ORIGINAL

D&S Residential Services

2619 Erwin Hwy

CN1512-061

8911 N. Capital of TX Hwy., Bldg, 1, Ste. 1300
Austin, TX 78759
Telephone: (512) 327-2325
Fax:(512) 327-5355
www.dscommunity.com

Robn Traugott
Direct Telephone: (210) 373-7450
RTraugott@dscommunity.com

December 10, 2015

VIA FEDERAL EXPRESS

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

Re: D&S Residential Services, LP / Certificate of Need Application - 2619 Erwin Highway

To Whom It May Concern:

Enclosed please find a Certificate of Need Application filed in triplicate (one original and two copies) from D&S Residential Services, LP for the establishment of a four-bed ICF/IID home at 2619 Erwin Highway, Afton, Greene County, TN. This home is being developed to replace four beds that will be closed at Greene Valley Development Center. The Letter of Intent for this project was filed with the Health Services and Development Agency on December 9, 2015. Publication of Intent occurred in the Greeneville Sun on December 9, 2015.

This is one of three Certificate of Need applications D&S is filing with the Health Services and Development Agency today for the development of three four-bed ICF/IID homes in Greene County for a total of 12 new ICF/IID beds. The other applications will be for 2609 Erwin Highway, Afton, Greene County, TN and 1010 Old Stage Road, Greeneville, Greene County, TN.

Thank you for your assistance in this matter and please do not hesitate to contact me at 512-628-1518 or Robn Traugott at (210) 373-7450 / RTraugott@dscommunity.com if you have any questions or need any additional information.

Sincerely,

Mickey Atkins
President/CEO
D&S Residential Services, LP

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

INSTRUCTIONS FOR FILING AN APPLICATION FOR A CERTIFICATE OF NEED

Please read the following instructions, the Rules and Regulations of the Agency, and Tennessee Code Annotated, §68-11-1601 *et seq.,* prior to preparation of this application.

DOCUMENTATION: In preparing this application, it is the applicant's responsibility to demonstrate through its answers that the project is necessary to provide needed health care in the area to be served, that it can be economically accomplished and maintained, and that it will contribute to the orderly development of adequate and effective health care facilities and/or services in this area. Consult Tennessee Code Annotated, §68-11-1601 *et seq.,* Health Services and Development Agency Rule 0720-4-.01, and the criteria and standards for certificate of need document Tennessee's Health: Guidelines for Growth, for the criteria for consideration for approval. Tennessee's Health: Guidelines for Growth is available from the Tennessee Health Services and Development Agency or from the Agency's website at www.tennessee.gov/HSDA. Picture of the Present is a document, which provides demographic, vital, and other statistics by county available from the Tennessee Department of Health, Bureau of Policy, Planning, and Assessment, Division of Health Statistics and can be accessed from the Department's website at www2.state.tn.us/health/statistics/HealthData/pubs title.htm.

Please note that all applications must be submitted in triplicate (1 original and 2 copies) on single-sided, unbound letter size (8 x 11 ¼A) paper, and not be stapled nor have holes punched. Cover letter should also be in triplicate. If not in compliance as requested, application may be returned or reviewing process delayed until corrected pages are submitted.

REVIEW CYCLES: A review cycle is no more than sixty (60) days. The review cycle begins on the first day of each month.

COMMUNICATIONS: All documents for filing an application for Certificate of Need with the Health Services and Development Agency must be received during normal business hours (8:00a.m. - 4:30p.m. Central Time) at the Agency office, located at the Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243. For the purpose of filing Letters of Intent, application forms, and responses to supplemental information, the filing date is the actual date of receipt in the Agency office. These documents, as well as other required documents must be received as original, signed documents in the Agency office. Fax and e-mail transmissions **will not** be considered to be properly filed documentation. In the event that the last appropriate filing date falls on a Saturday, Sunday, or legal holiday, such filing should occur on the preceding business day. All documents are to be filed with the Agency in ***single-sided and in triplicate.***

LETTER OF INTENT: Applications shall be commenced by the filing of a Letter of Intent. The Letter of Intent must be filed with the Agency between the first day and the tenth day of the

month prior to the beginning of the review cycle in which the application is to be considered. This allowable filing period is inclusive of both the first day and the tenth day of the month involved. The Letter of Intent must be filed in the form and format as set forth in the application packet.

Any Letter of Intent that fails to include all information requested in the Letter of Intent form, or is not timely filed, will be deemed void, and the applicant will be notified in writing. The Letter of Intent may be refiled but, if refiled, is subject to the same requirements as set out above.

PUBLICATION OF INTENT: Simultaneously with the filing of the Letter of Intent, the Publication of Intent should be published for one day in a newspaper of general circulation in the proposed service area of the project. The Publication of Intent must be in the form and format as set forth in the application packet. The Publication of Intent should be placed in the Legal Section in a space no smaller than four (4) column inches. Publication must occur between the first day and the tenth day of the month, inclusive.

1. A "newspaper of general circulation" means a publication regularly issued at least as frequently as once a week, having a second-class mailing privilege, includes a Legal Notice Section, being not fewer than four (4) pages, published continuously during the immediately preceding one-year period, which is published for the dissemination of news of general interest, and is circulated generally in the county in which it is published and in which notice is given.

2. In any county where a "newspaper of general circulation" does not exist, the Agency's Executive Director is authorized to determine the appropriate publication to receive any required Letter of Intent. A newspaper which is engaged in the distribution of news of interest to a particular interest group or other limited group of citizens, is not a "newspaper of general circulation."

3. In the case of an application for or by a home care organization, the Letter of Intent must be published in each county in which the agency will be licensed or in a regional newspaper which qualifies as a newspaper of general circulation in each county. In those cases where the Publication of Intent is published in more than one newspaper, the earliest date of publication shall be the date of publication for the purpose of determining simultaneous review deadlines and filing the application.

PROOF OF PUBLICATION: Documentation of publication must be filed with the application form. Please submit proof of publication with the application by attaching either the full page of the newspaper in which the notice appeared, with the ***mast and dateline intact,*** or a publication affidavit from the newspaper.

SIMULTANEOUS REVIEW: Those persons desiring a simultaneous review for a Certificate of Need for which a Letter of Intent has been filed should file a Letter of Intent with the Agency and the original applicant (as well as any other applicant filing a simultaneous review), and should publish the Letter of Intent simultaneously in a newspaper of general circulation in the same county as the original applicant. The publication of the Letter of Intent by the applicant seeking simultaneous review must be published within ten (10) days after publication by the original applicant.

1. Only those applications filed in accordance with the rules of the Health Services and Development Agency, and upon consideration of the following factors as compared with

the proposed project of the original applicant, may be regarded as applications filing for simultaneous review.

(a) Similarity of primary service area;

(b) Similarity of location;

(c) Similarity of facilities; and

(d) Similarity of service to be provided.

2. The Executive Director or his/her designee will determine whether applications are to be reviewed simultaneously, pursuant to Agency Rule 0720-3-.03(3).

3. If two (2) or more applications are requesting simultaneous review in accordance with the statute and rules and regulations of the Agency, and one or more of those applications is not deemed complete to enter the review cycle requested, the other applications(s) that is/are deemed complete shall enter the review cycle. The application(s) that is/are not deemed complete to enter the review cycle will not be considered as competing with the applications(s) deemed complete and entering the review cycle.

FILING THE APPLICATION: *All applications,* including applications requesting simultaneous review, must be filed in ***triplicate*** (original and two (2) copies) with the Agency within five (5) days after publication of the Letter of Intent. ***The date of filing is the actual date of receipt at the Agency office.***

Applications should have all pages numbered.

All attachments should be attached to the back of the application, be identified by the applicable item number of the application, and placed in alpha-numeric order consistent with the application form. For example, an Option to Lease a building should be identified as Attachment A.6., and placed before Financial Statements which should be identified as Attachment C. Economic Feasibility.10. The last page of an application should be the completed affidavit.

Failure by the applicant to file an application within five (5) days after publication of the Letter of Intent shall render the Letter of Intent, and hence the application, ***void.***

FILING FEE: The amount of the initial filing fee shall be an amount equal to $2.25 per $1,000 of the estimated project cost involved, but in no case shall the fee be less than $3,000 or more than $45,000. Checks should be made payable to the Health Services and Development Agency.

FILING FEES ARE NON-REFUNDABLE and must be received by the Agency before review of the application will begin.

REVIEW OF APPLICATIONS FOR COMPLETENESS: When the application is received at the Agency office, it will be reviewed for completeness. The application must be consistent with the information given in the Letter of Intent in terms of both project scope and project cost. ***Review for completeness will not begin prior to the receipt of the filing fee.***

1. If the application is deemed complete, the Agency will acknowledge receipt and notify the applicant as to when the review cycle will begin. "Deeming complete" means that all questions in the application have been answered and all appropriate documentation has been submitted in such a manner that the Health Services and Development Agency can understand the intent and supporting factors of the application. Deeming complete shall not be construed as validating the sufficiency of the information provided for the purposes of addressing the criteria under the applicable statutes, the Rules of the Health Services and Development Agency, or the standards set forth in the State Health Plan/Guidelines for Growth.

2. If the application is incomplete, requests by Agency staff for supplemental information must be completed by the applicant within sixty (60) days of the written request. 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 which is allowed by the statute. If the requested information is submitted within sixty (60) days of the request, but not by the date specified in the staffs letter, the application is not void, but will enter the ***next*** review cycle. If an application is not deemed complete within sixty (60) days after the written notification is given by the Agency staff that the application is deemed incomplete, the application shall be deemed void. If the applicant decides to re-submit the application, the applicant shall comply with all procedures as set out by this part and a new filing fee shall accompany the refiled application.

3. Each supplemental question and its corresponding response shall be typed and submitted on a separate sheet of 8 1/2" x 11" paper, be filed in ***triplicate,*** and include a signed affidavit. All requested supplemental information must be received by the Agency to allow staff sufficient time for review before the beginning of the review cycle in order to enter that review cycle.

4. Applications for a Certificate of Need, including competing applications, will not be considered unless filed with the Agency within such time as to assure such application is deemed complete.

All supplemental information shall be submitted simultaneously and only at the request of staff, with the only exception being letters of support and/or opposition.

The Agency will promptly forward a copy of each complete application to the Department of Health or the Department of Mental Health and Developmental Disabilities for review. The Department reviewing the application may contact the applicant to request additional information regarding the application. The applicant should respond to any reasonable request for additional information promptly.

AMENDMENTS OR CHANGES IN AN APPLICATION: An application for a Certificate of Need which has been deemed complete ***CANNOT*** be amended in a substantive way by the applicant during the review cycle. Clerical errors resulting in no substantive change may be corrected.

* **WITHDRAWAL OF APPLICATIONS:** The applicant may withdraw an application at any time by providing written notification to the Agency.

* **TIMETABLE FOR CERTIFICATE OF NEED EXPIRATION:** The 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; *however,* the Agency

may extend a Certificate of Need for a reasonable period upon application and good cause shown, accompanied by a non-refundable filing fee, as prescribed by Rules. An extension cannot be issued to any applicant unless substantial progress has been demonstrated. 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.

* **For further information concerning the Certificate of Need process, please call the offices of the Health Services and Development Agency at 615/741-2364.**

* **For information concerning the Joint Annual Reports of Hospitals, Nursing Homes, Home Care Organizations, or Ambulatory Surgical Treatment Centers, call the Tennessee Department of Health, Office of Health Statistics and Research at 615/741-1954**

* **For information concerning Guidelines for Growth call the Health Services and Development Agency at 615/741-2364. For information concerning Picture of the Present call the Department of Health, Office of Health Statistics at 615/741-9395.**

* **For information concerning mental health and developmental disabilities applications call the Tennessee Department of Mental Health and Developmental Disabilities, Office of Policy and Planning at 615/532-6500.**

Section A:

APPLICANT PROFILE

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A". **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.**

For Section A, Item 1, Facility Name **must be** applicant facility's name and address **must be** the site of the proposed project.

For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter **and** certificate of corporate existence, if applicable, from the Tennessee Secretary of State.

For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.

For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For

facilities with existing management agreements, attach a copy of the fully executed final contract.

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

1. ***Name of Facility, Agency, or Institution***

D & S Residential Services, LP
Name

2619 Erwin Highway
Street or Route

Greene
County

Afton
City

TN
State

37616
Zip Code

2. ***Contact Person Available for Responses to Questions***

Robn Traugott
Name

Director of Training & Development
Title

D & S Residential Services, LP
Company Name

RTraugott@dscommunity.com
Email address

8911 N. Capital of Texas Hwy, Building One, Suite 1300
Street or Route

Austin
City

TX
State

78759
Zip Code

Employee
Association with Owner

(210) 373-7450
Phone Number

(512) 327-5355
Fax Number

3. ***Owner of the Facility, Agency or Institution***

D & S Residential Services, LP
Name

(512) 327-2325
Phone Number

8911 N. Capital of Texas Hwy, Building One, Suite 1300
Street or Route

Travis
County

Austin
City

TX
State

78759
Zip Code

4. ***Type of Ownership of Control (Check One)***

A. Sole Proprietorship _____
B. Partnership _____
C. Limited Partnership X
D. Corporation (For Profit) _____
E. Corporation (Not-for-Profit) _____
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 ON ALL ATTACHMENTS.

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

N/A
Name

Street or Route

County

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 10 Years X
D. Option to Lease _____
E. Other (Specify) _____ _____

PUT ALL ATTACHMENTS AT THE BACK 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 Methadone 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. Discontinuance 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.

	Current Beds Licensed	*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 _____

11. Medicaid Provider Number To be obtained

Certification Type _____

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

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (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.	See Attachmen A.13

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

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

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:

The need for this project comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Development Center ("GVDC"), which is anticipated to close on or around June 30, 2016. The closure of GVDC is part of an Exit Plan in a 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). The last obligation in the Exit Plan is the closure of GVDC and the transition of GVDC residents into smaller homes in the community. 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. Based on recent communications with DIDD, as of November 27, 2015, there are 68 persons currently supported at GVDC.

This project involves the construction of a new four-bed ICF/IID group home at 2619 Erwin Hwy, Afton, TN 37616 to serve four individuals exiting GVDC. The home will be owned by Scioto Properties, LLC ("Scioto Properties") and leased and operated by D&S Residential Services, LP ("D&S") under a triple-net lease arrangement with an initial term of 10 years. D&S will be submitting two additional CON applications for similar homes in Greenville County located at 2609 Erwin Hwy, Afton, TN 37616 and 1010 Old Stage Road, Greeneville, TN 37745. This application addresses the home proposed for 2619 Erwin Hwy, Afton, TN 37616.

D&S currently provides a full array of community-based services to meet the needs of the individuals they serve – from residential homes and in-home supports to day habilitation programs and vocational training, D&S programs and services are specially designed to help individuals with intellectual and developmental disabilities realize a life of independence and self-determination. D&S provides services in Texas, Tennessee (Middle, East, and West), and Kentucky. D&S manages over 330 residential homes in neighborhoods throughout Texas, Tennessee, and Kentucky. In Tennessee, D&S operates 140 homes and, between individuals supported in their residential homes, Family Model homes, and their own home receiving Personal Assistance supports, D&S currently provides services to over 500 individuals in Tennessee. D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License L000000014120); (2) James Road facility (License #L000000014121); (3) Egypt Central facility (License #L000000014119); and (4) Darolyn Street facility (License #L000000014122). D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported

Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (License #L000000015533, 7417 Kingston Pike, Knoxville, TN; License #L000000015532 / 269 Cusick Street, Alcoa, TN) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (#PSS0000000203).

(1) Proposed Services and Equipment: The home will have one-story with 4 bedrooms and 2 bathrooms for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents. The home will also provide laundry and kitchen/dining facilities and will have living room areas and two covered porches. The home will be approximately 3,480 square feet. Total costs of the project, including construction of the home, property, fees and expenses associated with construction, will be approximately $827,655, as described in the Project Costs Chart provided in this application. Services that D&S will provide to residents include: life care support, dressing, personal hygiene, nutrition education, meal preparation, household chores, budget management, scheduling/appointments, social skill building, community integration, life skills development, and medication administration (as permitted). Other services available to residents include, as appropriate, physical therapy, occupational therapy, behavior support, nursing services, and supported employment. No major medical equipment is be acquired for these services.

(2) Ownership Structure: The home will be constructed and owned by Scioto Properties and leased to D&S. Attached are the development agreement, Letter of Intent, and draft lease between the parties. Under the lease, D&S will be fully responsible for operation of the home and for the care provided to its residents. D&S Residential, LP (the applicant) is a limited partnership formed in Texas and qualified to do business in Tennessee. D&S Residential Management GP, LLC, a Texas limited liability company, is the general partner with 0.1% ownership interest in D&S Residential, LP. D&S Residential Holdings, LLC, a Texas limited liability company, is the limited partner and holds 99.9% ownership interest in D&S Residential Services, LP. D&S Residential Holdings, LLC is owned by two investment funds: Comvest Investment Partners V, LP (54.42%) and Comvest Investment Partners V-A, LP (45.58%). These investment funds are private investment funds providing equity and debt capital to middle market companies across the United States. Both of these investment funds are managed by Roger Marrero, Cecilio Rodriguez, and Lee Bryan. These individuals, along with D&S CEO and President Mickey Atkins, are responsible for the management of D&S.

(3) Service Area: The new 4-bed ICF/IID group home is being constructed to serve residents who will be transferred out of Greene Valley Development Center and wish to remain in Greene County. The home will be located at 2619 Erwin Hwy, Afton, TN 37616.

(4) Need: GVDC is scheduled to close on or around June 30, 2016. According to email correspondence and supporting documentation from Terry Jordan-Henley, DIDD Deputy Regional Director, East Tennessee Regional Office: (a) as of November 27, 2015, there were 68 individuals supported at GVDC; (b) 65 of the 68 residents at GVDC have selected ICF/IID services (over the other option of HCBS services) upon exit from GVDC; (c) approximately 45 of these residents wish to receive ICF/IID services in Greene County; (d) all current ICF/IID beds in Greene County are at capacity and additional ICF/IID beds are needed to meet the needs of individuals leaving GVDC.

(5) Existing Resources: D&S Residential Services, LP has entered into a Letter of Intent and Development Agreement with Scioto Properties to construct the home and lease it to D&S. D&S has the financial resources to lease, staff, maintain, and operate this home, as shown in the D&S financial information attached. D&S will bill TennCare for care and services provided to the residents. As discussed above, D&S has experience with operating ICF/IID homes in Tennessee.

(6) Project Cost: D&S has entered into a Letter of Intent and Development Agreement with Scioto Properties whereby Scioto Properties will acquire the land, handle construction of the home, and enter into a triple-net lease with D&S for an initial term of 10 years (with an automatic renewal term of 5 years). The estimated cost of construction for the proposed 4-bed ICF/IID home—including any expenses, fees and property costs—is $827,655. Monthly rent will be calculated by multiplying the purchase price for the home by the monthly rent factor of 0.00833, which is calculate to approximately $5648 / month. There shall be an annual rent increase of two percent (2%) over the monthly rent for the preceding year. D&S will be responsible for utilities, all maintenance and repairs, property taxes (through a monthly escrow) and property insurance (including business interruption insurance rider) on the home. D&S will also pay Scioto Properties a development fee of $33,901. As shown in the Development Agreement provided, Scioto Properties will contract with the architectural firm, Berardi Partners, to provide architectural services necessary for the project. Spectrum Contracting Services, Inc. will be engaged by Scioto Properties as the general contractor for the project.

(7) Funding and Financial Feasibility: D&S has the financial resources to operate and lease, staff, maintain, and operate this home, as shown in the D&S financial information attached. D&S will bill TennCare for care and services provided to the residents of the proposed ICF/IID home. The attached letter from Scioto Properties, dated November 23, 2015, discusses Scioto Properties' cash reserves for construction.

(8) Staffing: The home will have a dedicated House Manager that works closely with the local office staff to provide a comfortable living environment, work on the goals and objectives of each resident daily, and integrate the residents in their local communities. The ICF/IID home is also expected to employ approximately 7 Direct Support Professionals and 6 LPNs. As needed, D&S employs nurses to provide care and contracts with therapy personnel needed to support individuals in physical, occupational, speech, and nutrition therapy. Local resources are also available to support individual choice. Staffing of the home will come from nurses and direct support professionals in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual, and behavioral needs.

Attachment B.I: (1) Executed Letter of Intent between D&S and Scioto Properties; (2) Executed Development Agreement between D&S and Scioto Properties; (3) draft lease; (4) DIDD letter of support and expression of need; (5) proposed floor plan for the home; (6) D&S formation and qualification documents; (7) D&S partnership agreement; (8) D&S financial information; (9) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County; (10) correspondence from Scioto Properties (November 23, 2015) discussing project.

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:

(1) Construction of the Facility: The home will be located at 2619 Erwin Hwy, Afton, TN 37616 on a 4.16 acre lot, as shown in the attached plat. A second ICF/IID home will be built on this lot as well. D&S is submitting a separate CON application for this second home, which will be located at 2609 Erwin Highway, Afton, TN 37616. Scioto Properties will be responsible for building the home. Total budgeted cost for the project is $827,655. This cost was calculated by dividing the total proposed cost of the two homes that will be built on this property between the home that will be located at 2619 Erwin Hwy, Afton, TN 37616 and the home that will be located at 2609 Erwin Hwy, Afton, TN 37616. The home will be a slab-on grade and wood framed structure with brick veneer/vinyl siding, pitched wood trusses, and asphalt shingle roofing. The home will have an R13 Fire Protection System. Site development will include rough and finish grading, storm water management, site utilities, driveways, some concrete paving, concrete sidewalks, and landscaping. Scioto Properties is contracting with the architectural firm, Berardi Partners, to provide architectural services necessary for the project. Spectrum Contracting Services, Inc. will be the general contractor. Spectrum Contracting Services will build the home based on working plans developed by Scioto, and approved by D&S, and will provide construction services, including supervision and oversight of subcontractors necessary for the project.

Scioto Properties has significant experience in locating and constructing disability housing, with 1,000 homes in 37 states, serving over 3,500 individuals with developmental disabilities. The attached letter from Scioto Properties, dated November 23, 2015, describes the project team in more detail.

(2) Square Footage: The home will be approximately 3,480 square feet.

(3) Major Operational Areas and Room Configurations: The home will have one-story with 4 bedrooms and 2 baths for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents, including large doorways for easy access and bathrooms with walk-in showers and/or shower trollies. The home will also provide laundry and kitchen/dining facilities, two living room areas, and two covered porches. For the staff, the home will include office, storage, medical storage, and staff bathroom. The home will have an R13 Fire Protection System.

(4) Square Footage and Cost Per Square Footage Charts: Total square footage for the home will be approximately 3,480 square feet at a cost of approximately $195 per square foot. This cost is based upon the site plans and building plans for the project developed by Scioto Properties, as follows:

Arch	$	13,333
Civil Engineering	$	5,020
Survey	$	1,700
GeoTech	$	1,225

Builders Risk	$ 1,750
Land	$ 22,500 (based on half the cost of the 4.16 acre lot)
Site Work	$ 72,500
Building	$ 560,000
Project Total	***$ 678,028***
Price Per SQFT	$ 195

Attachment B.II.A: (1) plat showing lot where home will be constructed; (2) Proposed Floor Plan for 4-bed ICF/IID home; (3) correspondence from Scioto Properties (November 23, 2015) discussing project details and team.

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 home will be new construction with four new ICF/IID beds in Greene County. This project is for the construction of a new four-bed ICF/IID home. This project is in conjunction with two additional ICF/IID homes that Scioto Properties is building for D&S (with all three projects adding a total of 12 new ICF/IID beds operated by D&S in Greene County). The purpose of constructing the new ICF/IID home and creation of these beds is to accommodate individuals who will be displaced when GVDC closes. The state has already expressed a need for new ICF/IID beds due to closure of GVDC, where, as of November 27, 2015, 68 individuals reside. Approximately 45 residents at GVDC are requesting ICF/IID services in Greene County.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

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										

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/MR Services – D&S specializes in the support of individuals with intellectual and developmental disabilities by providing a variety of services to the ICF/IID population, including operating four licensed ICF/IID group homes in Tennessee and 33 ICF homes in Texas. D&S Residential Services, LP is proposing to open a total of three additional four-bed ICF/IID homes in Greene County to accommodate individuals who will be displaced when GVDC closes. The state has expressed a need for new ICF/IID beds in the region due to closure of GVDC, which, as of November 27, 2015, supported 68 persons. This application is being submitted for one of these homes, which will be constructed at 2619 Erwin Hwy, Afton, TN 37616.
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

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

RESPONSE:

The purpose of constructing this new ICF/IID home and creation of these beds is to accommodate individuals who need to transition out of GVDC when it closes. The closure of GVDC is part of an Exit Plan in a 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). One of the 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 lawsuit, is the closure of GVDC and the transition of all GVDC residents into smaller homes in the community. These homes and beds are needed to transition the remaining residents 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.

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.

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.

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. D&S will not acquire major medical equipment for this project. The operation of the ICF/IID home will not require the use of major medical equipment.

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:

(1) Size of site (in acres): 4.16 (to be shared with a second proposed four-bed ICF/IID home located at 2609 Erwin Highway)

(2) Location of structure on the site: The site is located at 2619 Erwin Hwy, Afton, TN 37616.

(3) Location of the proposed construction: D&S is proposing to build two homes on the 4.16 acre lot. The attached plat shows the location of construction of each of these homes on the lot.

(4) Names of streets, roads or highway that cross or border the site: 2619 Erwin Highway is near U.S. Route 11E (Andrew Johnson Highway). Streets that intersect with Erwin Highway near the site are McAfee Road, Moon Creek Road, and Florence Street.

- Erwin Highway (Tennessee State Route 107) connects to Tusculum, TN via the Tusculum Bypass approximately 2 miles northwest of 2619 Erwin Highway and proceeds east from 2619 Erwin Highway to Erwin, TN.

- Erwin Highway intersects U.S. Route 321 approximately 1.5 miles to the north of the 2619 Erwin Highway. U.S. Route 321 connects Afton to Greenville, TN to the southwest and Chuckey, TN to the northeast.

- Erwin Highway intersects U.S. Route 11E (Andrew Johnson Highway) approximately 1.5 miles to the north of 2619 Erwin Highway. Andrew Johnson, which connects Afton to Greenville, TN and Morristown, TN to the west, proceeds northeast to Johnson City, TN.

Attachment B.III.A: (1) Plat; (2) map indicating location with streets and highways that cross or border the site.

B. 1. 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 ICF/IID home will be close to the following highways and major road developments: 11E (Andrew Johnson Highway) and Erwin Highway. The site is approximately 1.5 miles south of 11E (Andrew Johnson Highway) and is approximately 2 miles from where GVDC is located.

2619 Erwin Highway sits between Afton, TN and Tusculum, TN. Afton is an unincorporated community in Greene County, TN. Tusculum is a small town with approximately 2,600 residents. Tusculum is considered to be a suburb of Greeneville, TN, which sits approximately 5 miles to the west of Tusculum. Greeneville has approximately 15,000 residents. Greeneville, which is accessible by Interstate 81, offers limited public transportation options, though taxi cabs appear to run in the city. Tri-Cities Regional Airport is located off I-81, is 35 miles from Greeneville, and serves the following airlines: Allegiant Air, American Eagle, Delta Connection, and US Airways Express. McGhee Tyson Airport serves metropolitan Knoxville and is located 70 miles from Greeneville.

The home will not generally be open to the general public but will be open to the supported individuals' families and friends. There will not be patient flow from outside into this facility.

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.

Attachment B.IV: (1) Floor Plan.

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.

Not applicable.

Section C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

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

RESPONSE:

This proposed project will relate to the 5 Principles for Achieving better Health found in the State Health Plan for the following reasons:

(1) The purpose of the State Health Plan is to improve the health of the people of Tennessee. How will this proposal: (1) protect, promote, and improve the health of Tennesseans over time; (2) have a positive impact on health outcomes and measure improvement in health outcomes; (3) use available data to measure its contribution to improving health outcomes?

Response: As a private ICF/IID provider, D&S, must provide the same level of services as large, public institutions like GVDC, including providing a protected residential setting, ongoing evaluation, planning, supervision, coordination and integration of health or rehabilitative services to help each individual function at his greatest ability.

D&S strives to empower individuals to live a life of independence and self-determination. One of the ways they realize this goal is through Person Centered Thinking, an ongoing process that uses a variety of skills to discover what is important to an individual – such as activities, places, things, and people, and what is important for an individual to help them live a better life. From this specialized discovery process, a person-centered description of the individual is created. This then, leads to an action plan that builds on their strengths, talents, and skills and works toward realizing their goals while maintaining their health and safety. Person Centered Thinking (PCT) is most effective when everyone around the individual, from direct caregivers to professional staff, understands and demonstrates person centered

thinking skills. D&S is one of the few providers in Tennessee, that has in-house Certified PCT Trainers who work to integrate Person Centered Thinking approaches in every service they provide.

The D&S Quality Assurance department provides D&S with mechanisms to examine performance and outcomes and use information to make decisions about needed adjustments to program implementation. The evaluation of these processes is centered on the individual and exists to enhance his or her quality of life. The following are some identified Quality Assurance Plan Components for which Self-Assessment data is regularly collected: (1) Annual Satisfaction Survey for those who receive Supports; (2) Annual Stakeholder Satisfaction Survey; (3) Annual Employee Satisfaction Survey; (4) Monthly Unannounced Supervisory Visits; (5) Incident Management Data; (6) Monthly Fire Drills; (7) Monthly Chart Audits and Matches; (8) Employee Training File Audits; (9) Human Resources File Audits; (10) Therapy Audits; (11) Medication Variance Trend Reports; (12) Mock Surveys (when necessary); (13) Technical Assistance; (14) Program Quality Rating Tool; (15) Complaints.

The goals of the Self-Assessment Process are: (1) To continuously collect and analyze reliable data on all aspects of service delivery; (2) To use an indicator based approach to identify and assess trends or patterns indicating areas that need improvement; (3) To evaluate person centered outcome attainment, and thus overall program success; (4) To design or redesign services based upon data collection and analysis; and (5) To improve outcomes of annual licensure audits by collecting and analyzing data on domains specific to each entity.

D&S seeks to reach levels of attainment that exceed the minimum requirements set forth by licensing bodies. The Self-Assessment Plan focuses on analyzing data from service delivery processes and outcomes to strive to continue an environment of excellence in everything D&S does.

(2) People in Tennessee should have access to health care and the conditions to achieve optimal health. How will this proposal: (1) improve access to health care; (2) improve information provided to patients and referring physicians; (3) improve health literacy among its patient population, including communications between patients and providers?

Response: In alignment with DIDD's Exit Plan to end *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227, the state has decided that it will no longer be a provider of ICF services for individuals at GVDC. Instead, the state is helping GVDC residents find placement in community-based settings. This project provides GVDC residents with access to such care.

In the process of developing its Exit Plan, DIDD initiated careful effort to ensure successful community transitions for GVDC's current residents, including soliciting input from stakeholder groups that included family forums and meetings with conservators and advocacy groups. The GVDC Chief Officer, Case Managers, and Transition Team have been holding meetings with conservators of GVDC residents to give family members a more personal and private opportunity to discuss residents' transition into community-based arrangements. D&S has been coordinating with DIDD regarding its placement efforts, and DIDD has identified the twelve individuals residing at GVDC that will be placed in one of the D&S proposed ICF/IID homes in Greene County.

D&S communicates with the supported individuals' physicians in the community, discussing issues, options and solutions to healthcare needs of people supported. D&S communicates with families/conservators and persons supported about health care options. D&S also has systems in place

to track health care needs to help confirm that recommendations and follow up occurs to provide optimal health for people supported.

(3) Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies. How will this proposal: (1) lower the cost of health care; (2) encourage economic efficiencies; (3) make information available to the community that will encourage a competitive market for health care services?

Response: This proposal will help lower costs of health care and encourage economic efficiencies. The purpose of constructing the new ICF/IID home and creation of these beds is to accommodate individuals who will be displaced when GVDC closes in June 2016. According to DIDD's "Greene Valley Development Center Closure and Community Transition Plan" "[p]er person costs at GVDC for FY 2015-16 are budgeted at $1,228.31 per day or approximately $448,333 per year. These costs are far higher than the current costs of supporting individuals with intellectual disabilities with similar needs and challenges in community residential settings."

DIDD has coordinated efforts with private ICF providers to contract privately operated 4-bed ICF/IID homes for individuals with intellectual and developmental disabilities to meet the requested need of current residents of GVDC. When counseling GVDC residents and representatives regarding options following closure of GVDC, the state offered both ICF/IID home options and HSCB services. According to email correspondence from Terry Jordan-Henley dated November 30, 2015, as of November 27, 2015, there were three persons residing at GVDC who have selected HCBS services, and the remaining 65 persons have selected ICF/IID services. According to supporting documentation from Terry Jordan-Henley, approximately 45 GVDC residents are seeking ICF/IID services in Greene County. All current ICF/IID beds in Greene County are full. The need for this project is driven by client choice and request for private ICF/IID services.

(4) People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers. How will this proposal: (1) help health care providers adhere to professional standards; (2) encourage continued improvement in the quality of care provided by health care workforce?

Response: As a private ICF/IID provider, D&S must provide the same level of services as large, public institutions like GVDC, including providing a protected residential setting, ongoing evaluation, planning, supervision, coordination and integration of health or rehabilitative services to help each individual function at his greatest ability.

D&S provides all state mandated training to staff. D&S also has additional training that its Training Department has developed to increase staff knowledge base for providing supports and services. D&S develops and maintains quality improvement plans that incorporate self-assessment activities. These activities allow D&S to grow, change, and modify services provided based on findings from self-assessment activities.

(5) The state should support the development, recruitment, and retention of a sufficient and quality health workforce. How will this proposal: (1) provide employment opportunities for the health and health care workforce; (2) complement the existing Service Area workforce?

The ICF/IID home will employ health care workforce to staff the home. It is projected that this home will employ 7 Direct Support Professionals, 6 LPNs, and a House Manager. Staffing of the home will come from nurses and direct support professionals in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual, and behavioral needs.

Attachment C.1 (Need): (1) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County; (2) letter from DIDD assigning residents to D&S

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.

Need (A)(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:

According to the Tennessee Department of Health, the population of Greene County, TN in 2015 is approximately 70,520. According to the attached ICF/IID capacity grid for Greene County provided by Terry Jordan-Henley on November 30, 2015, there are currently 84 ICF/IID beds in the county (outside of GVDC), which are at capacity.

Using the need based estimate of 0.032%, the need in Greene County is approximately 22.5 beds. However, this project is not creating new ICF/IID beds in Greene County but is intended to offer replacement of beds that will no longer be available to current residents of GVDC. As of November 27, 2015, there were 68 persons at GVDC. It is understood that approximately 45 of these residents desire to remain in Greene County. Thus, this calculation showing that Greene County only needs 22.5 ICF/IID beds does not accurately reflect the current need in Greene County because it does not account for population of GVDC and the state's plan to close GVDC and does not reflect the actual needs for ICF/IID beds in the county due to the required closure of GVDC.

Furthermore, according to DIDD in its letter support D&S' proposal to build new 4-bed ICF/IID homes in Greene County, DIDD states: "The need for the development of these remaining ... 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." Furthermore, DIDD's letter of support notes that DIDD believes that D&S (and this proposal) meets the three criteria necessary for CON approval of "which are namely need, economic feasibility and contribution to the orderly development of health care."

Attachment C.1.A(1) (Need): (1) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County; (2) Tennessee Department of Health population data; (3) copy of DIDD letter supporting D&S projects.

> Need(A)(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, the Department of Mental Health and Development Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

RESPONSE:

Based on the requirements of this calculation, it appears that only 22.5 ICF/IID beds are needed in Greene County and there are already 84 licensed ICF/IID beds in the county based on two current providers: DIDD (through ETH) and Comcare. As noted above, this calculation does not accurately reflect the current need in Greene County because it does not account for the state's plan to close GVDC (displacing 68 persons) and does not reflect the actual needs for ICF/IID beds in the county due to the required closure of GVDC. It also does not account for the fact that DIDD also operates 16 homes (East Tennessee Homes – ETH) in Greene County which provide support services for 64 people and which are at capacity.

According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity.

This project is not creating new ICF/IID beds in Greene County but is intended to offer replacement of beds that will no longer be available to current residents of GVDC. As of November 27, 2015, there were 68 persons at GVDC. It is understood that approximately 45 of these residents desire to remain in Greene County. Thus, this calculation showing that Greene County only needs 22.5 ICF/IID beds does not accurately reflect the current need in Greene County because it does not account for the state's provision of services through ETH, the population of GVDC, and the state's plan to close GVDC and does not reflect the actual needs for ICF/IID beds in the county due to the required closure of GVDC.

As evidenced by DIDD's support letter and November 30, 2015 email from Terry Jordan-Henley, this project and D&S' construction of three four-bed ICF/IID homes in Greene County are necessary to meet the needs of the state and transition of GVDC residents.

Attachment C.1.A(2) (Need): (1) DIDD letter of support noting that DIDD believes that D&S (and this proposal) meets the three criteria necessary for CON approval of "which are namely need, economic feasibility and contribution to the orderly development of health care"; (2) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and current providers and capacity.

> Service Area(B)(1): The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

RESPONSE:

The geographic service area for the proposed 4-bed ICF/IID home will be in Greene County. The purpose of the home is to provide beds for those residents transitioning out of GVDC and who will remain in Greene County.

2619 Erwin Hwy is located approximately 2 miles (approximately 3 minute drive) from GVDC. Based on information from DIDD, as of November 27, 2015, there were 68 persons supported at GVDC. Three persons have selected to receive HCBS services following closure of GVDC. As of November 4, 2015, approximately 45 individuals residing at GVDC selected to continue receiving ICF/IID services in Greene County.

D&S has agreed to create 12 beds to accommodate residents leaving (GVDC) with the construction of three four-bed ICF/IID homes in Greene County. DIDD has identified the 12 individuals who will be placed with D&S. Several family members of these individuals live in the Greene County area. Other families live out of town but have chosen for their loved one to remain in Greene County because it has been their loved one's home community.

Service Area(B)(2): The relationship of the social-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.

RESPONSE:

The residents of the proposed ICF/IID home will be GVDC residents who are transitioned out of GVDC. These residents require ICF/IID services and have special needs that D&S is experienced to handle. The home will be designed with these needs in mind. D&S is equipped to provide services to individuals who qualify for ICF/IID services, including women, minorities, and low-income groups.

According to information received from Terry Jordan-Henley, as of November 4, 2015, for 85 individuals supported at GVDC on August 21, 2015:

- 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%)

DIDD has identified the 12 individuals who will be residing in the three new ICF/IID homes that D&S will be operating in Greene County. DIDD has identified eight females and four males. D&S is in the process of planning for the specific medical, habilitative, and behavioral status of persons who will reside at the ICF/IID home.

Attachment C.1.B(2) (Need): Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and demographic of project population.

Relationship to Existing Applicable Plans(C)(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.

RESPONSE:

This ICF/IID home is being constructed to serve the needs of individuals affected by the closure of GVDC. DIDD has expressed support for the project and has specifically stated that these new homes are needed to transition the remaining residents from GVDC and provide for the health and safety needs of these vulnerable persons. The construction of this ICF/IID home is consistent with the state's Exit Plan established pursuant to *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227.

Driving distances and driving times for basic services from the proposed ICF/IID location are as follows:

Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Tusculum, TN	Approximately 2.3 miles to central Tusculum	Approximately 4 minutes to Tusculum.
Physician Offices	Laughlin Memorial Hospital 1420 Tusculum Blvd. Greeneville, TN 37745	3.9 miles	Approximately 8 minutes
EMS/Fire Station	Greeneville Fire Station #3 1325 East Andrew Johnson Highway	4.9 miles	Approximately 10 minutes
Day Treatment (if applicable)	Greene county skills 130 Bob Smith Boulevard Greeneville, TN 37745 Comcare 100 Pennsylvania Ave Greeneville, TN 37745	4.6 miles 8.8 miles	Approximately 8 minutes Approximately 18 minutes
Greene Valley Development Center		2 miles	Approximately 3 minutes

Relationship to Existing Applicable Plans(C)(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:

The state's Exit Plan established pursuant to *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227 will result in the closure of GVDC and transition of all GVDC residents into small homes in the community. As of November 27, 2015, there were 68 residents at GVDC. DIDD has expressed an immediate need for new ICF/IID homes in the Greeneville area to serve this population and expects D&S's proposal for three four-bed ICF/IID homes in Greene County to serve this need.

Relationship to Existing Applicable Plans(C)(3): The impact of the proposal on similar services supported by state and federal appropriates should be considered.

RESPONSE:

The State of Tennessee will no longer operate institutions to serve individuals with intellectual and developmental disabilities. The state's Exit Plan established pursuant to *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227 will result in the closure of GVDC and transition of all

GVDC residents into small homes in the community. There are currently 68 residents at GVDC. According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity and will not be able to serve individuals leaving GVDC.

DIDD has expressed an immediate need for new ICF/IID homes in the Greeneville area to serve this population and has reached out to providers in the region, including D&S, to help satisfy the state's need for additional ICF services. DIDD expects D&S's proposal for three four-bed ICF/IID homes in Greene County to serve this need and has already identified twelve individuals currently residing at GVDC to occupy D&S proposed ICF/IID homes in Greene County. Once these residents transition in to small ICF/IID homes, the individuals will continue to receive applicable support and funding through TennCare.

Relationship to Existing Applicable Plans(C)(4): The degree of projected financial participation the Medicare and TennCare programs should be considered.

RESPONSE:

Individuals residing in the proposed 4-bed ICF/IID home will be supported by TennCare.

Relationship to Similar Services in the Area (D)(1): The area's trends in occupancy and utilization of similar services should be considered.

RESPONSE:

As of November 27, 2015, there are currently 68 residents at GVDC. According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity and will not be able to serve individuals leaving GVDC. The following chart was provided by DIDD to illustrate current ICF/IID services and occupancy in the area:

	2012	2012	2012	2013	2013	2013	2014	2014	2014
Facility/Address	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.
COMCARE A	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE B	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE G	4	4	100.0%	4	3.8	96.2%	4	3.6	91.3%
COMCARE H	4	4	100.0%	4	4	100.0%	4	3.9	98.4%
COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES B	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES C	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES D	4	3.8	94.0%	4	4	100.0%	4	3.7	91.8%
EAST TENNESSEE HOMES E	4	3.8	96.0%	4	4	100.0%	4	4	100.0%

EAST TENNESSEE HOMES F	4	3.4	84.4%	4	4	100.0%	4	3.7	93.8%
EAST TENNESSEE HOMES G	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES H	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%

Attachment C.1.D(1) (Need): (1) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

Relationship to Similar Services in the Area (D)(2): Accessibility to specific special need groups should be an important factor.

RESPONSE:

The proposed ICF/IID home will be constructed with the special needs of its residents in mind. The home will have one-story with 4 bedrooms and 2 baths for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents, including large doorways for easy access, bathrooms that meet needs by using walkin showers and/or shower trollies, and an accessible vehicle for use by the home. The home will also provide laundry and kitchen/dining facilities, two living room areas, and two covered porches. For the staff, the home will include office, storage, medical storage, and staff bathroom.

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. This is not an application for a change of site.

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

RESPONSE:

This project is consistent with D&S's current business operations and plans to grow and expand services in the Tennessee market. As mentioned previously, this application is one of three that D&S is submitting for the construction of new 4-bed ICF/IID homes in Greene County. Opening a total of three new four-bed ICF/IID home will permit D&S to provide ICF/IID services to an additional 12 people who will be in need upon closure of GVDC in June 2016.

D&S currently provides a full array of community-based services to meet the needs of the individuals they serve – from residential homes and in-home supports to day habilitation programs and vocational training, D&S programs and services are specially designed to help individuals with intellectual and developmental disabilities realize a life of independence and self-determination. D&S currently provides services in Texas, Tennessee (Middle, East, and West), and Kentucky. D&S manages over 330 residential homes in neighborhoods throughout Texas, Tennessee, and Kentucky.

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:

The proposed service area is Greene County, TN. D&S is seeking to open a total of three 4-bed ICF/IID homes in Greene County to serve the needs of the residents leaving GVDC. GVDC is currently located in Greene County. Thus, the proposed service area is appropriate to provide a smooth transition for long-time residents of GVDC who currently reside in Greene County and whose family wishes the resident to remain in Greene County. Based on information received from Terry Jordan-Henley, Deputy Regional Director for DIDD East Tennessee Regional Office, approximately 45 individuals residing at GVDC wish to remain in Greene County for the provision of ICF/IID services.

