixture.	A	Bulb will be replaced by maintenance	04.10.15
	Garbage can lid missing in kitchen.	A	Garbage can replaced.	03.12.15

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	6509 Emory Rd- Cont-			
5-02(2)	Range hood filter is dirty.	A	Range hood filter will be replaced.	04.10.15
5-.05(10)	The thermometer in the refrigerator was broken.	A	New thermometer purchased.	03.12.15
2-.16	License needs posting for public view.	A	License has been moved to the front foyer to enable public viewing.	03.12.15
	5407 Western #2-			
5-02(16)	Bath room #1 has light out.	A	Light fixture will be replaced.	04.15.15
5-.02(16)	Bath room #2 has light out.	A	Light bulbs were replaced.	03.14.15
5-.02(2)	Range hood filter is appears to be dirty/grease build up.	A	Range hood filter will be replaced.	04.10.15
5-.02(2)	Oven needs cleaning.	A	Oven was cleaned.	03.12.15
4-.03(2)a	Hot Water Heater Room has combustibles stored in room.	A	Paint has been removed from the hot water heater room.	03.14.15
5-.02(1)	Electrical panel is blocked in office area, needs 36'' of clearance.	A	Items will be removed / rearranged in the office to ensure 36" of clearance from the electrical panel.	04.10.15
2-.16	License needs posting for public view.	A	License has been moved to the side foyer to enable public view.	03.15.15

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	5411 Western Ave #1-			
5-.05(13)	Garbage can lid missing in kitchen.		Garbage can has been replaced.	03.12.15
5.02(2)	Range hood screen appears to be dirty.		Range hood screen has been cleaned.	03.12.15
2-.16	License needs posting for public view.		License has been moved to the side foyer to enable public viewing.	03.12.15
4.03(2)a	Furnace room has combustibles items stored in the room.		Items removed from the furnace room.	03.12.15
5-.02(16)	Bathroom #3 has three lights out.		Possibly wrong bathroom number. Bathroom #3 had no lights our but did discover bathroom #2 had lights out which were replaced.	03.12.15
5-.02(16)	Bathroom #1 has three lights out.		Light bulbs have been replaced.	03.12.15
5-.02(1)	Bedroom #1 has sharp edge where toilet paper holder had been located.		Toilet paper holder has been purchased and installed.	03.12.15
5-.02(1)	Electrical panel is blocked in office area, needs 36" of clearance.		Items will be removed / rearranged in the office to ensure 36" of clearance from the electrical panel.	04.10.15

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	7810 Ball Camp Pike-			
5-.02(2)	Men bathroom out of paper towels near exit.	A	Bathroom towels were restocked. Will continue to be restocked daily.	03.12.15
5-.02(1)	Men toilet seat is loose near physical Therapy Room.	A	Toilet seat will be tightened or replaced by maintenance.	04.10.15
4-.03(2)a	Physical Management back exit sign did not working when tested.	A	Exit sign lights are working. New LED lights do not illuminate as brightly as older bulbs. Maintenance will recheck & replace if needed.	04.17.15
4-.03(2)a	Exit sign is not working when tested near Life and Wellness Room.	A	Exit sign lights are working. New LED lights do not illuminate as brightly as older bulbs. Maintenance will recheck & replace if needed.	04.17.15
5-.02(1)	Woman 2nd stall toilet seat is loose near Physical Therapy Room.	A	Toilet seat will be tightened or replaced by maintenance	04.10.15
4-.06(2)a	The Art room emergency light does not appear to work when tested.	A	Exit sign lights are working. New LED lights do not illuminate as brightly as older bulbs. Maintenance will recheck bulb and battery & replace if needed.	04.17.15
5-.05(13)	There is no lid on trash can in kitchen.	A	The trash can lid is available in kitchen. Upon finishing scraping of dishes, staff will place lid on trash can.	03.12.15
5-.02(1)	Empty boxes are blocking the Fire Extinguisher in the PT area and obstructed clear path for emergency evacuation.	A	Boxes have been removed.	03.15.15

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2-.16	License needs posting for public view.	A	License is posted in a frame hanging in the front entrance to the Day Program. Immediately inside the front doors	03.15.15
	7812 Ball Camp Pike-			
5-.03(1)	First aid kit needs Band aids, Gauze pads, and Gauze bandages.	A	First aid kit has been restocked.	03.15.15
5-.02(1)	Bed Room #3 has chest of drawers missing handles.	A	New handles will be purchased and installed.	04.10.15
5-.02(1)	One Full oxygen tank not in stand for storage, in storage closet.	A	Oxygen tank has been removed.	03.15.15
4-.06(2)a	Bed room #2 has a broken toilet seat.	A	Toilet seat will be replaced.	04.10.15
4-.03(2)a	There are two Fire Extinguishers missing covers.	A	Fire extinguisher covers have been replaced.	03.15.15
5-.02(1)	Flammable items exist in the Furnace room as well as the Water heater Room.	A	Item will be removed from the furnace room and hot water heater room.	04.10.15
5-.02(1)	Electrical panel is blocked in office area, needs	A	Items will be removed / rearranged in the office to ensure 36" of clearance from the electrical panel.	04.10.15