D&S has agreed to create 12 beds to accommodate residents leaving (GVDC) with the construction of three four-bed ICF/IID homes in Greene County. DIDD has identified the 12 individuals who will be placed with D&S. Several family members of these individuals live in the Greene County area. Other families live out of town but have chosen for their loved one to remain in Greene County because it has been their loved one's home community.

Attachment C.3 (Need): (1) county-level map; (2) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County.

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

RESPONSE:

In Tennessee, individuals seeking DIDD services must have a primary diagnosis of intellectual disabilities with the onset prior to age 18. Adults with developmental disabilities who need ICF/IID generally range in age from 18 – 70 years old. D&S is equipped to provide services to individuals within this age range who qualify for ICF/IID services, including women, minorities, and low-income groups.

	Greene County (Tennessee)	*Tennessee*
CY (2015), Total Population (Tennessee Department of Health)	70,520	6,649,438
PY (2019), Total Population (Tennessee Department of Health)	71,989	6,894,997
Total Pop. % Change	2.08%	3.69%
TennCare Enrollees	15,556	1,469,885
Median Household Income	$35,545	$44,298

(US Census, 2014 estimates)		
Population % Below Poverty Level	19.6%	18.3%

2015 Total Population & 2019 Total Population (http://tn.gov/assets/entities/health/attachments/Population_Projections_2010-20.pdf); Tenn Care Enrollees – October 2015 Report (https://www.tn.gov/assets/entities/tenncare/attachments/fte_201510.pdf); Median Household Income & Population Percentage Below Poverty (http://www.census.gov/quickfacts/table/PST045214/00)

The proposal will serve residents currently at GVDC. Based on information provided by DIDD, the age of such population is 54 persons aged 23-60 years (64%) and 31 persons aged 61+ years (36%). Gender of the residents is 48 female (56%) and 37 male (44%).

DIDD has already identified the twelve individuals currently residing at GVDC who would transition into a proposed D&S ICF/IID home in Greene County. Of these individuals, eight are female and four are male.

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 purpose of constructing the new ICF/IID home and creation of these beds is to accommodate individuals who will be displaced when GVDC closes. The state has expressed a need for newly constructed homes due to closure of GVDC and displacement of up to 68 individuals at that time.

Most of the individuals currently residing in GVDC are considered to have a profound level of intellectual disability and have a number of special needs, including:

- 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%)

D&S is experienced in providing such services to meet the needs of this vulnerable population, including those who are women, minorities, and low-income groups. D&S' plans for construction and operation of the ICF/IID home will be consistent with the physical and medical needs of its residents. DIDD has identified the 12 individuals who will be residing in the three new ICF/IID homes that D&S will be operating in Greene County. DIDD has identified eight females and four males. D&S is in the process of planning for the specific medical, habilitative, and behavioral status of persons who have been identified and will reside at the ICF/IID home.

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:

According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity and will not be able to accommodate those individuals leaving GVDC. Occupancy trends for such home are provided under the Need Section of this application, Section (D)(1), (occupancy relationship to similar services in the area).

DIDD has represented that the following providers are planned for meeting the GVDC residents' needs for ICF/IID beds in Greene County upon closure of GVDC: D&S (12 beds, including this project); Open Arms (12 beds), and Sunrise (8 beds). DIDD has stated that this listing represents sufficient capacity for persons served at GVDC who have indicated a preference for ICF/IID services in Greene County with no excess capacity. Along with this CON application, D&S Residential Services is also submitting two additional CON applications seeking approval to establish two additional four-bed ICF homes in Greene 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:

Based on D&S' current ICF/IID home occupancies in other parts of Tennessee:

- September 2013-April 2015: 100% occupancy rate
- May 2015: 99% occupancy rate
- June 2015: 94% occupancy rate
- July 2015: 94% occupancy rate
- August 2015: 92% occupancy rate
- September 2015: 94% occupancy rate
- October 2015: 92% occupancy rate
- November 2015: 91% occupancy rate

D&S Residential Services expects the proposed four-bed home to be occupied upon completion with residents transferred from GVDC and for the proposed ICF/IID home to operate at 100% occupancy. DIDD has identified the 12 individuals who will be residing in the three new ICF/IID homes that D&S will be operating in Greene County. DIDD has identified eight females and four males. D&S Residential Services expects all four beds in this home to be taken by former residents of GVDC. In the event of a subsequent vacancy, D&S will contact DIDD for placement of a new individual in need of ICF/IID services.

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.

RESPONSE:

Please see attached Project Costs Chart.

According to DIDD in its letter support D&S' proposal to build new 4-bed ICF/IID homes in Greene County, DIDD states: "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."

Based on review of CON applications relating to development of ICF/IID homes to meet the needs of DIDD's Exit Plan relating to GVDC and that have already been deemed complete, the cost of this project, including the estimate cost per square foot, is consistent with similar ICF/IID projects being developed in the area.

- 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.

Attachment C.1 (Economic Feasibility): (1) Documentation from Scioto Properties describing the estimated costs of the project.

PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	0
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	18,000
3.	Acquisition of Site	0
4.	Preparation of Site	0
5.	Construction Costs	0
6.	Contingency Fund	30,000
7.	Fixed Equipment (Not included in Construction Contract)	0
8.	Moveable Equipment (List all equipment over $50,000)	0
9.	Other (Specify) _____	0
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	728,880
2.	Building only	0
3.	Land only	0
4.	Equipment (Specify)_____	0
5.	Other (Specify) Vehicle	47,775
C.	Financing Costs and Fees:	
1.	Interim Financing	0
2.	Underwriting Costs	0
3.	Reserve for One Year's Debt Service	0
4.	Other (Specify) _____	0
D.	Estimated Project Cost (A+B+C)	824,655
E.	CON Filing Fee	3,000
F.	Total Estimated Project Cost (D+E)	
	TOTAL	827,655

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.)

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. **Attachment C (Economic Feasibility-2)**: Information regarding D&S' line of credit.

2. 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:

Based on review of CON applications relating to development of ICF/IID homes to meet the needs of DIDD's Exit Plan relating to GVDC and that have already been deemed complete by the Health Services and Development Agency, the cost of this project, including the estimated cost per square foot, is consistent with similar ICF/IID projects being developed in the area. D&S estimated cost per square foot is based on:

Arch	$ 13,333
Civil Engineering	$ 5,020
Survey	$ 1,700
GeoTech	$ 1,225
Builders Risk	$ 1,750
Land	$ 22,500 (based on half the cost of the 4.16 acre plot)
Site Work	$ 72,500
Building	$ 560,000
Project Total	***$ 678,028***

Price Per SQFT	$ 195

As previously mentioned, the cost per square foot for this project is approximately $195, which is consistent with the four-bed ICF/IID CON applications recently submitted, and now deemed complete.

3. 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:

The requested Historical and Projected Data Charts are attached. Because this is a new home, there is no historical data on this project. The data provided reflects D&S' existing operations.

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

RESPONSE:

The projects' Average Gross charge is $638.32. This is Operating Revenue only (no grant revenues or bad debt) divided by the unit base. The Average Deduction from Operating Revenue (bad debt plus unreimbursed Advancement) divided by the unit base is $0.00 for the first year of operations. The Average Net charges is $638.32 (Average Gross charge minus the Average Deduction from Operating Revenue).

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2012	Year 2013	Year 2014
A. Utilization Data (Specify unit of measure)			
B. Revenue from Services to Patients			
1. Inpatient Services	$ 63,933,482	$ 83,729,254	$ 114,681,901
2. Outpatient Services	1,133,956	1,924,532	3,657,427
3. Emergency Services			
4. Other Operating Revenue (Specify)			
Gross Operating Revenue	$ 65,067,438	$ 85,653,786	$ 118,339,328
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$	$ 390,854	$ 1,324,754
2. Provision for Charity Care			
3. Provisions for Bad Debt	160,000	160,000	170,000
Total Deductions	$ 160,000	$ 550,854	$ 1,494,754
NET OPERATING REVENUE	$ 64,907,438	$ 85,102,932	$ 116,844,574
D. Operating Expenses			
1. Salaries and Wages	$ 45,271,439	$ 61,649,358	$ 86,133,591
2. Physician's Salaries and Wages			
3. Supplies	1,812,433	2,072,580	2,503,973
4. Taxes	981,824	1,031,085	1,417,059
5. Depreciation	872,111	1,137,906	1,427,729
6. Rent	3,010,430	3,649,270	4,786,251
7. Interest, other than Capital	1,450,889	997,002	1,207,704
8. Management Fees:			
a. Fees to Affiliates	336,000	449,097	625,523
b. Fees to Non-Affiliates			
9. Other Expenses (Specify) see below	9,101,773	12,314,896	17,384,031
Total Operating Expenses	$ 62,836,899	$ 83,301,194	$ 115,485,861
E. Other Revenue (Expenses) – Net (Specify)	$	$	$
NET OPERATING INCOME (LOSS)	$ 2,070,539	$ 1,801,738	$ 1,358,713
F. Capital Expenditures			
1. Retirement of Principal	$ 3,142	$ (19,506)	$ 39,636
2. Interest	51,753	84,885	167,250
Total Capital Expenditures	$ 54,895	$ 65,379	$ 206,886
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$ 2,015,644	$ 1,736,359	$ 1,151,827

Other Expenses (D9)	2012	2013	2014
Administrative Expense	2,586,658	4,007,353	6,773,752
Employee Benefit Expense	1,804,350	2,643,131	3,309,106
Other Operating Expenses	4,710,765	5,664,412	7,301,172
Total Other Expenses	**9,101,773**	**12,314,896**	**17,384,031**

PROJECTED DATA CHART

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

	Year 2016	Year 2017
A. Utilization Data (Specify unit of measure)	736	1,460
B. Revenue from Services to Patients		
1. Inpatient Services	$ 469,804	$ 953,103
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	$ 469,804	$ 953,103
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	$ 469,804	$ 953,103
NET OPERATING REVENUE	$	$
D. Operating Expenses	217,551	439,846
1. Salaries and Wages	$	$
2. Physician's Salaries and Wages	14,850	29,700
3. Supplies	28,339	57,421
4. Taxes	7,500	15,000
5. Depreciation	33,888	68,454
6. Rent		
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) see below	167,676	342,682
Total Operating Expenses	$ 469,804	$ 953,103
E. Other Revenue (Expenses) -- Net (Specify)	$	$
NET OPERATING INCOME (LOSS)	$	$
F. Capital Expenditures		
1. Retirement of Principal	$	$
2. Interest		
Total Capital Expenditures	$	$
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$	$

Other Expenses (D9)	2016	2017
Administrative Expenses	148,302	303,836
Other Operating Expenses	19,374	38,846
Total Other Expenses	**167,676**	**342,682**

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:

Because this project involves the construction of a new facility, there is no current charge schedule. D&S' proposed charge schedule is 638.32 per day for the first year of operations. D&S does not anticipate a rate adjustment. As the Projected Data Chart indicates, this project is intended to run on a break-even basis. The proposed charges were developed with this goal in mind.

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:

D&S's proposed charges of 638.32 per day are consistent with other facilities in the area. This amount is comparable to rates of current public and private ICF/IIDs operating in the county as well as with the rates proposed for similar ICF/IID four-bed homes whose Certificate of Need applications have recently been deemed completed by HSDA.

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 charges were developed with this goal in mind.

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 basically will be run on a break-even basis and is expected to achieve financial viability within its first year of operation.

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 of the home's residents will be TennCare (Medicaid) recipients. The project is intended to provide specialized services to Medicaid recipients in need of ICF level care.

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 alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE:

Attachment C.10 (Economic Feasibility): (1) D&S' financial information.

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.

(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:

The purpose of this project is to support those individuals transitioning out of GVDC into smaller homes. According to DIDD's letter supporting this project, "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."

It is more economically feasible to construct a new home that meets the requirements of an ICF/IID home and is suitable for the needs of its residents than to remodel or expand an existing structure that was not originally built for ICF/IID purposes.

Pursuant to the state's court-ordered Exit Plan, these homes cannot exceed four beds per home. It is most efficient to construct four bed homes rather than homes with fewer beds.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

RESPONSE:

According to DIDD's letter supporting D&S' proposal to build new 4-bed ICF/IID homes in Greene County, DIDD states: "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 [*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et al.* No. 3:95-1227]. . . . , 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."

As previously mentioned, D&S currently provides a full array of community-based services to meet the needs of the individuals they serve – from residential homes and in-home supports to day habilitation programs and vocational training, D&S programs and services are specially designed to help individuals with intellectual and developmental disabilities realize a life of independence and self-determination. D&S currently provides services in Texas, Tennessee (Middle, East, and West), and Kentucky. D&S manages over 330 residential homes in neighborhoods throughout Texas, Tennessee, and Kentucky. In Tennessee, D&S operates 140 homes and, between individuals supported in their residential homes, Family Model homes, and their own home receiving Personal Assistance supports, D&S currently provides services to over 500 individuals in Tennessee. D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License #L000000014120); (2) James Road facility (License #L000000014121); (3) Egypt Central facility (License #L000000014119); and (4) Darolyn Street facility (License #L000000014122). D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (#L000000015533, Knoxville / 7417 Kingston Pike; License #L000000015532 / 269 Cusick Street) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (License #PSS0000000203).

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:

For managed care organizations, D&S currently contracts with UnitedHealthcare Community Plan. D&S is in the process of developing contracts with Amerigroup Community Care and BlueCare.

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:

The construction of a new ICF/IID home to serve the residents transitioning from GVDC has a positive impact on the state's health care system. The transition is legally required pursuant to the Exit Plan resulting from *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et al.* No. 3:95-1227. Successful closure of GVDC and transition of residents into smaller ICF/IID homes will result

in dismissal of the law suit. The transition will also achieve cost efficiencies resulting from closure of a state-operated large institution and focusing care on smaller group homes. DIDD has asked providers in the state, like D&S, to construct these homes for GVDC residents to help the state meet its requirements under the Exit Plan. Other ICF providers in the region are also seeking to open additional ICF/IID homes in the area to accommodate GVDC residents. These homes are needed, as well as those D&S is proposing to open, in order to meet the state's needs to complete its Exit Plan.

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 home will have a dedicated House Manager that works to provide a comfortable living environment, work on the goals and objectives of each resident daily, and integrate the residents in their local communities. D&S employs nurses and direct support staff to provide care and contracts with therapy personnel needed to support individuals in physical, occupational, speech, and nutrition therapy. D&S anticipates the following staffing needs for this project:

House Manager (LPN): 1 FTE

Direct Support Staff: 7 FTE

LPNs: 6 FTE

The homes will also share a QIDP (Qualified Intellectual Disabilities Professional), QIDP Assistant, and RN with the two other proposed ICF/IID homes.

Based on data from the Tennessee Department of Labor & Workforce Development, the 2014 estimated median annual salary data for the following clinical staff positions in Tennessee are:

Nursing Assistants: $22,267
LPN: $36,000
RN: $56,370

D&S proposes to offer the following salaries:

Direct Support Staff: $14/hour (approximately $29,000/year)
LPN: $18/hour (approximately $37,000/year)

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:

Staffing needs will be handled by D&S's regional office located in East Tennessee. Staffing of the home will come from qualified individuals in the local and surrounding communities who choose to work in a

small specialized setting supporting individuals with any combination of developmental, intellectual, and behavioral needs.

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:

In Tennessee, D&S currently operates 140 homes and, between individuals supported in their residential homes, Family Model homes, and their own home receiving Personal Assistance supports, D&S currently provides services to over 500 individuals in Tennessee. D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License # L000000014120); (2) James Road facility (License # L000000014121); (3) Egypt Central facility (License # L000000014119); and (4) Darolyn Street facility (License # L000000014122). These ICF/IID homes also have the following TennCare contracts: (1) Old Allen Road facility (Contract # 7447123); (2) James Road facility (Contract # 7447124); (3) Egypt Central facility (Contract # 7447211); and (4) Darolyn Street facility (Contract # 7447142).

D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (#L000000015533, Knoxville / 7417 Kingston Pike; #L000000015532 / 269 Cusick Street) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (#PSS0000000203).

Based on this experience, D&S is familiar with and understands licensing certification required by the State of Tennessee for medical/clinical staff, including regulations concerning physician supervisions, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

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.).

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.

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

Licensure:

RESPONSE:

D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License # L000000014120); (2) James Road facility (License # L000000014121); (3) Egypt Central facility

(License # L000000014119); and (4) Darolyn Street facility (License # L000000014122). These ICF/IID homes also have the following TennCare contracts: (1) Old Allen Road facility (Contract # 7447123); (2) James Road facility (Contract # 7447124); (3) Egypt Central facility (Contract # 7447211); and (4) Darolyn Street facility (Contract # 7447142). D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (#L000000015533, Knoxville / 7417 Kingston Pike; #L000000015532 / 269 Cusick Street) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (#PSS0000000203).

D&S is familiar with Medicaid and Medicaid requirements concerning ICF/IIDs.

The proposed ICF/IID home is expected to obtain a facility license from DIDD.

Accreditation:

RESPONSE: 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: This proposal is for construction of a new ICF/IID home and is not currently licensed.

(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: This proposal is for construction of a new ICF/IID home and is not currently licensed. D&S is providing copies of its most recent license certification and inspections reports and plans of correction regarding its current four ICF/IID facilities in Tennessee.

Attachment C.7(d) (Contribution to the Orderly Development of Care): Most recent Tennessee ICF/IID inspections and plans of correction.

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.

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

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 this proposal is approved, D&S will provide the Tennessee Health Services and Development Agency and/or reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

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.

Proof of Publication is attached.

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.

Form HF0004

Revised 02/01/06

Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

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

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	Completed	10/12/2015
2. Construction documents approved by the Tennessee Department of Health	30 days	1/2016
3. Construction contract signed	30 days	1/2016
4. Building permit secured	30 days	1/2016
5. Site preparation completed	60 days	2/2016
6. Building construction commenced	60 days	2/2016
7. Construction 40% complete	90 days	3/2016
8. Construction 80% complete	150 days	6/2016
9. Construction 100% complete (approved for occupancy	180 days	7/2016
10. *Issuance of license	180 days	7/2016
11. *Initiation of service	180 days	7/2016
12. Final Architectural Certification of Payment	180 days	7/2016
13. Final Project Report Form (HF0055)	180 days	7/2016

* **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.

DEC 11 '15 AM11:11

AFFIDAVIT

STATE OF Texas

COUNTY OF Travis

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

SIGNATURE/TITLE

Sworn to and subscribed before me this 9 day of December (Month), 2015 (Year) a Notary Public in and for the County/State of Travis Texas.

NOTARY PUBLIC STATE OF TEXAS
MARY D FUCHS
My Commission Expires
April 10, 2016

Mary D. Fuchs
NOTARY PUBLIC

My commission expires 4/10 (Month/Day), 2016 (Year).

Attachment A.3 (Owner of the Facility)

D&S Residential Services, LP Partnership Agreement

D&S Residential Services, LP formation documents

D&S Residential Services, LP Tennessee qualification

LIMITED PARTNERSHIP AGREEMENT

OF

D&S RESIDENTIAL SERVICES, LP

Dated as of December 27, 2005

LIMITED PARTNERSHIP AGREEMENT
OF
D&S RESIDENTIAL SERVICES, LP

THIS LIMITED PARTNERSHIP AGREEMENT OF D&S RESIDENTIAL SERVICES, LP (this "Agreement"), dated as of December 27, 2005, is adopted, executed and agreed to by D&S Residential Management GP, LLC, a Texas limited liability company, as the sole General Partner and D&S Residential LIMPAR, LLC, a Nevada limited liability company, as the sole Limited Partner.

WHEREAS, D&S Residential Services, Inc., a Texas corporation (the "Corporation"), has converted into the Partnership pursuant to the Texas Business Corporation Act, as amended, and the Act (as defined below), and shall conduct all operations through the Partnership as a Texas limited partnership under the laws of the State of Texas;

WHEREAS, the General Partner and the Limited Partner are each disregarded as an entity separate from D&S Residential Holdings, Inc., a Texas corporation ("Parent"), for federal income tax purposes; and

WHEREAS, the Partners desire that the Partnership be disregarded as an entity separate from Parent for federal income tax purposes.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein set forth and intending to be legally bound, the parties hereto hereby enter into this Agreement pursuant to the provisions and upon the terms and conditions herein contained, and hereby agree as follows:

ARTICLE I
DEFINITIONS

1.01 Definitions. As used in this Agreement, the following terms have the following meanings:

"Act" means the Texas Revised Limited Partnership Act, Article 6132a-1 of the Texas Revised Civil Statutes, as amended from time to time.

"Agreement" has the meaning given that term in the introductory paragraph.

"Capital Contribution" means any contribution by a Partner to the capital of the Partnership.

"Certificate" has the meaning given that term in Section 2.01.

"Corporation" has the meaning given that term in the above recitals.

"General Partner" means D&S Residential Management GP, LLC, a Texas limited liability company.

"Limited Partner" means D&S Residential LIMPAR, LLC, a Nevada limited liability company.

"Parent" has the meaning given that term in the above recitals.

"Partner" means the General Partner or the Limited Partner.

"Partnership" means D&S Residential Services, LP, the Texas limited partnership formed pursuant to this Agreement.

"Partnership Interest" means the percentage ownership interest of a Partner in the Partnership. The initial Partnership Interest of the General Partner is one-tenth of one percent (0.1%), and the initial Partnership Interest of the Limited Partner is ninety-nine and nine-tenths percent (99.9%).

"Person" means any individual, partnership, corporation, trust or other legal entity.

1.02 Construction. Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine and neuter. All references to Articles and Sections refer to articles and sections of this Agreement. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word include (and any variation) is used in an illustrative sense rather than a limited sense. The word day means a calendar day.

ARTICLE II
ORGANIZATION

2.01 Formation. The Partnership has been organized as a Texas limited partnership by the filing of a Certificate of Limited Partnership (the "Certificate") under and pursuant to the Act.

2.02 Name. The name of the Partnership is "D&S Residential Services, LP" and all Partnership business must be conducted in that name or such other names that comply with applicable law as the General Partner may select from time to time.

2.03 Registered Office; Registered Agent; Principal Office in the United States; Other Offices. The registered office of the Partnership required by the Act to be maintained in the State of Texas shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Partnership) as the General Partner may designate from time to time in the manner provided by law. The registered agent of the Partnership in the State of Texas shall be the initial registered agent named in the Certificate or such other Person or Persons as the General Partner may designate from time to time in the manner provided by law. The principal office of the Partnership in the United States shall be at such place as the General Partner may designate from time to time, which need not be in the State of Texas.

2.04 Purpose. The business and purpose of the Partnership is to engage in the engage in such activities as the General Partner shall deem appropriate, to the extent such activities may

be carried on under applicable law and are not prohibited by the terms and provisions of this Agreement or the Act.

2.05 Duration. The period of duration of the Partnership is perpetual, unless the Partnership dissolves in accordance with the provisions of this Agreement.

2.06 Powers. The Partnership has all of the powers necessary or convenient to achieve its purposes and to further its business.

2.07 Legal Title. Legal title to the assets of the Partnership will be taken and at all times held in the name of the Partnership.

2.08 Qualifications. The General Partner may take any and all actions deemed reasonably necessary by the General Partner to qualify the Partnership in foreign jurisdictions.

2.09 Mergers and Exchanges. With the consent of the Partners, the Partnership may be a party to (a) a merger, or (b) an exchange of the type described in Section 2.11 of the Act.

2.10 Liability to Third Parties. The Limited Partner shall not be liable for the debts, obligations or liabilities of the Partnership, including under a judgment decree or order of a court.

2.11 Transfer or Pledge by a Partner. A Partner may transfer or pledge its Partnership Interest without restriction. The pledge or hypothecation of, or the granting of any security interest or other lien or encumbrance against, all or part of a Partner's interest in the Partnership by the Partner will not cause the withdrawal of the Partner from the Partnership.

ARTICLE III
CAPITAL CONTRIBUTIONS

3.01 Initial Contributions. The Partners shall not be required to make any initial Capital Contribution to the Partnership.

3.02 Additional Contributions. No Partner shall be required to make any additional contributions to the capital of the Partnership unless agreed to in writing by both Partners. Any agreement between the Partners for additional capital contributions to the Partnership shall create rights and obligations only between the Partnership and the Partners, and shall not create any rights in any third party.

3.03 No Withdrawal of Contributions. A Partner shall not be entitled to withdraw any part of such Partner's capital account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. There shall be no obligation to return to any Partner any part of such Partner's capital contributions to the Partnership until such time as the Partnership is dissolved and terminated.

3.04 Advances by a Partner. If the Partnership does not have sufficient cash to pay its obligations, a Partner may advance all or part of the needed funds to or on behalf of the Partnership. An advance described in this Section constitutes a loan from the Partner to the

Partnership, bears interest at a rate determined by the General Partner from the date of the advance until the date of payment, and is not a Capital Contribution.

ARTICLE IV
ALLOCATIONS AND DISTRIBUTIONS

4.01 *Allocations*. *All items of income, gain, loss, deduction, and credit of the* Partnership shall be allocated to the Partners pro rata in accordance with their Partnership Interests.

4.02 Distributions. Subject to the limitations of Section 6.07 of the Act, from time to time the General Partner may cause the Partnership to make a distribution of cash or other property to the Partners pro rata in accordance with their Partnership Interests. From time to time the General Partner also may cause assets of the Partnership other than cash to be distributed to the Partners, which distribution may be made subject to existing liabilities and obligations.

ARTICLE V
MANAGEMENT

5.01 Management. Subject to the provisions of this Agreement, the General Partner shall have exclusive authority to act on behalf of the Partnership. Subject to the provisions of this Agreement, the General Partner shall have the authority to manage the business and affairs of the Partnership. The Limited Partner shall have no authority to participate in the management or act on behalf of or bind the Partnership.

5.02 Removal of General Partner. The Limited Partner may remove the General Partner at any time, with or without cause, upon delivery to the General Partner at the principal office of the Partnership of written notice of such removal.

5.03 Compensation. The General Partner shall not receive any compensation for its duties as General Partner.

5.04 No Voting Rights of Limited Partner. Except as specifically set forth in this Agreement or required by applicable law, the Limited Partner shall not have any voting, approval or consent rights.

5.05 Action by Written Consent. Whenever the approval or consent of the Limited Partner is required or permitted hereunder, such approval or consent shall take the form of a written consent executed by a duly authorized representative of the Limited Partner.

ARTICLE VI
INDEMNIFICATION

6.01 Right to Indemnification. Subject to the limitations and conditions as provided in *this Article VI, each Person who was or is made a party or is threatened to be made a party to or* is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a "Proceeding"), or any appeal

in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he, or a Person of whom he is the legal representative, is or was a Partner shall be indemnified by the Partnership to the fullest extent permitted by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Partnership to provide broader indemnification rights than said law permitted the Partnership to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such Person in connection with such Proceeding, and indemnification under this Article VI shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Article VI shall be deemed contract rights, and no amendment, modification or repeal of this Article VI shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article VI could involve indemnification for negligence or under theories of strict liability.

6.02 Advance Payment. The right to indemnification conferred in this Article VI shall include the right to be paid or reimbursed by the Partnership the reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 6.01 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Partnership of a written affirmation by the Person of his good faith belief that he has met the standard of conduct necessary for indemnification under this Article VI and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified Person is not entitled to be indemnified under this Article VI or otherwise.

6.03 Indemnification of Employees and Agents. The Partnership, with the written consent of the General Partner, may indemnify and advance expenses to an employee or agent of the Partnership to the same extent and subject to the same conditions under which it may indemnify and advance expenses to a Partner under this Article VI; and, the Partnership may indemnify and advance expenses to Persons who are not or were not a Partner, employees or agents of the Partnership but who are or were serving at the request of the Partnership as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person to the same extent that it may indemnify and advance expenses to a Partner under this Article VI.

6.04 Appearance as a Witness. Notwithstanding any other provision of this Article VI, the Partnership may pay or reimburse expenses incurred by a Person in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

6.05 Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VI shall not be exclusive of any other right which the Partners or other Person indemnified pursuant to this Article VI may have or hereafter acquire under any law (common or statutory), provision of the Articles or this Agreement, agreement, vote of the Partners or otherwise.

6.06 Insurance. The Partnership may purchase and maintain insurance, at its expense, to protect itself and any Partner or Person who is or was serving as an employee or agent of the Partnership or is or was serving at the request of the Partnership as a member, manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Partnership would have the power to indemnify such Person against such expense, liability or loss under this Article VI.

6.07 Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Partnership shall nevertheless indemnify and hold harmless the Partners or any other Person indemnified pursuant to this Article VI as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the fullest extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII
TAXES AND BOOKS

7.01 Federal Income Tax Treatment. For federal income tax purposes, the Partnership shall be disregarded as an entity separate from Parent pursuant to Treasury Regulations Section 301.7701-3(b)(1)(ii). The General Partner shall make such elections and take any and all action to insure that the Partnership is disregarded as entity separate from Parent for federal income tax purposes.

7.02 Maintenance of Books and Records. The Partnership shall keep accurate books and records relating to the assets of the Partnership in accordance with generally accepted accounting principles. The calendar year shall be the accounting year of the Partnership. The Limited Partner shall be permitted access to all books and records of the Partnership at the principal office of the Partnership during business hours.

ARTICLE VIII
DISSOLUTION, LIQUIDATION AND TERMINATION

8.01 Dissolution. The Partnership shall dissolve and its affairs shall be wound up on the first to occur of the following:

(a) The written consent of the Partners;

(b) The withdrawal of the General Partner or the occurrence of any other event that results in the General Partner ceasing to be a General Partner, without the subsequent election of a successor general partner, which successor is hereby authorized to continue the business of the Partnership; and

(c) Entry of a decree of judicial dissolution of the Partnership under Section 8.02 of the Act.

Upon an event described in Section 8.01(b), the Partnership thereafter shall be dissolved and liquidated unless within ninety (90) days of such event unless the Limited Partner agrees in writing to continue the business of the Partnership and to the appointment of a successor general partner. If such election to continue the Partnership is made, then (i) the Partnership shall continue until another event causing dissolution in accordance with this Section 8.01 shall occur and (ii) all necessary steps shall be taken to amend this Agreement to reflect the continuation of the business of the Partnership.

The death, retirement, resignation, expulsion, bankruptcy or dissolution of the Limited Partner or the occurrence of any other event that terminates the continued existence of the Limited Partner shall not cause the Partnership to be dissolved or its affairs to be wound up.

8.02 Liquidation and Termination. On dissolution of the Partnership, the General Partner shall act as liquidating trustee or, upon an event described in Section 8.01(b), the Limited Partner may appoint one or more other Persons to act as liquidating trustee. The liquidating trustee shall proceed diligently to wind up the affairs of the Partnership in accordance with Section 8.04 of the Act and make final distributions to the Partners pro rata in accordance with their Partnership Interests. The costs of liquidation shall be borne as a Partnership expense. Until final distribution, the liquidating trustee shall continue to operate the Partnership assets with all of the power and authority of the General Partner.

8.03 Deficit Capital Accounts. Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, a Partner shall not be responsible for any deficit in any capital account attributed to such Partner, and upon dissolution of the Partnership any such deficit shall not be an asset of the Partnership and the Partner shall not be obligated to contribute such amount to the Partnership to bring the balance of the Partner's capital account to zero.

8.04 Certificate of Cancellation. On completion of the distribution of Partnership assets as provided herein, the Partnership is terminated, and the General Partner (or such other Person or Persons as the Act may require or permit) shall file a Certificate of Cancellation with the Secretary of State of Texas and take such other actions as may be necessary to terminate the Partnership.

ARTICLE IX
GENERAL PROVISIONS

9.01 Entire Agreement; Supersedure. This Agreement constitutes the entire agreement of the Partners relating to the Partnership and supersedes all prior contracts or agreements with respect to the internal governance of the Partnership, whether oral or written.

9.02 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Partnership is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Partnership. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Partnership, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute of limitations period has run.

9.03 Amendment or Modification. This Agreement may be amended or modified from time to time only by a written instrument adopted by the Partners.

9.04 Binding Effect. This Agreement is binding on, and inures to the benefit of, the Partners and their heirs, legal representatives, successors, and assigns.

9.05 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

9.06 Headings. Article and Section titles have been inserted for convenience of reference only, and they are not intended to affect the meaning or interpretation of this Agreement.

9.07 Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT OF LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Agreement and (a) any provision of the Certificate, or (b) any mandatory provision of the Act, the applicable provision of this Agreement shall control except to the extent required by the Act.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Partners have executed this Limited Partnership Agreement as of the date first set forth above.

GENERAL PARTNER:

D&S Residential Management GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc.,
its sole member,

By: Michael L. Bailey
Michael L. Bailey, Vice President

LIMITED PARTNER:

D&S Residential LIMPAR, LLC,
a Nevada limited liability company

By: _____
Kelly Flanders, Manager

DALLAS: 09029.00007: 1357709v3

IN WITNESS WHEREOF, the Partners have executed this Limited Partnership Agreement as of the date first set forth above.

GENERAL PARTNER:

D&S Residential Management GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc.,
its sole member

By: _____
Michael L. Bailey, Vice President

LIMITED PARTNER:

D&S Residential LIMPAR, LLC,
a Nevada limited liability company

By: Kelly Flanders
Kelly Flanders, Manager

DALLAS: 09029.00007: 1357709v3

FIRST AMENDMENT TO LIMITED PARTNERSHIP AGREEMENT OF D&S RESIDENTIAL SERVICES, LP

This First Amendment (this "Amendment") to Limited Partnership Agreement of D&S Residential Services, LP (the "Partnership") is executed as of Dec 17, 2007 by and among D&S Residential Management GP, LLC, a Texas limited liability company (the "General Partner") and D&S Residential Holdings, Inc., a Texas corporation (the "New Limited Partner").

WHEREAS, the General Partner and D&S Residential LIMPAR, LLC, a Nevada limited liability company (the "Former Limited Partner") are parties to the Limited Partnership Agreement of the Partnership dated as of December 27, 2005 (the "Partnership Agreement");

WHEREAS, the Former Limited Partner has assigned all of its Limited Partnership Interests to the New Limited Partner; and

WHEREAS, the parties hereto desire to amend the Partnership Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the parties agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning given in the Partnership Agreement.

2. Admission. The New Limited Partner is hereby admitted as a limited partner of the Partnership.

3. Definitions. The definition of "Limited Partner" in Section 1.01 of the Partnership Agreement is hereby deleted in its entirety and replaced with the following:

"'Limited Partner' means D&S Residential Holdings, Inc., a Texas corporation."

4. Partnership Agreement In Full Force. Except as expressly provided herein, the Partnership Agreement shall remain in full force and effect without modification.

5. Counterparts. This Amendment may be executed in two or more counterparts and by facsimile, each of which shall be an original, but all of which together shall constitute one instrument.

6. Governing Law. This Amendment is to be performed in the State of Texas and is governed by the laws of the State of Texas, without giving effect to the principles of conflict of laws and the courts of such county and state shall be the exclusive venue for any action, suit or claim filed in connection with this Amendment.

[Signature Page Follows]

DALLAS: 0523088.00000: 1643243v2

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

GENERAL PARTNER:

D&S Residential Management GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc., its sole member

By: _____
Name: Mickey Atkins
Title: President

NEW LIMITED PARTNER:

D&S Residential Holdings, Inc.,
a Texas Corporation

By: _____
Name: Mickey Atkins
Title: President

DALLAS: 0523088.00000: 1643243v2

AGREEMENT AND ASSIGNMENT OF PARTNERSHIP INTEREST

THIS AGREEMENT AND ASSIGNMENT OF PARTNERSHIP INTEREST (this "Agreement") is made and entered into effective as of Dec 17, 2007 (the "Effective Date") by and between D&S Residential LIMPAR, LLC, a Nevada limited liability company ("Assignor") and D&S Residential Holdings, Inc., a Texas corporation ("Assignee").

RECITALS

WHEREAS, Assignor owns a 99.9% limited partner interest (the "Partnership Interest") in D&S Residential Services, LP, a Texas limited partnership (the "Partnership"); and

WHEREAS, pursuant to the terms and conditions herein set forth, Assignor desires to assign to Assignee, and Assignee desires to acquire from Assignor, the Partnership Interest.

NOW, THEREFORE, in consideration of the premises, warranties and mutual covenants set forth herein, the parties hereto agree as follows:

1. Assignment of Partnership Interest. Assignor hereby transfers and assigns to Assignee, and Assignee hereby acquires, all of the Partnership Interest, including but not limited to, that portion of the right, title and interest in and to the properties (real and personal), capital, cash flow distributions and profits and losses of the Partnership which are allocable to the Partnership Interest.

2. Effective Date. The assignment herein is effective as of the Effective Date set forth above, and from and after that date, that portion of the net profits or net losses of the Partnership allocable to the Partnership Interest shall be credited or charged, as the case may be, to Assignee.

3. Investment Representation. Assignee represents that the acquisition of the Partnership Interest is being made by Assignee for investment purposes and not with a view to the sale thereof.

4. Representation by Assignor. Assignor represents that it owns the Partnership Interest free and clear of any liens, security interests or other encumbrances of any kind.

5. Assumption by Assignee. In connection with the acquisition of the Partnership Interest, Assignee hereby agrees that it shall be bound by and subject to all of the terms and provisions of the Limited Partnership Agreement of the Partnership (the "Partnership Agreement") and hereby assumes (as between the parties and only for the benefit of Assignor) those liabilities, obligations and responsibilities, if any, attributable to the Partnership Interest from and after the Effective Date, whether the same shall arise under the terms of the Partnership Agreement or pursuant to the provisions of applicable law.

6. Future Cooperation on Subsequent Documents. Assignor and Assignee mutually agree to cooperate at all times from and after the date hereof with respect to the supplying of any

DALLAS: 0523088.00000: 1643300v3

information requested by the other regarding any of the matters described in this Agreement, and each agrees to execute such further assignments, amendments to the Partnership Agreement, releases or other documents as may be reasonably requested for the purpose of giving effect to, evidencing or giving notice of the transactions described herein.

7. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns.

8. Survival of Representations. The representations, warranties, covenants and agreements of the parties contained in this Agreement shall survive the execution hereof.

9. Modification and Waiver. No supplement, modification, waiver or termination of this Agreement or any provisions hereof shall be binding unless executed in writing by the parties to be bound thereby. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

10. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be an original and all of which shall together constitute one and the same Agreement.

IN WITNESS WHEREOF, this Agreement is executed effective as of the Effective Date.

ASSIGNOR:

D&S RESIDENTIAL LIMPAR, LLC

By: _____
Michael Bailey, Manager

ASSIGNEE:

D&S RESIDENTIAL HOLDINGS, INC.

By: _____
Name: _____
Title: _____

DALLAS 0523085 00900 1643300v2

IN WITNESS WHEREOF, this Agreement is executed effective as of the Effective Date.

ASSIGNOR:

D&S RESIDENTIAL LIMPAR, LLC

By:_____
Michael Bailey, Manager

ASSIGNEE:

D&S RESIDENTIAL HOLDINGS, INC.

By:_____
Name: Mickey Atkins
Title: President

DALLAS: 0523088.00000: 1643300v3

D&S RESIDENTIAL LIMPAR, LLC

—oOo—

WRITTEN CONSENT OF THE MEMBER
IN LIEU OF A SPECIAL MEETING

As of Dec. 17, **2007**

—oOo—

Pursuant to the relevant provisions of Nevada limited liability company law, the undersigned, being the sole Member (the "Member") of D&S Residential LIMPAR, LLC, a Nevada limited liability company (the "Company"), hereby waives notice of meeting; consents to the taking of each action set forth below as if an actual meeting of the Member had been held; and instructs the Secretary of the Company to file this written consent in the minute book of the Company. Each of the following actions shall constitute the valid limited liability company action of the Member and shall have the same force and effect as if such actions had been authorized and taken at a formal meeting of the Member duly convened and held on the above date and as if such Member present in person at such meeting and voted in favor thereof:

RESOLVED, that the Company shall be dissolved, its liabilities shall be paid or satisfied, or adequate provision for payment shall be made, and its remaining property and assets (including, without limitation, its 99.9% limited partner interest in D&S Residential Services, LP) shall be distributed to the Member in accordance with the terms and provisions of the Operating Agreement of the Company dated as of January 11, 2005, as amended;

FURTHER RESOLVED, that the officers and managers of the Company are authorized and directed to exercise any and all powers and rights of the Company and execute any and all documents necessary or desirable to effect the transactions contemplated by the above resolution; and

FURTHER RESOLVED, that the actions of the Member or any officer or manager of the Company previously taken in connection with the transactions contemplated by the above resolutions be, and they hereby are, in all respects, authorized, approved, ratified and confirmed as the acts and deeds of the Company.

[SIGNATURE PAGE FOLLOWS]

DALLAS: 0523088.00000: 1644291v2

IN WITNESS WHEREOF, the undersigned sole Member has duly executed this consent effective as of the date written above.

MEMBER:

D&S RESIDENTIAL HOLDINGS, INC.

By: _____
Name: Mickey Atkins
Title: President

DALLAS: 0523088.00000: 1644291v2

D&S RESIDENTIAL HOLDINGS, INC.

—oOo—

WRITTEN CONSENT OF THE BOARD OF DIRECTORS
IN LIEU OF A SPECIAL MEETING

As of Dec. 17, 2007

—oOo—

Pursuant to the relevant provisions of the Texas Business Corporation Act, as amended, the undersigned, being all of the directors of D&S Residential Holdings, Inc., a Texas corporation (the "Company"), hereby waive notice of meeting; consent to the taking of each action set forth below as if an actual meeting of the board of directors of the Company (the "Board") had been held; and instruct the Secretary of the Company to file this written consent in the minute book of the Company. Each of the following actions shall constitute the valid corporate action of the Board and shall have the same force and effect as if such actions had been authorized and taken at a formal meeting of the Board duly convened and held on the above date and as if such directors were present in person at such meeting and voted in favor thereof. This consent may be executed in one or more counterparts, each of which shall constitute an original and all of which when taken together shall constitute one instrument effective as of the date hereof:

WHEREAS, the Company is the sole member of D&S Residential LIMPAR, LLC, a Nevada limited liability Company ("D&S LIMPAR"); and

WHEREAS, the Board deems it to be in the best interests of the Company, as the sole member of D&S LIMPAR, for D&S LIMPAR to dissolve.

RESOLVED, that D&S LIMPAR shall be dissolved, its liabilities shall be paid or satisfied, or adequate provision for payment shall be made, and its remaining property and assets (including, without limitation, its 99.9% limited partner interest in D&S Residential Services, LP) shall be distributed to the Company;

FURTHER RESOLVED, that the officers of the Company are authorized and directed to exercise any and all powers and rights of the Company and execute any and all documents necessary or desirable to effect the transactions contemplated by the above resolution; and

FURTHER RESOLVED, that the actions of the Company or any officer of the Company previously taken in connection with the transactions contemplated by the above resolutions be, and they hereby are, in all respects, authorized, approved, ratified and confirmed as the acts and deeds of the Company.

DALLAS: 0523088.00000: 1644431v2

IN WITNESS WHEREOF, the undersigned directors have duly executed this consent effective as of the date written above.

Michael L. Bailey

Michael Crothers

Ralph W. Manning

Hal Davis, Jr.

IN WITNESS WHEREOF, the undersigned directors have duly executed this consent effective as of the date written above.

Michael L. Bailey

Michael Crothers

Ralph W. Manning

Hal Davis, Jr.

DALLAS: 0523088.00000 644431v2

IN WITNESS WHEREOF, the undersigned directors have duly executed this consent effective as of the date written above.

Michael L. Bailey

Michael Crothers

Ralph W. Manning

Hal Davis, Jr.

DALLAS: 0523088.00000: 1644631v2

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Carlos H. Cascos
Secretary of State

Office of the Secretary of State

Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles of Conversion for D&S Residential Services, LP (file number 800589795), a Domestic Limited Partnership (LP), was filed in this office on December 27, 2005.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on December 07, 2015.

Carlos H. Cascos
Secretary of State

FILED
In the Office of the
Secretary of State of Texas

DEC 27 2005

Corporations Section

ARTICLES OF CONVERSION
OF
D&S RESIDENTIAL SERVICES, INC.