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	36" of clearance.			
5-.02(2)	Hallways are in need of painting throughout house.	A	Hallways are in the process of being repainted.	05.08.15
	7812 Ball Camp Pike Cont-			
5-.02(2)	Open containers of Bisquick mix as well as cocoa wheat, needs to be in sealed containers.	A	Items have been placed in sealed containers.	03.20.15
2-.16	License needs posting for public view.	A	License has been moved to the side foyer to enable public viewing.	03.15.15
	7814 Ball Camp Pike-			
4-.03(2)a	There is a generator with gas in the office area.	A	Generator has been removed.	03.15.15
5-.02(1)	In Bathroom # 2 there are tiles broken on the floor and baseboard.	A	Tiles will be replaced.	04.10.15
4-.03(2)a	Flammable items are present in the Hot water heater room.	A	Items have been removed from the hot water heater room.	03.15.15

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Affidavit

DEC 11 '15 04:01

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

Robert J. Taylor, being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601, *et seq.*, and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.

OPEN ARMS CARE CORPORATION

By: _____
Name: Robert J. Taylor, IV
Title: President

Sworn to and subscribed before me, a Notary Public, this the 9th day of December, 2015, witness my hand at office in the County of FULTON, State of Georgia.

Judy Hoffman
NOTARY PUBLIC

My commission expires 10-16, 2016.

JUDY HOFFMAN
My Commission Expires
NOTARY
PUBLIC
10-16-2016
FULTON COUNTY, GEORGIA

Supplemental #1
-COPY-

Open Arms Corporation (Northwest Bishops Bridge Rd)

CN1512-063

December 22, 2015
3:53 pm

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street,
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

December 22, 2015

Michael D. Brent
Attorney
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, Tennessee 37203
RE: Certificate of Need Application CN1512-063
Open Arms Corporation d/b/a Knox County # 2 Bishops Bridge (Northwest)

Dear Mr. Brent:

This will acknowledge our December 11, 2015 receipt of your application for a Certificate of Need for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on an unaddressed lot approximately 0.25 acres, in the northwest quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishops Bridge Road in Knoxville (Knox County), Tennessee 37922.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Wednesday, December 23, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

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1. **Section A, Applicant Profile, Item 5**

   The name of the management entity and copy of draft agreement is noted. It appears Exhibit A containing the Facility Annual Budget is missing from the document. Please clarify.

   The Management contract Table of Contents noted. However, please provide the associated bookmark page number for each area listed.

Response: Please see Supplemental Attachment – Replacement Attachment A.5.1, for a revised draft reflecting the requested changes to the Table of Contents. The facility's budget exhibit will not be finalized until the Management Agreement is executed. The budget, however, will be similar to the projected data chart provided, as expenses—and therefore the facility's budget—will match revenue due to TennCare's reimbursement model, which the Applicant addresses further below.

Mr. Michael Brent
December 22, 2015
Page 2

Will the manager also manage the four person residential home proposed in its CON application, CN1512-063 that appears to be adjacent to this proposed facility on the same 7.2 acre parcel? If so, please briefly describe the benefits of same such as shared staffing, economies of scale, etc.

Response: Yes, Integra will manage the proposed residential facility adjacent to the Applicant's facility. Pairing ICF/IID homes is a fairly standard practice utilized by both public and private ICF/IIDs in the state. Benefits of the Applicant's facilities sharing a management company range from the Applicant's ability to obtain better rates on lawn care to increased efficiency due to the Applicant's ability to conduct joint internal visits and audits for both facilities, as opposed to having to make arrangements for two different locations.

Do Open Arms and Integra currently contract for the management of the Open Arms facilities in Tennessee identified in attachment A.4?

Response: Yes, the Applicant and Integra currently contract for the management of the facilities in attachment A.4.

2. **Section A. (Applicant Profile) Item 13**

With the respect to individual contracts with the TennCare managed care organizations please give examples of "other services" that would be covered under the agreement.

Response: There are no provider agreements required with MCO's in ICF/IID programs, as providers contract directly with TennCare, which reimburses them directly. There is no reimbursement to ICF/IID providers through TennCare MCO's. Individual residents, however, will receive medical coverage for other services, not provided by the ICF/IID, through TennCare MCOs due to contractual relationships between each resident and their respective TennCare MCO. Examples of such services include hospital emergency room visits, diagnostic imaging services, and other services not provided by the Applicant.

Given the applicant's current provider status for approximately 30 sites in Tennessee, please explain why one TennCare provider number and one per diem rate would not be used across all residential sites.

Response: Since the late 1980's, each of the Applicant's operational sites have utilized unique TennCare provider numbers, and, based on discussions with TennCare, the Applicant intends to follow the same procedure for all new sites. With scattered site providers such as the Applicant and other ICF/IID providers, the TennCare provider number is site-specific, as opposed to provider-specific.

Just as TennCare has different per diem rates for different providers in the same service area, one per diem rate in every circumstance does not make sense because of the various factors at play in an ICF/IID. Different resident acuity levels can lead to higher or lower expenditures in different homes in the same service area, while cost of living could differ greatly from one county to the next. One per diem rate across

all providers or across one provider's facilities would result in providers being over or under reimbursed, depending on the service area. Moreover, TennCare has deemed a case by case determination of per diem rates based on each ICF/IID facility's cost report from the previous year to be the best way to determine per diem rates for ICF/IID facilities.

On page 14, the applicant provides an explanation of the process that will be followed to apply for and negotiate a direct contractual arrangement with TennCare for the care of the GVDC residents at the proposed residential facility. Further, the applicant notes that the time needed has been taken into account in the development schedule of the project with a target date of December 2016 for the initiation of services. Please identify the estimated time in days or months that has been factored into the project's development schedule.

Response: The Applicant has factored 286 days into the project's development schedule, with approximately 60 of those days being simultaneously allocated to completing the residential facility, permitting for sanitation, planning, etc., and going through the TennCare application process.

3. **Section B, Project Description, Item I.**

Please discuss in detail the activities of a typical day for a resident of an ICF/IID home, including all clinical, personal care, day center and other tailored program activities that may apply.

Response: a typical day for a resident of an ICF/IID home begins with personal hygiene activities and breakfast, followed by programming such as habilitation and active treatment (physical therapy, vocational therapy, socialization, etc.), sometimes at a day center if prescribed in the resident's ISP. A resident's acuity level determines whether or not required physical therapy or occupational therapy takes place in the facility or in a different location.

The applicant has stated that the Greene Valley Development Center (GVDC) is scheduled to close on June 30, 2016. In the Project Completion Forecast Chart the applicant has indicated that the home will be ready to initiate services in December 2016. If GVDC closes on June 30, 2016, where will the four individuals expected to transfer to this home reside in the interim?

Response: During various meetings with representatives of DIDD, the Applicant has been informed that the anticipated date is acceptable pursuant to the extension provisions of the Order. As noted in the Application, pursuant to the Exit Plan and Approved Order, the June 30, 2016, closing date can be extended to as late as June 30, 2017. Within the timeframe of permitted extensions, within which January 2017 falls, GVDC would not close until all residents were transitioned to their chosen ICF/IID service area.

Additionally, will the interim arrangements cover any unforeseen delays in permitting and opening of the facility or are the arrangements for interim care of the individuals' time sensitive? Please clarify.

Response: As noted above, GVDC will not close until all residents are transitioned to their chosen ICF/IID service area as long as the transition date falls within the

permitted extension timeframes, which the Applicant's proposed date does. Though technically GVDC residents' care arrangements are time sensitive, the Applicant's projected start date is significantly before GVDC residents would be at risk of having no "planned" for care. Therefore, arrangements for interim care for GVDC residents will be unnecessary, as they will continue to receive care from GVDC until the Applicant opens its facility in January 2017.

4. **Section B. (Plot Plan)**

Your response is noted. Please resubmit the plot plan (s) showing the size of each site (labeled as "1" and "2"), in acres, location of driveways for the 2 proposed homes (Sites 1and 2) and the acreage of the entire parcel.

Please describe the space between the two sites. Is the land between the two sites in a flood zone?

Please label the location of the flood zone on the plot plan.

Response: The land immediately between the two sites is not in a flood zone. There is a flood zone behind the two sites, but no buildings will be constructed in the flood zone. Please see Supplemental Attachment – Replacement Attachment B.III.A for revised plot plans and a map of the flood zone pulled from FEMA's website.

Response: Please see Supplemental Attachment – Replacement Attachment B.III.A for revised plot plans.

How far will the home be from the roadway?

Response: The setback distance will be in accordance with local ordinances as to minimum setback requirements for the front, rear and sides of all lots set by the county's civil engineers. While the exact distance will not be determined until final construction plans are approved, it is anticipated to be consistent with other houses in the area, which would place the house approximately 50-60 feet from the roadway.

Please describe the site development of the property pertaining to the proposed residential homes access to gas, electric, water and sewage.

Response: The site is in a residential area, so the Applicants does not anticipate extensive site work to give the home access to utilities.