Pursuant to the provisions of Articles 5.17 and 5.18 of the Texas Business Corporation Act and Section 2.15 of the Texas Revised Limited Partnership Act, the undersigned corporation does hereby adopt the following Articles of Conversion for the purpose of converting D&S Residential Services, Inc., a Texas corporation (the "Converting Entity"), into D&S Residential Services, LP, a Texas limited partnership (the "Converted Entity"), and does hereby certify as follows:

1. The name of the Converting Entity is D&S Residential Services, Inc. The Converting Entity is a corporation incorporated under the laws of the State of Texas.

2. A Plan of Conversion has been adopted and approved by the Converting Entity.

3. An executed Plan of Conversion is on file at the principal place of business of the Converting Entity, located at 225 South Commons Ford Road, Austin, Texas 78733. Such executed Plan of Conversion will be on file, from and after the conversion, at the principal place of business of the Converted Entity, which is located at 225 South Commons Ford Road, Austin, Texas 78733.

4. A copy of the Plan of Conversion will be furnished by the Converting Entity (prior to the conversion) or the Converted Entity (after the conversion), on written request and without cost, to any shareholder of the Converting Entity and to any partner of the Converted Entity.

5. The number of shares of stock of the Converting Entity outstanding as of the date hereof is one thousand (1,000).

6. The number of shares of stock of the Converting Entity outstanding, not entitled to vote only as a class, voting (i) in favor of the Plan of Conversion was one thousand (1,000) and (ii) against the Plan of Conversion was zero (0).

7. The approval of the Plan of Conversion was duly authorized by all action required by the laws of the State of Texas and by the Converting Entity's constituent documents.

8. The Converted Entity shall be responsible for the payment of all fees and franchise taxes required by law and for which the Converting Entity was responsible prior to the conversion; and the Converted Entity shall be obligated to pay any and all such fees and franchise taxes if the same are not timely paid by the Converting Entity.

[Signature page to follow]

RECEI

DEC 27 2005

DALLAS: 09029.00007: 1365247v2

Secretary

Dated as of this 27 day of December, 2005.

D&S RESIDENTIAL SERVICES, INC.,
a Texas corporation

By: Michael L. Bailey

Michael L. Bailey
Vice President, Secretary and Treasurer

DALLAS: 09029.00007: 1365247v2

CERTIFICATE OF LIMITED PARTNERSHIP

OF

D&S RESIDENTIAL SERVICES, LP

FILED
In the Office of the
Secretary of State of Texas
DEC 27 2005
Corporations Section

The undersigned General Partner, desiring to form a limited partnership pursuant to Section 2.01 of the Texas Revised Limited Partnership Act (the "Act"), hereby duly executes this Certificate of Limited Partnership.

1. The name of the Limited Partnership is D&S Residential Services, LP (the "Limited Partnership").

2. The address of the registered office of the Limited Partnership is 225 South Commons Ford Road, Austin, Texas 78733, and the name of its initial registered agent at such address is Fred Allen, Jr.

3. The address of the principal office of the Limited Partnership in the United States where its partnership records are to be kept or made available under Section 1.07 of the Act is 225 South Commons Ford Road, Austin, Texas 78733.

4. The name, the mailing address, and the street address of the sole general partner of the Limited Partnership is as follows:

NAME	MAILING AND STREET ADDRESS
D&S Residential Management GP, LLC	2200 Ross Avenue, Suite 3838 Dallas, Texas 75201

5. The Limited Partnership is being formed pursuant to a Plan of Conversion (the "Conversion") under Section 2.15 of the Act.

6. The name of the entity converting into the Limited Partnership pursuant to the Conversion is D&S Residential Services, Inc. (the "Converting Entity"). The address of the Converting Entity is 225 South Commons Ford Road, Austin, Texas 78733. The Converting Entity was a Texas corporation formed on May 17, 1991.

[Signature Page Follows]

DALLAS: 09029.00007: 1367092v1

IN WITNESS WHEREOF, the undersigned, constituting the sole general partner of the Limited Partnership, has caused this Certificate of Limited Partnership to be duly executed as of the 27 day of December, 2005.

D&S RESIDENTIAL MANAGEMENT GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc.,
its sole member

By: Michael L. Bailey
Michael L. Bailey
Vice President, Secretary and Treasurer

DALLAS: 09029.00007: 1367092v1

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

GENEVA HARRISON
PO BOX 1831
AUSTIN, TX 78767

December 7, 2015

Request Type: Certificate of Existence/Authorization
Request #: 0187030

Issuance Date: 12/07/2015
Copies Requested: 1

Document Receipt

Receipt # : 002334898	Filing Fee:	$22.25
Payment-Credit Card - State Payment Center - CC #: 166178961		$22.25

Regarding:	**D&S RESIDENTIAL SERVICES, LP**		
Filing Type:	Limited Partnership - Foreign	Control # :	511031
Formation/Qualification Date:	01/17/2006	Date Formed:	12/27/2005
Status:	Active	Formation Locale:	TEXAS
Duration Term:	Perpetual	Inactive Date:	

CERTIFICATE OF AUTHORIZATION

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

D&S RESIDENTIAL SERVICES, LP

* is a Limited Partnership organized in the jurisdiction set forth above, is authorized to transact business in this State;

* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

* has appointed a registered agent and registered office in this State;

* has not filed an Application for Certificate of Withdrawal.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 015139324

Phone (615) 741-6488 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

Attachment A.4 (Type of Ownership of Control)

Description of ownership structure of D&S Residential Services, LP

Ownership Structure organizational chart for D&S Residential Services, LP

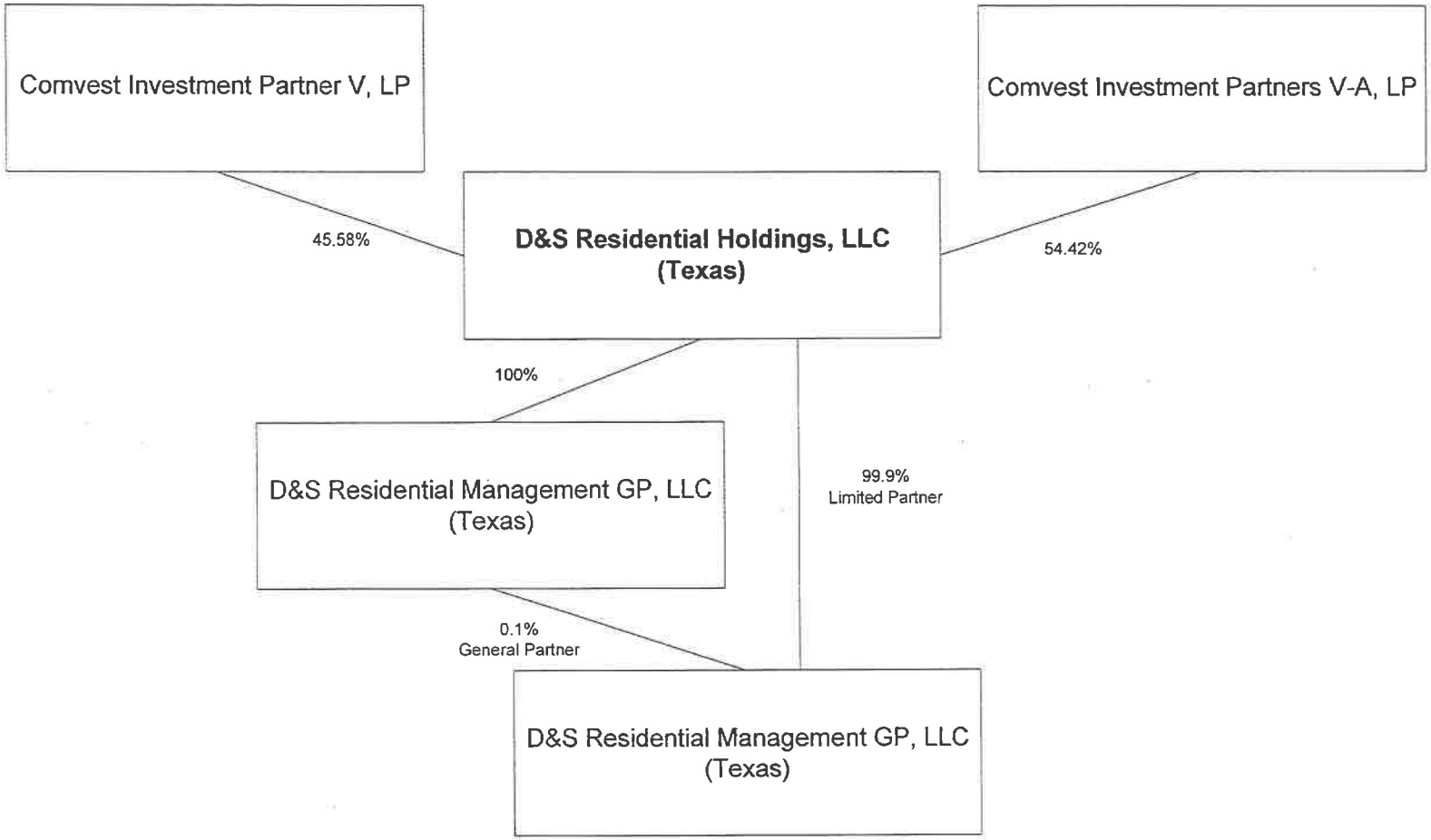
List of health care institutions owned by D&S Residential Services, LP (name, address, licensure status, ownership percentage)

Description of Ownership

D&S Residential, LP (the applicant) is a limited partnership formed in Texas and qualified to do business in Tennessee. D&S Residential Management GP, LLC, a Texas limited liability company, is the general partner with 0.1% ownership interest in D&S Residential, LP. D&S Residential Holdings, LLC, a Texas limited liability company, is the limited partner and holds 99.9% ownership interest in D&S Residential Services, LP. D&S Residential Holdings, LLC is owned by two investment funds: Comvest Investment Partners V, LP (54.42% ownership interest of D&S Residential Holdings, LLC) and Comvest Investment Partners V-A, LP (45.58% ownership interest of D&S Residential Holdings, LLC). These investment funds are private investment funds providing equity and debt capital to middle market companies across the United States. Both of these investment funds are managed by Roger Marrero, Cecilio Rodriguez, and Lee Bryan. These individuals, along with D&S CEO and President Mickey Atkins, are responsible for the management of, and have control over, D&S and its homes.

D&S Residential Services, LP

Organizational Structure



Facility Type	Name	Area	Street Address	City, State, Zip	Type of License	License Number	Licensing Agency	Ownership
Home	Apple Tree Community Residence	North Austin	2600 Tumlinson Ft. Drive	Leander, Texas 78641	ICF	007416	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Bertram	Bertram	648 West Cedar	Bertram, Texas 78605	ICF	003675	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Big Sky Ranch	Abilene	2234 B Amy Lyn Ave	Abilene, Texas 79603	ICF	003749	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Bluebonnet-ICF	Bertram	1260 Hwy 29 West	Bertram, Texas 78605	ICF	007505	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Burnet County	Bertram	1513 Bluebonnet Drive	Marble Falls, Texas 78654	ICF	003763	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Capital Heights Home	East San Angelo	1706 Idaho Avenue	San Angelo, Texas 76904	ICF	007401	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Casa De Concho	East San Angelo	2706 Watson Street	San Angelo, Texas 76905	ICF	007235	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Casa De Mimosa	East San Angelo	1041 East 44th Street	San Angelo, Texas 76903	ICF	003632	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Casa De Tres Rios	East San Angelo	1342 Tres Rios Drive	San Angelo, Texas 76903	ICF	003609	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Cedar Park Community Residence	Bertram	611 Pomegranate Pass	Cedar Park, Texas 78613	ICF	007310	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Chad Community Home	Longview	1202 Chad	Longview, Texas 75604	ICF	007608	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	China Tree Community Residence	South Austin	8106 US Hwy 290 West	Austin, Texas 78735	ICF	007483	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Comanche Flats	Odessa	1315 Baylor Blvd.	Big Spring, Texas 79720	ICF	003792	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Covington Pike	Memphis	5880 Covington Pike	Millington, Tennessee 38053	Res Hab (IBRS)	L000000013677	DIDD	100% - D&S Residential Services, LP
Home	Darolyn	Memphis	2803 Darolyn St	Bartlett, Tennessee 38134	ICF	13490	DIDD	100% - D&S Residential Services, LP
Home	Driftwood Community Home	North Austin	2304 Dijon	Cedar Park, Texas 78613	ICF	007468	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Egypt Central	Memphis	3783 Egypt Central	Memphis, Tennessee 38128	ICF	13489	DIDD	100% - D&S Residential Services, LP
Home	Gracy Farms	North Austin	1512 Gracy Farms Lane	Austin, Texas 78758	ICF	007323	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Highland Lakes	Bertram	705 Kincheloe	Burnet, Texas 78611	ICF	003879	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Hill Country Community Residence	Bertram	1406 Pecan St.	Cedar Park, Texas 78613	ICF	003810	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Honeysuckle Community Home	Longview	#9 Honeysuckle	Longview, Texas 75604	ICF	007255	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	James Road	Memphis	3131 James Rd	Memphis, Tennessee 38128	ICF	13491	DIDD	100% - D&S Residential Services, LP
Home	Keota	South Austin	4508 Keota Drive	Austin, Texas 78749	ICF	007805	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Mariah Flats	Odessa	10036 West Westland Dr.	Odessa, Texas 79764	ICF	003757	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Mesquite Villa	Abilene	2234 A Amy Lyn Ave.	Abilene, Texas 79603	ICF	003770	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Oak Tree Community Residence	South Austin	3509 Convict Hill	Austin, Texas 78745	ICF	007627	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP

Home	Old Allen	Memphis	3432 Old Allen Road	Memphis, Tennessee 38128	ICF	13492	DIDD	100% - D&S Residential Services, LP
Home	Ouachita Acres	Wichita Falls	7752 State Hwy. 79 South	Wichita Falls, Texas 76301	ICF	003797	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Ouachita Flats	Wichita Falls	6086 Kovarik Rd.	Wichita Falls, Texas 76310	ICF	003759	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Peach Tree Community Residence	South Austin	101 Spring Lake Dr.	Dripping Spring, Texas 78620	ICF	007300	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Riviera Community Residence	Bertram	2401 Dijon	Cedar Park, Texas 78613	ICF	003644	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Sunbonnet Community Residence	Kyle	500 Rebel Drive	Buda, Texas 78610	ICF	104575	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Sunset	Bertram	313 Sunset Drive	Burnet, Texas 78611	ICF	007221	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Terrace Place	East San Angelo	42 Terrace Drive	San Angelo, Texas 76903	ICF	007582	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Thelma Community Home	Longview	1009 Thelma	Longview, Texas 75604	ICF	007297	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Truman Drive Community Home	Longview	103 Truman	Henderson, Texas 75652	ICF	007257	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Woodbine Community Home	Longview	2402 Woodbine	Gladewater, Texas 75647	ICF	007293	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Home	Woodview	Bertram	407 County Road 320	Bertram, Texas 78605	ICF	007450	Texas Department of Aging and Disability Services	100% - D&S Residential Services, LP
Day Hab	Maryville DH	Maryville	240 Gill Street	Alcoa, Tennessee 37701	Adult Day Habiliation	L000000013874	DIDD	100% - D&S Residential Services, LP

Attachment A.6 (Legal Interest in Site)

Development Agreement

Letter of Intent

Lease

Purchase Agreement

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into effective as of October 30th 2015, (the "**Effective Date**") by and between **SCIOTO PROPERTIES LLC** ("**Scioto**") and **D & S RESIDENTIAL SERVICES, LP** ("**Provider**").

RECITALS

A. Provider is in the business of operating care facilities and homes and providing services to individuals with developmental disabilities and other continuing care needs ("**Residents**").

B. Scioto is in the business of acquiring and developing real estate, with specific expertise in the acquisition and development of real estate for use as care facilities and homes for individuals with developmental disabilities and other continuing care needs.

C. Provider and Scioto desire that (i) Scioto purchase two (2) parcels of land (each, a "**Site**" and together, the "**Sites**"), and (ii) upon the closing of the purchase of each Site by Scioto, Scioto, as lessor, and Provider, as lessee, enter into a Lease for each Site (each, a "**Lease**" and together, the "**Leases**") providing for the construction by Scioto of improvements on each Site described in Section 1 below (each, a "**Home**" and together, the "**Homes**") and the leasing the Homes by Scioto to Provider, on and subject to the terms and conditions set forth in this Agreement and the Leases.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, Scioto and Provider hereby agree to the foregoing and as follows:

1. **Project Development.** The "**Project**" shall consist of the purchase of the Sites by Scioto, the construction by Scioto of the improvements consisting of three (3) Homes, each with four (4) bedrooms generally as depicted on the preliminary floor plan attached hereto as **Schedule 1** attached hereto, and the leasing of the Homes by Scioto to Provider. The process for the Project shall be as set forth in this Section 1.

1.1 **Site Identification.** The parties have identified the Sites in Green County Tennessee as follows:

> Two Homes to be constructed on the Erwin Highway Site, more particularly described in **Schedule 1.1** attached hereto.
>
> One Home to be constructed on the Old Stage Road Site, more particularly described in **Schedule 1.1** attached hereto.

1.2 **Purchase Contract.** Scioto has entered or will enter into a purchase agreement with the owner of each Site ("**Seller**") on a standard real estate purchase contract form used in the area where the Sites are located ("**Purchase Contract**"). The Purchase Contract will provide a period (a "**Due Diligence Period**") during which Scioto may perform due diligence with respect to the Sites and within which Scioto may terminate the Purchase Contracts and recover the earnest money deposits.

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1.3 **Due Diligence Period.** During the Due Diligence Period, Scioto shall perform such due diligence with respect to the Sites as Scioto determines, in its commercially reasonable judgement, is necessary to ascertain that each Site is suitable for the construction of the Homes, which due diligence shall include, but is not necessarily limited to, a satisfactory appraisal, title report, survey, soils tests, environmental assessments, and a review of applicable zoning and land use laws. Simultaneously with Scioto's Due Diligence and prior to Scioto commencing construction, Provider will assess the suitability of the Site for the Homes and obtain any Regulatory Approvals (as defined in Section 1.8 hereof) that may be required by the applicable state and/or local authority governing the use of the Home. If Provider fails to notify Scioto in writing prior to construction commencement (the **"Decision Date"**) that a Site is not suitable, Provider shall be deemed to have given its approval and shall be bound to Scioto to proceed with the Project. Scioto may then proceed with the purchase of the Site provided that all other conditions for such purchase are satisfied. If Scioto is not satisfied following completion of the due diligence within the Due Diligence Period, Scioto may, in its sole discretion, terminate the Purchase Contract with Seller and promptly notify Provider of such termination and the reason for the termination.

1.4 **Plans.** Design development documents consisting of a floor plan, a site development plan and building elevations for the Homes (**"Preliminary Plans"**) and construction drawings consisting of drawings and specifications for the Homes (**"Working Plans"**) are to be prepared by Scioto and approved by Provider in accordance with the following:

1.4.1 Scioto has or will contract with Berardi Partners (**"Architect"**) pursuant to a standard from AIA document to develop the plans for the Homes and to provide such architectural services necessary for this Project.

1.4.2 Scioto shall cause the Architect to prepare the Working Plans in accordance with the approved Preliminary Plans. Provider will work with Scioto and the Architect pursuant to Section 1.6 below in the development of the Working Plans to ensure that each completed Home complies with the Regulatory Approvals, meets the standards necessary to comply with ADA requirements, any additional requirements of Provider and the needs of the Residents.

1.5 **Construction Contractor.** The Homes will be constructed by Spectrum Contracting Services Inc. (**"Contractor"**). The Contractor will construct the Homes based on the approved Working Plans and provide the construction services, including supervision and oversight of subcontractors, necessary for the Project. Scioto will contract with Contractor pursuant to a standard form construction contract used in the area where the Homes are located (**"Construction Contract"**).

1.6 **Project Budget.** The budget for development of the Sites, will include: (a) the acquisition cost of each Site, (b) architectural fees (including, but not limited to, engineering and design fees), (c) construction costs (including, but not limited to, zoning and permitting costs, survey, tap-in and other utility fees, site preparation fees and construction of improvements), (d) interest expenses and other carrying charges (collectively, the **"Project Budget"**). Upon both parties' acceptance of the Contractor's bid for the Homes to be constructed on the Sites based on the completed Working Plans, Scioto shall submit to Provider the Working Plans and the Project Budget. Within ten (10) business days after receipt of the Working Plans and Project Budget, Provider shall, by written notice to Scioto, raise any objections thereto; provided, however, that Provider may not disapprove the Working Plans unless they (a) are inconsistent with the Preliminary Plans in any material respect, or (b) are not in compliance with applicable

laws. The estimated costs for the Project ("**Estimated Costs**") are set forth in Schedule 1.6 attached hereto. Provider acknowledges that the Estimated Costs may or may not be based on actual contract bids and that accurate costs will be reflected in the Project Budget.

1.6.1 Simultaneously with Provider's approval of the Working Plans and Project Budget, provider shall pay to Scioto a development fee equal to five percent (5%) of Project Costs (as hereinafter defined) associated with the Site acquisition cost and the construction of the improvements (the "**Development Fee**").

1.7 **Construction Services.** Provider agrees to cooperate with Contractor in the construction of the Homes to ensure that each completed Home is fully usable for Provider's intended purposes. Provider and Scioto are jointly responsible for approving any change orders during the construction of the Homes. Provider acknowledges that the final cost of construction of the Homes may vary from the Project Budget based on change orders approved by Scioto and Provider during the construction and that such change order costs will be included in the final Project Costs. The total of the Project Budget, any changes thereto resulting from completing the Working Plans as provided in Section 1.6, and any change orders requested by Provider or required during construction, shall together be deemed the "**Project Costs**" upon which the rent under each Lease will be based.

1.7.1 The Homes shall be constructed in a good and workmanlike manner, substantially in accordance with the Working Plans and in compliance with all laws and Regulatory Approvals furnished by Provider. Scioto will use commercially reasonable efforts to substantially complete the Project within one hundred eighty (180) days after Scioto receives all final and unappealable permits, licenses, approvals, rezoning or variances required by all governing authorities (the "**Target Completion Date**"); provided, however, if construction of the Improvements is delayed for reasons beyond Scioto's reasonable control ("**Excusable Delay**"), the Target Completion Date shall be extended upon notice from Scioto to Provider by one day for each day of Excusable Delay. For purposes of this Agreement, an Excusable Delay shall include delays caused by Provider (including change orders made at Provider's request), unanticipated delays in obtaining permits or performance bonds, or delays caused by, or resulting from, acts of God, accidents, breakdowns, war, civil commotion, fire or other casualty, labor difficulties, shortages or unavailability of labor, material or equipment (including, but not limited to, temporary unavailability of asphalt plants), governmental regulations or orders, unusual weather conditions or other causes beyond Scioto's reasonable control.

1.7.2 The Leases described in Section 1.9 below shall be effective on the date of full execution thereof which shall be the date of Closing (as defined in Section 1.11 below) of each Site and the monthly rent under each Lease will commence upon "**Substantial Completion**" of the respective Home. For purposes of this Agreement and the Lease, Substantial Completion shall mean the (i) substantial completion of each Home substantially in accordance with the Working Plans, except for minor details of construction, mechanical adjustments and decorating items which can be completed without material interference with its use, and (ii) issuance of a certificate of occupancy or temporary certificate of occupancy for the Home. Upon Substantial Completion, the respective rights and obligations of the parties with respect to each Home shall be as set forth in the Lease and that portion of the Project shall no longer be governed by this Agreement; provided that the rights and obligations with respect to the Project then accrued under this Agreement shall survive.

1.8 **Regulatory Approvals.** During the Due Diligence Period and prior to the Decision Date, Provider shall (a) prepare the certificate of need or other approval request, if any, that must be submitted to the State of Tennessee to obtain the required approvals for this Project and each Home and (b) obtaining any necessary licensure of the Homes ("**Regulatory**

Approvals"). Upon Provider's request, Scioto agrees to timely provide Plans and other real estate or construction information related to this Project that is reasonably necessary for Provider to obtain such Regulatory Approvals. Scioto shall have no obligation to proceed with this Project until Provider receives the Regulatory Approvals. Upon receipt of the Regulatory Approvals, Provider shall promptly notify Scioto and provide copies of the Regulatory Approvals.

1.9 **Leases.** The Lease for each Home shall be in the form generally used by Scioto for similar development transactions and reasonably acceptable to Provider with only such modifications as are necessary to conform to the facts of the particular Home. Monthly Rent under each Lease will be equal to the Project Costs associated with the particular Home multiplied by a rent factor of **0.00833**. The initial term of the Lease shall be ten (10) years, with one (1) five-year extension term. The tenant under the Lease shall be Provider.

1.10 **Financing Contingency.** This Project is contingent upon Scioto, at its option, obtaining commercially reasonably financing for each Home. Scioto agrees to promptly apply for the financing and to use commercially reasonable efforts to obtain approval thereof. Upon Scioto's request, Provider agrees to timely provide business information related to this Project that is reasonably necessary for Scioto to obtain the needed financing. The parties agree to work diligently to obtain the items expected to be required by any lender for this Project, which are likely to include, at a minimum:

a. Regulatory Approvals from the State;
b. Plans as approved by Provider;
c. Building permits for construction of the Homes;
d. Appraisal showing a value equal to or greater than the Project cost;
e. Executed Leases; and
f. Certificate of occupancy for each Home.

Scioto has no obligation to proceed with this Project until Scioto receives approval of the financing.

1.11 **Closing.** Unless the Purchase Contract is terminated during the Due Diligence Period or otherwise in accordance with its terms, Scioto shall pursue the acquisition of each Site to the closing of the transaction contemplated by the Purchase Contracts (the "**Closing**"). Upon or prior to Closing, Scioto and Provider, shall enter into the Leases contemplated by Section 1.9.

2. **Term.** The term of this Agreement shall commence on the Effective Date and expire on the earlier of (a) the first anniversary of the Effective Date or (b) the date of Substantial Completion of the last Home to be constructed. Termination of this Agreement shall not affect any Lease then in effect. In the event Provider does not complete the entire Project within the term of this Agreement, through no fault of Scioto, Provider shall be obligated to reimburse Scioto upon demand for any and all reasonable out-of-pocket costs for plans, fees, and/or due diligence expenses actually incurred by Scioto in undertaking its obligations under this Agreement.

3. **Defaults and Remedies.**

3.1 **Provider Default.** Any one or more of the following shall constitute a "**Provider Default:**"

3.1.1 Default by Provider in the due and punctual payment, performance or observance of any obligation of Provider under this Agreement, which default Provider does not cure within ten (10) business days after Scioto gives Provider written notice thereof;

3.1.2 The filing by Provider of a petition for the appointment of a receiver in liquidation or a trustee with respect to it or any of its property, or the making by Provider of a general assignment for the benefit of creditors, or the entry of an order for relief pursuant to any Chapter of Title 11 of the U.S. Code, as the same may be amended from time to time, with Provider as debtor, or the filing by Provider of an insolvency proceeding or any proceeding for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the failure of Provider to obtain the dismissal, within sixty (60) days after service upon it, of any proceeding filed against it (i) for the appointment of a receiver in liquidation or a trustee for it or any of its property or (ii) in insolvency or for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the occurrence of a material adverse change in the business or financial condition of Provider; or

3.1.3 The occurrence of a default or "Event of Default" under any of the Leases or other lease agreement or other business arrangement with Scioto or a Scioto Affiliate, which Event of Default is not cured within the applicable cure period.

3.2 **Scioto Default.** Any one or more of the following shall constitute a **"Scioto Default:"**

3.2.1 Default by Scioto in the due and punctual payment, performance or observance of any obligation of Scioto under this Agreement, which default Scioto does not cure within ten (10) business days after Provider gives Scioto written notice thereof;

3.1.2 The filing by Scioto of a petition for the appointment of a receiver in liquidation or a trustee with respect to it or any of its property, or the making by Scioto of a general assignment for the benefit of creditors, or the entry of an order for relief pursuant to any Chapter of Title 11 of the U.S. Code, as the same may be amended from time to time, with Scioto as debtor, or the filing by Scioto of an insolvency proceeding or any proceeding for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the failure of Scioto to obtain the dismissal, within sixty (60) days after service upon it, of any proceeding filed against it (i) for the appointment of a receiver in liquidation or a trustee for it or any of its property or (ii) in insolvency or for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the occurrence of a material adverse change in the business or financial condition of Provider.

3.3 **Remedies for Default.** At any time a Default exists, the non-defaulting party, at its option, may, but shall not be obligated to, (a) by written notice to the defaulting party, terminate this Agreement; and (b) enforce or avail itself of any other remedies available to it at law or in equity; provided that the defaulting party shall not be liable for special, incidental or punitive damages. In addition to the foregoing remedies, Scioto may sell the Site or Sites and any improvements made thereon to an unaffiliated third party, in which event, Provider will pay the sum of (i) the closing costs arising from such sale; and (ii) the difference, if any, between the Project Costs and the selling price of each Site.

4. **General Provisions.**

4.1 **Scioto Assignee.** Scioto may assign the Project to an entity controlling, controlled by or under common control with Scioto or other assignee for whom Scioto Management Services LLC (a subsidiary of Scioto) acts as property manager (a "**Scioto Assignee**"). Such assignment may include an assignment of the Purchase Contracts by Scioto to a Scioto Assignee and the taking of title to the Sites by a Scioto Assignee. In furtherance of such right of Scioto to assign the Project to a Scioto Assignee, references in this Agreement to Scioto shall, to the extent appropriate in light of the assignment of the Project by Scioto to a Scioto Assignee, be deemed to be references to such Scioto Assignee.

4.2 **Provider Confidentiality Obligations.** Scioto has furnished or made available to Provider, and will furnish and make available to Provider, financial, proprietary and other information about the Project, including, without limitation, plans for the Homes to be developed pursuant to this Agreement (collectively, "**Project Information**"). Subject only to the following provisions of this Section 4.2, Provider shall keep all Project Information furnished or made available to Provider confidential, and shall not disclose the Project Information to any third party or use the Project Information for Provider's own benefit, except as contemplated by this Agreement or the Leases. Provider shall use the same standard of care to protect the confidentiality of the Project Information as Provider uses to protect its own confidential information, but in no case shall Provider use less than a reasonable standard of care. Provider may disclose the Project Information to third parties only as follows: (i) to Provider's employees, attorneys, consultants, agents and affiliates with a need to know in connection with this Agreement, provided that any such employees, attorneys, consultants, agents or affiliates are apprised of the confidentiality of the Project Information and agree to maintain the confidentiality of the Project Information in accordance with this Agreement; (ii) Provider may disclose such Project Information as is a matter of public record or generally available to the public through no fault of Provider; (iii) to the extent required by applicable law; and (iv) with the prior written approval of Scioto.

4.3 **Assignment.** Neither party may assign this Agreement without the prior written consent of the other party; provided that Scioto may assign the Project to a Scioto Assignee pursuant to Section 4.1.

4.4 **Waiver.** No failure on a party's part at any time to require the performance by the other party of any term or condition of this Agreement shall in any way affect the right to enforce such term or condition, nor shall any waiver by a party of any term or condition hereof be interpreted as a waiver of any other term or condition hereof or of any breach or subsequent breach hereof.

4.5 **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable under law of mandatory application, such invalidity or unenforceability shall not invalidate or render unenforceable the remaining provisions of this Agreement, which shall remain in full force and effect.

4.6 **Notices.** Each notice required or authorized under this Agreement must be in writing. The notice is sufficient if (i) delivered personally; (ii) mailed by certified mail, return receipt requested and postage prepaid; (iii) delivered by a nationally recognized overnight courier service; or (iv) sent by fax or email with confirmation of receipt, to the address set forth under the signature of each party. A party may change its address from time to time by a notice to the other party pursuant to this Section 4.6.

4.7 **Binding Obligation.** Provider acknowledges that it is obligated to accept each Home and begin its performance under the applicable Lease upon completion of construction and issuance of a certificate of occupancy for the Home.

4.8 **Miscellaneous.** This Agreement inures to the benefit of, and is binding on, each party and its permitted successors and assigns. This Agreement, together with the Lease entered into pursuant to this Agreement, constitute the entire agreement between the parties with respect to the subject matter hereof and either embodies or supersedes all prior agreements and understandings, oral or written, between the parties with respect thereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same document. Delivery of an executed counterpart of this Agreement by facsimile or other electronic means shall be equally as effective as delivery of an original counterpart of this Agreement. This Agreement may be amended or modified only by a written document executed by the parties. This Agreement is governed by, and construed under, the laws of the State where the Site is located.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date set forth above.

SCIOTO PROPERTIES LLC

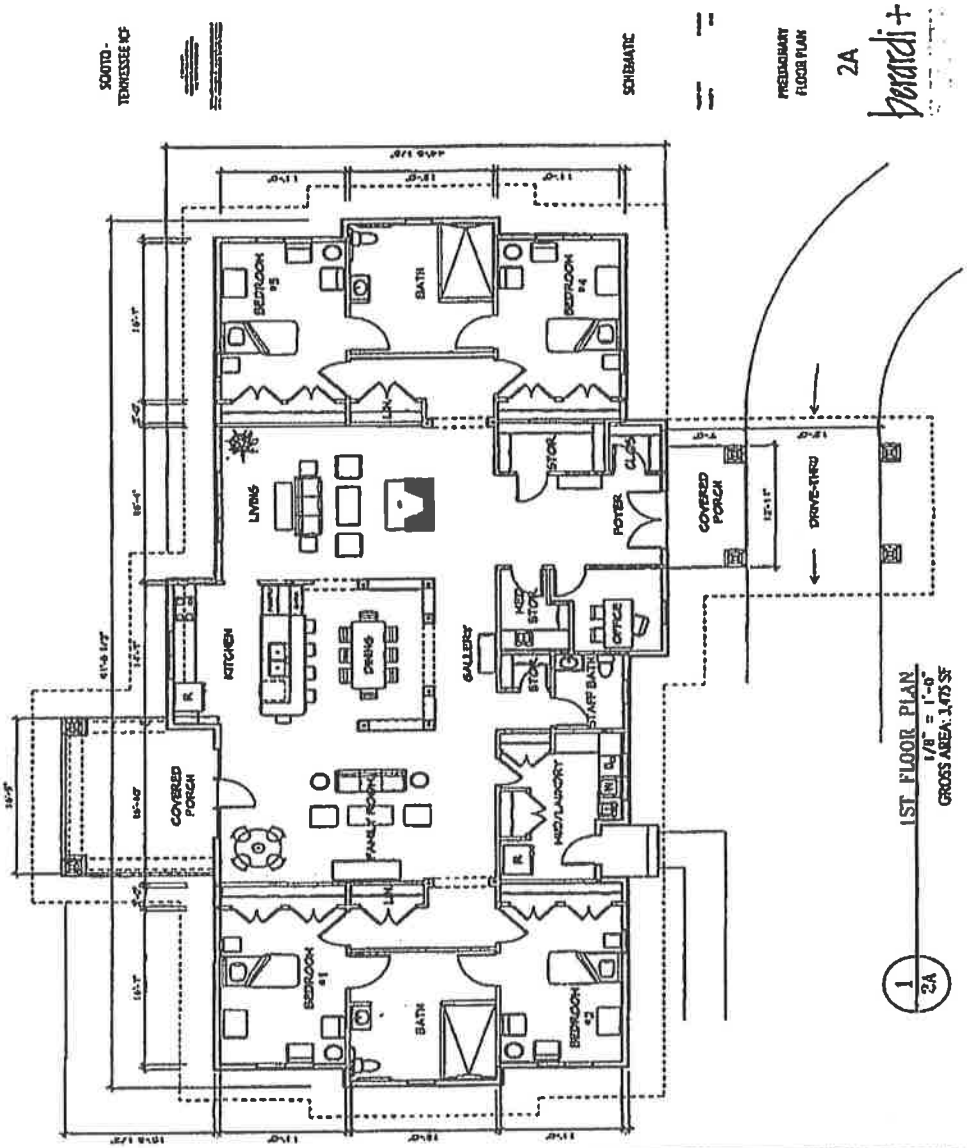
By: _____
Mary Bea Eaton
Its: Chief Operating Officer
Address:
5940 Wilcox Place, Suite A
Dublin, OH 43016-6805
Phone: 614.889.5191
Fax: 614.889.5202
Email: mbeaton@scioto.com

D & S RESIDENTIAL SERVICES, LP

By: _____
Mickey Atkins
Its: President
Address:
8911 North Capital of Texas Highway
Building One, Suite 1300
August, TX 78759
Phone: 512.628.1518
Fax: 512.327.5355
Email: matkins@dsresidential.com

Schedule 1

Preliminary Floor Plan



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Schedule 1.1

Legal Descriptions of the Sites

Erwin Highway Site:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF GREENE, STATE OF TENNESSEE, AND IS DESCRIBED AS FOLLOWS:

SITUATE in the 13th Civil District of Greene County, Tennessee, and being more particularly described as follows:

BEING Lot Nos. 10, 11 and 12 of the Shelton Heirs Subdivision, a plat of which is recorded at Plat Cabinet J,
Slide 343, in the Register's Office for Greene County, Tennessee, reference to which is hereby made for a more complete description.

Old Stage Road Site:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF GREENE, STATE OF TENNESSEE, AND IS DESCRIBED AS FOLLOWS:

TRACT I:

SITUATED and Being in the 10th Civil District of Greene County, Tennessee, and being Lot No. 9B-2 of the Redivision of Lot 9B of the Fred Serral Property, Section 2, as found of record in Plat Cabinet G, Slide 166, in the Register's Office for Greene County, Tennessee, to which reference is here made for a more complete description.

TRACT II:

SITUATE and Being in the 10th Civil District of Greene County, Tennessee, and being Lot No. 9B-1 of the Redivision of Lot 9B of the Fred Serral Property, Section 2, as found in record in Plat Cabinet G, Slide 166, in the Register's Office for Greene County, Tennessee, to which reference is here made for a more complete description.

Schedule 6.1

Estimated Costs

Old Stage Rd		Erwin Highway (2)	
Development Fee	5%	Development Fee	5%
Arch	13,333	Arch	26,666
Civil Engineering	8,625	Civil Engineering	10,040
Survey	2,800	Survey	3,400
GeoTech	2,450	GeoTech	2,450
Interim Interest		Interim Interest	
Builders Risk	3,500	Builders Risk	3,500
Land	65,000	Land	45,000
Site Work	157,000	Site Work	145,000
Building	560,000	Building	1,120,000
Project Total	***812,708***	***Project Total***	***1,356,056***
Rent Basis		Rent Basis	
Rent Factor	0.00833	Rent Factor	0.00833
Monthly Rent		Monthly Rent	

June 22nd, 2015

Mr. Mickey Atkins
President and Chief Executive Officer
D&S Residential Services
8911 N. Capital of Texas Hwy.
Building one Suite 1300
Austin, Texas 78759

RE: **LETTER OF INTENT**

Dear Mr. Atkins:

Scioto Properties ("**Scioto**") is pleased that D&S Residential Services, Inc. ("**D&S**") has requested this proposal outlining how Scioto and D&S Residential Services may work together to construct and lease four ICF homes to D&S in the Tennessee markets (collectively, "**Homes**") to meet the housing needs of the consumers served by your organization. The four ICF homes are estimated to be approximately $500,000 per property.

1. **Site Selection:** Upon acceptance of this Letter of Intent and at the direction of D&S Residential Services, Scioto will begin the process of acquiring or developing Homes in the community(s) designated by D&S Residential Services. Scioto and D&S Residential Services will jointly select the properties that meet the needs of D&S Residential Services' consumers. When an appropriate property is selected, Scioto will contract to purchase the site for an amount not to exceed a price approved by D&S Residential Services. In addition, the purchase price for the selected property may not exceed the appraised value of the property as determined during Scioto's due diligence process. Once the Home or site has been located, Scioto will contract to purchase the site on terms that D&S Residential Services approves.

2. **Lease:** Prior to Scioto's closing on the land for a Home, D&S Residential Services, as lessee, and an affiliate of Scioto, as lessor, will execute a Lease Agreement for the Home on the terms outlined on the Lease Term Sheet attached hereto as **Attachment A ("Lease")**. After Scioto enters into the purchase contract for the land, Scioto will prepare a Lease for review by D&S Residential Services. Once D&S Residential Services and Scioto have agreed upon the Lease for the initial Home, the parties shall use that form as a template for any subsequent opportunities where D&S Residential Services and Scioto work together on ICF construction in Tennessee.

3. **Appraisal:** Following execution of a purchase contract, Scioto will obtain an as built appraisal and have the site inspected.

4. **Due Diligence Process:** Scioto will obtain a title commitment and survey, as necessary, for the property to ensure good and marketable fee simple title. This process is designed to ensure, to the extent possible, that the selected site is a quality, affordable house for D&Ss' consumers. Once the due diligence process is satisfactorily completed, Scioto will close on the purchase of the land. The due diligence process, which Scioto undertakes for any property that it acquires, and the closing can generally be accomplished within 30 to 60 days after full execution of the purchase contract assuming Scioto receives all transaction-related materials in a timely fashion from the Seller.

5. **Documentation:** The purchase contract will be based on terms and conditions of a new construction scenario. The transaction will be documented through the execution of a Build Agreement and a Lease. The proposed Build Agreement will outline D&S Residential Services' obligations regarding the construction and leasing of the Home to enable Scioto to execute any agreements needed for the construction of the Home(s). The lease for the Home must be executed prior to the closing on the Home or land. D&S will be responsible for approving the plans and specifications for the Homes to be acquired or constructed, as well as cooperating with Scioto and any consultants during the acquisition or construction of the Home(s). D&S will also be responsible for approving any change orders during the construction process, if applicable. D&S acknowledges that any adjustment in the construction cost arising from the change orders approved by D&S Residential Services will affect the purchase price used to determine the rent under the Lease for the Home.

6. **Miscellaneous:** Each party is responsible for its own organizational and administrative costs and expenses related to the transaction. However, after acceptance of this Letter of Intent, if, for any reason, D&S decides not to proceed with the leasing of a Home for which Scioto has executed a purchase

contract, D&S shall reimburse Scioto for its due diligence expenses and applicable consultants' fees.

If the terms set forth in this Letter of Intent are acceptable, please sign and return it to me by fax (614-889-5202) or e-mail mbeaton@scioto.com) on or before July 15th, 2015.

If you have any questions, please do not hesitate to call Kate McNulty or me at 614-889-5191. Scioto looks forward to working with D&S Residential Services to assist in meeting the housing needs of its consumers, both now and in the future.

Sincerely,

SCIOTO PROPERTIES LLC

Mary Bea Eaton
Chief Operating Officer

ACCEPTED:

The undersigned, on behalf of D&S RESIDENTIAL SERVICES, INC., accepts the terms outlined in this Letter of Intent.

D&S RESIDENTIAL SERVICES, INC.

Dated: _____, 2015

By: _____
Its: _____

ATTACHMENT A
LEASE TERM SHEET

NNN LEASE: The Lease for the Home would be based on the following terms:

1. **Parties:** Lessor: Scioto Properties or its affiliate; Lessee: D&S Residential Services, Inc.
2. **Term:** Initial term of ten (10) years and through the end of the month in which closing occurs; one (1) renewal option of five (5) years that requires notice of non-renewal at least six (6) months prior to end of current term.
3. **Monthly Rent:** The monthly rent is calculated by multiplying the purchase price for the Home by the monthly rent factor of 0.00833; there shall be annual rent increase of two percent (2%) over the monthly rent for preceding lease year.
4. **Security Deposit:** Amount equal to one (1) month's rent at start of term.
5. **Operating Expenses:** Lessee is responsible for utilities, all maintenance and repairs, property taxes (through a monthly escrow) and property insurance (including business interruption insurance rider) on the Home. Lessee shall maintain general liability and professional liability insurance with respect to the services provided in the Home. Lessor has no responsibility for any operating expenses under this triple-net lease structure.

LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is made and entered into as of _____, 20__ (the "**Effective Date**") by and between **SCIOTO PROPERTIES LLC**, or its assignee, ("**Lessor**") and **D & S RESIDENTIAL SERVICES, LP** ("**Lessee**").

RECITALS

Contemporaneously herewith, Lessor is acquiring land situated in the City of _____, Green County, Tennessee, being more particularly described and/or depicted in **Exhibit A** hereto (the "**Land**"), located at and commonly known as _____, Tennessee _____. Lessor is developing and constructing a four-bedroom intermediate care home ("**Home**") on, and making related improvements ("**Improvements**") to the Land for lease to Lessee (the Land, Home and Improvements being collectively called the "**Premises**"). Lessor and Lessee desire to enter into this Lease pursuant to which Lessor leases the Premises to Lessee and Lessee leases the Premises from Lessor, on and subject to the terms and conditions set forth herein.

STATEMENT OF AGREEMENT

In consideration of the mutual covenants and agreements set forth herein, Lessor hereby leases the Premises to Lessee, and Lessee hereby leases the Premises from Lessor, on and subject to the following terms and conditions:

Section 1. Premises:

Section 1.1. **Use.** Lessee agrees to use the Premises solely to provide housing and residential services ("**Services**") to the residents living in the Home as their personal residence ("**Residents**"). Unless otherwise determined by the state agency supporting the Residents ("**State Agency**"), Lessee is responsible for selecting the Residents who live in the Home. However, Lessee agrees not to knowingly place or permit the placement of any individual in the Home who (a) would represent a danger to community safety; or (b) has a felony sexual offense conviction. If Lessee no longer provides, or is no longer authorized to provide, Services at the Home, Lessee must promptly provide Notice (as defined in Section 10 of this Lease) to Lessor, including a copy of any formal notice received by Lessee related to its inability to provide Services at the Home. Lessee shall comply with all Regulatory Requirements (as defined in Section 5.4 of this Lease) and shall obtain all permits, approvals and licenses necessary for its use of the Home to provide Services to the Residents. Lessee shall not do or permit to be done any act or thing in the Home which will invalidate, conflict with, or increase the cost of any insurance policies covering the Home.

Section 1.2. **Construction and Acceptance.** The initial construction of the Home on the Land shall be governed by the Development Agreement dated _____, 2015, by and between Scioto Properties LLC and Lessee ("**Development Agreement**"). Lessee's taking possession of the Premises on or after the Start Date (as hereinafter defined) shall be conclusive evidence, as against Lessee, that the Premises are in good order and satisfactory condition in substantial accordance with the Development Agreement. Capitalized terms not defined in this Lease shall have the meanings ascribed to them in the Development Agreement.

Section 1.3. **Surrender.** Upon expiration or earlier termination of this Lease for any reason, Lessee must surrender the Premises in good condition and repair, ordinary wear and care excepted and subject to the provisions of Sections 7.2 and 7.3 of this Lease. Lessee shall ensure that all interior walls, floors, finishes and ceilings are free of any major defects short of ordinary wear and tear and shall leave the thermostat(s) in the Home set at a temperature specified by Lessor. Lessee shall have the right to remove, and upon request of Lessor, Lessee shall remove, all furniture, furnishings or regulated systems installed in the Home by Lessee. At the expiration of the Term or earlier termination of this Lease and vacation of the Premises by Lessee, if repairs, maintenance and/or replacement are needed to the Home, then Lessor and Lessee agree that each party's share of the costs associated therewith shall be governed by the obligations of each party under this Lease. At least thirty (30) days prior to vacating the Premises, Lessee shall provide Lessor with the following:

(a) Contact information for landscape maintenance contractors serving the Premises

(b) Contact information for Lessee's representative for logistical coordination for turnover of the Premises

(c) Contact information for any applicable Home Owner's Association

(d) Contact information for all Utilities (as defined in Section 5.2 of this Lease) and shall work with Lessor to coordinate the transfer of all Utilities into Lessor's name

Section 2. Effective Date and Term:

Section 2.1. **Effective Date.** This Lease is effective on the Effective Date set forth on page one hereof and the parties are bound to the terms and conditions of this Lease as of the Effective Date.

Section 2.2. **Definition.** The initial term, any renewal terms and any period of holding over are hereinafter referred to as the "**Term**."

Section 2.3. **Initial Term.** The initial term and Monthly Rent (as defined in Section 3.1 below) shall begin on the date Lessor receives the certificate of occupancy for the Home ("**Start Date**"). The initial term shall end on the date that is ten (10) years after the end of the month containing the Start Date unless sooner terminated as provided in this Lease. Upon receipt of the certificate of occupancy, Lessor and Lessee agree to enter into an Addendum to this Lease in the form attached hereto as **Exhibit B** ("**Addendum**") confirming the Start Date and such other matters as required by this Lease.

Section 2.4. **Renewal Terms.** Provided that no Event of Default (as defined in Section 9 of this Lease) on the part of Lessee has occurred or is occurring at the time of the renewal, this Lease shall automatically renew for one (1) renewal term of five (5) years unless Lessee delivers Notice to Lessor at least six (6) months prior to the end of the then current term that it is not renewing this Lease.

Section 2.5. **Month-to-Month Holding Over.** This Lease shall terminate automatically at the end of the initial term or a renewal term if this Lease is not renewed as provided in Section 2.4 and there shall be no presumption of a month-to-month lease between Lessor and Lessee. Notwithstanding the foregoing, should Lessee remain in the Premises beyond the expiration or earlier termination of this Lease for any reason, such holding over shall operate as

an extension of the terms of this Lease on a month-to-month basis except as provided in Section 3.5 with respect to the Monthly Rent. During such holding over, either party may terminate this Lease upon thirty (30) days' Notice to the other party. Nothing in this Section 2.5 constitutes consent by Lessor to any holding over by Lessee upon expiration or earlier termination of this Lease.

Section 3. Rent:

Section 3.1. **Monthly Rent.** Subject to the Annual Adjustment described in Section 3.3, Lessee agrees to pay Lessor, without offset for any reason, Monthly Rent during the first year of the Term of this Lease in the amount determined by multiplying the Project Costs (as defined in the Development Agreement) applicable to the Premises by a monthly rent factor of **0.00833** ("**Monthly Rent**"). The Monthly Rent is payable in advance on or before the first (1st) day of each month during the Term of this Lease. If the Start Date is not the first day of a month, the Monthly Rent for the initial month shall be prorated based on the number days in such month. Lessee is to deliver the Monthly Rent payment to Lessor at **5940 Wilcox Place, Suite A, Dublin, Ohio 43016-6805** or such other address subsequently provided pursuant to Section 10. Upon Lessor's request, the payment must be made by wire transfer to such account designated by Lessor.

Section 3.2. **Project Costs.** The Monthly Rent for the first year of the Term cannot be determined as of the date of this Lease because the Project Costs have not been determined. The Project Costs are estimated to be as set forth in the Project Budget. With reasonable promptness after determination of the actual Project Costs, Lessor shall submit to Lessee an updated Project Budget reflecting the actual Project Costs, accompanied by reasonably detailed backup documentation. If, as of the Start Date, the Project Costs have not been determined, then, pending determination of the Project Costs, the Monthly Rent shall be determined on the basis of Lessor's reasonable estimate of the Project Costs as of the Start Date. If the Monthly Rent is determined on the basis of an estimate of the Project Costs pursuant to the immediately preceding sentence, then, when the actual Project Costs are determined, the Monthly Rent shall be adjusted on the basis of the actual Project Costs retroactive to the Start Date, with any overpayment of Monthly Rent to be credited against subsequent installments of Monthly Rent and any underpayments of Monthly Rent to be paid with the next installment of Monthly Rent due after Lessor gives Lessee written notice of the underpayment. The Addendum shall confirm the Project Costs and the Monthly Rent for the first year of the Term.

Section 3.3. **Annual Rent Adjustment.** Effective on the Adjustment Date (as hereinafter defined) and on each anniversary of the Adjustment Date during the Term of this Lease, the monthly rent for the upcoming lease year shall increase two percent (2.0%) over the monthly rent for the previous lease year. The Adjustment Date shall be the first anniversary of the Start Date if the Start Date is the first day of the month, otherwise, it shall be on the first day of the month following the first anniversary of the Start Date. No Notice must be given to Lessee to adjust the Monthly Rent, which shall be automatically effective on the applicable Adjustment Date.

Section 3.4. **Late Charge and Interest.** If the Monthly Rent, any amount due under Section 5 or Section 6 of this Lease or any amount that Lessor advances under this Lease that Lessee is otherwise obligated to pay is not received within ten (10) days after the due date ("**Penalty Date**"), Lessee shall pay to Lessor a late charge equal to ten percent (10%) of the

unpaid amounts on the Penalty Date as additional rent. In addition, Lessee shall pay interest on all unpaid amounts from the Penalty Date until the date of payment at the rate of (a) eighteen percent (18%) per annum or (b) the maximum rate permitted by law, whichever is lower.

Section 3.5. **Hold Over Rent.** If Lessee remains in the Premises following expiration or earlier termination of this Lease without the written consent of Lessor, the Monthly Rent during the month-to-month holding over period described in Section 2.5 shall be one hundred fifty percent (150%) of the Monthly Rent in effect immediately before the start of the holding over period.

Section 4. ***Security Deposit.*** Upon the execution of this Lease, Lessee shall deposit with Lessor a security deposit in the amount _____ and no/100 Dollars ($_____), which is the estimated Monthly Rent for the first month of the Term. Lessee shall deliver the security deposit to Lessor at the same address to which the Monthly Rent is delivered. Upon expiration or earlier termination of this Lease and return of the Premises to Lessor in the condition required by this Lease, Lessor shall refund all or a portion of the security deposit to Lessee within thirty (30) days. The amount to be refunded shall be the difference between the security deposit and the amount deducted for damages to the Premises, unpaid rent and other amounts due under Section 5 or Section 6 and other deductions permitted under this Lease or by law. If Lessor deducts any amount from the security deposit, Lessor must provide Lessee with Notice and supporting documents regarding the amount being deducted. Lessee acknowledges that Lessor is entitled to use all or any portion of the security deposit to cover damages to the Premises or losses incurred by Lessor arising from Lessee's failure to comply with the terms of this Lease. Unless required by applicable law, no interest shall accrue or be paid on the security deposit and Lessor may commingle the security deposit with other funds without any accounting to Lessee.

Section 5. ***Lessee's Other Financial Obligations:***

Section 5.1. **Utilities.** During the Term of this Lease, Lessee is responsible, at its expense, for paying all charges for water, sewer, electric, heating, gas, telephone, trash removal, recycling and any other utilities used with respect to the Premises ("**Utilities**"). Lessee agrees to establish accounts for the Utilities and to pay all Utilities directly to the company providing the service. If Lessor receives any bills for Utilities, Lessor shall promptly send copies of such bills to Lessee. If Lessee fails to timely pay the Utilities, Lessor has the right, but not the obligation, to pay such Utilities on behalf of Lessee. In such event, Lessee shall reimburse Lessor for such payments promptly upon receipt of Notice requesting reimbursement.

Section 5.2. **Maintenance and Repairs.** During the Term of this Lease and upon expiration or earlier termination of this Lease for any reason, Lessee is responsible, at its expense, for the following:

(a) Lessee shall obtain a preventative maintenance contract for the HVAC System at the Facility. If Lessor requests copies of service records for the HVAC System, Lessee shall provide such service records to Lessor within fifteen (15) days of Lessor's request.

(b) Lessee shall maintain a pest control contract (providing for monthly service) and a termite preventative maintenance contract for the Premises.

(c) Except for any repairs and maintenance for the Premises for which Lessor has an obligation in accordance with Section 6.3 of this Lease, Lessee shall (i) perform all other repairs and maintenance of the Premises (including, without limitation, repair

and maintenance of the interior and exterior of the structure and all grounds, landscaping and other improvements located on the Premises, (ii) keep the parking areas, sidewalks, curbs, driveways, entrances, grounds and other areas of the Premises clean and in good condition, free of accumulation of dirt and rubbish, and (iii) promptly remove snow and ice from the parking areas, sidewalks and driveways serving the Premises.

If Lessee fails to undertake its obligation under this Section 5.2 and such failure continues (i) for twenty-four (24) hours for emergency repairs necessary to protect the safety of the Residents or preservation of the Premises or (ii) for thirty (30) days for all other repairs following Notice to Lessee, Lessor has the right to undertake such maintenance or repair on behalf of Lessee. In such event, Lessee shall reimburse Lessor for such costs and expenses incurred by Lessor promptly upon receipt of Notice requesting reimbursement from Lessor. Lessee acknowledges and agrees that Lessee's obtaining insurance coverage required under Section 6.2 of this Lease does not change the obligation of Lessee to maintain the Premises in good condition and repair even if the damages to the Premises might be covered by such Insurance. In connection with Lessee's maintenance and repair obligations, Lessor shall make available to Lessee all construction and other warranties to which Lessor is entitled and which are assignable with respect to the Premises.

Section 5.3. **Regulatory Requirements.** During the Term of this Lease, Lessee is responsible, at its expense, for complying with all present and future laws, regulations (including building and fire codes and landlord/tenant laws), ordinances (including zoning ordinances) and private restrictions (including homeowners' association rules) applicable to the Premises including, without limitation, any such laws, regulations, ordinances and restrictions applicable to providers of Services to the Residents and any property requirements, health facility operating requirements, and use of the Home by the Residents (collectively "**Regulatory Requirements**"). Lessee will not operate the Home for the provision of Services during any time the State Agency has revoked or terminated Lessee's license to provide Services at the Home, unless and for such period that such revocation or termination has been stayed pending appeal. Any breach of the covenant in the foregoing sentence shall be an Event of Default. During the Term of this Lease, Lessee shall make any repairs, replacements, modifications or additions to the Premises that are required by any Regulatory Requirement. Lessee agrees to indemnify and hold Lessor harmless from any cost or liability that may be imposed or assessed against Lessor or the Premises in connection with Lessee's failure to comply with such Regulatory Requirements. Lessee shall promptly provide to Lessor Notice of the receipt of any written notice of an intention by the State Agency or any other governmental authorities to decertify or rescind the license of the Home or Lessee or otherwise terminate the right of Lessee to operate comparable facilities within the State in which the Home is located or to take any other remedial action with respect to Lessee or the Home.

Section 6. Additional Financial Obligations:

Section 6.1. **Taxes.** During the Term of this Lease, Lessee is responsible, at its expense, for paying all real and personal property taxes and assessments, if any, all dues for homeowners' or community associations, if any, before such payments become delinquent, and any interest and penalties for late payment (except if such late payment is due to Lessor's act or omission), including Lessor's failure to send a Tax bill to Lessee in a timely fashion to allow timely payment by Lessee) assessed or accrued with respect to the Home or the Premises ("**Taxes**"). The parties agree that the Taxes due for the calendar year in which the Term of this Lease begins and ends shall be prorated on a per diem basis. Lessor agrees to promptly send

copies of all Tax bills that Lessor receives to Lessee. Lessee agrees to timely pay the Taxes. Lessee, upon the request of Lessor, agrees to provide evidence of payment of the Taxes to Lessor. If Lessee fails to timely pay the Taxes, Lessor has the right, but not the obligation, to pay such Taxes on behalf of Lessee. In such event, Lessee agrees to reimburse Lessor for such payment promptly upon receipt of Notice requesting reimbursement from Lessor.

Section 6.2. **Insurance.** During the Term of this Lease, Lessee is responsible for obtaining and maintaining in full force the insurance coverage set forth on **Schedule 1** attached to this Lease ("**Insurance**"). Unless waived in writing by Lessor, each policy required to be maintained by Lessee under this Section 6.2 must contain a provision that it will not be canceled or modified without the issuing insurer giving Lessor and, if applicable, Lessor's mortgage lender ("**Lender**") written notice thereof at least thirty (30) days prior to any such cancellation or modification becoming effective. Further, Lessee shall supply Lessor with a policy endorsement evidencing the 30-day cancellation notice clause. Lessee shall provide prompt Notice to Lessor if Lessee receives any notice from issuing insurer that it will not be renewing any Insurance coverage required under this Section 6.2 and Lessee shall immediately obtain the required Insurance coverage from another insurer. All Insurance must be provided by an insurer licensed to do business in the state in which the Home is located and shall be rated A- XII or better with AM Best. All Insurance coverage of Lessee must be primary and non-contributory to any insurance obtained by Lessor. Lessee shall deliver to Lessor and, if applicable, the Lender, a certificate evidencing each required policy upon execution of this Lease, upon renewal or change of each such policy or upon the written request of Lessor during the Term of this Lease. If requested by Lessor, Lessee shall deliver to Lessor a copy of each Insurance policy required under this Lease. Each insurance policy shall name (a) Lessor as an additional insured and loss payee and (b) the Lender as an additional insured and mortgagee. If Lessee fails to obtain the Insurance required under this Section 6.2, Lessor has the right, but not the obligation, to obtain such Insurance. In such event, Lessee shall reimburse Lessor for such payments promptly upon receipt of Notice thereof from Lessor. The parties, and their insurance companies, waive any recovery of damages against each other (including their employees and agents) for loss or damage to the Premises, Lessee's improvements, fixtures, equipment, and any other personal property to the extent covered by the Insurance required under this Section 6.2. If the Insurance purchased by Lessee does not allow the insured to waive rights of recovery against others prior to loss, Lessee shall have the policy endorsed with a waiver of subrogation and supply a copy of the same to Lessor.

Section 7. Changes to Premises:

Section 7.1. **Additional Improvements.** During the Term of this Lease and with the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee, at its expense, may make modifications and additions ("**Additional Improvements**") to the Premises. Any Additional Improvements made by Lessee must be constructed of good quality materials and done in a good and workmanlike lien-free manner. In the event Lessee makes Additional Improvements, Lessee, at the request of Lessor made in its consent to the Additional Improvements, must remove such Additional Improvements, at Lessee's expense, upon expiration or earlier termination of this Lease. The Monthly Rent shall not be adjusted in the event Lessee makes Additional Improvements to the Premises. Every Additional Improvement made to the Premises constitutes a part of the Premises and thus is Lessor's property. Lessee shall indemnify and hold harmless Lessor against any mechanic's lien or other lien arising out of any Additional Improvements made to the Premises by Lessee.

Section 7.2. **Casualty.** In the event all or any portion of the Premises is damaged or destroyed by fire, windstorm, hurricane, tornado, flood or any other casualty ("**Casualty**"), Lessee must immediately notify Lessor of such Casualty. Lessee is responsible, at its expense, to repair the damage or destruction caused by the Casualty so that the Premises is at least as great in value and functionality as it was prior to such Casualty. Subject to the right of the Lender, Lessee is entitled to use the proceeds from the Insurance for such repair. If the Lender does not consent to Lessee using such proceeds and Lessor does not advance the funds necessary for such repair (which Lessor has no obligation to do), Lessee may terminate this Lease upon thirty (30) days' Notice to Lessor. However, if either insurance coverage for such Casualty is denied or the proceeds are less than the full replacement value of the Home, Lessee is obligated to pay to Lessor an amount equal to the difference between the loss incurred and the proceeds received. For the period that the Home is rendered untenantable following any such Casualty the rent shall not be abated. In the event the Casualty renders the Premises untenantable and the repairs cannot be reasonably accomplished within ninety (90) days of the date of the Casualty, either party, by Notice to the other party, may immediately terminate this Lease. In such event, Lessee shall remit or assign to Lessor the insurance proceeds received with respect to the Premises from such Casualty together with any self-insurance amount and deductible amount.

Section 7.3. **Eminent Domain.** In the event all or any portion of the Premises is condemned or taken by eminent domain, then this Lease shall terminate as to the part so taken on the day when Lessee is required to surrender possession ("**Surrender Date**"). As of the Surrender Date, the monthly rent shall be reduced proportionately based on the portion of the Premises taken. If the amount of the Premises taken substantially impairs the usefulness of the Home to provide Services to the Residents, in Lessee's reasonable judgment, then Lessee may terminate this Lease as of the Surrender Date by Notice to Lessor. All compensation awarded for such taking of the fee and the leasehold estates in the Premises shall belong to and be the property of Lessor. Lessee hereby assigns all its rights in such award to Lessor; provided, however, Lessor is not entitled to any portion of the award made to Lessee for the cost of removing its personal property from the Premises.

Section 8. Lessee's Additional Non-Financial Obligations

Section 8.1. **Environmental Covenant.** During the Term of this Lease, Lessee may not cause or permit the presence, use, disposal or release of any Hazardous Substance (as hereinafter defined) at or around the Premises. Lessee agrees not to do, or allow any other person to do, anything affecting the Premises, which (a) is in violation of any Environmental Law (as hereinafter defined) or (b) due to the presence, use or release of a Hazardous Substance creates a condition that creates a health or safety hazard or adversely affects the value of the Premises. The restrictions contained in this Section 8 do not apply to the presence, use or storage at or around the Premises of small quantities of Hazardous Substances generally recognized as appropriate for normal residential uses and maintenance of the Premises. Lessee shall (a) regularly inspect all window areas or other areas (if any) where water may condense in the Home; (b) promptly notify Lessor in writing of (i) excessive water condensation and/or water intrusion/leak in the Home, (ii) visible signs of mold, bacteria or fungi growth in the Home, (iii) water damage to the Home, and (iv) the need for any maintenance, repairs and/or replacements for which Lessor may be responsible pursuant to the terms of this Lease; (c) use its reasonable efforts to promptly remove any excess water caused by water intrusion/leak and return the Premises to the condition that existed prior to such intrusion/leak; and (d) subject to Lessor's repair obligations, if any, promptly repair any condition of the

Premises which could cause or contribute to mold, bacteria or fungi growth or structural damage to the Premises. Lessee agrees to promptly notify Lessor of (i) any investigation, claim or other action involving the Premises and any Hazardous Substance or Environmental Law of which Lessee has actual knowledge and (ii) any condition caused by the presence, use or release of any Hazardous Substance, which adversely affects the value of the Premises. For purposes of this Section 8.1, "**Hazardous Substance**" means those substances defined as toxic or hazardous substances, pollutants or wastes by Environmental Law, including, but not limited to, any petroleum product and all hazardous or toxic substances or wastes including hydrocarbons, any asbestos-containing materials, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), or substances which are included under or regulated by any federal, state or local law, rule, or regulation (whether now existing or hereafter enacted or promulgated, as they may be amended from time to time) pertaining to the environment, contamination or clean-up. "**Environmental Law**" means federal laws and the laws of the jurisdiction where the Premises is located that relate to health, safety and environmental protection, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601 and regulations adopted pursuant thereto. Lessee covenants and agrees to indemnify, defend and hold harmless Lessor from and against any and all claims, charges, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, reasonable attorneys' fees, consultant and expert fees, site investigation or any remedial, removal or restoration work), which arise out of, are based upon or in connection with the presence, suspected presence or discharge of toxic or Hazardous Substances from, on or in the Home caused by the actions of Lessee, its employees, agents, invitees or Residents and first occurring during Lessee's possession of the Home or otherwise out of Lessee's failure to comply with the environmental covenant set forth in this Section 8.1. The indemnification contained in this Section 8.1 shall survive the expiration or earlier termination of this Lease.

Section 8.2. **Right of Entry.** Lessee grants Lessor and its employees and agents the right, upon advance Notice to Lessee, to enter the Premises during normal business hours to:

(a) Inspect the Premises periodically;

(b) Make repairs as may be necessary for the safety of the Residents or preservation of the Premises;

(c) With not less than 48 hours' Notice, exhibit the Premises as needed if Lessor is considering refinancing its indebtedness secured by the Premises or selling the Home; or

(d) With not less than 48 hours' Notice, exhibit the Premises as needed if Lessee does not renew this Lease or it is within six (6) months of the end of the Term of this Lease.

Lessor agrees to exercise its rights under this Section 8.2 in a manner that does not unreasonably interfere with Lessee providing Services at the Premises and in a manner that respects the privacy of the Residents living in the Home. Notwithstanding the foregoing, in the event of an emergency, Lessor may enter the Home without prior Notice.

Section 8.3. **Indemnification.**

(a) Indemnification of Lessor. Lessee shall indemnify Lessor and its members, officers, directors, employees, agents, successors and assigns, and the Lender

and save them harmless from and against any and all claims, actions, damages, liabilities and expenses (including reasonable attorneys' fees) in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Lessee of the Premises or any part thereof, or any occurrence whatsoever in, on or about the Premises during the Term of this Lease. In the event Lessor is made a party to any litigation commenced by or against Lessee, then Lessee shall protect and hold Lessor harmless in connection with such litigation. Lessee shall also pay all costs and expenses (including reasonable attorneys' fees) that may be incurred or paid by Lessor in enforcing the terms of this Lease against Lessee. The indemnification contained in this Section 8.3 survives termination of this Lease.

(b) Indemnification of Lessee. Lessor shall indemnify Lessee, its shareholders, officers, directors, employees, successors and assigns, and save them harmless from and against any and all claims, actions, damages, liabilities, and expenses (including reasonable attorneys' fees) in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Lessor of the Premises or any part thereof, or any occurrence whatsoever in, upon or about the Premises, occasioned solely by the gross negligence or willful misconduct of Lessor's employees, agents or invitees during the Term of this Lease. In case Lessee shall, without fault on its part, be made a party to any litigation commenced by or against Lessor with respect to any matter described in the preceding sentence, then Lessor shall protect and hold Lessee harmless in connection with such litigation. Lessor shall also pay all costs, expenses (including reasonable attorneys' fees) that may be incurred or paid by Lessee in enforcing the Lessor's covenants and agreements in this Lease.

Section 8.4. **Financial Statements.** During the Term of this Lease, Lessee agrees to deliver to Lessor, within ninety (90) days after the end of each fiscal year of Lessee, audited financial statements for such fiscal year. If Lessee does not have audited financial statements for such fiscal year or if the audited financial statements for such fiscal year are not yet completed, Lessee must deliver internally prepared financial statements, which are certified by an authorized financial officer of Lessee. If audited financial statements for such fiscal year are subsequently completed, Lessee must promptly delivery such audited financial statements to Lessor. All financial statements must be in reasonable detail, be prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial condition of the Lessee and the results of its operations.

Section 8.5. **Business Information.** During the Term of this Lease, Lessee agrees to provide to Lessor such other information respecting Lessee's business conducted at and the Residents' occupancy of the Home as Lessor may reasonably request or may be requested by the Lender; provided the Notice requesting such information must set out the legitimate business purpose and must comply with any federal or state privacy law, including HIPAA, applicable to the Residents. Lessee agrees to promptly provide such requested business information following Notice from Lessor. Nothing in this **Error! Reference source not found.** obligates Lessee to provide information about any Resident that might tend to identify such Resident. Lessor agrees to protect the confidentiality of such business information provided by Lessee under this Section 8.5 unless such business information is required by law or court order to be disclosed or is generally publicly available.

Section 8.6. **Representations.** Lessee represents to Lessor that (a) Lessee is a duly organized and validly existing entity under the laws of the state of its formation; (b) Lessee possesses (or will possess on the Start Date) all authorizations, approvals, certifications, licenses and permits necessary to provide Services at the Premises, which are in full force and effect; (c) this Lease has been duly executed and delivered by Lessee and constitutes the legal, valid and binding obligations of Lessee, enforceable in accordance with its terms; and (d) this Lease and the consummation of the transaction contemplated under this Lease are not subject to any authorization, consent, approval or review of any governmental body, regulatory authority or any other person not already obtained or effected.

Section 9. Lessee's Default:

Section 9.1. **Event of Default.** Each of the following is considered a default by Lessee ("**Event of Default**") under this Lease:

(a) *Failure to Pay Amounts Due.* Lessee fails to timely pay the monthly rent or any other amount due under this Lease when due.

(b) *Non-Performance.* Lessee fails to perform any of its obligations under this Lease (other than payment of money) and such failure continues uncorrected for a period of thirty (30) days after Notice from Lessor.

(c) *Financial Inability.* Lessee (i) becomes insolvent; (ii) admits in writing its inability to pay its debts; (iii) makes a general assignment for the benefit of creditors; (iv) files a petition in bankruptcy or other insolvency proceeding; or (v) has a petition in bankruptcy or other insolvency proceeding filed against it that is not discharged by Lessee within sixty (60) days of such filing.

(d) *Cross Default.* Lessee (or an affiliate of Lessee) is in default under any other lease agreement or other business arrangement between the parties, which default is not cured within any applicable cure period.

(e) *Event of Default.* The occurrence of any default under this Lease that specifically constitutes an Event of Default.

Section 9.2. **Lessor's Remedies**. Upon the occurrence and continuance of an Event of Default, without any prior Notice to or demand upon Lessee, Lessor may pursue one or more of the following remedies:

(a) *Cure Default.* Lessor may re-enter the Premises and cure any default of Lessee. In such event, Lessee is obligated to reimburse Lessor for all costs that Lessor incurs to cure the default. Lessor, at its option, may use the security deposit to pay for its costs. Lessor is not liable to Lessee for any loss or damage that Lessee may sustain due to Lessor's action.

(b) *Terminate.* Lessor may terminate this Lease and declare the remaining Monthly Rents due under this Lease to be immediately due and payable. In such event, Lessee is obligated to immediately pay the sum of (i) the present value (discounted using the current prime rate listed in *The Wall Street Journal*) of the remaining Monthly Rents due for the balance of the then current Term of this Lease and (ii) any loss or damage resulting from the default by Lessee incurred by Lessor ("**Default Damages**").

(c) *Take Possession and Relet.* Lessor may, without terminating this Lease, terminate Lessee's right of possession to the Premises upon Notice to Lessee. Upon receipt of the Notice, Lessee must immediately surrender the Premises to Lessor to allow Lessor to re-enter and take possession of the Premises without prejudice to any other remedy available to Lessor. The repossession of the Premises by Lessor shall not relieve Lessee of its obligations under this Lease, including, but not limited to the payment of rent. Lessor may relet the Premises for a term different from the remaining Term of this Lease and for rents and terms different from this Lease. In such event, Lessee is obligated to pay the difference between the monthly rent due under this Lease and the rent under any new lease for the reletting of the Premises for the balance of the Term of this Lease and (ii) any Default Damages incurred by Lessor.

(d) *Litigation.* Lessor may sue for injunctive relief or recovery of Default Damages incurred by Lessor because of the default by Lessee. In such event, Lessee must indemnify Lessor and be responsible for all costs and expenses (including reasonable attorneys' fees) incurred or paid by Lessor in enforcing the terms of this Lease against Lessee.

(e) *Duty to Relet or Mitigate.* Lessor shall exercise commercially reasonable efforts in order to relet the Premises or otherwise mitigate damages under this Lease. Lessee agrees that Lessor shall not be liable, nor shall Lessee's obligations hereunder be diminished, because of Lessor's failure, following the exercise of its commercially reasonable efforts, to relet the Premises or collect rent due with respect to such reletting or otherwise mitigate its damages.

Section 9.3. **Effect of Waiver of Default.** No waiver of an Event of Default by Lessor is implied because of any omission by Lessor to take any action on account of such Event of Default if such default persists or is repeated. Any expressed waiver must be in writing and only affects the specific Event of Default stated in the written waiver and only to the extent stated in such written waiver.

Section 9.4. **Remedies Cumulative.** All rights and remedies provided in this Lease are cumulative and none excludes any other right or remedy allowed by law or equity. Such rights and remedies may be exercised and enforced concurrently or successively by a party at its option.

Section 10. ***Notices.*** Each notice or consent required or authorized under this Lease (collectively, "**Notice**") must be in writing. Such Notice is sufficient if (i) delivered personally; (ii) mailed by certified mail, return receipt requested and postage prepaid; (iii) delivered by a nationally recognized overnight courier service; or (iv) sent by fax or email with confirmation of receipt, to the address set forth below:

If to Lessor:

Scioto Properties LLC
5940 Wilcox Place, Suite A
Dublin, Ohio 43016-6805
Attn: Mary Bea Eaton, Chief Operating Officer
Phone: 614.889.5191
Fax: 614.889.5202
Email: mbeaton@scioto.com

If to Lessee: D & S Residential Services, LP
Building One, Suite 1300
8911 North Capital of Texas Highway
Austin, Texas 78759
Attn: Mickey Atkins, President
Phone: 512.628.1518
Fax: 512.327.5355
Email: matkins@dsresidential.com

A party may change its address from time to time by a Notice to the other party pursuant to this Section 10.

Section 11. Miscellaneous:

***Section 11.1.* Quiet Enjoyment.** Lessor covenants to Lessee that by paying the monthly rents and other amounts due under this Lease and performing its obligations under this Lease, Lessee may peacefully and quietly enjoy the Premises, free of claims by or through Lessor, subject to the terms of this Lease, including, without limitation, Lessor's remedies upon an Event of Default.

***Section 11.2.* Subordination and Attornment.** This Lease and all of the rights of Lessee under this Lease are subject and subordinate to (a) the lien of any mortgage in place now or hereafter on the Premises and (b) any and all renewals, modifications, consolidations, replacements, extensions or substitutions of such mortgages. If any such mortgage is foreclosed, upon request of the mortgagee, Lessee agrees to attorn to the purchaser at such foreclosure sale. Lessor shall use commercially reasonable efforts to include in any such mortgage a provision to the effect that so long as Lessee is not in default under this Lease, no foreclosure of the lien of said mortgage or any other proceeding in respect thereof shall divest, impair, modify, abrogate, or otherwise adversely affect any interests or rights whatsoever of Lessee under this Lease; provided, however, that Lessor shall not be required to incur any expense or adverse change to its financing in order to obtain such a provision. Lessee agrees to execute and deliver any instrument reasonably required by Lessor or the Lender to further evidence the obligations under this Section 11.2.

***Section 11.3.* Assignment or Sublease.** Lessee may not assign this Lease or sublet all or any portion of the Premises without the prior consent of Lessor, which consent may be withheld in its sole discretion. Lessor acknowledges that the Residents to whom Lessee is providing Services may live in the Premises subject to the terms of this Lease.

***Section 11.4.* Miscellaneous Property Matters.** Upon the request of either party, the parties agree to execute a Memorandum of Lease in recordable form and in accordance with applicable law. Upon the expiration or earlier termination of this Lease, Lessee will immediately executed a termination of the Memorandum of Lease in recordable form and deliver the same to Lessor. At the request of Lessor, Lessee agrees to execute and deliver to Lessor an estoppel certificate in a form satisfactory to Lessor with respect to the status of this Lease and the compliance of Lessee with its terms. The parties acknowledge that they have properly executed the "Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards" in accordance with federal regulations.

Section 11.5. **Relationship of the Parties.** Nothing contained in this Lease is to be deemed or construed by the parties, or by any third party, as creating the relationship of principal and agent, or of partnership, or of joint venture, or of any other relationship, except as Lessor and Lessee, between the parties.

Section 11.6. **Construction.** All Schedules and Exhibits attached to this Lease are hereby incorporated herein and made a part of this Lease. This Lease inures to the benefit of, and is binding on, each party and its successors and assigns. This Lease and the Development Agreement constitute the entire agreement between the parties with respect to the Premises and supersedes all prior agreements and understandings, oral or written, between the parties with respect to the Premises. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together constitute one and the same document. Delivery of an executed counterpart of this Lease by facsimile or other electronic means shall be equally as effective as delivery of an original counterpart of this Lease. This Lease may be amended or modified only by a written document executed by both parties. This Lease is governed by, and construed under, the laws of the State of West Virginia.

Section 11.7. **Joint and Several Liability.** In the event more than one entity or person constitutes the Lessee under this Lease, then each shall be jointly and severally liable to Lessor under each and every provision of this Lease.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth above.

LESSEE: **D & S RESIDENTIAL SERVICES, LP**	**LESSOR:** **SCIOTO PROPERTIES LLC**
By: _____	By: _____
Mickey Atkins	Mary Bea Eaton
Its: President	Its: Chief Operating Officer

SCHEDULE 1

SPECIFIC INSURANCE COVERAGE

LESSEE'S REQUIRED INSURANCE -

1. **Commercial Property Insurance** includes (a) *General Property Insurance* that covers the Home, fixtures, equipment and Lessee's Improvements in the Home in an amount equal to the full estimated replacement cost of the Home (increased annually by not less than 4%) and other property insured and covers risks normally included in a policy for single-family residential homes; and (b) to the extent required by the Lender or requested by Lessor, *Special Property Insurance* that covers damages to the Home from flood, earthquake and/or hurricane in an amount equal to the full estimated replacement cost of the Home (increased annually by not less than 4%). Any coinsurance requirement in such policy must be eliminated through either (i) attachment of the agreed amount endorsement or (ii) activation of the agreed value option. In the event that Lessee obtains coverage for the general property insurance through a self-insurance program or a policy that has a deductible or self-retention amount in excess of $10,000, Lessee must submit evidence, to the satisfaction of Lessor, that Lessee has the ability to pay for any damages to the Home that may not otherwise be funded by insurance proceeds.

2. **Business Interruption Insurance** that provides business income, business interruption, extra expense or similar coverage in an amount of the monthly rent for a period of not less than six months. Lessee acknowledges that Lessor is not liable for any business interruption or consequential loss sustained by Lessee, whether or not the negligence of Lessor (and its employees and agents) is the cause of such loss. Any coinsurance requirement in such policy must be eliminated through either (i) attachment of the agreed amount endorsement or (ii) activation of the agreed value option.

3. **Commercial General and Umbrella Liability Insurance** that provides comprehensive liability coverage in an amount not less than $1,000,000 per occurrence and $3,000,000 aggregate written on an occurrence basis. If Lessee is unable to obtain occurrence based coverage, Lessee may obtain claims-made coverage provided it includes tail coverage for a minimum of five (5) years following the expiration or earlier termination of the Lease for the Home. The policy must apply as primary insurance coverage maintained by Lessee for the benefit of Lessor under this Lease. Such policy must either (a) contain no endorsement or modification to make it excess over other available insurance or (b) if the policy states that it is excess or pro rata, it is endorsed to be primary with respect to the additional insured. Lessee waives all rights against Lessor (and it employees and agents) for recovery of damages to the extent these damages are covered by the coverage required under this paragraph 3.

4. **Professional Liability Insurance** that provides professional liability coverage in such amount and type customary for entities engaged in providing Services in the state where the Home is located, which coverage must be written on an occurrence basis. If Lessee is unable to obtain occurrence based coverage, Lessee may obtain claims-made coverage provided it includes tail coverage for a minimum of five (5) years following the expiration or earlier termination of the Lease for the Home.

5. **Workers' Compensation Insurance** that provides the coverage required in the state where the Premises is located and which is in such amount and type required by the state with respect to Lessee and its operations; provided, however, that Part B (Employer Liability) coverage limit shall be not less than $1,000,000 per person, disease and occurrence. Lessee may obtain the coverage through a state program, private insurance or self-insurance as required or authorized by such state.

6. **Personal Property Insurance** (optional in Lessee's discretion) that covers Lessee's personal property and contents in the Home regardless of who owns such personal property or contents. Lessee acknowledges that Lessor is not liable for any damage to, or loss of use of, personal property or contents sustained by Lessee, whether or not the negligence of Lessor (and its employees and agents) cause such loss.

7. **Contractors' Insurance** for any contractor used by Lessee to do any work at or furnish any materials to be incorporated into the Home, as permitted under the Lease, that provides contractor's commercial general liability insurance, workers compensation insurance, automobile liability insurance and that complies with the same limits of coverage as Lessee is required to maintain under this Lease and as set forth below. At Lessor's request, Lessee shall provide Lessor with a certificate evidencing such insurance coverage and naming Lessor as an additional insured.

PERFORMANCE BOND

a. $25.00 PER $1,000.00 FOR THE 1ST $100,000.00
b. $2,500.00 + $25.00 PER $1,000.00 FOR THE NEXT $400,000.00
c. $8,500.00 + $10.00 per $1,000.00 for next $2,000,000.00

WORKERS COMPENSATION

18.3% OF THE LABOR OR AS OTHERWISE REQUIRED BY THE STATE WHERE THE HOME IS LOCATED

BUILDERS RISK INSURANCE

$1.25 FOR EACH $100.00 OF VALUE TO COVER LABOR AND MATERIALS IN THE EVENT OF FIRE, THEFT, VANDALISM AND EXTENDED COVERAGE

EXHIBIT A

DESCRIPTION/DEPICTION OF LAND

EXHIBIT B

ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE ("**Addendum**") is entered into as of _____, 20__, by and between **SCIOTO PROPERTIES LLC** ("**Lessor**") and _____ ("**Lessee**").

RECITALS

Lessor and Lessee are parties to a Lease Agreement dated _____, 20__ ("**Lease**") pursuant to which Lessee leases a certain parcel of land situated in the City of _____, Green County, Tennessee, located at and commonly known as _____, together with all Improvements thereon recently constructed by Lessor for the benefit of Lessee (the "**Home**").

Certain terms of the Lease could not be finalized until the construction of the Improvements were substantially completed, a certificate of occupancy for the Home was issued and the final Project Costs were computed.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, representations and provisions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree to the foregoing and as follows:

Having ascertained the final Project Costs and received a certificate of occupancy for the Home, the following terms of the Lease are hereby confirmed:

Start Date:	As determined by the parties	
End Date:	10 years after the end of the month containing the Start Date	
Renewal Terms:	Number: One (1)	Years: Five (5)
Adjustment Date:	First day of the month following the anniversary of the Start Date	
Monthly Rent (first year):	$	
Annual Rent Adjustment %:	Two Percent (2.0%)	
Security Deposit:	$[first month's rent]	
Rent Factor:	0.00833	

[Signatures Appear on the Following Page]

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SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth above.

LESSEE:
D & S RESIDENTIAL SERVICES, LP

By: _____
Mickey Atkins
Its: President

LESSOR:
SCIOTO PROPERTIES LLC
By: Scioto Properties LLC, its member

By: _____
Mary Bea Eaton
Its: Chief Operating Officer

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box " " must be marked to be a part of this Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have received a copy of this Agreement.

Buyer hereby makes this offer.

BUYER _____ BUYER _____

9/28/15 at 11:30 o'clock X am pm

Offer Date _____ Offer Date _____

Seller hereby:

X ACCEPTS - accepts this offer

COUNTERS - accepts this offer subject to the attached Counter Offer

REJECTS this offer and makes no counter offer.

SELLER _____ SELLER _____

9-29-15 at _____ o'clock _____ am pm

Date _____ Date _____

Binding Agreement Date. This agreement shall become a Binding Agreement upon the last offeror or licensee of the offeror receives notice of acceptance.

Notice of acceptance of the final offer was received on the 29TH day of Sept 2015 12:32 pm o'clock by Keith A Reaves

---

For Information Purposes Only:

Listing Company: A CUT ABOVE R.E. & AUCTION CO

Listing Firm Address: 1007 W MAIN ST GREENEVILLE

Firm License No: _____

Firm Telephone No: 423.638.5870

Listing Licensee: KEITH A. REAVES

Licensee License Number: _____

Licensee Email: MARK.KR3@GMAIL.COM

Selling Company: A CUT ABOVE R.E. & AUCTION CO

Selling Firm Address: 1007 W MAIN ST GREENEVILLE

Firm License No: _____

Firm Telephone No: 423 638 5870

Selling Licensee: KEITH A. REAVES

Licensee License Number: _____

Licensee Email: MARK.KR3@GMAIL.COM

Home Owner's / Condominium Association ("HOA / COA"): _____

HOA / COA Phone: _____

HOA / COA Email: _____

Property Management Company: _____

Phone: _____

Email: _____

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Keith Reaves

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Version 09.2.x.2015

LOT/LAND PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer Scioto LLC or Assigns ("Buyer") agrees to buy and the undersigned seller Sammy Brooks ("Seller") agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows: All that tract of land known as: Lots 10 & 11 & 12 Erwin Highway (Address) Greeneville (City), Tennessee, 37745 (Zip), as recorded in Greene County Register of Deeds Office, 556A deed book(s), 1983 page(s), _____ and/or instrument number and as further described as: Shelton Heirs Prop Approx. 4.15 acres Parcel/Tax ID 100 041.09 together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property."

☐ **This box must be checked to be part of this Agreement.** The full and legal description of said Property is as described in the attached "Legal Description Exhibit."

A. **LEASED ITEMS.** Leased items that remain with the Property (e.g. billboards, irrigation systems, fuel tank, etc.) NONE. Buyer shall assume any and all lease payments as of Closing. If leases are not assumable, the balance shall be paid in full by Seller at or before Closing.

✘ Buyer does not wish to assume a leased item. **(THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.)**

Buyer does not wish to assume Seller's current lease of NONE; therefore, Seller shall have said lease cancelled and leased items removed from Property prior to Closing.

B. **FUEL.** Fuel, if any, will be adjusted and charged to Buyer and credited to Seller at Closing at current market prices.