5. **Section B. (Floor Plan)**

The floor plan of the 2,800 proposed square foot residential does not specify a dining area. Please submit a revised floor plan that includes identification of the dining area.

Response: The living/sitting room of the facility will also serve as a dining space. Please see Supplemental Attachment - Revised Floor Plan for a floor plan denoting the location of the kitchen.

Where will a resident receive the physical, occupational, and behavioral therapy services identified in the project description?

Response: A resident's acuity level determines whether or not required physical therapy or occupational therapy will take place in the facility or in a different location, such as a local physical therapy clinic. If a local physical therapy clinic is a better choice for a particular resident, the applicant will transport such resident to therapy sessions at such clinic.

What arrangements are planned for patient privacy as might be needed for counseling with a licensed psychologist or visitation with family members? Please clarify.

Response: After several decades working with individuals in ICF/IID facilities, the Applicant has developed procedures and policies to ensure residents receive appropriate privacy for family visitation and/or counseling visits. These same policies will be used as models for the proposed facility to ensure each resident is afforded the appropriate level of privacy. Residents will be afforded private time in their assigned bedroom daily. Should they choose, residents may have family visits in their bedrooms, on the large enclosed patio, and/or on the outdoor patio, if weather permits. Between their bedrooms and the patios, there should be enough space to coordinate visits so that privacy is not an issue. In cases of an unusually heavy visitation load, the office space in the facility can also be used to ensure privacy.

6. **Section C, Need, Item 1 (Specific Criteria- ICF/IID Facilities, Item A.1)**

   Thank you for confirming in the response on page 24 that the 4 proposed beds are subject to the availability of remaining beds from the 160 Bed Pool.

   Please note that HSDA is treating these as new beds that apply to the need formula and are counted against the bed pool because they are going from the Development Centers to private homes in multiple communities.

Response: The Applicant understands that HSDA is treating these as new beds that apply to the need formula and are counted against the bed pool because they are going from the Development Centers to private homes in multiple communities.

7. **Section C (Need) Relationship to Existing Similar Services in the Area (Specific Criteria- ICF/IID Facilities, Item D.1)**

   The table provided in the response illustrating Open Arms eight facilities in Knox County with 8 beds per facility is noted. Please clarify if residents discharged from Greene Valley must go to ICF/IID homes licensed for 4 beds only.

   What are the advantages of an ICF/IID home licensed for 4 beds rather than 8 beds?

Response: Residents discharged from GVDC must go to homes licensed for 4 beds because current state statutes contemplate 4 beds rather than 8. One of the goals of smaller residential facilities is to integrate former GVDC residents more easily into the

communities in which they live.

8. **Section C, Economic Feasibility, Item 1. (Project Cost Chart) and Item 2 (Funding)**

   Please clarify what FF&E stands for as reflected in line B.E.

Response: FF&E stands for furniture, fixtures, and equipment.

The letters from Servis 1st Bank pertaining to a commercial loan up to $8 million to support the construction and financing of 9 residential homes are noted. Given that WCO will ultimately own the land and building and assume the commercial loan from FDG, please also provide documentation that WCO has the funds to repay the Servis Bank commercial loan for the proposed project.

In your response, please also identify the approximate amount imbedded in the proposed $8 million commercial loan that is needed to finance the construction of this proposed facility.

Response: WCO will repay the loan using funds from the Applicant's lease payments for use of the proposed facility. As previously noted, the Applicant will have a contract with TennCare under which it will be reimbursed for expenses incurred operating the proposed ICF/IID. One of the expenses will be the monthly lease payments to WCO, as WCO's tenant. WCO will, in turn, use the lease payments ($88,500 annually) to repay the Servis 1st Bank commercial loan.

The Applicant projects $647,500 for construction costs, an additional 45,000 for site preparation, and $25,000 for landscaping and irrigation for a total of 717,500 if site preparation and landscaping and irrigation are added to construction costs. Finally, please note that the loan may be less than $8 million. The letter from Servis 1st Bank states that the loan will be "up to" $8 million dollars, providing only a maximum loan amount. The Applicant does not know at this time if it will need all $8 million for its 9 proposed projects.

9. **Section C, Economic Feasibility, Item 3**
   The comparison of the applicant's cost per square foot of construction ($231.25/SF) to existing homes approved in 2008 is noted. Please also include a comparison to other Open Arms Certificate of Need pending applications submitted to HSDA in November 2015 for construction of residential homes in Greene and Hamilton Counties, noting any significant differences that might apply.

Response: All of the Applicant's November 2015 and December 2015 Certificate of Need applications share the same construction cost, $231.25/SF.

10. **Section C. (Economic Feasibility) Item 4 (Projected Data Chart)**

    The Projected Data Chart (PDC) is noted. What amount in Line D.9 (Other Expenses) is allocated for patient meals – both the annual estimated cost and the cost on a per patient per day basis? Please clarify.