2. **Purchase Price, Method of Payment and Closing Expenses.** Buyer warrants that, except as may be otherwise provided herein, Buyer will at Closing have sufficient cash to complete the purchase of the Property under the terms of this Lot/Land Purchase and Sale Agreement (hereinafter "Purchase and Sale Agreement" or "Agreement"). The purchase price to be paid is: $45,000.00 Forty-Five Thousand U.S. Dollars, ("Purchase Price") which shall be disbursed at Buyer's expense and paid to Seller or Seller's Closing Agency in the form of one of the following:

i. a Federal Reserve Bank wire transfer;

ii. a Cashier's Check issued by a financial institution as defined in 12 CFR § 229.2(i);

iii. a check issued by the State of Tennessee or a political subdivision thereof;

iv. a check issued by an instrumentality of the United States organized and existing under the Farm Credit Act of 1971; OR

v. in other such form as is approved in writing by Seller.

This price is based (**Select one. The sections not checked are not a part of this Agreement.**):

✘ for entire Property as a tract, and not by the acre **OR**

☐ per acre with the Purchase Price to be determined by the actual amount of acreage of the Property, $_____ per acre based on a current or mutually acceptable survey **OR**

☐ for entire Property as a tract but with the Purchase Price to be adjusted upward or downward at $_____ per acre in the event the actual amount of acreage of the Property based on a current or mutually acceptable survey should vary more or less than _____ acre(s) from the _____ estimated acreage.

A. **Appraisal (Select either 1 or 2 below. The sections not checked are not a part of this Agreement).**

☐ 1. This Agreement **IS NOT** contingent upon the appraised value either equaling or exceeding the agreed upon Purchase Price.

✘ 2. This Agreement **IS CONTINGENT** upon the appraised value either equaling or exceeding the agreed upon Purchase Price. In the event that the financing contingency is waived, Buyer must order the appraisal

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and provide Seller with the name and telephone number of the appraisal company and proof that appraisal was ordered within five (5) days of the Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. If appraised value is equal to or exceeds the Purchase Price, this contingency is satisfied. If the appraised value of the Property does not equal or exceed the Purchase Price, the Buyer may terminate this Agreement by providing written notice to the Seller and providing written proof of the same (for example, this written proof could include, but is not limited to, a copy of appraisal or a signed letter from Lender) via the Notification form or equivalent written notice. Upon termination, Buyer is entitled to a refund of the Trust Money.

B. Closing Costs and Discount Points.

1. **Seller Expenses.** Seller shall pay all existing loans affecting the Property, including all penalties, release preparation costs, and applicable recording costs; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; Seller's Closing fee, document preparation fee and/or attorney's fees; fee for preparation of deed; and notary fee on deed. Seller additionally agrees to permit any withholdings and or to pay any additional sum due as is required under the Foreign Investment in Real Property Tax Act. Failure to do so will constitute a default by Seller.

   In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. *It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.*

2. **Buyer Expenses.** Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust; Buyer's Closing fee, document preparation fee and/or attorney's fees; preparation of note, deed of trust, and other loan documents; mortgage loan inspection or boundary line survey; credit report; required premiums for private mortgage, hazard and flood insurance; required reserved deposits for insurance premiums and taxes; prepaid interest; re-inspection fees pursuant to appraisal; and any costs incident to obtaining and closing a loan, including but not limited to: appraisal, origination, discount points, application, commitment, underwriting, document review, courier, assignment, photo, tax service and notary fees.

3. **Title Expenses.** Cost of title search, mortgagee's policy and owner's policy (rates to be as filed with the Tennessee Department of Commerce and Insurance) shall be paid as follows:
   the buyer
   Simultaneous issue rates shall apply.

Not all of the above items are applicable to every transaction and may be modified as follows:

Closing Agency for Buyer: TBD
Closing Agency for Seller: TBD
Title Company: TBD
or other Closing Agency as mutually agreed by Seller and Buyer.

C. Financial Contingency – Loan(s) To Be Obtained: This Agreement is conditioned upon Buyer's ability to obtain a loan(s) in the principal amount up to _____% of the Purchase Price listed above to be secured by a deed of trust on the Property. "Ability to obtain" as used herein means that Buyer is qualified to receive the loan described herein based upon Lender's customary and standard underwriting criteria. In the event Buyer, having acted in good faith and in accordance with the terms below, is unable to obtain financing by the Closing Date, Buyer may terminate this Agreement by providing written notice and a copy of Lender's loan denial letter via the Notification form or equivalent written notice. Upon termination, Buyer is entitled to a refund of the Trust Money. Lender is defined herein as the financial institution funding the loan.

The loan shall be of the type selected below (**Select the appropriate boxes. Unselected items will not be part of this Agreement**):

- ☐ Conventional Loan
- ☐ FHA Loan; attach addendum
- ☐ VA Loan; attach addendum
- ☐ Other _____

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Buyer may apply for a loan with different terms and conditions and also Close the transaction provided all other terms and conditions of this Agreement are fulfilled and the new loan does not increase any costs charged to Seller. Buyer shall be obligated to Close this transaction if Buyer has the ability to obtain a loan with terms as described herein and/or any other loan for which Buyer has applied and been approved.

Loan Obligations: ***The Buyer agrees and/or certifies as follows:***

(1) Within three (3) days after the Binding Agreement Date, Buyer shall make application for the loan and shall pay for credit report. Buyer shall immediately notify Seller or Seller's representative of having applied for the loan and provide Lender's name and contact information, and that Buyer has instructed Lender to order credit report. Such certifications shall be made via the Notification form or equivalent written notice;

(2) Within fourteen (14) days after the Binding Agreement Date, Buyer shall warrant and represent to Seller via the Notification form or equivalent written notice that:

a. Buyer has secured evidence of hazard insurance which will be effective at Closing and Buyer shall notify Seller of the name of the hazard insurance company;

b. Buyer has notified Lender of an Intent to Proceed and has available funds to Close per the signed Loan Estimate; and

c. Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.

(3) Buyer shall pursue qualification for and approval of the loan diligently and in good faith;

(4) Buyer shall continually and immediately provide requested documentation to Lender and/or loan originator;

(5) Unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or sale of any other real property and the same shall not be used as the basis for loan denial; and

(6) Buyer shall not intentionally make any material changes in Buyer's financial condition which would adversely affect Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

Should Buyer fail to timely comply with 2.C.(1) and/or 2.C.(2) above and provide notice as required, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller the requested documentation within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated.

THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.

☒ **Financing Contingency Waived** (e.g. "All Cash", etc.):
Buyer's obligation to Close shall not be subject to any financial contingency. Buyer reserves the right to obtain a loan. Buyer will furnish proof of available funds to close in the following manner: Proof of Funds (e.g. bank statement, Lender's commitment letter) within five (5) days after Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. Failure to Close due to lack of funds shall be considered default by Buyer.

3. **Trust Money**. Buyer has paid or will pay within 7 days after the Binding Agreement Date to A Cut Above Real Estate & Auction Co. (name of Holder) ("Holder") located at 1007 West Main Street, Greeneville, TN 37743 (address of Holder), an Trust Money deposit of $ 1,000.00 by check (OR _____) ("Trust Money").

A. **Failure to Receive Trust Money.** In the event Trust Money is not timely received by Holder or Trust Money check or other instrument is not honored, for any reason by the bank upon which it is drawn, Holder shall promptly notify Buyer and Seller of the Buyer's failure to deposit the agreed upon Trust Money. Buyer shall then have one (1) day to deliver Trust Money in immediately available funds to Holder. In the event Buyer does not deliver such funds, Buyer is in default and Seller shall have the right to terminate this Agreement by delivering to Buyer or Buyer's representative written notice via the Notification form or equivalent written notice. In the event Buyer delivers the Trust Money in immediately available funds to Holder before Seller elects to terminate, Seller shall be deemed to have waived his right to terminate, and the Agreement shall remain in full force and effect.

B. **Handling of Trust Money upon Receipt by Holder.** Trust Money is to be deposited promptly after the Binding Agreement Date or the agreed upon delivery date in this Money paragraph or as specified in the Special Stipulations paragraph contained at paragraph 15 herein. Holder shall disburse Trust Money only as follows:

(a) at Closing to be applied as a credit toward Buyer's Purchase Price;

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(b) upon a written agreement signed by all parties having an interest in the funds;

(c) upon order of a court or arbitrator having jurisdiction over any dispute involving the Trust Money;

(d) upon a reasonable interpretation of the Agreement; or

(e) upon the filing of an interpleader action with payment to be made to the clerk of the court having jurisdiction over the matter.

Holder shall be reimbursed for, and may deduct from any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for the same) for any matter arising out of or related to the performance of Holder's duties under this Trust Money paragraph. Trust Money shall not be disbursed prior to fourteen (14) days after deposit unless written evidence of clearance by bank is provided.

4. Closing, Prorations, Special Assessments and Association Fees.

A. Closing Date. This transaction shall be closed ("Closed") (evidenced by delivery of warranty deed and payment of Purchase Price, the "Closing"), and this Agreement shall expire at 11:59 p.m. local time on the 30th day of November, 2015 ("Closing Date"), or on such earlier date as may be agreed to by the parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the event of default. Any extension of this date must be agreed to by the parties in writing via the Closing Date/Possession Date Amendment or equivalent written agreement.

1. **Possession.** Possession of the Property is to be given (**Select the appropriate boxes below. Unselected items will not be part of this Agreement**):

☒ with delivery of warranty deed and payment of Purchase Price;

OR

☐ on _____ at _____ o'clock ☐ am/ ☐ pm, local time;

☐ Occupancy Agreement attached which addresses issues including but not limited to: occupancy term, compensation due, legal relationships of the parties, condition of the Property upon transfer, utilities, and property insurance.

B. Prorations. Real estate taxes, rents, dues, maintenance fees, and association fees on said Property for the calendar year in which the sale is Closed shall be prorated as of the Closing Date. In the event of a change or reassessment of taxes for the calendar year after Closing, the parties agree to pay their recalculated share. Real estate taxes, rents, dues, maintenance fees, and association fees for prior years and roll back taxes, if any, will be paid by Seller.

C. Special Assessments. Special Assessments approved or levied prior to the Closing Date shall be paid by Seller at or prior to Closing unless otherwise agreed as follows:

_____

D. Association Fees. Buyer shall be responsible for all homeowner or condominium association transfer fees, related administration fees (not including statement of accounts), capital expenditures contributions incurred due to the transfer of the Property and/or like expenses which are required by the association, property management company and/or the bylaws, declarations or covenants for the Property (unless otherwise specifically addressed herein and/or unless specifically chargeable to Seller under applicable bylaws, declarations, and/or neighborhood covenants).

5. Title and Conveyance.

A. Seller warrants that at the time of Closing, Seller will convey or cause to be conveyed to Buyer or Buyer's assign(s) good and marketable title to said Property by general warranty deed, subject only to:

(1) Zoning;

(2) Setback requirements and general utility, sewer, and drainage easements of record on the Binding Agreement Date upon which the improvements do not encroach;

(3) Subdivision and/or condominium declarations, covenants, restrictions, and easements of record on the Binding Agreement Date; and

(4) Leases and other encumbrances specified in this Agreement.

If title examination, closing or loan survey pursuant to Tenn. Code Ann. § 62-18-126, boundary line survey, or other information discloses material defects, Buyer may, at Buyer's discretion:

(1) accept the Property with the defects OR

(2) require Seller to remedy such defects prior to the Closing Date. Buyer shall provide Seller with written notice of such defects via the Notification form or equivalent written notice. If defects are not remedied prior to the Closing Date, Buyer may elect to extend the Closing Date by mutual written agreement

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evidenced by the Closing Date/Possession Amendment form or other written equivalent. If defects are not remedied by the Closing Date or any mutually agreed upon extension thereof, this Agreement shall terminate, and Buyer shall be entitled to a refund of Trust Money.

Good and marketable title as used herein shall mean title which a title insurance company licensed to do business in Tennessee will insure at its regular rates, subject only to standard exceptions. The title search or abstract used for the purpose of evidencing good and marketable title must be acceptable to the title insurance agent and the issuing title insurance company. Seller agrees to execute such appropriate affidavits and instruments as may be required by the issuing title insurance company.

B. **Deed.** Deed to be made in the name of Scioto LLC or Assigns. The manner in which Buyer takes title determines ownership and survivorship rights. It is Buyer's responsibility to consult the closing agency or attorney prior to Closing.

6. **Inspections and other requirements made a part of this Agreement.**
ALL INSPECTIONS ARE TO BE MADE AT BUYER'S EXPENSE. Buyer, its inspectors and/or representatives shall have the right and responsibility to enter the Property during normal business hours for the purpose of making inspections and/or tests. Buyer agrees to indemnify Seller for the acts of themselves, their inspectors and/or representatives in exercising their rights under this paragraph. Buyer's obligations to indemnify Seller shall also survive the termination of this Agreement by either party, which shall remain enforceable. Buyer shall make such inspections as indicated in this paragraph and either accept the Property in its present condition by written notice to Seller or terminate the Agreement as provided for in each section marked below.

[Select any or all of the following stipulations. Unselected items are not a part of this Agreement.]

☒ A. **Feasibility Study.** Buyer shall have the right to review all aspects of the Property, including but not limited to, all governmental, zoning, soil and utility service matters related thereto. If Buyer provides a copy of the review reports along with written notification to Seller and/or Seller's Broker within 30 days after Binding Agreement Date that Buyer is not satisfied with the results of such review, then this Agreement shall automatically terminate and Broker shall promptly refund the Trust Money to Buyer. If Buyer fails to provide report and notice, then this contingency shall be deemed to have been waived by Buyer. Seller acknowledges and agrees that Buyer and/or his agents and employees may have free access during normal business hours to visit the Property for the purpose of (1) inspection thereof and (2) conducting such soil and other tests thereon as are deemed reasonably necessary by Buyer. Buyer hereby agrees to indemnify and hold Seller, Broker, and Broker's Affiliated Licensees harmless from and against any and all loss, injury, cost, or expense associated with Buyer's inspection of and entry upon Property.

☒ B. **Building Permit.** This Agreement is contingent upon Buyer's ability to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements on the Property. If Buyer provides a copy of the governmental report along with written notification to Seller and/or Seller's Broker within 45 days after the Binding Agreement Date that Buyer is unable to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements on the Property, then in such event this Agreement shall automatically terminate and Holder shall promptly refund the Trust Money to Buyer. If Buyer fails to provide said report and notice, then this contingency shall be deemed to have been waived by Buyer.

☒ C. **Permit for Sanitary Septic Disposal System.** This Agreement is contingent upon the Buyer's ability to obtain a permit for a sanitary septic disposal system from the respective Tennessee Ground Water Protection Office for the county in which the Property is located (generally, located at the local Health Department) to be placed on the Property in a location consistent with Buyer's planned improvements. If Buyer is unable to meet this condition, Buyer must notify Seller and/or Seller's Broker in writing within 30 days after the Binding Agreement Date along with documentation reflecting denial of permit from the appropriate governmental entity. With proper notice, the Agreement is voidable by Buyer and Trust Money refunded. If Buyer fails to provide said notice, this contingency shall be deemed to have been waived by Buyer.

☒ D. **Rezoning.** This Agreement is contingent upon the Property being rezoned to B-2 by the appropriate governmental authorities on or before November 13, 2015. (Buyer or Seller) Buyer shall be responsible for pursuing such rezoning, and paying all associated cost. All rezoning applications shall be submitted to Seller for Seller's approval prior to filing, which approval shall not be unreasonably withheld. All parties agree to cooperate, to sign the necessary documentation and to support the rezoning application. If Buyer provides documentation and written notification to Seller and/or Seller's Broker within 48 hours after the above date that the Property cannot be so zoned, then in such event this Agreement shall automatically terminate, and Holder shall promptly refund the Trust Money to Buyer. If Buyer fails to provide said documentation and notice, then this contingency shall be deemed to have been waived by Buyer.

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☒ **E. Well Test.** This Agreement is contingent upon the well water serving the Property passing testing for suitability for drinking as performed by a testing laboratory selected by Buyer, or required by Buyer's Lender, prior to Closing. Buyer shall be responsible for ordering, supervising and paying for any such well water sample test. This Agreement shall also be contingent upon said well providing an adequate quantity of water to serve Buyer's intended purpose for the Property. If Buyer provides a copy of said test along with written notification to Seller and/or Seller's Broker within 30 days after the Binding Agreement Date that test results are unacceptable, then in such event this Agreement shall automatically terminate, and Holder shall promptly refund the Trust Money to Buyer. If Buyer fails to provide said notice and report, then this contingency shall be deemed to have been waived by Buyer.

☒ **F. Other Inspections.** See Special Stipulations for additional inspections required by Buyer.

☐ **G. No Inspection Contingencies.** Buyer accepts the Property in its present condition. All parties acknowledge and agree that the Property is being sold "AS IS" with any and all faults.

7. **Final Inspection.** Buyer and/or his inspectors/representatives shall have the right to conduct a final inspection of Property on the Closing Date or within 1 day(s) prior to Closing Date only to confirm Property is in the same or better condition as it was on the Binding Agreement Date, normal wear and tear excepted, and to determine that all repairs/replacements have been completed. Property shall remain in such condition until the Closing Date at Seller's expense. Closing of this sale constitutes acceptance of Property in its condition as of the time of Closing, unless otherwise noted in writing.

8. **Buyer's Additional Due Diligence Options.** If any of the matters below are of concern to Buyer, Buyer should address the concern by specific contingency in the Special Stipulations paragraph of this Agreement.

A. **Survey and Flood Certification.** Survey Work and Flood Certifications are the best means of identifying boundary lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a survey, closing loan survey or Boundary Line Survey and Flood Zone Certifications.

B. **Insurability.** Many different issues can affect the insurability and the rates of insurance for property. These include factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of the buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine whether any exclusions will apply to the insurability of said Property.

C. **Water Supply.** The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

D. **Waste Disposal.** The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

E. **Title Exceptions.** At Closing, the general warranty deed will be subject to subdivision and or condominium declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use of the Property by Buyer.

9. **Disclaimer.** It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller and/or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, flood certification, title search or inspection of the Property; the insurability of the Property or cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for building products and construction techniques; for any geological issues present on the Property; for any issues arising out of the failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability, and/or cost of utility, sewer, septic, or community amenities; for any proposed or pending condemnation actions involving the Property; for acreage or square footage; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions, and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their

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firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.

10. **Brokerage.** As specified by separate agreement, Seller agrees to pay Listing Broker at Closing the agreed upon compensation. The Listing Broker will direct the closing agency to pay the Selling Broker, from the compensation received, an amount in accordance with the terms and provisions specified by separate agreement. The parties agree and acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

11. **Default.** Should Buyer default hereunder, the Trust Money shall be forfeited as damages to Seller and shall be applied as a credit against Seller's damages. Seller may elect to sue, in contract or tort, for additional damages or specific performance of the Agreement, or both. Should Seller default, Buyer's Trust Money shall be refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees. In the event that any party exercises its right to terminate due to the default of the other pursuant to the terms of this Agreement, the terminating party retains the right to pursue any and all legal rights and remedies against the defaulting party following termination.

12. **Other Provisions.**

A. **Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date.** This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. It is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not have the authority to bind the Buyer, Seller, or any assignee to any contractual agreement unless specifically authorized in writing within this Agreement. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize either licensee to insert the time and date of receipt of the notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signatory section of this Agreement, or Counter Offer, if applicable.

B. **Survival Clause.** Any provision contained herein, which by its nature and effect is required to be performed after Closing shall survive the Closing and delivery of the deed, and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter.

C. **Governing Law and Venue.** This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. **Time of Essence.** Time is of the essence in this Agreement.

E. **Terminology.** As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of Property. **In the event a performance deadline**, other than the Closing Date (as defined in paragraph 4 herein), Date of Possession (as defined in paragraph 4 herein), and Offer Expiration Date (as defined in paragraph 16 herein), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall extend to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. **Responsibility to Cooperate.** Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. Buyer and Seller agree that if requested after Closing, they will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason

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of mistake, clerical errors or omissions, or the result of erroneous information.

G. **Notices.** Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person; (2) by a prepaid overnight delivery service; (3) by facsimile transmission (FAX); (4) by the United States Postal Service, postage prepaid, registered or certified, return receipt requested; or (5) Email. **NOTICE** shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or the Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. **Risk of Loss.** The risk of hazard or casualty loss or damage to the Property shall be borne by Seller until transfer of title. If casualty loss prior to Closing exceeds 10% of the Purchase Price, Seller or Buyer may elect to terminate this Agreement with a refund of Trust Money to Buyer.

I. **Equal Housing.** This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. **Severability.** If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect. In the event that the contract fails due to the severed provisions, then the offending language shall be amended to be in conformity with state and federal law.

K. **Property Delivery Condition.** Seller shall deliver Property clean and free of debris at time of possession.

L. **Contract Construction.** This Agreement or any uncertainty or ambiguity herein shall not be construed against any party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.

M. **Other.** In further consideration of Buyer's right to legally, properly and in good faith invoke a right to terminate this Agreement pursuant to any specific Buyer contingency as stated herein, Buyer agrees, upon Seller's request or as provided for in this Agreement, to provide Seller or Seller's representative with copies of any supporting documentation which supports Buyer's right to exercise said contingency, the sufficiency and adequacy of said consideration being acknowledged. Any such supporting documents shall be provided for Seller's benefit only and Seller shall not disseminate the same to third parties. However, Buyer shall not be required to provide any documents to Seller in violation of any confidentiality agreement or copyright protection laws, if applicable.

13. **Method of Execution.** The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal law will be acceptable and may be treated as originals and that the final Lot/Land Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal law.

14. **Exhibits and Addenda.** All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement:
Confirmation of Agency Status & Disclaimer Notice & Contract Addendum (3 Pages) & Exhibit A

15. **Special Stipulations.** The following Special Stipulations, if conflicting with any preceding paragraph, shall control:
Buying AS-IS, WHERE-IS WITH NO WARRANTIES OR GUARANTEES.

Seller to install 3/4 inch water tap on property at no cost to Buyer.

16. **Time Limit of Offer.** This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not countered or accepted by 5:00 o'clock ☐ a.m./☒ p.m.; on the 1st day of October, 2015.

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LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box "☐" must be marked to be a part of this Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have received a copy of this Agreement.

Buyer hereby makes this offer:

BUYER	BUYER
9/28/15 at 11:30 o'clock ☒ am ☐ pm	_____ at _____ o'clock ☐ am ☐ pm
Offer Date	Offer Date

Seller hereby:

☐ ACCEPTS – accepts this offer.
☐ COUNTERS – accepts this offer subject to the attached Counter Offer(s).
☐ REJECTS this offer and makes no counter offer.

SELLER	SELLER
_____ at _____ o'clock ☐ am ☐ pm	_____ at _____ o'clock ☐ am ☐ pm
Date	Date

Binding Agreement Date. This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date") the last offeror, or licensee of the offeror, receives notice of offeree's acceptance.

Notice of acceptance of the final offer was received on the _____ day of _____ at _____ o'clock by _____ (Name)

For Information Purposes Only:

Listing Company: A CUT ABOVE R.E. & AUCTION CO.	Selling Company: A CUT ABOVE R.E. & AUCTION CO.
Listing Firm Address: 1007 W MAIN ST GREENEVILLE	Selling Firm Address: 1007 W MAIN ST GREENEVILLE
Firm License No.:	Firm License No.:
Firm Telephone No.: 423.638.5878	Firm Telephone No.: 423.638.5878
Listing Licensee: KEITH A. REAVES	Selling Licensee: KEITH A. REAVES
Licensee License Number:	Licensee License Number:
Licensee Email: MARK.KR3@GMAIL.COM	Licensee Email: MARK.KR3@GMAIL.COM
Home Owner's / Condominium Association ("HOA/COA"):	
HOA / COA Phone:	HOA COA Email:
Property Management Company:	
Phone:	Email:

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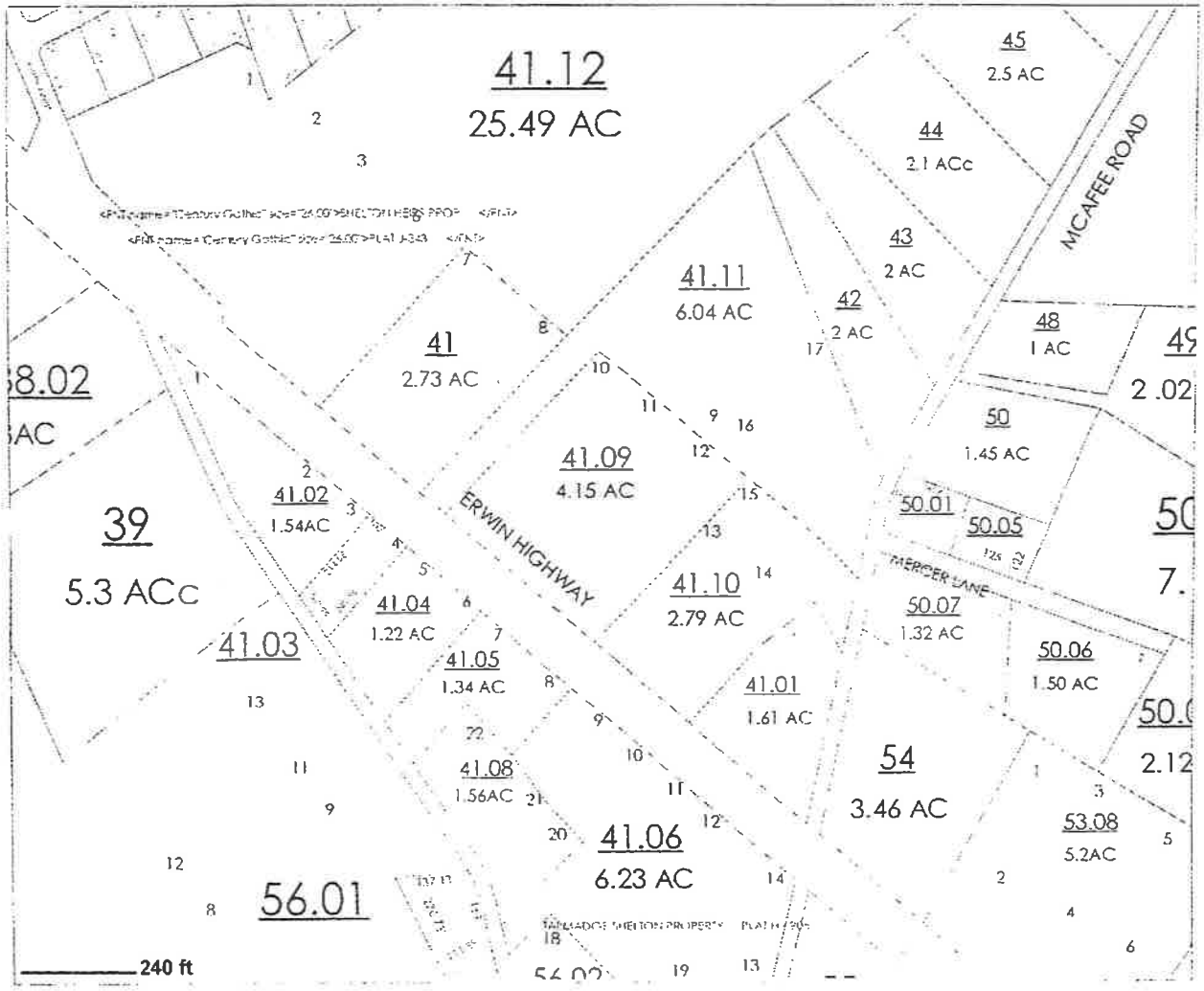

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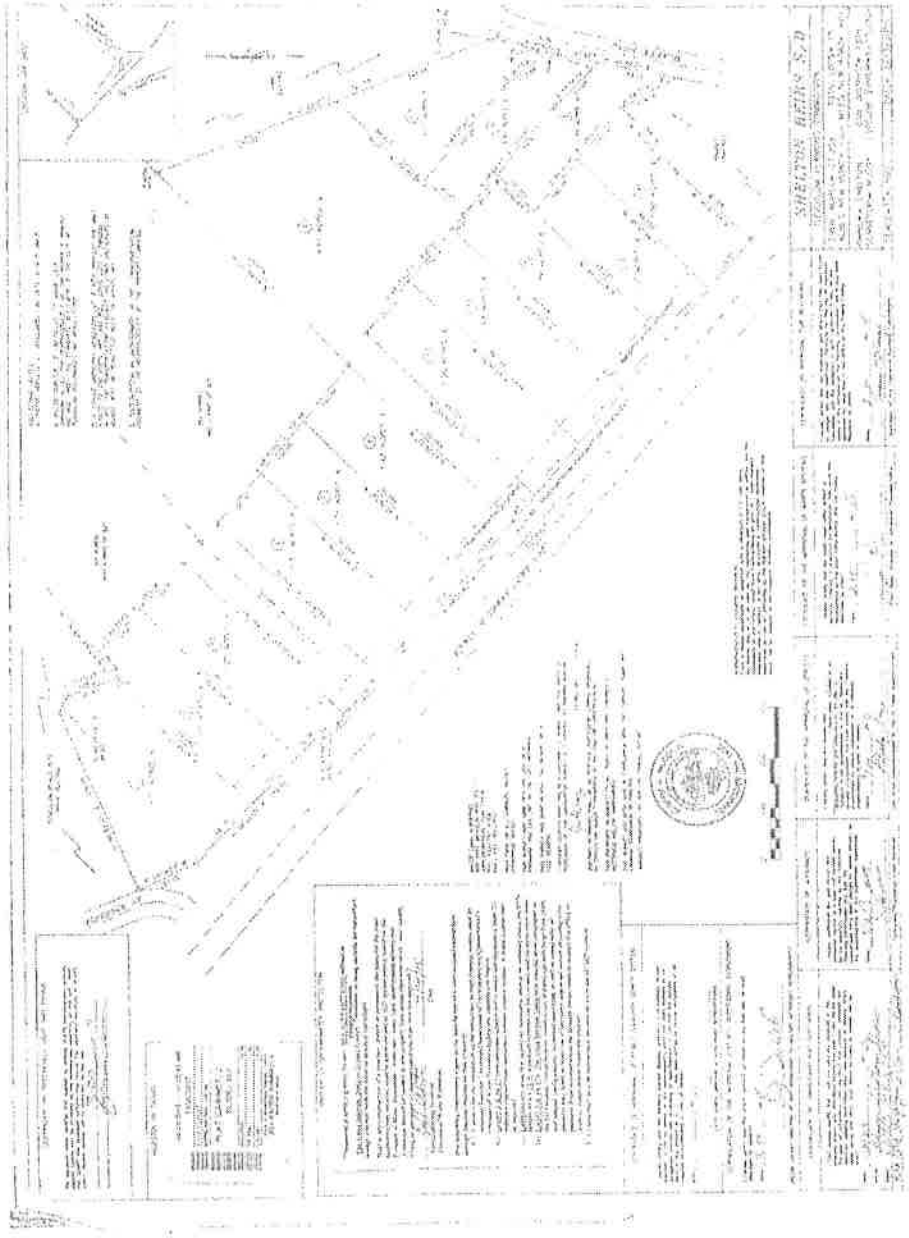

CONFIRMATION OF AGENCY STATUS

Every real estate licensee is required to disclose his or her agency status in a real estate transaction to any buyer or seller who is not represented by an agent and with whom the Licensee is working directly in the transaction. The purpose of this Confirmation of Agency Status is to acknowledge that this disclosure occurred. Copies of this confirmation must be provided to any signatory thereof. As used below, "Seller" includes sellers and landlords; "Buyer" includes buyers and tenants. Notice is hereby given that the agency status of this Licensee (or Licensee's company) is as follows in this transaction:

The real estate transaction involving the property located at:

Lots on Erwin Hwy, Greeneville, TN 37745 10611612 Approx. 4.15 acres

PROPERTY ADDRESS

SELLER NAME: Sammy Brooks	**BUYER NAME:** Scioto LLC or Assigns
LICENSEE NAME: Keith A. Reaves	LICENSEE NAME: Keith A. Reaves
in this consumer's current or prospective transaction is serving as:	in this consumer's current or prospective transaction is serving as:
✘ **Transaction Broker or Facilitator.** (not an agent for either party).	✘ **Transaction Broker or Facilitator.** (not an agent for either party).
☐ **Seller is Unrepresented.**	☐ **Buyer is Unrepresented.**
☐ **Agent for the Seller.**	☐ **Agent for the Buyer.**
☐ **Designated Agent for the Seller.**	☐ **Designated Agent for the Buyer.**
☐ **Disclosed Dual Agent (for both parties).** with the consent of both the Buyer and the Seller in this transaction.	☐ **Disclosed Dual Agent (for both parties).** with the consent of both the Buyer and the Seller in this transaction.

This form was delivered in writing, as prescribed by law, to any unrepresented buyer **prior to the preparation of any offer to purchase,** OR to any unrepresented seller **prior to presentation of an offer to purchase;** OR (if the Licensee is listing a property without an agency agreement) **prior to execution of that listing agreement.** This document also serves as confirmation that the Licensee's Agency or Transaction Broker status was communicated orally before any real estate services were provided and also serves as a statement acknowledging that the buyer or seller, as applicable, was informed that any complaints alleging a violation or violations of Tenn. Code Ann. § 62-13-312 must be filed within the applicable statute of limitations for such violation set out in Tenn. Code Ann. § 62-13-313(e) with the Tennessee Real Estate Commission, 710 James Robertson Parkway, 3rd Floor, Nashville, TN 37232, PH: (615) 741-2273. **This notice by itself, however, does not constitute an agency agreement or establish any agency relationship.**

By signing below, parties acknowledge receipt of confirmation of Agency relationship disclosure by Realtor® acting as Agent/Broker OR other status of Seller/Landlord and/or Buyer/Tenant pursuant to the National Association of Realtors® Code of Ethics and Standards of Practice.

Seller Signature	Date	Buyer Signature	Date
Seller Signature	Date	Buyer Signature	Date
Listing Licensee	Date	Selling Licensee	Date
A Cut Above R.E. & Auction Co.		A Cut Above R.E. & Auction Co.	
Listing Company	Date	Selling Company	Date

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DISCLAIMER NOTICE

The Brokers and their affiliated licensees (hereinafter collectively "Licensees") involved in the Purchase and Sale Agreement (hereinafter "Agreement") regarding real estate located at Lots 10&11&12 Erwin Hwy, Greeneville, TN 37745 Approx. 4.19 ac (hereinafter "Property") are not attorneys and are not structural or environmental engineers. They are engaged in bringing together buyers and sellers in real estate transactions. Licensees expressly deny any expertise with respect to advice or informed opinions regarding any of the following matters. This Disclaimer Notice is an express warning to all sellers and buyers that they should not rely on any statement, comment or opinion expressed by any Licensee when making decisions about any of the following matters, including the selection of any professional to provide services on behalf of buyers or sellers. Any professional selected by buyers or sellers should be an "independent, qualified professional", who complies with all applicable state/local requirements, which may include licensing, insurance, and bonding requirements. It is strongly recommended that buyers include contingency clauses in their offers to purchase with respect to these or any other matters of concern and that buyers, in writing the offer, allow enough time to get an evaluation of the following matters from an independent, qualified professional. The matters listed below are not an exclusive list of actions or circumstances which are not the responsibility of the Licensees with whom you work. These items are examples and are provided only for your guidance and information.

1. **THE STRUCTURAL OR OTHER CONDITIONS OF THE PROPERTY.** Consult with professional engineers or other independent, qualified professionals to ascertain the existence of structural issues, the condition of synthetic stucco (E.I.F.S.) and/or the overall condition of the Property.

2. **THE CONDITION OF ROOFING.** Consult with a bonded roofing company for any concerns about the condition of the roof.

3. **HOME INSPECTION.** We strongly recommend that you have a home inspection, which is a useful tool for determining the overall condition of a home including, but not limited to, electrical, heating, air conditioning, plumbing, water-heating systems, fireplaces, windows, doors and appliances. Contact several sources (like the Tennessee Department of Commerce & Insurance (www.state.tn.us/commerce/index.shtml), the American Society of Home Inspectors (www.ashi.com), the National Association of Certified Home Inspectors (www.nahi.org), and Home Inspectors of Tennessee Association (www.hita.us) and independently investigate the competency of an inspector, including whether he has complied with State and/or local licensing and registration requirements in your area. The home inspector may, in turn, recommend further examination by a specialist (heating-air-plumbing, etc.). **Failure to inspect typically means that you are accepting the Property "as is".**

4. **WOOD DESTROYING ORGANISMS, PESTS AND INFESTATIONS.** It is strongly recommended that you use the services of a licensed, professional pest control company to determine the presence of wood destroying organisms (termites, fungus, etc.) or other pests or infestations and to examine the Property for any potential damage from such.

5. **ENVIROMENTAL HAZARDS.** Environmental hazards, such as, but not limited to: radon gas, mold, asbestos, lead-based paint, hazardous wastes, landfills, byproducts of methamphetamine production, high-voltage electricity, noise levels, etc., require advanced techniques by environmental specialists to evaluate, remediate and/or repair. It is strongly recommended that you secure the services of knowledgeable professionals and inspectors in all areas of environmental concern.

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6. **SQUARE FOOTAGE.** There are many ways of measuring square footage. Information is sometimes gathered from tax or real estate records on the Property. Square footage provided by builders, real estate licensees, or tax records is only an **estimate** with which to make comparisons, but **it is not guaranteed.** It is advised that you have a licensed appraiser determine actual square footage.

7. **CURRENT VALUE, INVESTMENT POTENTIAL, OR RESALE VALUE OF THE PROPERTY.** A true estimate of the value can only be obtained through the services of a licensed appraiser. No one, not even a professional appraiser, can know the future value of a property. Unexpected and unforeseeable things happen. **NOTE:** A real estate licensee's Comparative Market Analysis (CMA) or Broker's Price Opinion (BPO), etc., while sometimes used to set an asking price or an offer price, is **not** an appraisal.

8. **BOUNDARY LINES, EASEMENTS, ENCROACHMENTS, AND ACREAGE.** It is strongly advised that you secure the services of a licensed surveyor for a full-stake boundary survey with all boundary lines, easements, encroachments, flood zones, total acreage, etc., clearly identified. It is also advised that you **not** rely on mortgage loan inspection surveys, previous surveys, plat data, or Multiple Listing Service (MLS) data for this information, even if acceptable to your lender.

9. **ZONING, CODES, COVENANTS, RESTRICTIONS, AND RELATED ISSUES.** Zoning, codes, covenants, restrictions, home owner association by-laws, special assessments, city ordinances, governmental repair requirements and related issues need to be verified by the appropriate sources in writing. If your projected use requires a zoning or other change, it is recommended that you either wait until the change is **in effect** before committing to a property or provide for this contingency in your Purchase and Sale Agreement.

10. **UTILITY CONNECTIONS, SEPTIC SYSTEM CAPABILITY, AND RELATED SERVICES.** The availability, adequacy, connection and/or condition of waste disposal (sewer, septic system, etc.), water supply, electric, gas, cable, internet, telephone, or other utilities and related services to the Property need to be verified by the appropriate sources in writing. You should have a professional check access and/or connection to public sewer and/or public water source and/or the condition of any septic system(s) and or wells. To confirm that any septic systems are properly permitted for the actual number of bedrooms, it is recommended that sellers and/or buyers request a copy of the information contained in the file for the Property maintained by the appropriate governmental permitting authority. If the file for this Property cannot be located or you do not understand the information contained in the file, you should seek professional advice regarding this matter. For unimproved land, septic system capability can only be determined by using the services of a professional soil scientist and verifying with the appropriate governmental authorities that a septic system of the desired type, size, location, and cost can be permitted and installed to accommodate the size home that you wish to build.

11. **FLOODING, DRAINAGE, FLOOD INSURANCE, AND RELATED ITEMS.** It is recommended that you have a civil or geotechnical engineer or other independent expert determine the risks of flooding, drainage or run-off problems, erosion, land shifting, unstable colluvial soil, sinkholes and landfills. The risk of flooding may increase and drainage or storm run-off pathways may change. Be sure to consult with the proper governmental authorities, elevation surveyors, and flood insurance professionals regarding flood and elevation certificates, flood zones, and flood insurance requirements, recommendations and costs.

12. **CONDEMNATION.** It is recommended that you investigate whether there are any pending or proposed condemnation proceedings or similar matters concerning any portion of the Property with the State, County and city/town governments in which the Property is located. Condemnation proceedings could result in all or a portion of the Property being taken by the government with compensation being paid to the landowner.

13. **SCHOOL DISTRICTS AND OTHER SCHOOL INFORMATION.** It is advised that you independently confirm school zoning with the appropriate school authorities, as school districts are subject to change. Other school information (rankings, curriculums, student-teacher ratios, etc.) should be confirmed by appropriate sources in writing.

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14. **INFORMATION ABOUT CRIMES, METHAMPHETAMINE PROPERTIES, OR SEX OFFENDERS.** You should consult with local, state and federal law enforcement agencies for information or statistics regarding criminal activity at or near the Property, the presence of methamphetamine manufacturing, or for the location of sex offenders in a given area.

15. **LEGAL AND TAX ADVICE.** You should seek the advice of an attorney and or certified tax specialist on any legal or tax questions concerning any offers, contracts, issues relating to title or ownership of the Property, or any other matters of concern, including those itemized in this Disclaimer Notice. Real estate licensees are not legal or tax experts, and therefore cannot advise you in these areas.

16. **RECOMMENDED INSPECTORS, SERVICE PROVIDERS, OR VENDORS.** The furnishing of any inspector, service provider or vendor named by the real estate licensee is done only as a convenience and a courtesy, and does not in any way constitute any warranty, representation, or endorsement. Buyers and sellers have the option to select any inspectors, service providers or vendors of the buyer's or seller's choice. You are advised to contact several sources and independently investigate the competency of any inspector, contractor, or other professional expert, service provider or vendor and to determine compliance with any licensing, registration, insurance and bonding requirements in your area.

The buyers and sellers acknowledge that they have not relied upon the advice, casual comments, or verbal representations of any real estate licensee relative to any of the matters itemized above or similar matters. The buyers and sellers understand that it has been strongly recommended that they secure the services of appropriately credentialed experts and professionals of the buyer's or seller's choice for the advice and counsel about these and similar concerns.

The party(ies) below have signed and acknowledge receipt of a copy.

CLIENT/CUSTOMER (☒ BUYER / ☐ SELLER)	CLIENT/CUSTOMER (☐ BUYER / ☐ SELLER)
9/28/15 at 11:30am o'clock ☒ am ☐ pm	____ at ____ o'clock ☐ am ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy.

CLIENT/CUSTOMER (☐ BUYER / ☐ SELLER)	CLIENT/CUSTOMER (☐ BUYER / ☐ SELLER)
____ at ____ o'clock ☐ am ☐ pm	____ at ____ o'clock ☐ am ☐ pm
Date	Date

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the black fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than a standardized form created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.

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CONTRACT ADDENDUM

This Contract Addendum is added to and made a part of the **CONTRACT OF SALE** ("**Contract**") for the purchase and sale of the property located at LOTS 10 + 11 + 12 ERWIN HIGHWAY GREENEVILLE TN 37745 ("**Property**").

1. Buyer's obligation to close on the purchase of the Property is subject to the satisfaction of the following conditions:

   (a) Permits. Buyer, at Buyer's expense, shall have obtained, upon terms and conditions satisfactory to Buyer, all necessary permits, licenses, variances and approvals (collectively, the "**Permits**") pertaining to the building, occupancy, utilities, curb cuts, driveways (including ingress and egress to and from public thoroughfares), zoning, use, environmental controls, and any other permits which, in the sole judgment of Buyer, are necessary or desirable for Buyer's intended use of the Property. Seller agrees to execute any applications or other documents and make such other appearances as reasonably requested by Buyer in order to obtain the Permits.

   (b) Utilities. All utilities, including sanitary sewer, storm sewer, water, gas and electric, (collectively, the "**Utilities**") shall have been or may be adequately extended within satisfactory easements or rights-of-way to a location on the perimeter of the Property at which Buyer can tap into and receive service without the imposition of tap-in charges to Buyer other than tap-in charges which are customarily and normally charged in the locality in which the Property is located.

   (c) Easements. Buyer shall have obtained at or prior to Closing all easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer.

   (d) Title. Buyer shall have obtained from a national title insurance company chosen by Buyer (the "**Title Company**") a title insurance commitment for the Property in order to have title insurance policies issued to (i) Purchaser in the amount of the Purchase Price and (ii) the Lender, if any, in the amount of the loan on such Property effective on the Closing Date.

   (e) Survey. Buyer shall have obtained a certified ALTA survey (the "**Survey**"), bearing a legal description of the Property, made by a licensed surveyor, showing the area, dimensions and location of the Property to the nearest monuments, streets, alleys or property, the location of all improvements and encroachments, the location of all proposed and recorded easements against or appurtenant to the Property, and not disclosing any condition which could adversely affect the ability to finance, use and/or develop the Property, in Buyer's sole opinion, for the intended purpose of Buyer.

   (f) Soil Tests. Buyer, at Buyer's expense, shall have obtained soil borings, percolation tests, toxic or hazardous substance tests and other tests (collectively the "**Soil Tests**") showing that the Property is satisfactory, in Buyer's sole judgment, for building foundations and the construction, operation and financing of the improvements which Buyer may wish to make. Seller hereby grants to Buyer, its agents or contractors, the right to enter upon the Property to make said Soil Tests, Environmental Tests and Survey (collectively the "**Site Inspections**"); provided, however, that said Site Inspections shall be conducted so as not to damage Seller's property and Buyer agrees to indemnify, defend and hold Seller harmless from and against any claims, demands,

damages or expenses arising out of Buyer's entry onto the Property to perform said Site Inspections, except as may be caused by Seller's negligent or intentional acts.

(g) Environmental Audit and Testing. Buyer, at Buyer's expense, shall have obtained a satisfactory Phase I Environmental Audit of the Property and any other environmental testing which Buyer deems reasonably necessary to evaluate potential environmental risks (collectively the "**Environmental Tests**"). If such Environmental Tests reveal the existence of any Hazardous Materials (as defined in Section 14.01 below) on or under the Real Property, or any other environmental condition which would adversely affect Buyer's ability to finance, use or develop the Property, Buyer may terminate this Contract. Seller shall complete the Environmental Disclosure and Risk Review Questionnaire attached as **Exhibit A** to this Addendum and return the completed Questionnaire to Buyer within five (5) days after the Effective Date of this Contract.

(h) Lease. Buyer's receiving a written lease for the Property from Buyer's proposed tenant on or before the Closing Date.

(i) Capital Committee Approval. Buyer obtaining approval of this transaction from its capital committee.

Purchaser shall have one hundred twenty (120) days following the Effective Date of this Contract in which to satisfy itself as to the conditions referred to in subsections (a) through (i) of Paragraph 1. In the event that any of the conditions have not been satisfied within the Inspection Period, Purchaser may, by giving written notice thereof to Seller, extend the Inspection Period for an additional thirty (30) days (said 120-day period plus any extension(s) shall hereinafter be referred to as the "**Inspection Period**"). In the event any of the aforesaid conditions have not been satisfied or waived, in Purchaser's sole discretion, within the Inspection Period, Purchaser may terminate this Agreement by written notice to Seller, which notice shall set forth the specific conditions which have not been met. Such termination notice shall be delivered to Seller no later than three (3) days following the expiration of the Inspection Period. Failure of Purchaser to provide such termination notice within said three (3) day period shall be deemed a waiver of Purchaser's right to terminate pursuant to this Paragraph 1.

2. Buyer shall deliver the earnest money deposit within seven (7) days after receiving the fully executed Contract.

3. If the Property is located within a flood zone, Seller must provide a Flood Elevation Certificate to Buyer within ten (10) days of acceptance of the Contract.

4. Seller must provide good and marketable title to Buyer at Closing free of tenancies and other rights of possession and subject only to those matters of record that do not materially interfere with Buyer's intended use of the Property.

5. If available, Seller shall provide a copy of Seller's title insurance policy and survey to Buyer within five (5) days after receiving the fully executed Contract.

6. Buyer shall order a title commitment from a national title insurance company acceptable to Buyer ("Title Company") and the closing shall be held at the local office of the Title Company ("Title Agent"). Seller shall communicate directly with Title Agent and Title Company to satisfy all title conditions and requirements prior to closing.

7. By executing the Contract and this Contract Addendum, the undersigned, signing on behalf of Seller, hereby represents and warrants that (i) this Contract has been duly authorized and executed on behalf of Seller and constitutes a valid and binding agreement of Seller; and (ii) Seller now has, and on the date of Closing will have, full right and authority to execute and deliver this Contract, and all documents and instruments required of it for the performance of this Contract.

8. In the event there is a septic system and/or well on the Property, Buyer reserves the right to have specific inspections performed on these systems as part of Buyer's inspection process. In the event there is an underground fuel storage tank (UST) on the property, Seller shall, prior to closing, have the UST removed and replaced with an above-ground tank. Seller shall apply for, satisfy and provide to Buyer copies of any and all required municipal, county and/or state permits for the UST removal and such removal shall comply with all federal and state environmental laws.

This Addendum is intended to supplement the terms and conditions of the Contract. In the event of a conflict between the terms of the Contract and this Addendum, the terms of this Addendum shall control. All terms and conditions of the Contract not specifically amended or supplemented herein shall remain in full force and effect.

BUYER:	SELLER:
_____ PROPERTIES ___ LLC	
By: Scioto Properties LLC, its member	
By: _____	
Mary Bea Eaton	_____
Its: Chief Operating Officer	
Dated: 9/28/17	Dated: _____

EXHIBIT A

ENVIRONMENTAL DISCLOSURE AND RISK REVIEW QUESTIONNAIRE

A PROPERTY IDENTIFICATION:

1. Address of Property:

_____
_____
_____

2. Legal Description:

(Enter description here or attach current legal description to this questionnaire.)

_____
_____
_____

B SELLER IDENTIFICATION:

1. Name: _____

2. Address:

_____
_____
_____

3. Identify the person who has completed this form on behalf of Seller and who has knowledge of the information contained in this form:

(a) Name _____
(b) Position: _____
(c) Address: _____

C ENVIRONMENTAL INFORMATION:

1. What were/are the past and current uses of the Property?

_____
_____

2. What is the most recent business activity at this site?

_____
_____
_____

3. Are there any obvious physical signs of contamination on or around the Property?

_____
_____
_____

4. Have you ever conducted operations on the Property which involved the generation, disposal, manufacture, processing, transportation, treatment, storage or handling of "hazardous substances" as defined by federal, state or local statute or law?

_____
_____
_____

5. Do you have any knowledge of any previous owners or users of the Property who have conducted operations on the Property which involved the generation, disposal, manufacture, processing, transportation, treatment, storage or handling of "hazardous substances" as defined by federal, state or local statute or law?

_____
_____
_____

6. Have you ever conducted operations on the Property which involved the processing, storage or handling of petroleum?

_____
_____
_____

7. Do you have knowledge of any previous owners or users of the Property who have conducted operations on the Property which involved the processing, storage or handling of petroleum?

_____
_____
_____

8. Identify all environmental permits, if any, that you currently have. Have you ever in the past held any environmental permits in regard to this Property?

_____
_____
_____

9. Are there any potentially asbestos-containing materials present on the Property?

_____
_____
_____

10. Are there now or have there ever been any underground or above ground storage tanks on or under the Property? If yes, please provide specifics regarding said tanks including, but not limited to, capacity (gallons), installation dates, and whether such tank has been removed, abandoned or is currently in use.

_____
_____
_____

11. Are there electrical transformers or capacitors on the Property which may contain PCBs?

_____
_____
_____

12. Could the activities at or on any of the adjacent businesses or properties pose potential environmental risks to the Property?

_____
_____
_____

13. Are there any ground water wells and/or septic fields on the Property?

_____
_____
_____

14. Is the ground water in the immediate area used as a source of drinking water?

_____
_____
_____

15. Is the Property, or any of the adjacent properties, on a federal, state or local list of hazardous waste sites?

_____
_____
_____

16. Is the Property the subject of any environmental litigation or regulatory enforcement action?

_____
_____
_____

17. Have you ever received any notice that you may be liable for cleaning up contamination caused by chemicals, wastes, petroleum or other hazardous materials?

_____
_____
_____

18. Have you ever received any notice that you may be liable for personal injury or property damage because of chemicals, wastes, petroleum or other hazardous materials associated with your company?

_____
_____
_____

19. Is there any pending or threatened litigation against you that involves an alleged violation of any environmental or health and safety statute or regulation?

_____
_____
_____

20. Identify any current enforcement actions, investigations, or notices of violation regarding your company for violation of any environmental or occupational health and safety statute or regulation.

_____
_____
_____

21. Are there any adverse press reports or complaints on file concerning the Property?

_____
_____
_____

22. Is the Property near any flood plain, wetland, or sensitive ecological area?

_____
_____
_____

23. Are there any easements (i.e., roadways, pipelines, etc.) on the Property with potential environmental implications?

_____
_____
_____

24. Has any situation occurred at this site which resulted in a reportable "release" of any hazardous substances or petroleum? If yes, please describe the actions or events causing such release and any measures or actions taken following such release.

_____
_____
_____

* If further information or explanation is needed for clarification of any of the following questions, please identify the question number and provide information or further explanation on a separate sheet(s) and attach said sheet(s) hereto. Number of extra sheets attached: ___.

THE UNDERSIGNED ACKNOWLEDGES AND AGREES THAT THE FOREGOING INFORMATION IS SUBMITTED TO BUYER FOR THE PURPOSE OF INDUCING BUYER TO PURCHASE THE PROPERTY FROM SELLER AND WILL BE RELIED ON BY BUYER IN DETERMINING WHETHER TO PURCHASE THE REAL PROPERTY, NOTWITHSTANDING ANY INDEPENDENT INVESTIGATION PERFORMED BY BUYER.

SELLER:

By: _____

Title: _____

Date: _____

Attachment A.13 (MCOs/BHOs)

Discussion of MCOs D&S has or will contract with

Discussion regarding D&S out of network relationships

Discussion of MCO Arrangements

The following managed care organizations operate in Tennessee:

AMERIGROUP Community Care
Three Lakeview Place
22 Century Blvd., Suite 310
Nashville, TN 37214

BlueCare
1 Cameron Hill Circle Drive, Suite 0002
Chattanooga, TN 37402

UnitedHealthcare Community Plan
2035 Lakeside Centre Way, Suite 200
Knoxville, TN 37922

D&S currently contracts with UnitedHealthcare and intends to contract with the other two of these MCOs but does not currently have contracts in place.

Discussion of Out of Network Arrangements

At this time, D&S does not have any out of network arrangements with the MCOs that operate in Tennessee.

Attachment B.I
(Project Description/Executive Summary)

Executed Letter of Intent between D&S and Scioto Properties

Executed Development Agreement between D&S and Scioto Properties

Lease

DIDD letter of support and expression of need

Proposed floor plan for the home

D&S formation and qualification documents

D&S partnership agreement

D&S financial information

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

Correspondence from Scioto Properties (November 23, 2015) discussing project

Scioto

Housing for people with disabilities

June 22nd, 2015

Mr. Mickey Atkins
President and Chief Executive Officer
D&S Residential Services
8911 N. Capital of Texas Hwy.
Building one Suite 1300
Austin, Texas 78759

RE: **LETTER OF INTENT**

Dear Mr. Atkins:

Scioto Properties (**"Scioto"**) is pleased that D&S Residential Services, Inc. (**"D&S"**) has requested this proposal outlining how Scioto and D&S Residential Services may work together to construct and lease four ICF homes to D&S in the Tennessee markets (collectively, **"Homes"**) to meet the housing needs of the consumers served by your organization. The four ICF homes are estimated to be approximately $500,000 per property.

1. **Site Selection:** Upon acceptance of this Letter of Intent and at the direction of D&S Residential Services, Scioto will begin the process of acquiring or developing Homes in the community(s) designated by D&S Residential Services. Scioto and D&S Residential Services will jointly select the properties that meet the needs of D&S Residential Services' consumers. When an appropriate property is selected, Scioto will contract to purchase the site for an amount not to exceed a price approved by D&S Residential Services. In addition, the purchase price for the selected property may not exceed the appraised value of the property as determined during Scioto's due diligence process. Once the Home or site has been located, Scioto will contract to purchase the site on terms that D&S Residential Services approves.

2. **Lease:** Prior to Scioto's closing on the land for a Home, D&S Residential Services, as lessee, and an affiliate of Scioto, as lessor, will execute a Lease Agreement for the Home on the terms outlined on the Lease Term Sheet attached hereto as **Attachment A ("Lease")**. After Scioto enters into the purchase contract for the land, Scioto will prepare a Lease for review by D&S Residential Services. Once D&S Residential Services and Scioto have agreed upon the Lease for the initial Home, the parties shall use that form as a template for any subsequent opportunities where D&S Residential Services and Scioto work together on ICF construction in Tennessee.

3. **Appraisal:** Following execution of a purchase contract, Scioto will obtain an as built appraisal and have the site inspected.

4. **Due Diligence Process:** Scioto will obtain a title commitment and survey, as necessary, for the property to ensure good and marketable fee simple title. This process is designed to ensure, to the extent possible, that the selected site is a quality, affordable house for D&Ss' consumers. Once the due diligence process is satisfactorily completed, Scioto will close on the purchase of the land. The due diligence process, which Scioto undertakes for any property that it acquires, and the closing can generally be accomplished within 30 to 60 days after full execution of the purchase contract assuming Scioto receives all transaction-related materials in a timely fashion from the Seller.

5. **Documentation:** The purchase contract will be based on terms and conditions of a new construction scenario. The transaction will be documented through the execution of a Build Agreement and a Lease. The proposed Build Agreement will outline D&S Residential Services' obligations regarding the construction and leasing of the Home to enable Scioto to execute any agreements needed for the construction of the Home(s). The lease for the Home must be executed prior to the closing on the Home or land. D&S will be responsible for approving the plans and specifications for the Homes to be acquired or constructed, as well as cooperating with Scioto and any consultants during the acquisition or construction of the Home(s). D&S will also be responsible for approving any change orders during the construction process, if applicable. D&S acknowledges that any adjustment in the construction cost arising from the change orders approved by D&S Residential Services will affect the purchase price used to determine the rent under the Lease for the Home.

6. **Miscellaneous:** Each party is responsible for its own organizational and administrative costs and expenses related to the transaction. However, after acceptance of this Letter of Intent, if, for any reason, D&S decides not to proceed with the leasing of a Home for which Scioto has executed a purchase

contract, D&S shall reimburse Scioto for its due diligence expenses and applicable consultants' fees.

If the terms set forth in this Letter of Intent are acceptable, please sign and return it to me by fax (614-889-5202) or e-mail mbeaton@scioto.com) on or before July 15th, 2015.

If you have any questions, please do not hesitate to call Kate McNulty or me at 614-889-5191. Scioto looks forward to working with D&S Residential Services to assist in meeting the housing needs of its consumers, both now and in the future.

Sincerely,

SCIOTO PROPERTIES LLC

Mary Bea Eaton
Chief Operating Officer

ACCEPTED:

The undersigned, on behalf of D&S RESIDENTIAL SERVICES, INC., accepts the terms outlined in this Letter of Intent.

D&S RESIDENTIAL SERVICES, INC.

Dated: _____, 2015

By: _____
Its: _____

ATTACHMENT A
LEASE TERM SHEET

NNN LEASE: The Lease for the Home would be based on the following terms:

1. **Parties:** Lessor: Scioto Properties or its affiliate; Lessee: D&S Residential Services, Inc.
2. **Term:** Initial term of ten (10) years and through the end of the month in which closing occurs; one (1) renewal option of five (5) years that requires notice of non-renewal at least six (6) months prior to end of current term.
3. **Monthly Rent:** The monthly rent is calculated by multiplying the purchase price for the Home by the monthly rent factor of **0.00833**; there shall be annual rent increase of two percent (2%) over the monthly rent for preceding lease year.
4. **Security Deposit:** Amount equal to one (1) month's rent at start of term.
5. **Operating Expenses:** Lessee is responsible for utilities, all maintenance and repairs, property taxes (through a monthly escrow) and property insurance (including business interruption insurance rider) on the Home. Lessee shall maintain general liability and professional liability insurance with respect to the services provided in the Home. Lessor has no responsibility for any operating expenses under this triple-net lease structure.

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into effective as of October 30th 2015, (the "**Effective Date**") by and between **SCIOTO PROPERTIES LLC** ("**Scioto**") and **D & S RESIDENTIAL SERVICES, LP** ("**Provider**").

RECITALS

A. Provider is in the business of operating care facilities and homes and providing services to individuals with developmental disabilities and other continuing care needs ("**Residents**").

B. Scioto is in the business of acquiring and developing real estate, with specific expertise in the acquisition and development of real estate for use as care facilities and homes for individuals with developmental disabilities and other continuing care needs.

C. Provider and Scioto desire that (i) Scioto purchase two (2) parcels of land (each, a "**Site**" and together, the "**Sites**"), and (ii) upon the closing of the purchase of each Site by Scioto, Scioto, as lessor, and Provider, as lessee, enter into a Lease for each Site (each, a "**Lease**" and together, the "**Leases**") providing for the construction by Scioto of improvements on each Site described in Section 1 below (each, a "**Home**" and together, the "**Homes**") and the leasing the Homes by Scioto to Provider, on and subject to the terms and conditions set forth in this Agreement and the Leases.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, Scioto and Provider hereby agree to the foregoing and as follows:

1. **Project Development.** The "**Project**" shall consist of the purchase of the Sites by Scioto, the construction by Scioto of the improvements consisting of three (3) Homes, each with four (4) bedrooms generally as depicted on the preliminary floor plan attached hereto as **Schedule 1** attached hereto, and the leasing of the Homes by Scioto to Provider. The process for the Project shall be as set forth in this Section 1.

1.1 **Site Identification.** The parties have identified the Sites in Green County Tennessee as follows:

> Two Homes to be constructed on the Erwin Highway Site, more particularly described in **Schedule 1.1** attached hereto.
>
> One Home to be constructed on the Old Stage Road Site, more particularly described in **Schedule 1.1** attached hereto.

1.2 **Purchase Contract.** Scioto has entered or will enter into a purchase agreement with the owner of each Site ("**Seller**") on a standard real estate purchase contract form used in the area where the Sites are located ("**Purchase Contract**"). The Purchase Contract will provide a period (a "**Due Diligence Period**") during which Scioto may perform due diligence with respect to the Sites and within which Scioto may terminate the Purchase Contracts and recover the earnest money deposits.

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1.3 **Due Diligence Period.** During the Due Diligence Period, Scioto shall perform such due diligence with respect to the Sites as Scioto determines, in its commercially reasonable judgement, is necessary to ascertain that each Site is suitable for the construction of the Homes, which due diligence shall include, but is not necessarily limited to, a satisfactory appraisal, title report, survey, soils tests, environmental assessments, and a review of applicable zoning and land use laws. Simultaneously with Scioto's Due Diligence and prior to Scioto commencing construction, Provider will assess the suitability of the Site for the Homes and obtain any Regulatory Approvals (as defined in Section 1.8 hereof) that may be required by the applicable state and/or local authority governing the use of the Home. If Provider fails to notify Scioto in writing prior to construction commencement (the "**Decision Date**") that a Site is not suitable, Provider shall be deemed to have given its approval and shall be bound to Scioto to proceed with the Project. Scioto may then proceed with the purchase of the Site provided that all other conditions for such purchase are satisfied. If Scioto is not satisfied following completion of the due diligence within the Due Diligence Period, Scioto may, in its sole discretion, terminate the Purchase Contract with Seller and promptly notify Provider of such termination and the reason for the termination.

1.4 **Plans.** Design development documents consisting of a floor plan, a site development plan and building elevations for the Homes ("**Preliminary Plans**") and construction drawings consisting of drawings and specifications for the Homes ("**Working Plans**") are to be prepared by Scioto and approved by Provider in accordance with the following:

1.4.1 Scioto has or will contract with Berardi Partners ("**Architect**") pursuant to a standard from AIA document to develop the plans for the Homes and to provide such architectural services necessary for this Project.

1.4.2 Scioto shall cause the Architect to prepare the Working Plans in accordance with the approved Preliminary Plans. Provider will work with Scioto and the Architect pursuant to Section 1.6 below in the development of the Working Plans to ensure that each completed Home complies with the Regulatory Approvals, meets the standards necessary to comply with ADA requirements, any additional requirements of Provider and the needs of the Residents.

1.5 **Construction Contractor.** The Homes will be constructed by Spectrum Contracting Services Inc. ("**Contractor**"). The Contractor will construct the Homes based on the approved Working Plans and provide the construction services, including supervision and oversight of subcontractors, necessary for the Project. Scioto will contract with Contractor pursuant to a standard form construction contract used in the area where the Homes are located ("**Construction Contract**").

1.6 **Project Budget.** The budget for development of the Sites, will include: (a) the acquisition cost of each Site, (b) architectural fees (including, but not limited to, engineering and design fees), (c) construction costs (including, but not limited to, zoning and permitting costs, survey, tap-in and other utility fees, site preparation fees and construction of improvements), (d) interest expenses and other carrying charges (collectively, the "**Project Budget**"). Upon both parties' acceptance of the Contractor's bid for the Homes to be constructed on the Sites based on the completed Working Plans, Scioto shall submit to Provider the Working Plans and the Project Budget. Within ten (10) business days after receipt of the Working Plans and Project Budget, Provider shall, by written notice to Scioto, raise any objections thereto; provided, however, that Provider may not disapprove the Working Plans unless they (a) are inconsistent with the Preliminary Plans in any material respect, or (b) are not in compliance with applicable

laws. The estimated costs for the Project ("**Estimated Costs**") are set forth in Schedule 1.6 attached hereto. Provider acknowledges that the Estimated Costs may or may not be based on actual contract bids and that accurate costs will be reflected in the Project Budget.

1.6.1 Simultaneously with Provider's approval of the Working Plans and Project Budget, provider shall pay to Scioto a development fee equal to five percent (5%) of Project Costs (as hereinafter defined) associated with the Site acquisition cost and the construction of the improvements (the "**Development Fee**").

1.7 **Construction Services.** Provider agrees to cooperate with Contractor in the construction of the Homes to ensure that each completed Home is fully usable for Provider's intended purposes. Provider and Scioto are jointly responsible for approving any change orders during the construction of the Homes. Provider acknowledges that the final cost of construction of the Homes may vary from the Project Budget based on change orders approved by Scioto and Provider during the construction and that such change order costs will be included in the final Project Costs. The total of the Project Budget, any changes thereto resulting from completing the Working Plans as provided in Section 1.6, and any change orders requested by Provider or required during construction, shall together be deemed the "**Project Costs**" upon which the rent under each Lease will be based.

1.7.1 The Homes shall be constructed in a good and workmanlike manner, substantially in accordance with the Working Plans and in compliance with all laws and Regulatory Approvals furnished by Provider. Scioto will use commercially reasonable efforts to substantially complete the Project within one hundred eighty (180) days after Scioto receives all final and unappealable permits, licenses, approvals, rezoning or variances required by all governing authorities (the "**Target Completion Date**"); provided, however, if construction of the Improvements is delayed for reasons beyond Scioto's reasonable control ("**Excusable Delay**"), the Target Completion Date shall be extended upon notice from Scioto to Provider by one day for each day of Excusable Delay. For purposes of this Agreement, an Excusable Delay shall include delays caused by Provider (including change orders made at Provider's request), unanticipated delays in obtaining permits or performance bonds, or delays caused by, or resulting from, acts of God, accidents, breakdowns, war, civil commotion, fire or other casualty, labor difficulties, shortages or unavailability of labor, material or equipment (including, but not limited to, temporary unavailability of asphalt plants), governmental regulations or orders, unusual weather conditions or other causes beyond Scioto's reasonable control.

1.7.2 The Leases described in Section 1.9 below shall be effective on the date of full execution thereof which shall be the date of Closing (as defined in Section 1.11 below) of each Site and the monthly rent under each Lease will commence upon "**Substantial Completion**" of the respective Home. For purposes of this Agreement and the Lease, Substantial Completion shall mean the (i) substantial completion of each Home substantially in accordance with the Working Plans, except for minor details of construction, mechanical adjustments and decorating items which can be completed without material interference with its use, and (ii) issuance of a certificate of occupancy or temporary certificate of occupancy for the Home. Upon Substantial Completion, the respective rights and obligations of the parties with respect to each Home shall be as set forth in the Lease and that portion of the Project shall no longer be governed by this Agreement; provided that the rights and obligations with respect to the Project then accrued under this Agreement shall survive.

1.8 **Regulatory Approvals.** During the Due Diligence Period and prior to the Decision Date, Provider shall (a) prepare the certificate of need or other approval request, if any, that must be submitted to the State of Tennessee to obtain the required approvals for this Project and each Home and (b) obtaining any necessary licensure of the Homes ("**Regulatory**

Approvals"). Upon Provider's request, Scioto agrees to timely provide Plans and other real estate or construction information related to this Project that is reasonably necessary for Provider to obtain such Regulatory Approvals. Scioto shall have no obligation to proceed with this Project until Provider receives the Regulatory Approvals. Upon receipt of the Regulatory Approvals, Provider shall promptly notify Scioto and provide copies of the Regulatory Approvals.

1.9 **Leases.** The Lease for each Home shall be in the form generally used by Scioto for similar development transactions and reasonably acceptable to Provider with only such modifications as are necessary to conform to the facts of the particular Home. Monthly Rent under each Lease will be equal to the Project Costs associated with the particular Home multiplied by a rent factor of **0.00833**. The initial term of the Lease shall be ten (10) years, with one (1) five-year extension term. The tenant under the Lease shall be Provider.

1.10 **Financing Contingency.** This Project is contingent upon Scioto, at its option, obtaining commercially reasonably financing for each Home. Scioto agrees to promptly apply for the financing and to use commercially reasonable efforts to obtain approval thereof. Upon Scioto's request, Provider agrees to timely provide business information related to this Project that is reasonably necessary for Scioto to obtain the needed financing. The parties agree to work diligently to obtain the items expected to be required by any lender for this Project, which are likely to include, at a minimum:

a. Regulatory Approvals from the State;
b. Plans as approved by Provider;
c. Building permits for construction of the Homes;
d. Appraisal showing a value equal to or greater than the Project cost;
e. Executed Leases; and
f. Certificate of occupancy for each Home.

Scioto has no obligation to proceed with this Project until Scioto receives approval of the financing.

1.11 **Closing.** Unless the Purchase Contract is terminated during the Due Diligence Period or otherwise in accordance with its terms, Scioto shall pursue the acquisition of each Site to the closing of the transaction contemplated by the Purchase Contracts (the **"Closing"**). Upon or prior to Closing, Scioto and Provider, shall enter into the Leases contemplated by Section 1.9.

2. **Term.** The term of this Agreement shall commence on the Effective Date and expire on the earlier of (a) the first anniversary of the Effective Date or (b) the date of Substantial Completion of the last Home to be constructed. Termination of this Agreement shall not affect any Lease then in effect. In the event Provider does not complete the entire Project within the term of this Agreement, through no fault of Scioto, Provider shall be obligated to reimburse Scioto upon demand for any and all reasonable out-of-pocket costs for plans, fees, and/or due diligence expenses actually incurred by Scioto in undertaking its obligations under this Agreement.

3. **Defaults and Remedies.**

3.1 **Provider Default.** Any one or more of the following shall constitute a **"Provider Default:"**

3.1.1 Default by Provider in the due and punctual payment, performance or observance of any obligation of Provider under this Agreement, which default Provider does not cure within ten (10) business days after Scioto gives Provider written notice thereof;

3.1.2 The filing by Provider of a petition for the appointment of a receiver in liquidation or a trustee with respect to it or any of its property, or the making by Provider of a general assignment for the benefit of creditors, or the entry of an order for relief pursuant to any Chapter of Title 11 of the U.S. Code, as the same may be amended from time to time, with Provider as debtor, or the filing by Provider of an insolvency proceeding or any proceeding for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the failure of Provider to obtain the dismissal, within sixty (60) days after service upon it, of any proceeding filed against it (i) for the appointment of a receiver in liquidation or a trustee for it or any of its property or (ii) in insolvency or for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the occurrence of a material adverse change in the business or financial condition of Provider; or

3.1.3 The occurrence of a default or "Event of Default" under any of the Leases or other lease agreement or other business arrangement with Scioto or a Scioto Affiliate, which Event of Default is not cured within the applicable cure period.

3.2 **Scioto Default.** Any one or more of the following shall constitute a **"Scioto Default:"**

3.2.1 Default by Scioto in the due and punctual payment, performance or observance of any obligation of Scioto under this Agreement, which default Scioto does not cure within ten (10) business days after Provider gives Scioto written notice thereof;

3.1.2 The filing by Scioto of a petition for the appointment of a receiver in liquidation or a trustee with respect to it or any of its property, or the making by Scioto of a general assignment for the benefit of creditors, or the entry of an order for relief pursuant to any Chapter of Title 11 of the U.S. Code, as the same may be amended from time to time, with Scioto as debtor, or the filing by Scioto of an insolvency proceeding or any proceeding for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the failure of Scioto to obtain the dismissal, within sixty (60) days after service upon it, of any proceeding filed against it (i) for the appointment of a receiver in liquidation or a trustee for it or any of its property or (ii) in insolvency or for compromise, adjustment or other relief under the laws of any country or state relating to the relief of debtors, or the occurrence of a material adverse change in the business or financial condition of Provider.

3.3 **Remedies for Default.** At any time a Default exists, the non-defaulting party, at its option, may, but shall not be obligated to, (a) by written notice to the defaulting party, terminate this Agreement; and (b) enforce or avail itself of any other remedies available to it at law or in equity; provided that the defaulting party shall not be liable for special, incidental or punitive damages. In addition to the foregoing remedies, Scioto may sell the Site or Sites and any improvements made thereon to an unaffiliated third party, in which event, Provider will pay the sum of (i) the closing costs arising from such sale; and (ii) the difference, if any, between the Project Costs and the selling price of each Site.

4. **General Provisions.**

4.1 **Scioto Assignee.** Scioto may assign the Project to an entity controlling, controlled by or under common control with Scioto or other assignee for whom Scioto Management Services LLC (a subsidiary of Scioto) acts as property manager (a "**Scioto Assignee**"). Such assignment may include an assignment of the Purchase Contracts by Scioto to a Scioto Assignee and the taking of title to the Sites by a Scioto Assignee. In furtherance of such right of Scioto to assign the Project to a Scioto Assignee, references in this Agreement to Scioto shall, to the extent appropriate in light of the assignment of the Project by Scioto to a Scioto Assignee, be deemed to be references to such Scioto Assignee.

4.2 **Provider Confidentiality Obligations.** Scioto has furnished or made available to Provider, and will furnish and make available to Provider, financial, proprietary and other information about the Project, including, without limitation, plans for the Homes to be developed pursuant to this Agreement (collectively, "**Project Information**"). Subject only to the following provisions of this Section 4.2, Provider shall keep all Project Information furnished or made available to Provider confidential, and shall not disclose the Project Information to any third party or use the Project Information for Provider's own benefit, except as contemplated by this Agreement or the Leases. Provider shall use the same standard of care to protect the confidentiality of the Project Information as Provider uses to protect its own confidential information, but in no case shall Provider use less than a reasonable standard of care. Provider may disclose the Project Information to third parties only as follows: (i) to Provider's employees, attorneys, consultants, agents and affiliates with a need to know in connection with this Agreement, provided that any such employees, attorneys, consultants, agents or affiliates are apprised of the confidentiality of the Project Information and agree to maintain the confidentiality of the Project Information in accordance with this Agreement; (ii) Provider may disclose such Project Information as is a matter of public record or generally available to the public through no fault of Provider; (iii) to the extent required by applicable law; and (iv) with the prior written approval of Scioto.

4.3 **Assignment.** Neither party may assign this Agreement without the prior written consent of the other party; provided that Scioto may assign the Project to a Scioto Assignee pursuant to Section 4.1.

4.4 **Waiver.** No failure on a party's part at any time to require the performance by the other party of any term or condition of this Agreement shall in any way affect the right to enforce such term or condition, nor shall any waiver by a party of any term or condition hereof be interpreted as a waiver of any other term or condition hereof or of any breach or subsequent breach hereof.

4.5 **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable under law of mandatory application, such invalidity or unenforceability shall not invalidate or render unenforceable the remaining provisions of this Agreement, which shall remain in full force and effect.

4.6 **Notices.** Each notice required or authorized under this Agreement must be in writing. The notice is sufficient if (i) delivered personally; (ii) mailed by certified mail, return receipt requested and postage prepaid; (iii) delivered by a nationally recognized overnight courier service; or (iv) sent by fax or email with confirmation of receipt, to the address set forth under the signature of each party. A party may change its address from time to time by a notice to the other party pursuant to this Section 4.6.

4.7 **Binding Obligation.** Provider acknowledges that it is obligated to accept each Home and begin its performance under the applicable Lease upon completion of construction and issuance of a certificate of occupancy for the Home.

4.8 **Miscellaneous.** This Agreement inures to the benefit of, and is binding on, each party and its permitted successors and assigns. This Agreement, together with the Lease entered into pursuant to this Agreement, constitute the entire agreement between the parties with respect to the subject matter hereof and either embodies or supersedes all prior agreements and understandings, oral or written, between the parties with respect thereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same document. Delivery of an executed counterpart of this Agreement by facsimile or other electronic means shall be equally as effective as delivery of an original counterpart of this Agreement. This Agreement may be amended or modified only by a written document executed by the parties. This Agreement is governed by, and construed under, the laws of the State where the Site is located.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date set forth above.

SCIOTO PROPERTIES LLC

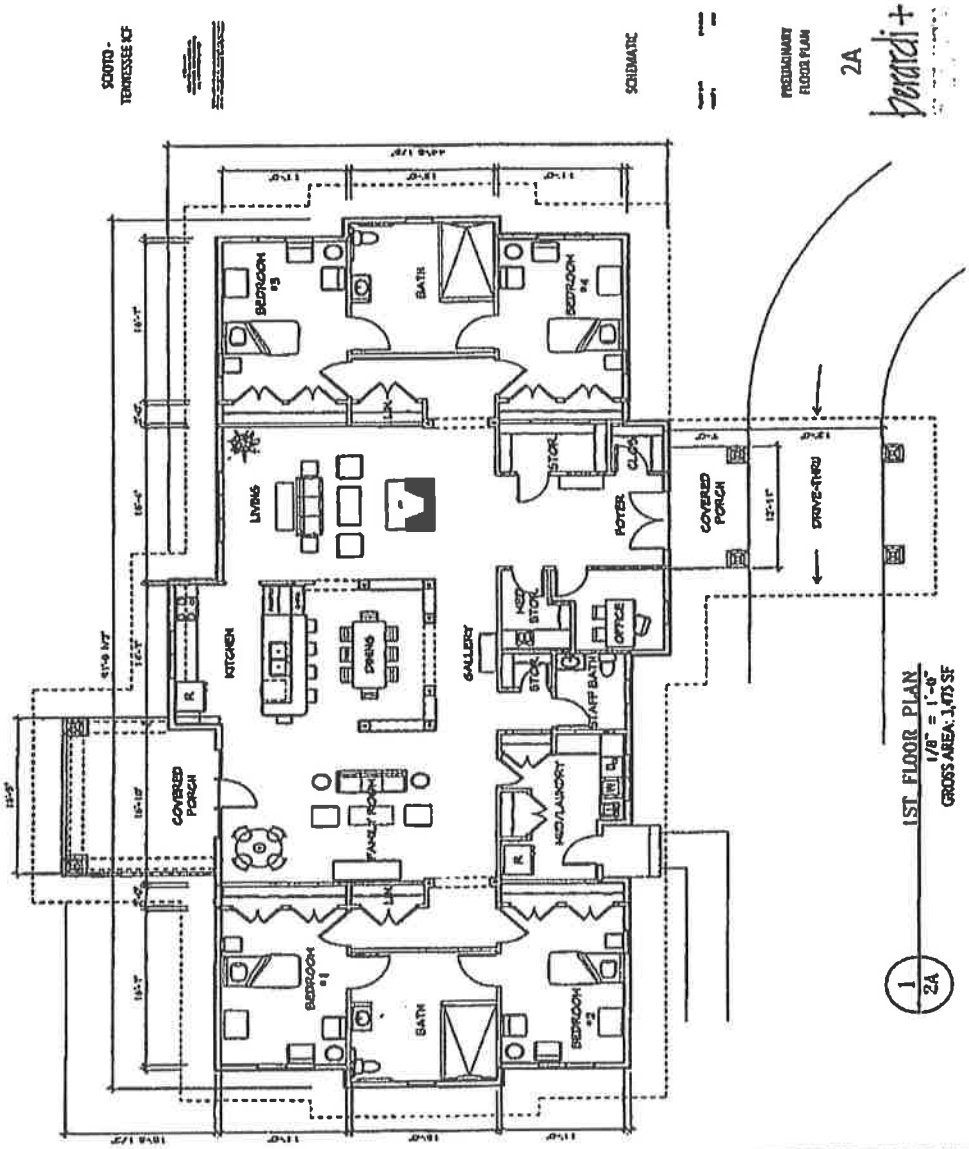
By: _____
Mary Bea Eaton
Its: Chief Operating Officer
Address:
5940 Wilcox Place, Suite A
Dublin, OH 43016-6805
Phone: 614.889.5191
Fax: 614.889.5202
Email: mbeaton@scioto.com

D & S RESIDENTIAL SERVICES, LP

By: _____
Mickey Atkins
Its: President
Address:
8911 North Capital of Texas Highway
Building One, Suite 1300
August, TX 78759
Phone: 512.628.1518
Fax: 512.327.5355
Email: matkins@dsresidential.com

Schedule 1

Preliminary Floor Plan



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Schedule 1.1

Legal Descriptions of the Sites

Erwin Highway Site:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF GREENE, STATE OF TENNESSEE, AND IS DESCRIBED AS FOLLOWS:

SITUATE in the 13th Civil District of Greene County, Tennessee, and being more particularly described as follows:

BEING Lot Nos. 10, 11 and 12 of the Shelton Heirs Subdivision, a plat of which is recorded at Plat Cabinet J,
Slide 343, in the Register's Office for Greene County, Tennessee, reference to which is hereby made for a more complete description.

Old Stage Road Site:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF GREENE, STATE OF TENNESSEE, AND IS DESCRIBED AS FOLLOWS:

TRACT I:

SITUATED and Being in the 10th Civil District of Greene County, Tennessee, and being Lot No. 9B-2 of the Redivision of Lot 9B of the Fred Serral Property, Section 2, as found of record in Plat Cabinet G, Slide 166, in the Register's Office for Greene County, Tennessee, to which reference is here made for a more complete description.

TRACT II:

SITUATE and Being in the 10th Civil District of Greene County, Tennessee, and being Lot No. 9B-1 of the Redivision of Lot 9B of the Fred Serral Property, Section 2, as found in record in Plat Cabinet G, Slide 166, in the Register's Office for Greene County, Tennessee, to which reference is here made for a more complete description.

Schedule 6.1

Estimated Costs

Old Stage Rd		Erwin Highway (2)	
Development Fee	5%	Development Fee	5%
Arch	13,333	Arch	26,666
Civil Engineering	8,625	Civil Engineering	10,040
Survey	2,800	Survey	3,400
GeoTech	2,450	GeoTech	2,450
Interim Interest		Interim Interest	
Builders Risk	3,500	Builders Risk	3,500
Land	65,000	Land	45,000
Site Work	157,000	Site Work	145,000
Building	560,000	Building	1,120,000
Project Total	*812,708*	*Project Total*	*1,356,056*
Rent Basis		Rent Basis	
Rent Factor	0.00833	Rent Factor	0.00833
Monthly Rent		Monthly Rent	

LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is made and entered into as of _____, 20__ (the "**Effective Date**") by and between **SCIOTO PROPERTIES LLC**, or its assignee, ("**Lessor**") and **D & S RESIDENTIAL SERVICES, LP** ("**Lessee**").

RECITALS

Contemporaneously herewith, Lessor is acquiring land situated in the City of _____, Green County, Tennessee, being more particularly described and/or depicted in **Exhibit A** hereto (the "**Land**"), located at and commonly known as _____, Tennessee _____. Lessor is developing and constructing a four-bedroom intermediate care home ("**Home**") on, and making related improvements ("**Improvements**") to the Land for lease to Lessee (the Land, Home and Improvements being collectively called the "**Premises**"). Lessor and Lessee desire to enter into this Lease pursuant to which Lessor leases the Premises to Lessee and Lessee leases the Premises from Lessor, on and subject to the terms and conditions set forth herein.

STATEMENT OF AGREEMENT

In consideration of the mutual covenants and agreements set forth herein, Lessor hereby leases the Premises to Lessee, and Lessee hereby leases the Premises from Lessor, on and subject to the following terms and conditions:

Section 1. Premises:

Section 1.1. **Use.** Lessee agrees to use the Premises solely to provide housing and residential services ("**Services**") to the residents living in the Home as their personal residence ("**Residents**"). Unless otherwise determined by the state agency supporting the Residents ("**State Agency**"), Lessee is responsible for selecting the Residents who live in the Home. However, Lessee agrees not to knowingly place or permit the placement of any individual in the Home who (a) would represent a danger to community safety; or (b) has a felony sexual offense conviction. If Lessee no longer provides, or is no longer authorized to provide, Services at the Home, Lessee must promptly provide Notice (as defined in Section 10 of this Lease) to Lessor, including a copy of any formal notice received by Lessee related to its inability to provide Services at the Home. Lessee shall comply with all Regulatory Requirements (as defined in Section 5.4 of this Lease) and shall obtain all permits, approvals and licenses necessary for its use of the Home to provide Services to the Residents. Lessee shall not do or permit to be done any act or thing in the Home which will invalidate, conflict with, or increase the cost of any insurance policies covering the Home.

Section 1.2. **Construction and Acceptance.** The initial construction of the Home on the Land shall be governed by the Development Agreement dated _____, 2015, by and between Scioto Properties LLC and Lessee ("**Development Agreement**"). Lessee's taking possession of the Premises on or after the Start Date (as hereinafter defined) shall be conclusive evidence, as against Lessee, that the Premises are in good order and satisfactory condition in substantial accordance with the Development Agreement. Capitalized terms not defined in this Lease shall have the meanings ascribed to them in the Development Agreement.

Section 1.3. **Surrender.** Upon expiration or earlier termination of this Lease for any reason, Lessee must surrender the Premises in good condition and repair, ordinary wear and care excepted and subject to the provisions of Sections 7.2 and 7.3 of this Lease. Lessee shall ensure that all interior walls, floors, finishes and ceilings are free of any major defects short of ordinary wear and tear and shall leave the thermostat(s) in the Home set at a temperature specified by Lessor. Lessee shall have the right to remove, and upon request of Lessor, Lessee shall remove, all furniture, furnishings or regulated systems installed in the Home by Lessee. At the expiration of the Term or earlier termination of this Lease and vacation of the Premises by Lessee, if repairs, maintenance and/or replacement are needed to the Home, then Lessor and Lessee agree that each party's share of the costs associated therewith shall be governed by the obligations of each party under this Lease. At least thirty (30) days prior to vacating the Premises, Lessee shall provide Lessor with the following:

(a) Contact information for landscape maintenance contractors serving the Premises

(b) Contact information for Lessee's representative for logistical coordination for turnover of the Premises

(c) Contact information for any applicable Home Owner's Association

(d) Contact information for all Utilities (as defined in Section 5.2 of this Lease) and shall work with Lessor to coordinate the transfer of all Utilities into Lessor's name

Section 2. ***Effective Date and Term:***

Section 2.1. **Effective Date.** This Lease is effective on the Effective Date set forth on page one hereof and the parties are bound to the terms and conditions of this Lease as of the Effective Date.

Section 2.2. **Definition.** The initial term, any renewal terms and any period of holding over are hereinafter referred to as the "**Term**."

Section 2.3. **Initial Term.** The initial term and Monthly Rent (as defined in Section 3.1 below) shall begin on the date Lessor receives the certificate of occupancy for the Home ("**Start Date**"). The initial term shall end on the date that is ten (10) years after the end of the month containing the Start Date unless sooner terminated as provided in this Lease. Upon receipt of the certificate of occupancy, Lessor and Lessee agree to enter into an Addendum to this Lease in the form attached hereto as **Exhibit B** ("**Addendum**") confirming the Start Date and such other matters as required by this Lease.

Section 2.4. **Renewal Terms.** Provided that no Event of Default (as defined in Section 9 of this Lease) on the part of Lessee has occurred or is occurring at the time of the renewal, this Lease shall automatically renew for one (1) renewal term of five (5) years unless Lessee delivers Notice to Lessor at least six (6) months prior to the end of the then current term that it is not renewing this Lease.