Response: With more than 30 ICF/IID facilities in Tennessee, the Applicant has acquired the experience required to sufficiently budget patient meal expenses. Using

this experience, the Applicant projected budgets in line with what it has seen in the past in its existing ICF/IID facilities. The Applicant allocated $12,500 for Year 1 resident meals, which averages out to $2.85 per meal, assuming each resident has 3 meals per day. Further, the budgeted amount is sufficient to meet patient needs given the savings the Applicant will realize due to its ability to buy food in bulk for all of its facilities. Additionally, $2.85 per meal equals a budget of $256.50 per month for each resident, which, according to the USDA November 2015 Food Plan analysis, is capable of providing a nutritious diet in the "Low-Cost plan" for men and women 19-50 years of age. Budgets are, however, dependent on the sex and age of residents. Males have budgets approximately 15% higher from the ages of 14-50 and approximately 10% higher for those aged 51 and older while budgets peak at the 19-50 year old age range and decrease thereafter for both sexes. The effect of the demographics of the facility residents coupled with the savings realized by buying in bulk and the Applicant's experience budgeting and purchasing meals for ICF/IID residents, lead the Applicant to anticipate that its budget will provide a sufficiently nutritious diet to residents that falls into a category equal to or better than the Low-Cost plan tier.
Source: http://www.cnpp.usda.gov/sites/default/files/CostofFoodNov2015.pdf

Net operating revenue is noted as zero. However, the gross operating revenue amount and net operating amount should be the same if there are no deductions from gross operating revenue. Please revise and resubmit.

Response: Please see Supplemental Attachment – Revised Project Data Chart for a revised Projected Data Chart.

D.9 Other itemized expenses is noted for Year One. Please provide for Year Two also.

Response: The Applicant projects that expenses will increase by 2% in Year 2. Please see below for itemized expenses for Year 2 of the project.

Year 2 D.9 Other Expenses	
Administrative Expenses	$88,980
Employee Benefits Expenses	$96,234
Health Services Expenses	$34,578
Other Operating Expenses	$27,529
Plant Operation Expenses	$19,992
Programming Expenses	$53,499
Dietary Expenses	$2,550
Clinical Services	$2,550
TOTAL:	$325,912

11. Section C, Economic Feasibility, Item 6.B and Item 9

The comparison of the applicant's estimated per diem to existing Open Arms facilities in Knox County and the applicant's provision of services to TennCare/Medicaid recipients is noted.

The average per diem rate of the 8 existing Open Arms Residential homes calculates to approximately $426 per patient per day. Are residents of the 8 facilities also covered under TennCare/Medicaid? If so, please describe the reasons why the applicant expects to receive a $663.90 TennCare/Medicaid per diem rate that is approximately 56% higher than the rates of Open Arms existing facilities in Knox County.

Response: Yes, residents of the Applicant's 8 existing homes in Knox County are also covered by TennCare/Medicaid. The increase in the expected per diem rate is due to the fact that the existing facilities are larger, with 8 beds instead of 4, so some "economies of scale" are not as large for a home with 4 beds/residents as with a home with 8 beds/residents. This applies to a variety of items ranging from expenses for supplies to staffing ratios. Additionally, the Applicant believes there may be higher acuity levels for some residents in some of the 4 bed homes, as compared to 8 bed homes, which will also increase the costs of operations and thus the per diem rate.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60th) day after written Notification is February 15, 2016. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. ∋ 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency

staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart
HSD Examiner

Enclosure

SUPPLEMENTAL #1
December 22, 2015
3:53 pm

DEC 22

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

Michael D. Brent, being first duly sworn, says that I am the attorney for the manager of the applicant named in this Certificate of Need application, or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Michael D. Brent, Attorney

Sworn to and subscribed before me, a Notary Public, this the 22nd day of December, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

CYNTHIA A. EVANS
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY

My Commission Expires SEPT. 11, 2017

My commission expires: September 11, 2017

ICF/IID BED POOL STATS

T.C.A. §71-5-105(b)
160 BED POOL

ICF/IID Beds APPROVED Since July 1, 2006	108	ICF/IID Beds
ICF/IID Beds DENIED Since July 1, 2006	0	ICF/IID Beds
Total Beds AVAILABLE from Bed Pool	52	ICF/IID Beds
ICF/IID Beds PENDING	32	ICF/IID beds