Section 2.5. **Month-to-Month Holding Over.** This Lease shall terminate automatically at the end of the initial term or a renewal term if this Lease is not renewed as provided in Section 2.4 and there shall be no presumption of a month-to-month lease between Lessor and Lessee. Notwithstanding the foregoing, should Lessee remain in the Premises beyond the expiration or earlier termination of this Lease for any reason, such holding over shall operate as

an extension of the terms of this Lease on a month-to-month basis except as provided in Section 3.5 with respect to the Monthly Rent. During such holding over, either party may terminate this Lease upon thirty (30) days' Notice to the other party. Nothing in this Section 2.5 constitutes consent by Lessor to any holding over by Lessee upon expiration or earlier termination of this Lease.

Section 3. Rent:

Section 3.1. **Monthly Rent.** Subject to the Annual Adjustment described in Section 3.3, Lessee agrees to pay Lessor, without offset for any reason, Monthly Rent during the first year of the Term of this Lease in the amount determined by multiplying the Project Costs (as defined in the Development Agreement) applicable to the Premises by a monthly rent factor of **0.00833** ("**Monthly Rent**"). The Monthly Rent is payable in advance on or before the first (1st) day of each month during the Term of this Lease. If the Start Date is not the first day of a month, the Monthly Rent for the initial month shall be prorated based on the number days in such month. Lessee is to deliver the Monthly Rent payment to Lessor at **5940 Wilcox Place, Suite A, Dublin, Ohio 43016-6805** or such other address subsequently provided pursuant to Section 10. Upon Lessor's request, the payment must be made by wire transfer to such account designated by Lessor.

Section 3.2. **Project Costs.** The Monthly Rent for the first year of the Term cannot be determined as of the date of this Lease because the Project Costs have not been determined. The Project Costs are estimated to be as set forth in the Project Budget. With reasonable promptness after determination of the actual Project Costs, Lessor shall submit to Lessee an updated Project Budget reflecting the actual Project Costs, accompanied by reasonably detailed backup documentation. If, as of the Start Date, the Project Costs have not been determined, then, pending determination of the Project Costs, the Monthly Rent shall be determined on the basis of Lessor's reasonable estimate of the Project Costs as of the Start Date. If the Monthly Rent is determined on the basis of an estimate of the Project Costs pursuant to the immediately preceding sentence, then, when the actual Project Costs are determined, the Monthly Rent shall be adjusted on the basis of the actual Project Costs retroactive to the Start Date, with any overpayment of Monthly Rent to be credited against subsequent installments of Monthly Rent and any underpayments of Monthly Rent to be paid with the next installment of Monthly Rent due after Lessor gives Lessee written notice of the underpayment. The Addendum shall confirm the Project Costs and the Monthly Rent for the first year of the Term.

Section 3.3. **Annual Rent Adjustment.** Effective on the Adjustment Date (as hereinafter defined) and on each anniversary of the Adjustment Date during the Term of this Lease, the monthly rent for the upcoming lease year shall increase two percent (2.0%) over the monthly rent for the previous lease year. The Adjustment Date shall be the first anniversary of the Start Date if the Start Date is the first day of the month, otherwise, it shall be on the first day of the month following the first anniversary of the Start Date. No Notice must be given to Lessee to adjust the Monthly Rent, which shall be automatically effective on the applicable Adjustment Date.

Section 3.4. **Late Charge and Interest.** If the Monthly Rent, any amount due under Section 5 or Section 6 of this Lease or any amount that Lessor advances under this Lease that Lessee is otherwise obligated to pay is not received within ten (10) days after the due date ("**Penalty Date**"), Lessee shall pay to Lessor a late charge equal to ten percent (10%) of the

unpaid amounts on the Penalty Date as additional rent. In addition, Lessee shall pay interest on all unpaid amounts from the Penalty Date until the date of payment at the rate of (a) eighteen percent (18%) per annum or (b) the maximum rate permitted by law, whichever is lower.

Section 3.5. **Hold Over Rent.** If Lessee remains in the Premises following expiration or earlier termination of this Lease without the written consent of Lessor, the Monthly Rent during the month-to-month holding over period described in Section 2.5 shall be one hundred fifty percent (150%) of the Monthly Rent in effect immediately before the start of the holding over period.

Section 4. ***Security Deposit.*** Upon the execution of this Lease, Lessee shall deposit with Lessor a security deposit in the amount _____ and no/100 Dollars ($_____), which is the estimated Monthly Rent for the first month of the Term. Lessee shall deliver the security deposit to Lessor at the same address to which the Monthly Rent is delivered. Upon expiration or earlier termination of this Lease and return of the Premises to Lessor in the condition required by this Lease, Lessor shall refund all or a portion of the security deposit to Lessee within thirty (30) days. The amount to be refunded shall be the difference between the security deposit and the amount deducted for damages to the Premises, unpaid rent and other amounts due under Section 5 or Section 6 and other deductions permitted under this Lease or by law. If Lessor deducts any amount from the security deposit, Lessor must provide Lessee with Notice and supporting documents regarding the amount being deducted. Lessee acknowledges that Lessor is entitled to use all or any portion of the security deposit to cover damages to the Premises or losses incurred by Lessor arising from Lessee's failure to comply with the terms of this Lease. Unless required by applicable law, no interest shall accrue or be paid on the security deposit and Lessor may commingle the security deposit with other funds without any accounting to Lessee.

Section 5. ***Lessee's Other Financial Obligations:***

Section 5.1. **Utilities.** During the Term of this Lease, Lessee is responsible, at its expense, for paying all charges for water, sewer, electric, heating, gas, telephone, trash removal, recycling and any other utilities used with respect to the Premises ("**Utilities**"). Lessee agrees to establish accounts for the Utilities and to pay all Utilities directly to the company providing the service. If Lessor receives any bills for Utilities, Lessor shall promptly send copies of such bills to Lessee. If Lessee fails to timely pay the Utilities, Lessor has the right, but not the obligation, to pay such Utilities on behalf of Lessee. In such event, Lessee shall reimburse Lessor for such payments promptly upon receipt of Notice requesting reimbursement.

Section 5.2. **Maintenance and Repairs.** During the Term of this Lease and upon expiration or earlier termination of this Lease for any reason, Lessee is responsible, at its expense, for the following:

(a) Lessee shall obtain a preventative maintenance contract for the HVAC System at the Facility. If Lessor requests copies of service records for the HVAC System, Lessee shall provide such service records to Lessor within fifteen (15) days of Lessor's request.

(b) Lessee shall maintain a pest control contract (providing for monthly service) and a termite preventative maintenance contract for the Premises.

(c) Except for any repairs and maintenance for the Premises for which Lessor has an obligation in accordance with Section 6.3 of this Lease, Lessee shall (i) perform all other repairs and maintenance of the Premises (including, without limitation, repair

and maintenance of the interior and exterior of the structure and all grounds, landscaping and other improvements located on the Premises, (ii) keep the parking areas, sidewalks, curbs, driveways, entrances, grounds and other areas of the Premises clean and in good condition, free of accumulation of dirt and rubbish, and (iii) promptly remove snow and ice from the parking areas, sidewalks and driveways serving the Premises.

If Lessee fails to undertake its obligation under this Section 5.2 and such failure continues (i) for twenty-four (24) hours for emergency repairs necessary to protect the safety of the Residents or preservation of the Premises or (ii) for thirty (30) days for all other repairs following Notice to Lessee, Lessor has the right to undertake such maintenance or repair on behalf of Lessee. In such event, Lessee shall reimburse Lessor for such costs and expenses incurred by Lessor promptly upon receipt of Notice requesting reimbursement from Lessor. Lessee acknowledges and agrees that Lessee's obtaining insurance coverage required under Section 6.2 of this Lease does not change the obligation of Lessee to maintain the Premises in good condition and repair even if the damages to the Premises might be covered by such Insurance. In connection with Lessee's maintenance and repair obligations, Lessor shall make available to Lessee all construction and other warranties to which Lessor is entitled and which are assignable with respect to the Premises.

Section 5.3. **Regulatory Requirements.** During the Term of this Lease, Lessee is responsible, at its expense, for complying with all present and future laws, regulations (including building and fire codes and landlord/tenant laws), ordinances (including zoning ordinances) and private restrictions (including homeowners' association rules) applicable to the Premises including, without limitation, any such laws, regulations, ordinances and restrictions applicable to providers of Services to the Residents and any property requirements, health facility operating requirements, and use of the Home by the Residents (collectively **"Regulatory Requirements"**). Lessee will not operate the Home for the provision of Services during any time the State Agency has revoked or terminated Lessee's license to provide Services at the Home, unless and for such period that such revocation or termination has been stayed pending appeal. Any breach of the covenant in the foregoing sentence shall be an Event of Default. During the Term of this Lease, Lessee shall make any repairs, replacements, modifications or additions to the Premises that are required by any Regulatory Requirement. Lessee agrees to indemnify and hold Lessor harmless from any cost or liability that may be imposed or assessed against Lessor or the Premises in connection with Lessee's failure to comply with such Regulatory Requirements. Lessee shall promptly provide to Lessor Notice of the receipt of any written notice of an intention by the State Agency or any other governmental authorities to decertify or rescind the license of the Home or Lessee or otherwise terminate the right of Lessee to operate comparable facilities within the State in which the Home is located or to take any other remedial action with respect to Lessee or the Home.

Section 6. Additional Financial Obligations:

Section 6.1. **Taxes.** During the Term of this Lease, Lessee is responsible, at its expense, for paying all real and personal property taxes and assessments, if any, all dues for homeowners' or community associations, if any, before such payments become delinquent, and any interest and penalties for late payment (except if such late payment is due to Lessor's act or omission), including Lessor's failure to send a Tax bill to Lessee in a timely fashion to allow timely payment by Lessee), assessed or accrued with respect to the Home or the Premises (**"Taxes"**). The parties agree that the Taxes due for the calendar year in which the Term of this Lease begins and ends shall be prorated on a per diem basis. Lessor agrees to promptly send

copies of all Tax bills that Lessor receives to Lessee. Lessee agrees to timely pay the Taxes. Lessee, upon the request of Lessor, agrees to provide evidence of payment of the Taxes to Lessor. If Lessee fails to timely pay the Taxes, Lessor has the right, but not the obligation, to pay such Taxes on behalf of Lessee. In such event, Lessee agrees to reimburse Lessor for such payment promptly upon receipt of Notice requesting reimbursement from Lessor.

Section 6.2. **Insurance.** During the Term of this Lease, Lessee is responsible for obtaining and maintaining in full force the insurance coverage set forth on **Schedule 1** attached to this Lease ("**Insurance**"). Unless waived in writing by Lessor, each policy required to be maintained by Lessee under this Section 6.2 must contain a provision that it will not be canceled or modified without the issuing insurer giving Lessor and, if applicable, Lessor's mortgage lender ("**Lender**") written notice thereof at least thirty (30) days prior to any such cancellation or modification becoming effective. Further, Lessee shall supply Lessor with a policy endorsement evidencing the 30-day cancellation notice clause. Lessee shall provide prompt Notice to Lessor if Lessee receives any notice from issuing insurer that it will not be renewing any Insurance coverage required under this Section 6.2 and Lessee shall immediately obtain the required Insurance coverage from another insurer. All Insurance must be provided by an insurer licensed to do business in the state in which the Home is located and shall be rated A- XII or better with AM Best. All Insurance coverage of Lessee must be primary and non-contributory to any insurance obtained by Lessor. Lessee shall deliver to Lessor and, if applicable, the Lender, a certificate evidencing each required policy upon execution of this Lease, upon renewal or change of each such policy or upon the written request of Lessor during the Term of this Lease. If requested by Lessor, Lessee shall deliver to Lessor a copy of each Insurance policy required under this Lease. Each insurance policy shall name (a) Lessor as an additional insured and loss payee and (b) the Lender as an additional insured and mortgagee. If Lessee fails to obtain the Insurance required under this Section 6.2, Lessor has the right, but not the obligation, to obtain such Insurance. In such event, Lessee shall reimburse Lessor for such payments promptly upon receipt of Notice thereof from Lessor. The parties, and their insurance companies, waive any recovery of damages against each other (including their employees and agents) for loss or damage to the Premises, Lessee's improvements, fixtures, equipment, and any other personal property to the extent covered by the Insurance required under this Section 6.2. If the Insurance purchased by Lessee does not allow the insured to waive rights of recovery against others prior to loss, Lessee shall have the policy endorsed with a waiver of subrogation and supply a copy of the same to Lessor.

Section 7. Changes to Premises:

Section 7.1. **Additional Improvements.** During the Term of this Lease and with the prior written consent of Lesscr, which consent shall not be unreasonably withheld, Lessee, at its expense, may make modifications and additions ("**Additional Improvements**") to the Premises. Any Additional Improvements made by Lessee must be constructed of good quality materials and done in a good and workmanlike lien-free manner. In the event Lessee makes Additional Improvements, Lessee, at the request of Lessor made in its consent to the Additional Improvements, must remove such Additional Improvements, at Lessee's expense, upon expiration or earlier termination of this Lease. The Monthly Rent shall not be adjusted in the event Lessee makes Additional Improvements to the Premises. Every Additional Improvement made to the Premises constitutes a part of the Premises and thus is Lessor's property. Lessee shall indemnify and hold harmless Lessor against any mechanic's lien or other lien arising out of any Additional Improvements made to the Premises by Lessee.

Section 7.2. **Casualty.** In the event all or any portion of the Premises is damaged or destroyed by fire, windstorm, hurricane, tornado, flood or any other casualty ("**Casualty**"), Lessee must immediately notify Lessor of such Casualty. Lessee is responsible, at its expense, to repair the damage or destruction caused by the Casualty so that the Premises is at least as great in value and functionality as it was prior to such Casualty. Subject to the right of the Lender, Lessee is entitled to use the proceeds from the Insurance for such repair. If the Lender does not consent to Lessee using such proceeds and Lessor does not advance the funds necessary for such repair (which Lessor has no obligation to do), Lessee may terminate this Lease upon thirty (30) days' Notice to Lessor. However, if either insurance coverage for such Casualty is denied or the proceeds are less than the full replacement value of the Home, Lessee is obligated to pay to Lessor an amount equal to the difference between the loss incurred and the proceeds received. For the period that the Home is rendered untenantable following any such Casualty the rent shall not be abated. In the event the Casualty renders the Premises untenantable and the repairs cannot be reasonably accomplished within ninety (90) days of the date of the Casualty, either party, by Notice to the other party, may immediately terminate this Lease. In such event, Lessee shall remit or assign to Lessor the insurance proceeds received with respect to the Premises from such Casualty together with any self-insurance amount and deductible amount.

Section 7.3. **Eminent Domain.** In the event all or any portion of the Premises is condemned or taken by eminent domain, then this Lease shall terminate as to the part so taken on the day when Lessee is required to surrender possession ("**Surrender Date**"). As of the Surrender Date, the monthly rent shall be reduced proportionately based on the portion of the Premises taken. If the amount of the Premises taken substantially impairs the usefulness of the Home to provide Services to the Residents, in Lessee's reasonable judgment, then Lessee may terminate this Lease as of the Surrender Date by Notice to Lessor. All compensation awarded for such taking of the fee and the leasehold estates in the Premises shall belong to and be the property of Lessor. Lessee hereby assigns all its rights in such award to Lessor; provided, however, Lessor is not entitled to any portion of the award made to Lessee for the cost of removing its personal property from the Premises.

Section 8. Lessee's Additional Non-Financial Obligations

Section 8.1. **Environmental Covenant.** During the Term of this Lease, Lessee may not cause or permit the presence, use, disposal or release of any Hazardous Substance (as hereinafter defined) at or around the Premises. Lessee agrees not to do, or allow any other person to do, anything affecting the Premises, which (a) is in violation of any Environmental Law (as hereinafter defined) or (b) due to the presence, use or release of a Hazardous Substance creates a condition that creates a health or safety hazard or adversely affects the value of the Premises. The restrictions contained in this Section 8 do not apply to the presence, use or storage at or around the Premises of small quantities of Hazardous Substances generally recognized as appropriate for normal residential uses and maintenance of the Premises. Lessee shall (a) regularly inspect all window areas or other areas (if any) where water may condense in the Home; (b) promptly notify Lessor in writing of (i) excessive water condensation and/or water intrusion/leak in the Home, (ii) visible signs of mold, bacteria or fungi growth in the Home, (iii) water damage to the Home, and (iv) the need for any maintenance, repairs and/or replacements for which Lessor may be responsible pursuant to the terms of this Lease; (c) use its reasonable efforts to promptly remove any excess water caused by water intrusion/leak and return the Premises to the condition that existed prior to such intrusion/leak; and (d) subject to Lessor's repair obligations, if any, promptly repair any condition of the

Premises which could cause or contribute to mold, bacteria or fungi growth or structural damage to the Premises. Lessee agrees to promptly notify Lessor of (i) any investigation, claim or other action involving the Premises and any Hazardous Substance or Environmental Law of which Lessee has actual knowledge and (ii) any condition caused by the presence, use or release of any Hazardous Substance, which adversely affects the value of the Premises. For purposes of this Section 8.1, "**Hazardous Substance**" means those substances defined as toxic or hazardous substances, pollutants or wastes by Environmental Law, including, but not limited to, any petroleum product and all hazardous or toxic substances or wastes including hydrocarbons, any asbestos-containing materials, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), or substances which are included under or regulated by any federal, state or local law, rule, or regulation (whether now existing or hereafter enacted or promulgated, as they may be amended from time to time) pertaining to the environment, contamination or clean-up. "**Environmental Law**" means federal laws and the laws of the jurisdiction where the Premises is located that relate to health, safety and environmental protection, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601 and regulations adopted pursuant thereto. Lessee covenants and agrees to indemnify, defend and hold harmless Lessor from and against any and all claims, charges, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, reasonable attorneys' fees, consultant and expert fees, site investigation or any remedial, removal or restoration work), which arise out of, are based upon or in connection with the presence, suspected presence or discharge of toxic or Hazardous Substances from, on or in the Home caused by the actions of Lessee, its employees, agents, invitees or Residents and first occurring during Lessee's possession of the Home or otherwise out of Lessee's failure to comply with the environmental covenant set forth in this Section 8.1. The indemnification contained in this Section 8.1 shall survive the expiration or earlier termination of this Lease.

Section 8.2. **Right of Entry.** Lessee grants Lessor and its employees and agents the right, upon advance Notice to Lessee, to enter the Premises during normal business hours to:

(a) Inspect the Premises periodically;

(b) Make repairs as may be necessary for the safety of the Residents or preservation of the Premises;

(c) With not less than 48 hours' Notice, exhibit the Premises as needed if Lessor is considering refinancing its indebtedness secured by the Premises or selling the Home; or

(d) With not less than 48 hours' Notice, exhibit the Premises as needed if Lessee does not renew this Lease or it is within six (6) months of the end of the Term of this Lease.

Lessor agrees to exercise its rights under this Section 8.2 in a manner that does not unreasonably interfere with Lessee providing Services at the Premises and in a manner that respects the privacy of the Residents living in the Home. Notwithstanding the foregoing, in the event of an emergency, Lessor may enter the Home without prior Notice.

Section 8.3. **Indemnification.**

(a) Indemnification of Lessor. Lessee shall indemnify Lessor and its members, officers, directors, employees, agents, successors and assigns, and the Lender

and save them harmless from and against any and all claims, actions, damages, liabilities and expenses (including reasonable attorneys' fees) in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Lessee of the Premises or any part thereof, or any occurrence whatsoever in, on or about the Premises during the Term of this Lease. In the event Lessor is made a party to any litigation commenced by or against Lessee, then Lessee shall protect and hold Lessor harmless in connection with such litigation. Lessee shall also pay all costs and expenses (including reasonable attorneys' fees) that may be incurred or paid by Lessor in enforcing the terms of this Lease against Lessee. The indemnification contained in this Section 8.3 survives termination of this Lease.

(b) Indemnification of Lessee. Lessor shall indemnify Lessee, its shareholders, officers, directors, employees, successors and assigns, and save them harmless from and against any and all claims, actions, damages, liabilities, and expenses (including reasonable attorneys' fees) in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Lessor of the Premises or any part thereof, or any occurrence whatsoever in, upon or about the Premises, occasioned solely by the gross negligence or willful misconduct of Lessor's employees, agents or invitees during the Term of this Lease. In case Lessee shall, without fault on its part, be made a party to any litigation commenced by or against Lessor with respect to any matter described in the preceding sentence, then Lessor shall protect and hold Lessee harmless in connection with such litigation. Lessor shall also pay all costs, expenses (including reasonable attorneys' fees) that may be incurred or paid by Lessee in enforcing the Lessor's covenants and agreements in this Lease.

Section 8.4. **Financial Statements.** During the Term of this Lease, Lessee agrees to deliver to Lessor, within ninety (90) days after the end of each fiscal year of Lessee, audited financial statements for such fiscal year. If Lessee does not have audited financial statements for such fiscal year or if the audited financial statements for such fiscal year are not yet completed, Lessee must deliver internally prepared financial statements, which are certified by an authorized financial officer of Lessee. If audited financial statements for such fiscal year are subsequently completed, Lessee must promptly delivery such audited financial statements to Lessor. All financial statements must be in reasonable detail, be prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial condition of the Lessee and the results of its operations.

Section 8.5. **Business Information.** During the Term of this Lease, Lessee agrees to provide to Lessor such other information respecting Lessee's business conducted at and the Residents' occupancy of the Home as Lessor may reasonably request or may be requested by the Lender; provided the Notice requesting such information must set out the legitimate business purpose and must comply with any federal or state privacy law, including HIPAA, applicable to the Residents. Lessee agrees to promptly provide such requested business information following Notice from Lessor. Nothing in this **Error! Reference source not found.** obligates Lessee to provide information about any Resident that might tend to identify such Resident. Lessor agrees to protect the confidentiality of such business information provided by Lessee under this Section 8.5 unless such business information is required by law or court order to be disclosed or is generally publicly available.

Section 8.6. **Representations.** Lessee represents to Lessor that (a) Lessee is a duly organized and validly existing entity under the laws of the state of its formation; (b) Lessee possesses (or will possess on the Start Date) all authorizations, approvals, certifications, licenses and permits necessary to provide Services at the Premises, which are in full force and effect; (c) this Lease has been duly executed and delivered by Lessee and constitutes the legal, valid and binding obligations of Lessee, enforceable in accordance with its terms; and (d) this Lease and the consummation of the transaction contemplated under this Lease are not subject to any authorization, consent, approval or review of any governmental body, regulatory authority or any other person not already obtained or effected.

Section 9. Lessee's Default:

Section 9.1. **Event of Default.** Each of the following is considered a default by Lessee ("**Event of Default**") under this Lease:

(a) *Failure to Pay Amounts Due.* Lessee fails to timely pay the monthly rent or any other amount due under this Lease when due.

(b) *Non-Performance.* Lessee fails to perform any of its obligations under this Lease (other than payment of money) and such failure continues uncorrected for a period of thirty (30) days after Notice from Lessor.

(c) *Financial Inability.* Lessee (i) becomes insolvent; (ii) admits in writing its inability to pay its debts; (iii) makes a general assignment for the benefit of creditors; (iv) files a petition in bankruptcy or other insolvency proceeding; or (v) has a petition in bankruptcy or other insolvency proceeding filed against it that is not discharged by Lessee within sixty (60) days of such filing.

(d) *Cross Default.* Lessee (or an affiliate of Lessee) is in default under any other lease agreement or other business arrangement between the parties, which default is not cured within any applicable cure period.

(e) *Event of Default.* The occurrence of any default under this Lease that specifically constitutes an Event of Default.

Section 9.2. **Lessor's Remedies**. Upon the occurrence and continuance of an Event of Default, without any prior Notice to or demand upon Lessee, Lessor may pursue one or more of the following remedies:

(a) *Cure Default.* Lessor may re-enter the Premises and cure any default of Lessee. In such event, Lessee is obligated to reimburse Lessor for all costs that Lessor incurs to cure the default. Lessor, at its option, may use the security deposit to pay for its costs. Lessor is not liable to Lessee for any loss or damage that Lessee may sustain due to Lessor's action.

(b) *Terminate.* Lessor may terminate this Lease and declare the remaining Monthly Rents due under this Lease to be immediately due and payable. In such event, Lessee is obligated to immediately pay the sum of (i) the present value (discounted using the current prime rate listed in *The Wall Street Journal*) of the remaining Monthly Rents due for the balance of the then current Term of this Lease and (ii) any loss or damage resulting from the default by Lessee incurred by Lessor ("**Default Damages**").

(c) *Take Possession and Relet.* Lessor may, without terminating this Lease, terminate Lessee's right of possession to the Premises upon Notice to Lessee. Upon receipt of the Notice, Lessee must immediately surrender the Premises to Lessor to allow Lessor to re-enter and take possession of the Premises without prejudice to any other remedy available to Lessor. The repossession of the Premises by Lessor shall not relieve Lessee of its obligations under this Lease, including, but not limited to the payment of rent. Lessor may relet the Premises for a term different from the remaining Term of this Lease and for rents and terms different from this Lease. In such event, Lessee is obligated to pay the difference between the monthly rent due under this Lease and the rent under any new lease for the reletting of the Premises for the balance of the Term of this Lease and (ii) any Default Damages incurred by Lessor.

(d) *Litigation.* Lessor may sue for injunctive relief or recovery of Default Damages incurred by Lessor because of the default by Lessee. In such event, Lessee must indemnify Lessor and be responsible for all costs and expenses (including reasonable attorneys' fees) incurred or paid by Lessor in enforcing the terms of this Lease against Lessee.

(e) *Duty to Relet or Mitigate.* Lessor shall exercise commercially reasonable efforts in order to relet the Premises or otherwise mitigate damages under this Lease. Lessee agrees that Lessor shall not be liable, nor shall Lessee's obligations hereunder be diminished, because of Lessor's failure, following the exercise of its commercially reasonable efforts, to relet the Premises or collect rent due with respect to such reletting or otherwise mitigate its damages.

Section 9.3. **Effect of Waiver of Default.** No waiver of an Event of Default by Lessor is implied because of any omission by Lessor to take any action on account of such Event of Default if such default persists or is repeated. Any expressed waiver must be in writing and only affects the specific Event of Default stated in the written waiver and only to the extent stated in such written waiver.

Section 9.4. **Remedies Cumulative.** All rights and remedies provided in this Lease are cumulative and none excludes any other right or remedy allowed by law or equity. Such rights and remedies may be exercised and enforced concurrently or successively by a party at its option.

Section 10. ***Notices.*** Each notice or consent required or authorized under this Lease (collectively, "**Notice**") must be in writing. Such Notice is sufficient if (i) delivered personally; (ii) mailed by certified mail, return receipt requested and postage prepaid; (iii) delivered by a nationally recognized overnight courier service; or (iv) sent by fax or email with confirmation of receipt, to the address set forth below:

If to Lessor:

Scioto Properties LLC
5940 Wilcox Place, Suite A
Dublin, Ohio 43016-6805
Attn: Mary Bea Eaton, Chief Operating Officer
Phone: 614.889.5191
Fax: 614.889.5202
Email: mbeaton@scioto.com

If to Lessee: D & S Residential Services, LP
Building One, Suite 1300
8911 North Capital of Texas Highway
Austin, Texas 78759
Attn: Mickey Atkins, President
Phone: 512.628.1518
Fax: 512.327.5355
Email: matkins@dsresidential.com

A party may change its address from time to time by a Notice to the other party pursuant to this Section 10.

Section 11. Miscellaneous:

***Section 11.1.* Quiet Enjoyment.** Lessor covenants to Lessee that by paying the monthly rents and other amounts due under this Lease and performing its obligations under this Lease, Lessee may peacefully and quietly enjoy the Premises, free of claims by or through Lessor, subject to the terms of this Lease, including, without limitation, Lessor's remedies upon an Event of Default.

***Section 11.2.* Subordination and Attornment.** This Lease and all of the rights of Lessee under this Lease are subject and subordinate to (a) the lien of any mortgage in place now or hereafter on the Premises and (b) any and all renewals, modifications, consolidations, replacements, extensions or substitutions of such mortgages. If any such mortgage is foreclosed, upon request of the mortgagee, Lessee agrees to attorn to the purchaser at such foreclosure sale. Lessor shall use commercially reasonable efforts to include in any such mortgage a provision to the effect that so long as Lessee is not in default under this Lease, no foreclosure of the lien of said mortgage or any other proceeding in respect thereof shall divest, impair, modify, abrogate, or otherwise adversely affect any interests or rights whatsoever of Lessee under this Lease; provided, however, that Lessor shall not be required to incur any expense or adverse change to its financing in order to obtain such a provision. Lessee agrees to execute and deliver any instrument reasonably required by Lessor or the Lender to further evidence the obligations under this Section 11.2.

***Section 11.3.* Assignment or Sublease.** Lessee may not assign this Lease or sublet all or any portion of the Premises without the prior consent of Lessor, which consent may be withheld in its sole discretion. Lessor acknowledges that the Residents to whom Lessee is providing Services may live in the Premises subject to the terms of this Lease.

***Section 11.4.* Miscellaneous Property Matters.** Upon the request of either party, the parties agree to execute a Memorandum of Lease in recordable form and in accordance with applicable law. Upon the expiration or earlier termination of this Lease, Lessee will immediately executed a termination of the Memorandum of Lease in recordable form and deliver the same to Lessor. At the request of Lessor, Lessee agrees to execute and deliver to Lessor an estoppel certificate in a form satisfactory to Lessor with respect to the status of this Lease and the compliance of Lessee with its terms. The parties acknowledge that they have properly executed the "Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards" in accordance with federal regulations.

***Section 11.5.* Relationship of the Parties.** Nothing contained in this Lease is to be deemed or construed by the parties, or by any third party, as creating the relationship of principal and agent, or of partnership, or of joint venture, or of any other relationship, except as Lessor and Lessee, between the parties.

***Section 11.6.* Construction.** All Schedules and Exhibits attached to this Lease are hereby incorporated herein and made a part of this Lease. This Lease inures to the benefit of, and is binding on, each party and its successors and assigns. This Lease and the Development Agreement constitute the entire agreement between the parties with respect to the Premises and supersedes all prior agreements and understandings, oral or written, between the parties with respect to the Premises. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together constitute one and the same document. Delivery of an executed counterpart of this Lease by facsimile or other electronic means shall be equally as effective as delivery of an original counterpart of this Lease. This Lease may be amended or modified only by a written document executed by both parties. This Lease is governed by, and construed under, the laws of the State of West Virginia.

***Section 11.7.* Joint and Several Liability.** In the event more than one entity or person constitutes the Lessee under this Lease, then each shall be jointly and severally liable to Lessor under each and every provision of this Lease.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth above.

LESSEE: **D & S RESIDENTIAL SERVICES, LP**	**LESSOR:** **SCIOTO PROPERTIES LLC**
By: _____	By: _____
Mickey Atkins	Mary Bea Eaton
Its: President	Its: Chief Operating Officer

SCHEDULE 1

SPECIFIC INSURANCE COVERAGE

LESSEE'S REQUIRED INSURANCE -

1. **Commercial Property Insurance** includes (a) *General Property Insurance* that covers the Home, fixtures, equipment and Lessee's Improvements in the Home in an amount equal to the full estimated replacement cost of the Home (increased annually by not less than 4%) and other property insured and covers risks normally included in a policy for single-family residential homes; and (b) to the extent required by the Lender or requested by Lessor, *Special Property Insurance* that covers damages to the Home from flood, earthquake and/or hurricane in an amount equal to the full estimated replacement cost of the Home (increased annually by not less than 4%). Any coinsurance requirement in such policy must be eliminated through either (i) attachment of the agreed amount endorsement or (ii) activation of the agreed value option. In the event that Lessee obtains coverage for the general property insurance through a self-insurance program or a policy that has a deductible or self-retention amount in excess of $10,000, Lessee must submit evidence, to the satisfaction of Lessor, that Lessee has the ability to pay for any damages to the Home that may not otherwise be funded by insurance proceeds.

2. **Business Interruption Insurance** that provides business income, business interruption, extra expense or similar coverage in an amount of the monthly rent for a period of not less than six months. Lessee acknowledges that Lessor is not liable for any business interruption or consequential loss sustained by Lessee, whether or not the negligence of Lessor (and its employees and agents) is the cause of such loss. Any coinsurance requirement in such policy must be eliminated through either (i) attachment of the agreed amount endorsement or (ii) activation of the agreed value option.

3. **Commercial General and Umbrella Liability Insurance** that provides comprehensive liability coverage in an amount not less than $1,000,000 per occurrence and $3,000,000 aggregate written on an occurrence basis. If Lessee is unable to obtain occurrence based coverage, Lessee may obtain claims-made coverage provided it includes tail coverage for a minimum of five (5) years following the expiration or earlier termination of the Lease for the Home. The policy must apply as primary insurance coverage maintained by Lessee for the benefit of Lessor under this Lease. Such policy must either (a) contain no endorsement or modification to make it excess over other available insurance or (b) if the policy states that it is excess or pro rata, it is endorsed to be primary with respect to the additional insured. Lessee waives all rights against Lessor (and it employees and agents) for recovery of damages to the extent these damages are covered by the coverage required under this paragraph 3.

4. **Professional Liability Insurance** that provides professional liability coverage in such amount and type customary for entities engaged in providing Services in the state where the Home is located, which coverage must be written on an occurrence basis. If Lessee is unable to obtain occurrence based coverage, Lessee may obtain claims-made coverage provided it includes tail coverage for a minimum of five (5) years following the expiration or earlier termination of the Lease for the Home.

5. **Workers' Compensation Insurance** that provides the coverage required in the state where the Premises is located and which is in such amount and type required by the state with respect to Lessee and its operations; provided, however, that Part B (Employer Liability) coverage limit shall be not less than $1,000,000 per person, disease and occurrence. Lessee may obtain the coverage through a state program, private insurance or self-insurance as required or authorized by such state.

6. **Personal Property Insurance** (optional in Lessee's discretion) that covers Lessee's personal property and contents in the Home regardless of who owns such personal property or contents. Lessee acknowledges that Lessor is not liable for any damage to, or loss of use of, personal property or contents sustained by Lessee, whether or not the negligence of Lessor (and its employees and agents) cause such loss.

7. **Contractors' Insurance** for any contractor used by Lessee to do any work at or furnish any materials to be incorporated into the Home, as permitted under the Lease, that provides contractor's commercial general liability insurance, workers compensation insurance, automobile liability insurance and that complies with the same limits of coverage as Lessee is required to maintain under this Lease and as set forth below. At Lessor's request, Lessee shall provide Lessor with a certificate evidencing such insurance coverage and naming Lessor as an additional insured.

PERFORMANCE BOND

a. $25.00 PER $1,000.00 FOR THE 1ST $100,000.00
b. $2,500.00 + $25.00 PER $1,000.00 FOR THE NEXT $400,000.00
c. $8,500.00 + $10.00 per $1,000.00 for next $2,000,000.00

WORKERS COMPENSATION

18.3% OF THE LABOR OR AS OTHERWISE REQUIRED BY THE STATE WHERE THE HOME IS LOCATED

BUILDERS RISK INSURANCE

$1.25 FOR EACH $100.00 OF VALUE TO COVER LABOR AND MATERIALS IN THE EVENT OF FIRE, THEFT, VANDALISM AND EXTENDED COVERAGE

EXHIBIT A

DESCRIPTION/DEPICTION OF LAND

EXHIBIT B

ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE ("**Addendum**") is entered into as of _____, 20__, by and between **SCIOTO PROPERTIES LLC** ("**Lessor**") and _____ ("**Lessee**").

RECITALS

Lessor and Lessee are parties to a Lease Agreement dated _____, 20__ ("**Lease**") pursuant to which Lessee leases a certain parcel of land situated in the City of _____, Green County, Tennessee, located at and commonly known as _____, together with all Improvements thereon recently constructed by Lessor for the benefit of Lessee (the "**Home**").

Certain terms of the Lease could not be finalized until the construction of the Improvements were substantially completed, a certificate of occupancy for the Home was issued and the final Project Costs were computed.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, representations and provisions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree to the foregoing and as follows:

Having ascertained the final Project Costs and received a certificate of occupancy for the Home, the following terms of the Lease are hereby confirmed:

Start Date:	As determined by the parties	
End Date:	10 years after the end of the month containing the Start Date	
Renewal Terms:	Number: One (1)	Years: Five (5)
Adjustment Date:	First day of the month following the anniversary of the Start Date	
Monthly Rent (first year):	$	
Annual Rent Adjustment %:	Two Percent (2.0%)	
Security Deposit:	$[first month's rent]	
Rent Factor:	0.00833	

[Signatures Appear on the Following Page]

C:\Users\tward\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\J6O1HR9M\TN DS Dev Lease Form.doc

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth above.

LESSEE:
D & S RESIDENTIAL SERVICES, LP

By: _____
Mickey Atkins
Its: President

LESSOR:
SCIOTO PROPERTIES LLC
By: Scioto Properties LLC, its member

By: _____
Mary Bea Eaton
Its: Chief Operating Officer

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

GENEVA HARRISON
PO BOX 1831
AUSTIN, TX 78767

December 7, 2015

Request Type: Certificate of Existence/Authorization
Request #: 0187030

Issuance Date: 12/07/2015
Copies Requested: 1

Document Receipt

Receipt # : 002334898	Filing Fee:	$22.25
Payment-Credit Card - State Payment Center - CC #: 166178961		$22.25

Regarding: **D&S RESIDENTIAL SERVICES, LP**

Filing Type:	Limited Partnership - Foreign	Control # :	511031
Formation/Qualification Date:	01/17/2006	Date Formed:	12/27/2005
Status:	Active	Formation Locale:	TEXAS
Duration Term:	Perpetual	Inactive Date:	

CERTIFICATE OF AUTHORIZATION

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

D&S RESIDENTIAL SERVICES, LP

* is a Limited Partnership organized in the jurisdiction set forth above, is authorized to transact business in this State;

* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

* has appointed a registered agent and registered office in this State;

* has not filed an Application for Certificate of Withdrawal.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 015139324

Phone (615) 741-6488 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

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

November 30, 2015

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

RE: Application for Certification of Need submitted by D&S Residential Services, LP

Dear Director Hill:

The Department of Intellectual and Developmental Disabilities (Department) strongly supports the application for a Certificate of Need (CON) on behalf of D&S Residential Services, LP. Based upon the Department's knowledge of D&S Residential Services, LP, 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 D&S Residential Services, LP., 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

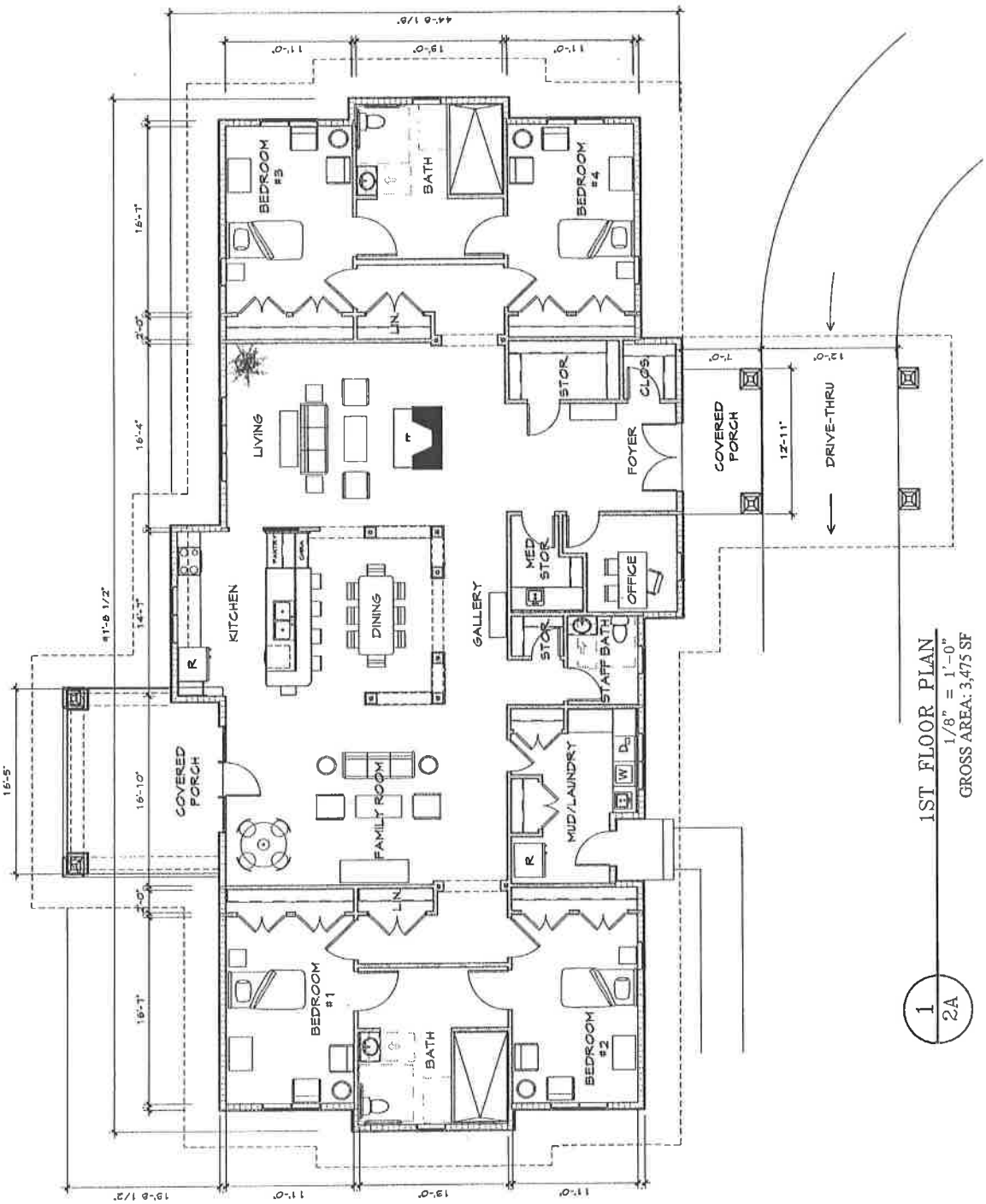
DKP:ts

SCIOTO - TENNESSEE ICF

SCHEMATIC

PRELIMINARY FLOOR PLAN

2A



STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
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312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

GENEVA HARRISON
PO BOX 1831
AUSTIN, TX 78767

December 7, 2015

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Regarding: **D&S RESIDENTIAL SERVICES, LP**

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Formation/Qualification Date:	01/17/2006	Date Formed:	12/27/2005
Status:	Active	Formation Locale:	TEXAS
Duration Term:	Perpetual	Inactive Date:	

CERTIFICATE OF AUTHORIZATION

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

D&S RESIDENTIAL SERVICES, LP

* is a Limited Partnership organized in the jurisdiction set forth above, is authorized to transact business in this State;
* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
* has appointed a registered agent and registered office in this State;
* has not filed an Application for Certificate of Withdrawal.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 015139324

Phone (615) 741-6488 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Carlos H. Cascos
Secretary of State

Office of the Secretary of State

Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles of Conversion for D&S Residential Services, LP (file number 800589795), a Domestic Limited Partnership (LP), was filed in this office on December 27, 2005.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on December 07, 2015.

Carlos H. Cascos
Secretary of State

Come visit us on the internet at http://www.sos.state.tx.us/
Phone: (512) 463-5555
Prepared by: SOS-WEB
Fax: (512) 463-5709
TID: 10264
Dial: 7-1-1 for Relay Services
Document: 643779920003

FILED
In the Office of the
Secretary of State of Texas

DEC 27 2005

Corporations Section

ARTICLES OF CONVERSION
OF
D&S RESIDENTIAL SERVICES, INC.

Pursuant to the provisions of Articles 5.17 and 5.18 of the Texas Business Corporation Act and Section 2.15 of the Texas Revised Limited Partnership Act, the undersigned corporation does hereby adopt the following Articles of Conversion for the purpose of converting D&S Residential Services, Inc., a Texas corporation (the "Converting Entity"), into D&S Residential Services, LP, a Texas limited partnership (the "Converted Entity"), and does hereby certify as follows:

1. The name of the Converting Entity is D&S Residential Services, Inc. The Converting Entity is a corporation incorporated under the laws of the State of Texas.