COUNTY	PROJECT NUMBER	FACILITY	PROJECT DISPOSITION	MEETING DATE	DESCRIPTION
Davidson	CN0707-053	Mur-Ci Homes, Inc.	**Approved** Implemented – 5/13/2009	10/24/2007	The addition of 32 residential ICF/IID beds to the existing 40 beds. Four single story buildings with eight (8) single bedrooms to be built on the existing property site. Located at 2984 Baby Ruther Lane, Antioch, Tennessee.
Hamilton	CN0807-044	Orange Grove Center 3400 Chandler Avenue	**Approved** Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. .Located at 3400 Chandler Avenue, Chattanooga, Tennessee.
Hamilton	CN0807-045	Orange Grove Center 3406 Chandler Avenue	**Approved** Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. .Located at 3406 Chandler Avenue, Chattanooga, Tennessee.
Bradley	CN0809-064	Bradley/Cleveland Services, Inc., Site A between 183 and 217, Kile Lake Road, SE	**Approved** Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site A will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Bradley	CN0809-065	Bradley/Cleveland Services, Inc., Site B between 183 and 217, Kile Lake Road, SE	**Approved** Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site B will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Rutherford	CN0810-078	Tennessee Family Solutions, Inc. 722-724 Stone Trace Drive	**Approved** Implemented – 9/1/2009	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 722-724 Stone Trace Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Rutherford	CN0810-079	Tennessee Family Solutions, Inc. 1502-1504 Rochester Drive	**Approved** Implemented – 7/19/2011	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1502-1504 Rochester Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.

Greene	CN1512-060	D & S Residential Services, LP	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2609 Erwin Highway, Afton, Tennessee.
Greene	CN1512-061	D & S Residential Services, LP	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2619 Erwin Highway, Afton, Tennessee.
Knox	CN1512-062	Open Arms Care Corporation dba Knox County #1 Bishops Bridge Northeast	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northeast corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-063	Open Arms Care Corporation dba Knox County #2 Bishops Bridge Northwest	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-064	Open Arms Care Corporation dba Knox County #4 South Northshore Drive Northwest	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest half of 12629 South Northshore Drive, Knoxville, Tennessee.
Knox	CN1512-065	Open Arms Care Corporation dba Knox County #3 South Northshore Drive Southeast	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the southeast half of 12629 South Northshore Drive, Knoxville, Tennessee.
Roane	CN1602-006	Michael Dunn Center	Pending	5/25/2016	The establishment of a four (4) bed ICF/IID home at 763 Clymersville Road, Rockwood, Tennessee.

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in The Knoxville News Sentinel, which is a newspaper of general circulation in Knox County, Tennessee, on or before December 9, 2015, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 0.25 acres, in the northwest quadrant of a parcel of land which is approximately 7.2 acres, the entire 7.2 acres currently being addressed as 1817 Bishops Bridge Road, Knoxville, (Knox County), Tennessee 37922, which is located south of the intersection of Bishops Bridge Road and Strathmore Road, and also described as Parcels 154DA00101, 154DA00102, and 154DA00103 in the records of the Knox County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is $1,370,000.00.

The anticipated filing date of the application is on or before December 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babc.com.

(Signature)	Dec. 9, 2015 (Date)	mbrent@babc.com (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

TN Department of Intellectual & Developmental Disabilities

MEMORANDUM

TO: Melanie Hill, Executive Director
Health Services and Development Agency

FROM: Theresa Sloan, Assistant Commissioner and General Counsel; Theresa Sloan
Tennessee Department of Intellectual and Developmental Disabilities

DATE: January 6, 2016

RE: Review and Analysis of Certificate of Need Application
Open Arms Care Corporation- CN 1512-063

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68- 11- 1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD) the licensing agency, have reviewed and analyzed the above-referenced application for a Certificate of Need.

Attached is the DIDD report. At a minimum, and as noted in TCA § 68-11-1608, the report provides:

(1) Verification of application-submitted information;
(2) Documentation or source for data;
(3) A review of the applicant's participation or non-participation in Tennessee's Medicaid program, TennCare or its successor;
(4) Analyses of the impact of a proposed project on the utilization of existing providers and the financial consequences to existing providers from any loss of utilization that would result from the proposed project;
(5) Specific determinations as to whether a proposed project is consistent with the state health plan;
(6) Further studies and inquiries necessary to evaluate the application pursuant to the rules of the agency.

If there are any questions, please contact me at (615) 253-6811

cc: Debra K. Payne, Commissioner, DIDD
Jordan Allen, Deputy Commissioner, DIDD
John Craven, ETRO Director, DIDD
Lee Vestal, Director of Risk Management and Licensure, DIDD

REVIEW AND ANALYSIS CERTIFICATE OF NEED APPLICATION
 # CN1512-063

Opening Remarks on the Project

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD), the licensing agency, have reviewed and analyzed the application for a Certificate of Need submitted by Michael Brent, Esq. (Bradley Arant Boult Cummings, LLP.) on behalf of Open Arms Care Corporation for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located, on a lot currently being addressed as 1817 Bishops Bridge Rd, Knoxville, Knox County, TN. Open Arms Care Corporation is a Georgia non-profit corporation qualified to do business in Tennessee . Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Knox County TN.

The report has three (3) parts:

A. Summary of Project

B. Analysis - in three (3) parts:

Need	**Economic Feasibility**	**Contribution to the Orderly Development of Health Care**
Evaluated by the following general factors: A. Relationship to any existing applicable plans; B. Population to be served; C. Existing or Certified Services or Institutions; D. Reasonableness of the service area; E. Special needs of the service area population (particularly women, racial and ethnic minorities, and low-income groups); F. Comparison of utilization/ occupancy trends and services offered by other area providers; G. Extent to which Medicare, Medicaid, and medically indigent patients will be served; and H. Additional factors specified in the Tennessee's Health Guidelines for Growth publication for this type of facility.	Evaluated by the following general factors: A. Whether adequate funds are available to complete the project; B. Reasonableness of costs; C. Anticipated revenue and the impact on existing patient charges; D. Participation in state/federal revenue programs; E. Alternatives considered; F. Availability of less costly or more effective alternative methods; and G. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.	Evaluated by the following general factors: A. Relationship to the existing health care system (i.e., transfer agreements, contractual agreements for health services, and affiliation of the project with health professional schools); B. Positive or negative effects attributed to duplication or competition; C. Availability and accessibility of human resources required; D. Quality of the project in relation to applicable governmental or professional standards; and E. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.

C. Conclusions

A: SUMMARY OF PROJECT

Submission of Application

Michael Brent, Esq. (Bradley Arant Boult Cummings, LLP.), on behalf of Open Arms Care Corporation has submitted this CON, for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located, on a lot currently being addressed as 1817 Bishops Bridge Rd, Knoxville, Knox County, TN. Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Knox County TN.

The Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility (ICF/MR)" (Item 7.H.) and the purpose of review is "New Institution" (Item 8.A.).

Applicant Profile, Ownership, Management, and Licensure

As previously noted, the Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility" (Item 7.H.) and the purpose of review is "New Institution" (Items 8.A.). The Applicant Profile also shows that the Owner of the Facility, Agency or Institution, is Open Arms Care Corporation, which will be operated by Integra Resources, LLC. Item 9 of the Applicant Profile shows the bed complement as noted previously: four ICF/IID beds all of which are the number of proposed beds and beds at completion.

In Section B Project Description the Applicant explains and details the project as being the construction of a new four bed ICF/IID facility in Knoxville, TN. This facility will be constructed for the purpose of transitioning four individuals from the GVDC into a smaller group home in the community. This transition is required as a result of the closure of the GVDC as a result of an agreed upon exit plan in a 19 year old lawsuit *People First of Tennessee, et al. v. Clover Bottom Developmental Center, et al.* Open Arms Care Corporation has financial resources to open this home as shown in Section C Economic feasibility of Original CON Application.

The applicant currently is a licensed and Medicaid-certified ICF/IID provider in Tennessee and has been providing care for approximately one third of the state's population requiring ICF/IID services since 1990. The Applicant operates over 30 facilities across Tennessee and is very familiar with the licensing process through DIDD. A new license for a Mental Retardation Institutional Facility would be issued by DIDD, to provide ICF/IID services at this home.

Scope of the Proposed Project

As noted, the Applicant seeks to establish a new four bed ICF/IID at to be located, on a lot currently being addressed as 1817 Bishops Bridge Rd, Knoxville, Knox County, TN. The new facility will serve individuals

with severe Intellectual Disabilities who require institutional level of care. These individuals have multiple special needs including health care, assistance with hygiene, dietary services, physical therapy, and activities of daily living. Open Arms Care Corporation is a private, not-for-profit corporation which has cared for approximately one third of the state's population requiring ICF/IID services since 1990. The Applicant operates over 30 facilities across Tennessee.

Operations

The proposed service area identified by the applicant is Knox, County in East Tennessee.

The need for the development of four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community, such as the home this CON is being requested to build.

Project costs are estimated at $1,370,000, as noted on page 31 of the original CON application for completion of the new four bed home. The projected date of completion of the project and the initiation of services is December, 2016.

B: ANALYSIS

NEED:

The Guidelines for Growth include a population-based estimate of the total need for ICF/IID facilities of 0.032 percent of the general population. This estimate is based on the estimate for all Intellectual Disabilities of 1 percent of the general population. Of the 1 percent estimate, 3.2 percent are estimated to meet level 1 criteria and be appropriate for ICF/IID services. The applicant identified the proposed service area for this project as Knox County in East Tennessee. The total population in Knox County as of 2015 is estimated at 460,612. Applying the Guidelines for Growth formula to this population estimate indicates a need for 147 ICF/IID beds in this service area. However, this formula was developed prior to the plan for closure of the GVDC and does not reflect the actual needs for ICF/IID beds as a result of the closure. Currently GVDC has 85 ICF/IID beds in Greene County, with the closure of GVDC these beds will no longer be available to support persons with ID who qualify for and need an institutional level of care and currently live in East TN. All four of the proposed new ICF/IID beds will be created to support persons moving out of the GVDC. Therefore, the need for these ICF/IID beds is present, and under the current circumstances, the closure of GVDC and the 85 beds currently located there must be taken into consideration when applying the Guidelines for Growth formula. The approval of these beds will have no net increase in the number of ICF/IID beds with the closure of GVDC.

ECONOMIC FEASIBILITY:

The anticipated cost for this project is $1,370,000 for construction of the new four bed ICF/IID home as described above. Based on information submitted by the applicant, sufficient cash reserves appear to be in place to fund this project, as outlined in Attachment C. Economic Feasibility-2). The project financing will include a commercial loan to the landlord. The project involves the construction of a new four bed ICF/IID home located in Knoxville, Tennessee. It is a 2800 square foot, one story home located on a 0.25 acre lot. As explained on Page 13 of the application, the facility design includes four bedrooms, combination living/dining room, kitchen, laundry, and associated storage areas. The home will have two large, fully accessible bathrooms and one half bath, and a residential sprinkler system. As explained above the construction of this ICF/IID home will add four additional ICF beds in Knox County.

Open Arms Care Corporation, projects an occupancy rate of 100% for this project for both year 1 and year 2, since the beds will be immediately filled by the relocation of residents from the Greene Valley Developmental Center. The majority of ICF/IIDs in its proposed service area operated at or near 100% occupancy across the full three year period. Based on this information the projected occupancy rate appears to be reasonable.

Net operating revenue is anticipated of $969,298 the first year of operation and $988,684 the second year. All revenue will be from Medicaid. The average gross charge is expected to be $663.90 per day for the first year of operation. The per diem rates for ICF/IID facilities are set by the State of Tennessee Comptroller's Office, based on the "Intermediate Care Facility Statement of Reimbursable Cost" form submitted annually by all ICF/IID providers.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE:

Open Arms Care Corporation plans to fill the four ICF/MR beds associated with this project by relocating four residents from the Greene Valley Developmental Center. There are no other ICF/IID facilities in the proposed service area in East Tennessee with vacant ICF/IID beds, so this proposal should not have a negative impact on other providers. Open Arms Care Corporation will provide complete support services for residents of this facility based on their individual care plans. Open Arms Corporation is in the process of developing relationships with all area hospitals, there is no difficulty anticipated in this given the relationships already in place with hospitals in this geographical area in relation to other ICF/IID homes operated by this provider.

The proposed staffing pattern reported by the applicant provides for the current staffing levels required by ICF/IID regulations, which includes .25 FTE hours for RN, 2.8 FTE hours for LPN staff, and 11.23 FTE hours for Direct Support Professionals. This appears to be a sufficient number of nurses and direct support professionals to staff the four bed home.

Open Arms Care Corporation ICF/IID facility would be licensed by the Tennessee Department of Intellectual and Developmental Disabilities as a Mental Retardation Institutional Habilitation Facility. The applicant currently is a licensed and Medicaid-certified ICF/IID provider in Tennessee and has been providing care for approximately one third of the state's population requiring ICF/IID services since 1990. The Applicant operates over 30 facilities across Tennessee and is very familiar with the licensing process through DIDD.

C: CONCLUSIONS:

As noted above, the Department of Intellectual and Developmental Disabilities (DIDD) is the agency responsible for licensing Mental Retardation Institutional Habilitation Facilities, which provide ICF/IID service and is also the department that is responsible for the provision of services for individuals with intellectual disabilities. Therefore, DIDD as the experts in the field of intellectual and developmental disabilities has reached the following conclusion regarding this Open Arms Care Corporation Certificate of Need application for establishment of a four bed ICF/IID facility in Knox County to serve individuals being relocated from the GVDC.

The need for the approval of a four bed ICF/IID operated by Open Arms Care Corporation is supported by the Guidelines for Growth population-based formula, with the closure of GVDC being taken into account. Need for the four bed ICF/IID facility is also supported by the Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community.

The cost of the project appears to be reasonable, and will save the state money based on the closure of the GVDC and the cost associated with running an older larger congregate facility. The project can be completed in a timely manner. Adequate funding is available and projected utilization and revenue should be sufficient to ensure the economic feasibility of the project.

This project would contribute to the orderly development of healthcare by allowing residents of The GVDC to receive services in a smaller, more personal living environment consistent with current standards of care for individuals requiring ICF/IID services.

In conclusion, the Department of Intellectual and Developmental Disabilities supports approval of Open Arms Care Corporation's Certificate of Need application for the establishment of a four bed ICF/IID in Knox County Tennessee.