2. A Plan of Conversion has been adopted and approved by the Converting Entity.

3. An executed Plan of Conversion is on file at the principal place of business of the Converting Entity, located at 225 South Commons Ford Road, Austin, Texas 78733. Such executed Plan of Conversion will be on file, from and after the conversion, at the principal place of business of the Converted Entity, which is located at 225 South Commons Ford Road, Austin, Texas 78733.

4. A copy of the Plan of Conversion will be furnished by the Converting Entity (prior to the conversion) or the Converted Entity (after the conversion), on written request and without cost, to any shareholder of the Converting Entity and to any partner of the Converted Entity.

5. The number of shares of stock of the Converting Entity outstanding as of the date hereof is one thousand (1,000).

6. The number of shares of stock of the Converting Entity outstanding, not entitled to vote only as a class, voting (i) in favor of the Plan of Conversion was one thousand (1,000) and (ii) against the Plan of Conversion was zero (0).

7. The approval of the Plan of Conversion was duly authorized by all action required by the laws of the State of Texas and by the Converting Entity's constituent documents.

8. The Converted Entity shall be responsible for the payment of all fees and franchise taxes required by law and for which the Converting Entity was responsible prior to the conversion; and the Converted Entity shall be obligated to pay any and all such fees and franchise taxes if the same are not timely paid by the Converting Entity.

[Signature page to follow]

RECEI

DEC 27 2005

DALLAS: 09029.00007: 1365247v2

Secretary

Dated as of this 27 day of December, 2005.

D&S RESIDENTIAL SERVICES, INC.,
a Texas corporation

By: Michael L. Bailey

Michael L. Bailey
Vice President, Secretary and Treasurer

DALLAS: 09029.00007: 1365247v2

CERTIFICATE OF LIMITED PARTNERSHIP

OF

D&S RESIDENTIAL SERVICES, LP

FILED
In the Office of the
Secretary of State of Texas

DEC 27 2005

Corporations Section

The undersigned General Partner, desiring to form a limited partnership pursuant to Section 2.01 of the Texas Revised Limited Partnership Act (the "Act"), hereby duly executes this Certificate of Limited Partnership.

1. The name of the Limited Partnership is D&S Residential Services, LP (the "Limited Partnership").

2. The address of the registered office of the Limited Partnership is 225 South Commons Ford Road, Austin, Texas 78733, and the name of its initial registered agent at such address is Fred Allen, Jr.

3. The address of the principal office of the Limited Partnership in the United States where its partnership records are to be kept or made available under Section 1.07 of the Act is 225 South Commons Ford Road, Austin, Texas 78733.

4. The name, the mailing address, and the street address of the sole general partner of the Limited Partnership is as follows:

NAME	MAILING AND STREET ADDRESS
D&S Residential Management GP, LLC	2200 Ross Avenue, Suite 3838 Dallas, Texas 75201

5. The Limited Partnership is being formed pursuant to a Plan of Conversion (the "Conversion") under Section 2.15 of the Act.

6. The name of the entity converting into the Limited Partnership pursuant to the Conversion is D&S Residential Services, Inc. (the "Converting Entity"). The address of the Converting Entity is 225 South Commons Ford Road, Austin, Texas 78733. The Converting Entity was a Texas corporation formed on May 17, 1991.

[Signature Page Follows]

DALLAS: 09029.00007: 1367092v1

IN WITNESS WHEREOF, the undersigned, constituting the sole general partner of the Limited Partnership, has caused this Certificate of Limited Partnership to be duly executed as of the 27 day of December, 2005.

D&S RESIDENTIAL MANAGEMENT GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc.,
its sole member

By: Michael L. Bailey
Michael L. Bailey
Vice President, Secretary and Treasurer

DALLAS: 09029.00007: 1367092v1

LIMITED PARTNERSHIP AGREEMENT

OF

D&S RESIDENTIAL SERVICES, LP

Dated as of December 27, 2005

DALLAS: 09029.00007: 1357709v3

LIMITED PARTNERSHIP AGREEMENT
OF
D&S RESIDENTIAL SERVICES, LP

THIS LIMITED PARTNERSHIP AGREEMENT OF D&S RESIDENTIAL SERVICES, LP (this "Agreement"), dated as of December 27, 2005, is adopted, executed and agreed to by D&S Residential Management GP, LLC, a Texas limited liability company, as the sole General Partner and D&S Residential LIMPAR, LLC, a Nevada limited liability company, as the sole Limited Partner.

WHEREAS, D&S Residential Services, Inc., a Texas corporation (the "Corporation"), has converted into the Partnership pursuant to the Texas Business Corporation Act, as amended, and the Act (as defined below), and shall conduct all operations through the Partnership as a Texas limited partnership under the laws of the State of Texas;

WHEREAS, the General Partner and the Limited Partner are each disregarded as an entity separate from D&S Residential Holdings, Inc., a Texas corporation ("Parent"), for federal income tax purposes; and

WHEREAS, the Partners desire that the Partnership be disregarded as an entity separate from Parent for federal income tax purposes.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein set forth and intending to be legally bound, the parties hereto hereby enter into this Agreement pursuant to the provisions and upon the terms and conditions herein contained, and hereby agree as follows:

ARTICLE I
DEFINITIONS

1.01 Definitions. As used in this Agreement, the following terms have the following meanings:

"Act" means the Texas Revised Limited Partnership Act, Article 6132a-1 of the Texas Revised Civil Statutes, as amended from time to time.

"Agreement" has the meaning given that term in the introductory paragraph.

"Capital Contribution" means any contribution by a Partner to the capital of the Partnership.

"Certificate" has the meaning given that term in Section 2.01.

"Corporation" has the meaning given that term in the above recitals.

"General Partner" means D&S Residential Management GP, LLC, a Texas limited liability company.

"Limited Partner" means D&S Residential LIMPAR, LLC, a Nevada limited liability company.

"Parent" has the meaning given that term in the above recitals.

"Partner" means the General Partner or the Limited Partner.

"Partnership" means D&S Residential Services, LP, the Texas limited partnership formed pursuant to this Agreement.

"Partnership Interest" means the percentage ownership interest of a Partner in the Partnership. The initial Partnership Interest of the General Partner is one-tenth of one percent (0.1%), and the initial Partnership Interest of the Limited Partner is ninety-nine and nine-tenths percent (99.9%).

"Person" means any individual, partnership, corporation, trust or other legal entity.

1.02 Construction. Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine and neuter. All references to Articles and Sections refer to articles and sections of this Agreement. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word include (and any variation) is used in an illustrative sense rather than a limited sense. The word day means a calendar day.

ARTICLE II
ORGANIZATION

2.01 Formation. The Partnership has been organized as a Texas limited partnership by the filing of a Certificate of Limited Partnership (the "Certificate") under and pursuant to the Act.

2.02 Name. The name of the Partnership is "D&S Residential Services, LP" and all Partnership business must be conducted in that name or such other names that comply with applicable law as the General Partner may select from time to time.

2.03 Registered Office; Registered Agent; Principal Office in the United States; Other Offices. The registered office of the Partnership required by the Act to be maintained in the State of Texas shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Partnership) as the General Partner may designate from time to time in the manner provided by law. The registered agent of the Partnership in the State of Texas shall be the initial registered agent named in the Certificate or such other Person or Persons as the General Partner may designate from time to time in the manner provided by law. The principal office of the Partnership in the United States shall be at such place as the General Partner may designate from time to time, which need not be in the State of Texas.

2.04 Purpose. The business and purpose of the Partnership is to engage in the engage in such activities as the General Partner shall deem appropriate, to the extent such activities may

be carried on under applicable law and are not prohibited by the terms and provisions of this Agreement or the Act.

2.05 Duration. The period of duration of the Partnership is perpetual, unless the Partnership dissolves in accordance with the provisions of this Agreement.

2.06 Powers. The Partnership has all of the powers necessary or convenient to achieve its purposes and to further its business.

2.07 Legal Title. Legal title to the assets of the Partnership will be taken and at all times held in the name of the Partnership.

2.08 Qualifications. The General Partner may take any and all actions deemed reasonably necessary by the General Partner to qualify the Partnership in foreign jurisdictions.

2.09 Mergers and Exchanges. With the consent of the Partners, the Partnership may be a party to (a) a merger, or (b) an exchange of the type described in Section 2.11 of the Act.

2.10 Liability to Third Parties. The Limited Partner shall not be liable for the debts, obligations or liabilities of the Partnership, including under a judgment decree or order of a court.

2.11 Transfer or Pledge by a Partner. A Partner may transfer or pledge its Partnership Interest without restriction. The pledge or hypothecation of, or the granting of any security interest or other lien or encumbrance against, all or part of a Partner's interest in the Partnership by the Partner will not cause the withdrawal of the Partner from the Partnership.

ARTICLE III
CAPITAL CONTRIBUTIONS

3.01 Initial Contributions. The Partners shall not be required to make any initial Capital Contribution to the Partnership.

3.02 Additional Contributions. No Partner shall be required to make any additional contributions to the capital of the Partnership unless agreed to in writing by both Partners. Any agreement between the Partners for additional capital contributions to the Partnership shall create rights and obligations only between the Partnership and the Partners, and shall not create any rights in any third party.

3.03 No Withdrawal of Contributions. A Partner shall not be entitled to withdraw any part of such Partner's capital account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. There shall be no obligation to return to any Partner any part of such Partner's capital contributions to the Partnership until such time as the Partnership is dissolved and terminated.

3.04 Advances by a Partner. If the Partnership does not have sufficient cash to pay its obligations, a Partner may advance all or part of the needed funds to or on behalf of the Partnership. An advance described in this Section constitutes a loan from the Partner to the

Partnership, bears interest at a rate determined by the General Partner from the date of the advance until the date of payment, and is not a Capital Contribution.

ARTICLE IV
ALLOCATIONS AND DISTRIBUTIONS

4.01 Allocations. All items of income, gain, loss, deduction, and credit of the Partnership shall be allocated to the Partners pro rata in accordance with their Partnership Interests.

4.02 Distributions. Subject to the limitations of Section 6.07 of the Act, from time to time the General Partner may cause the Partnership to make a distribution of cash or other property to the Partners pro rata in accordance with their Partnership Interests. From time to time the General Partner also may cause assets of the Partnership other than cash to be distributed to the Partners, which distribution may be made subject to existing liabilities and obligations.

ARTICLE V
MANAGEMENT

5.01 Management. Subject to the provisions of this Agreement, the General Partner shall have exclusive authority to act on behalf of the Partnership. Subject to the provisions of this Agreement, the General Partner shall have the authority to manage the business and affairs of the Partnership. The Limited Partner shall have no authority to participate in the management or act on behalf of or bind the Partnership.

5.02 Removal of General Partner. The Limited Partner may remove the General Partner at any time, with or without cause, upon delivery to the General Partner at the principal office of the Partnership of written notice of such removal.

5.03 Compensation. The General Partner shall not receive any compensation for its duties as General Partner.

5.04 No Voting Rights of Limited Partner. Except as specifically set forth in this Agreement or required by applicable law, the Limited Partner shall not have any voting, approval or consent rights.

5.05 Action by Written Consent. Whenever the approval or consent of the Limited Partner is required or permitted hereunder, such approval or consent shall take the form of a written consent executed by a duly authorized representative of the Limited Partner.

ARTICLE VI
INDEMNIFICATION

6.01 Right to Indemnification. Subject to the limitations and conditions as provided in this Article VI, each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a "Proceeding"), or any appeal

in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he, or a Person of whom he is the legal representative, is or was a Partner shall be indemnified by the Partnership to the fullest extent permitted by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Partnership to provide broader indemnification rights than said law permitted the Partnership to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such Person in connection with such Proceeding, and indemnification under this Article VI shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Article VI shall be deemed contract rights, and no amendment, modification or repeal of this Article VI shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article VI could involve indemnification for negligence or under theories of strict liability.

6.02 Advance Payment. The right to indemnification conferred in this Article VI shall include the right to be paid or reimbursed by the Partnership the reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 6.01 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Partnership of a written affirmation by the Person of his good faith belief that he has met the standard of conduct necessary for indemnification under this Article VI and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified Person is not entitled to be indemnified under this Article VI or otherwise.

6.03 Indemnification of Employees and Agents. The Partnership, with the written consent of the General Partner, may indemnify and advance expenses to an employee or agent of the Partnership to the same extent and subject to the same conditions under which it may indemnify and advance expenses to a Partner under this Article VI; and, the Partnership may indemnify and advance expenses to Persons who are not or were not a Partner, employees or agents of the Partnership but who are or were serving at the request of the Partnership as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person to the same extent that it may indemnify and advance expenses to a Partner under this Article VI.

6.04 Appearance as a Witness. Notwithstanding any other provision of this Article VI, the Partnership may pay or reimburse expenses incurred by a Person in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

6.05 Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VI shall not be exclusive of any other right which the Partners or other Person indemnified pursuant to this Article VI may have or hereafter acquire under any law (common or statutory), provision of the Articles or this Agreement, agreement, vote of the Partners or otherwise.

6.06 Insurance. The Partnership may purchase and maintain insurance, at its expense, to protect itself and any Partner or Person who is or was serving as an employee or agent of the Partnership or is or was serving at the request of the Partnership as a member, manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Partnership would have the power to indemnify such Person against such expense, liability or loss under this Article VI.

6.07 Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Partnership shall nevertheless indemnify and hold harmless the Partners or any other Person indemnified pursuant to this Article VI as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the fullest extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII
TAXES AND BOOKS

7.01 Federal Income Tax Treatment. For federal income tax purposes, the Partnership shall be disregarded as an entity separate from Parent pursuant to Treasury Regulations Section 301.7701-3(b)(1)(ii). The General Partner shall make such elections and take any and all action to insure that the Partnership is disregarded as entity separate from Parent for federal income tax purposes.

7.02 Maintenance of Books and Records. The Partnership shall keep accurate books and records relating to the assets of the Partnership in accordance with generally accepted accounting principles. The calendar year shall be the accounting year of the Partnership. The Limited Partner shall be permitted access to all books and records of the Partnership at the principal office of the Partnership during business hours.

ARTICLE VIII
DISSOLUTION, LIQUIDATION AND TERMINATION

8.01 Dissolution. The Partnership shall dissolve and its affairs shall be wound up on the first to occur of the following:

(a) The written consent of the Partners;

(b) The withdrawal of the General Partner or the occurrence of any other event that results in the General Partner ceasing to be a General Partner, without the subsequent election of a successor general partner, which successor is hereby authorized to continue the business of the Partnership; and

(c) Entry of a decree of judicial dissolution of the Partnership under Section 8.02 of the Act.

Upon an event described in Section 8.01(b), the Partnership thereafter shall be dissolved and liquidated unless within ninety (90) days of such event unless the Limited Partner agrees in writing to continue the business of the Partnership and to the appointment of a successor general partner. If such election to continue the Partnership is made, then (i) the Partnership shall continue until another event causing dissolution in accordance with this Section 8.01 shall occur and (ii) all necessary steps shall be taken to amend this Agreement to reflect the continuation of the business of the Partnership.

The death, retirement, resignation, expulsion, bankruptcy or dissolution of the Limited Partner or the occurrence of any other event that terminates the continued existence of the Limited Partner shall not cause the Partnership to be dissolved or its affairs to be wound up.

8.02 Liquidation and Termination. On dissolution of the Partnership, the General Partner shall act as liquidating trustee or, upon an event described in Section 8.01(b), the Limited Partner may appoint one or more other Persons to act as liquidating trustee. The liquidating trustee shall proceed diligently to wind up the affairs of the Partnership in accordance with Section 8.04 of the Act and make final distributions to the Partners pro rata in accordance with their Partnership Interests. The costs of liquidation shall be borne as a Partnership expense. Until final distribution, the liquidating trustee shall continue to operate the Partnership assets with all of the power and authority of the General Partner.

8.03 Deficit Capital Accounts. Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, a Partner shall not be responsible for any deficit in any capital account attributed to such Partner, and upon dissolution of the Partnership any such deficit shall not be an asset of the Partnership and the Partner shall not be obligated to contribute such amount to the Partnership to bring the balance of the Partner's capital account to zero.

8.04 Certificate of Cancellation. On completion of the distribution of Partnership assets as provided herein, the Partnership is terminated, and the General Partner (or such other Person or Persons as the Act may require or permit) shall file a Certificate of Cancellation with the Secretary of State of Texas and take such other actions as may be necessary to terminate the Partnership.

ARTICLE IX
GENERAL PROVISIONS

9.01 Entire Agreement; Supersedure. This Agreement constitutes the entire agreement of the Partners relating to the Partnership and supersedes all prior contracts or agreements with respect to the internal governance of the Partnership, whether oral or written.

9.02 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Partnership is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Partnership. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Partnership, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute of limitations period has run.

9.03 Amendment or Modification. This Agreement may be amended or modified from time to time only by a written instrument adopted by the Partners.

9.04 Binding Effect. This Agreement is binding on, and inures to the benefit of, the Partners and their heirs, legal representatives, successors, and assigns.

9.05 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

9.06 Headings. Article and Section titles have been inserted for convenience of reference only, and they are not intended to affect the meaning or interpretation of this Agreement.

9.07 Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT OF LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Agreement and (a) any provision of the Certificate, or (b) any mandatory provision of the Act, the applicable provision of this Agreement shall control except to the extent required by the Act.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Partners have executed this Limited Partnership Agreement as of the date first set forth above.

GENERAL PARTNER:

D&S Residential Management GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc.,
its sole member

By: Michael L. Bailey
Michael L. Bailey, Vice President

LIMITED PARTNER:

D&S Residential LIMPAR, LLC,
a Nevada limited liability company

By: _____
Kelly Flanders, Manager

DALLAS: 09029.00007: 1357709v3

IN WITNESS WHEREOF, the Partners have executed this Limited Partnership Agreement as of the date first set forth above.

GENERAL PARTNER:

D&S Residential Management GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc.,
its sole member

By: _____
Michael L. Bailey, Vice President

LIMITED PARTNER:

D&S Residential LIMPAR, LLC,
a Nevada limited liability company

By: _____
Kelly Flanders, Manager

DALLAS: 09029.00007: 1357709v3

FIRST AMENDMENT TO LIMITED PARTNERSHIP AGREEMENT OF D&S RESIDENTIAL SERVICES, LP

This First Amendment (this "Amendment") to Limited Partnership Agreement of D&S Residential Services, LP (the "Partnership") is executed as of Dec 17, 2007 by and among D&S Residential Management GP, LLC, a Texas limited liability company (the "General Partner") and D&S Residential Holdings, Inc., a Texas corporation (the "New Limited Partner").

WHEREAS, the General Partner and D&S Residential LIMPAR, LLC, a Nevada limited liability company (the "Former Limited Partner") are parties to the Limited Partnership Agreement of the Partnership dated as of December 27, 2005 (the "Partnership Agreement");

WHEREAS, the Former Limited Partner has assigned all of its Limited Partnership Interests to the New Limited Partner; and

WHEREAS, the parties hereto desire to amend the Partnership Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the parties agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning given in the Partnership Agreement.

2. Admission. The New Limited Partner is hereby admitted as a limited partner of the Partnership.

3. Definitions. The definition of "Limited Partner" in Section 1.01 of the Partnership Agreement is hereby deleted in its entirety and replaced with the following:

"'Limited Partner' means D&S Residential Holdings, Inc., a Texas corporation."

4. Partnership Agreement In Full Force. Except as expressly provided herein, the Partnership Agreement shall remain in full force and effect without modification.

5. Counterparts. This Amendment may be executed in two or more counterparts and by facsimile, each of which shall be an original, but all of which together shall constitute one instrument.

6. Governing Law. This Amendment is to be performed in the State of Texas and is governed by the laws of the State of Texas, without giving effect to the principles of conflict of laws and the courts of such county and state shall be the exclusive venue for any action, suit or claim filed in connection with this Amendment.

[Signature Page Follows]

DALLAS: 0523088.00000: 1643243v2

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

GENERAL PARTNER:

D&S Residential Management GP, LLC,
a Texas limited liability company

By: D&S Residential Holdings, Inc., its sole member

By: _____
Name: Mickey Atkins
Title: President

NEW LIMITED PARTNER:

D&S Residential Holdings, Inc.,
a Texas Corporation

By: _____
Name: Mickey Atkins
Title: President

DALLAS: 0523088.00000: 1643243v2

AGREEMENT AND ASSIGNMENT OF PARTNERSHIP INTEREST

THIS AGREEMENT AND ASSIGNMENT OF PARTNHRSHIP INTEREST (this "Agreement") is made and entered into effective as of Dec 17, 2007 (the "Effective Date") by and between D&S Residential LIMPAR, LLC, a Nevada limited liability company ("Assignor") and D&S Residential Holdings, Inc., a Texas corporation ("Assignee").

RECITALS

WHERREAS, Assignor owns a 99.9% limited partner interest (the "Partnership Interest") in D&S Residential Services, LP, a Texas limited partnership (the "Partnership"); and

WHERREAS, pursuant to the terms and conditions herein set forth, Assignor desires to assign to Assignee, and Assignee desires to acquire from Assignor, the Partnership Interest.

NOW, THERREFORE, in consideration of the premises, warranties and mutual covenants set forth herein, the parties hereto agree as follows:

1. Assignment of Partnership Interest. Assignor hereby transfers and assigns to Assignee, and Assignee hereby acquires, all of the Partnership Interest, including but not limited to, that portion of the right, title and interest in and to the properties (real and personal), capital, cash flow distributions and profits and losses of the Partnership which are allocable to the Partnership Interest.

2. Effective Date. The assignment herein is effective as of the Effective Date set forth above, and from and after that date, that portion of the net profits or net losses of the Partnership allocable to the Partnership Interest shall be credited or charged, as the case may be, to Assignee.

3. Investment Representation. Assignee represents that the acquisition of the Partnership Interest is being made by Assignee for investment purposes and not with a view to the sale thereof.

4. Representation by Assignor. Assignor represents that it owns the Partnership Interest free and clear of any liens, security interests or other encumbrances of any kind.

5. Assumption by Assignee. In connection with the acquisition of the Partnership Interest, Assignee hereby agrees that it shall be bound by and subject to all of the terms and provisions of the Limited Partnership Agreement of the Partnership (the "Partnership Agreement") and hereby assumes (as between the parties and only for the benefit of Assignor) those liabilities, obligations and responsibilities, if any, attributable to the Partnership Interest from and after the Effective Date, whether the same shall arise under the terms of the Partnership Agreement or pursuant to the provisions of applicable law.

6. Future Cooperation on Subsequent Documents. Assignor and Assignee mutually agree to cooperate at all times from and after the date hereof with respect to the supplying of any

information requested by the other regarding any of the matters described in this Agreement, and each agrees to execute such further assignments, amendments to the Partnership Agreement, releases or other documents as may be reasonably requested for the purpose of giving effect to, evidencing or giving notice of the transactions described herein.

7. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns.

8. Survival of Representations. The representations, warranties, covenants and agreements of the parties contained in this Agreement shall survive the execution hereof.

9. Modification and Waiver. No supplement, modification, waiver or termination of this Agreement or any provisions hereof shall be binding unless executed in writing by the parties to be bound thereby. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

10. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be an original and all of which shall together constitute one and the same Agreement.

IN WITNESS WHEREOF, this Agreement is executed effective as of the Effective Date.

ASSIGNOR:

D&S RESIDENTIAL LIMPAR, LLC

By: _____
Michael Bailey, Manager

ASSIGNEE:

D&S RESIDENTIAL HOLDINGS, INC.

By: _____
Name: _____
Title: _____

DALLAS 9523085 08800 1643300v3

IN WITNESS WHEREOF, this Agreement is executed effective as of the Effective Date.

ASSIGNOR:

D&S RESIDENTIAL LIMPAR, LLC

By:_____
Michael Bailey, Manager

ASSIGNEE:

D&S RESIDENTIAL HOLDINGS, INC.

By:_____
Name: Mickey Atkins
Title: President

DALLAS: 0523088.00000: 1643300v3

D&S RESIDENTIAL LIMPAR, LLC

—oOo—

WRITTEN CONSENT OF THE MEMBER
IN LIEU OF A SPECIAL MEETING

As of Dec. 17, **2007**

—oOo—

Pursuant to the relevant provisions of Nevada limited liability company law, the undersigned, being the sole Member (the "Member") of D&S Residential LIMPAR, LLC, a Nevada limited liability company (the "Company"), hereby waives notice of meeting; consents to the taking of each action set forth below as if an actual meeting of the Member had been held; and instructs the Secretary of the Company to file this written consent in the minute book of the Company. Each of the following actions shall constitute the valid limited liability company action of the Member and shall have the same force and effect as if such actions had been authorized and taken at a formal meeting of the Member duly convened and held on the above date and as if such Member present in person at such meeting and voted in favor thereof:

RESOLVED, that the Company shall be dissolved, its liabilities shall be paid or satisfied, or adequate provision for payment shall be made, and its remaining property and assets (including, without limitation, its 99.9% limited partner interest in D&S Residential Services, LP) shall be distributed to the Member in accordance with the terms and provisions of the Operating Agreement of the Company dated as of January 11, 2005, as amended;

FURTHER RESOLVED, that the officers and managers of the Company are authorized and directed to exercise any and all powers and rights of the Company and execute any and all documents necessary or desirable to effect the transactions contemplated by the above resolution; and

FURTHER RESOLVED, that the actions of the Member or any officer or manager of the Company previously taken in connection with the transactions contemplated by the above resolutions be, and they hereby are, in all respects, authorized, approved, ratified and confirmed as the acts and deeds of the Company.

[SIGNATURE PAGE FOLLOWS]

DALLAS: 0523038.00000: 1644291v2

IN WITNESS WHEREOF, the undersigned sole Member has duly executed this consent effective as of the date written above.

MEMBER:

D&S RESIDENTIAL HOLDINGS, INC.

By: _____
Name: Mickey Atkins
Title: President

DALLAS: 0523088.00000: 16442910v2

D&S RESIDENTIAL HOLDINGS, INC.

—oOo—

WRITTEN CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING

As of Dec. 17, **2007**

—oOo—

Pursuant to the relevant provisions of the Texas Business Corporation Act, as amended, the undersigned, being all of the directors of D&S Residential Holdings, Inc., a Texas corporation (the "Company"), hereby waive notice of meeting; consent to the taking of each action set forth below as if an actual meeting of the board of directors of the Company (the "Board") had been held; and instruct the Secretary of the Company to file this written consent in the minute book of the Company. Each of the following actions shall constitute the valid corporate action of the Board and shall have the same force and effect as if such actions had been authorized and taken at a formal meeting of the Board duly convened and held on the above date and as if such directors were present in person at such meeting and voted in favor thereof. This consent may be executed in one or more counterparts, each of which shall constitute an original and all of which when taken together shall constitute one instrument effective as of the date hereof:

WHEREAS, the Company is the sole member of D&S Residential LIMPAR, LLC, a Nevada limited liability Company ("D&S LIMPAR"); and

WHEREAS, the Board deems it to be in the best interests of the Company, as the sole member of D&S LIMPAR, for D&S LIMPAR to dissolve.

RESOLVED, that D&S LIMPAR shall be dissolved, its liabilities shall be paid or satisfied, or adequate provision for payment shall be made, and its remaining property and assets (including, without limitation, its 99.9% limited partner interest in D&S Residential Services, LP) shall be distributed to the Company;

FURTHER RESOLVED, that the officers of the Company are authorized and directed to exercise any and all powers and rights of the Company and execute any and all documents necessary or desirable to effect the transactions contemplated by the above resolution; and

FURTHER RESOLVED, that the actions of the Company or any officer of the Company previously taken in connection with the transactions contemplated by the above resolutions be, and they hereby are, in all respects, authorized, approved, ratified and confirmed as the acts and deeds of the Company.

DALLAS: 0523088.00000: 1644431v2

IN WITNESS WHEREOF, the undersigned directors have duly executed this consent effective as of the date written above.

Michael L. Bailey

Michael Crothers

Ralph W. Manning

Hal Davis, Jr.

IN WITNESS WHEREOF, the undersigned directors have duly executed this consent effective as of the date written above.

Michael L. Bailey

Michael Crothers

Ralph W. Manning

Hal Davis, Jr.

DALLAS: 0523088.00000 644431v2

IN WITNESS WHEREOF, the undersigned directors have duly executed this consent effective as of the date written above.

Michael L. Bailey

Michael Crothers

Ralph W. Manning

Hal Davis, Jr.

DALLAS: 0523088.00000: 1644491v2

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 167,518	$ 1,004,438
Accounts receivable trade, net	11,597,275	10,063,009
Prepaid expenses and other current assets	760,503	447,365
Current assets	12,525,296	11,514,812
Property and equipment, net	3,246,410	3,097,954
Program costs, net	7,802,456	10,176,108
Loan costs, net	174,280	229,653
Goodwill	13,236,257	13,236,257
Other assets	212,402	201,811
TOTAL ASSETS	$ 37,197,101	$ 38,456,595
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 962,193	$ 1,153,418
Accrued payroll	2,222,163	3,630,944
Accrued interest payable	164,840	76,182
Accrued management fees	245,980	82,501
Property taxes payable	413,296	339,221
Other accrued expenses	3,478,802	2,580,618
Revolving line of credit	4,300,000	3,900,000
Current portion of notes payable	2,084,375	1,796,875
Current portion of capital lease obligations	791,195	872,232
Current liabilities	14,662,844	14,431,991
Capital lease obligations, less current portion	1,075,383	900,615
Notes payable	10,637,283	13,121,658
TOTAL LIABILITIES	26,375,510	28,454,264
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock, par value $0.01 per share, 250,000 shares authorized, 110,435 shares issued and outstanding	1,104	1,104
Additional paid in capital	1,218,921	1,175,723
Retained earnings	9,601,566	8,825,504
TOTAL STOCKHOLDERS' EQUITY	10,821,591	10,002,331
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 37,197,101	$ 38,456,595

See accompanying notes and independent auditors' report.

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Statements of Income
Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Residential care income	$ 94,121,719	$ 65,121,115
ICF income	11,593,051	9,170,589
Foster care income	11,254,305	10,914,450
Other revenues	45,503	56,779
Total revenues	117,014,578	85,262,933
Expenses		
Payroll and related expenses	77,648,151	54,268,407
Contract Labor	7,776,998	7,380,365
Food and housekeeping	1,900,878	1,617,217
Prevocational services	3,162,819	2,953,541
Provision for doubtful accounts	170,000	160,000
Quality assurance fee	438,453	476,278
Rental expense- homes	4,508,069	3,433,813
Rental expense- vehicles	237,755	179,618
Depreciation and amortization of property and equipment	1,427,728	1,137,906
Utilities	1,877,364	1,444,239
Fuel	2,150,445	1,736,893
Repairs and maintenance	1,225,819	994,329
Insurance	3,206,071	1,088,600
Interest	1,374,954	1,081,887
Amortization of debt issuance costs	55,117	24,166
Amortization of program costs	2,694,255	786,041
Professional fees	1,343,094	1,145,756
Management fee	625,523	449,097
Other expenses	3,993,382	3,146,325
Total expenses	115,816,875	83,504,478
Income before income tax expense	1,197,703	1,758,455
Income tax expense	45,833	22,068
NET INCOME	$ 1,151,870	$ 1,736,387

See accompanying notes and independent audtiors' report.

Woffenden, Tammy

From:	Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent:	Monday, November 30, 2015 11:40 AM
To:	Woffenden, Tammy
Cc:	Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject:	RE: Inquiry regarding ICF/IID need in Greene County
Attachments:	Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

Tammy, specific answers follow in bold after your questions. I'm also attaching two items, an information memo which you likely have already seen ("Fundamental CON Questions 11.04.15"), and a redacted grid showing ICF/IID utilization in Greene County for 2012, 2013 and 2014 ("ICF-IID Utilization Only Greene County 2012-13-14 REDACTED").

Let me know if you need any additional information. And please let me know once the CONs for your homes have been submitted, as well as the CON application numbers once they are generated. Thanks, tjh

Terry Jordan-Henley | Deputy Regional Director
East Tennessee Regional Office
Department of Intellectual and Developmental Disabilities
520 W. Summit Hill Dr, Suite 201
Knoxville, TN 37902
Ofc. 865-594-9302, Cell 865-313-1264
terry.jordan-henley@tn.gov
tn.gov/didd
@didd_tn

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From: Woffenden, Tammy [mailto:twoffenden@lockelord.com]
Sent: Friday, November 27, 2015 2:37 PM
To: Terry Jordan-Henley
Cc: Woffenden, Tammy; Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com)
Subject: Inquiry regarding ICF/IID need in Greene County

*** This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. - STS-Security***

Good afternoon (and Happy Thanksgiving).

I saw that back in September you had provided some helpful information to Sunrise Community of Tennessee relating to their Certificate of Need to build new ICF/IID homes in the Greene County area to help transition residents of Greene Valley Development Center into smaller home settings. I am working with D&S Residential Services on their CON

applications for three new 4-bed ICF/IID homes in the Greene County area. I am hoping you might be able to help me with obtaining some information regarding the current need in the service area.

(1) How many residents are currently at GVDC? I believe the last number I saw was around 84 residents who will be leaving GVDC. Is this still the correct number? **As of 11/27/15, there were 68 persons supported at GVDC.**
(2) How many ICF/IID beds are currently in Greene County? It is my understanding that Comvest and the state currently have ICF/IID beds in the state but that they are currently at capacity and not available to GVDC residents. Do you know the total number of beds currently in the county and whether these beds are all occupied? **To my knowledge, all existing beds in the Greene County area are occupied. A grid is attached showing utilization for 2012, 2013 and 2014 specific to Greene County.**
(3) Do you know approximately how many new ICF/IID beds are needed to meet needs of GVDC residents upon GVDC closure? It is my understanding that a significant number of legal representatives of residents at GVDC have selected ICF/IID services over HCBS services. Can you confirm the number of residents who are seeking ICF/IID services. **As of 11/27/15, there are three persons who have selected HCBS services. The remaining 65 persons have selected ICF/IID services.**
(4) What other ICF homes are planned to come into Greene County to accommodate GVDC residents? Based on your previous email correspondence, the proposed homes for ICF/IID in the Greene County are: D&S (12 beds), Open Arms (12 beds), and Sunrise (8 beds). Is this still an accurate list for those new homes to be built to accommodate the GVDC residents wishing to stay in the Greene County area? **This is still an accurate listing, and represents sufficient capacity for all persons served at GVDC as of 11/27/15 who have indicated a preference for ICF/IID services in Greene County with no excess capacity.**

Thank you very much. I greatly appreciate your assistance with these questions. -Tammy

Tammy Ward Woffenden
Partner
Locke Lord LLP
600 Congress Ave., Suite 2200
Austin, TX 78701
512-305-4776 Direct
512-391-4776 Fax
twoffenden@lockelord.com
www.lockelord.com

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Locke Lord LLP and Edwards Wildman Palmer LLP merged effective January 10, 2015. For more information visit www.lockelord.com

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Department of
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 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%).

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

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
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

	2012	2012	2012	2013	2013	2013	2014	2014	2014
Facility/Address	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.
COMCARE A	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE B	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE G	4	4	100.0%	4	3.8	96.2%	4	3.6	91.3%
COMCARE H	4	4	100.0%	4	4	100.0%	4	3.9	98.4%
COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES B	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES C	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES D	4	3.8	94.0%	4	4	100.0%	4	3.7	91.8%
EAST TENNESSEE HOMES E	4	3.8	96.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES F	4	3.4	84.4%	4	4	100.0%	4	3.7	93.8%
EAST TENNESSEE HOMES G	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES H	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEEHOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%

Scioto
Housing for people with disabilities

5940 Wilcox Place, Suite A
Dublin, OH 43016
tel: 614.889.5191
fax: 614.889.5202
www.scioto.com

November 23, 2015

Robn Traugott
Director of Training & Development
D&S Community Services
8911 N. Capital of Texas Hwy. Building One Suite 1300
Austin, Texas 78759

RE: **CON Request For Information**

Dear Robn,

Scioto Properties LLC ("**Scioto**") is pleased that D&S Residential Services, LP. ("**D&S**") has requested information outlining how Scioto can assist in obtaining information regarding the construction of three ICF homes for D&S in the Tennessee markets (collectively, "**Homes**") to meet the housing needs of the consumers served by your organization.

Project Team: Scioto has partnered with Berardi + Partners, Inc. ("**BPI**") since 2005 designing different ICF facilities across the country. Scioto has reviewed the project specifications with BPI who has completed in excess of 500 housing projects including housing for the elderly, multi-family, assisted living, congregate care, nursing centers, and other housing settings for special needs population. Spectrum Contracting Services, Inc. "(**Spectrum**") Tennessee License, 37163, is to be the General Contractor on the subject ICF Projects. Spectrum is an experienced General Contractor and particularly experienced in the healthcare marketplace. Spectrum has been in business an excess of 27 years. 864 and counting have been successfully completed. Approximately 30% of those projects completed have been ICF facilities, nursing homes, private care homes, skilled nursing care homes, assisted living, senior living, and other facilities requiring the knowledge and sensitivity to those of our population needing assistance. Spectrum is generally considered an expert in the construction of these type facilities. Further, Spectrum has worked in collaboration with the Architect over a twenty three year expanse. BPI and Spectrum have successfully met the needs of all projects in which we have been involved on time and within budget.

Cash Reserves Appropriate: Scioto is a highly valued partner of Fillmore Buckeye Investments, LLC. Scioto Properties and Fillmore Buckeye Investments ("**FB**") entered into an investment partnership in 2011 for the purpose of acquiring and constructing residential properties for operators of DD facilities throughout the United States. FB and Scioto have worked together to acquire more than $50 million of residential properties

through the investment partnership to date. Currently, Scioto has an eight figure line of credit in place for that purpose.

Construction of the Facility: Summary Project Description:

- The project consists of three (3) Intermediate Care Facilities with R-4 Use designations located on two (2) sites in the Greeneville, TN area.
- Each ICF to be a slab-on grade and wood framed structure with brick veneer/vinyl siding pitched wood trusses, and asphalt shingle roofing. Each ICF to have an R13 Fire Protection System.
- Site Development at each site includes rough and finish grading, storm water management, site utilities, driveways, some concrete paving, concrete sidewalks, and landscaping.

Costs:

The budgeted cost based upon site plans prepared by Miller-McCoy, Inc. and building plans prepared by BPI is as follows:

Old Stage Road ICF Facility		Erwin Road ICF Facilities	
Site Budget	$165,000	Site Budget	$ 189,000
Building Budget	$520,000	Building Budget	$1,009,000
Total	$685,000	Total	$1,198,000
Building per SF	$ 148.57	Building per SF	$ 144.14

If you have any questions on this approval, please do not hesitate to call me at 614-889-5191.

Sincerely,

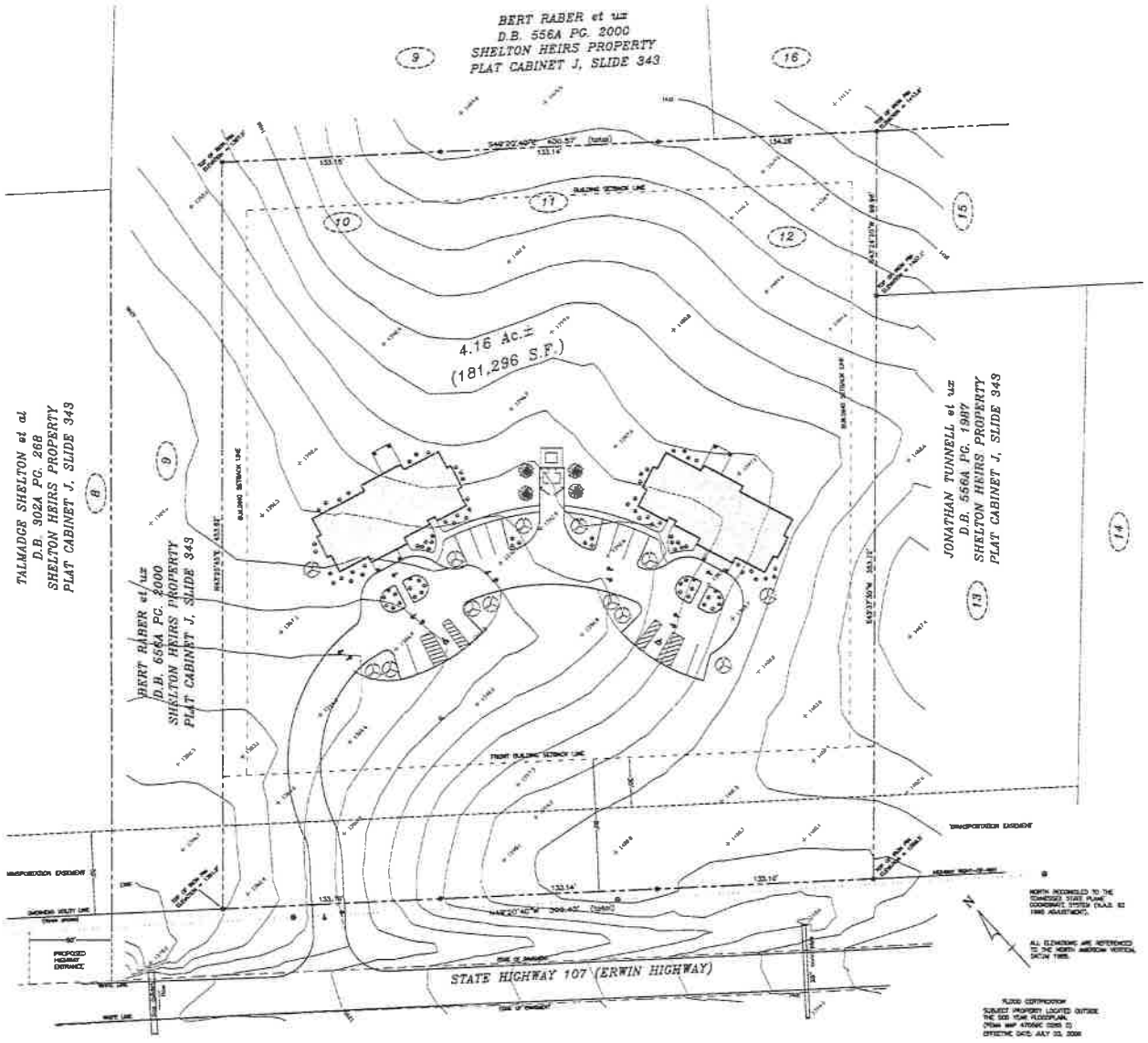
Scott Zdroik
Property & Construction Supervisor
Scioto Properties, LLC

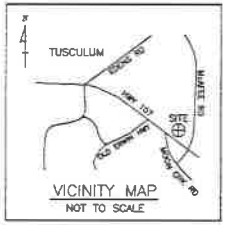
Attachment B.II.A
(Project Description/Construction)

Plat showing lot where home will be constructed

Floor Plan

Correspondence from Scioto Properties (November 23, 2015) discussing project details and team





UTILITY COMPANY IDENTIFICATION LIST

WATER	(423) 639-4261 CARTER VALLEY DISTRICT
SANITARY SEWER	(NONE AVAILABLE)
ELECTRIC	(423) 639-8555 GREENVILLE LIGHT & POWER
GAS	(865) 354-3123 JEFFERSON SUBURBAN
TELEPHONE	(865) 786-5275 CENTURYLINK
CATV & TELEVISION	(865) 216-8841 COMCAST
CENTRAL CO. 911	(423) 788-1729 (Emergency Only)
CITY OF TUSCULUM	(423) 638-4511 (Permits & Inspections)

LEGEND

- IRON PIN W/McCOY CAP (found)
- UTILITY POLE
- 2000.0 SPOT ELEVATION

SURVEYOR'S NOTES

1) ANY FURTHER SUBDIVISION OR COMBINATION REQUIRES APPROVAL OF THE TUSCULUM PLANNING COMMISSION.
2) CONSTRUCTION & MAINTENANCE OF A JOINT DRIVEWAY WITHIN THE TRANSPORTATION EASEMENT IS REQUIRED FOR A HIGHWAY ENTRANCE PERMIT.
3) THE NEAREST PUBLIC WATER CONNECTION IS A 4" WATERLINE LOCATED ON THE WEST SIDE OF McAFEE ROAD (APPROX 600 EAST OF THE SITE).
4) THE NEAREST NATURAL GAS CONNECTION IS A 4" GAS LINE LOCATED AT FLORENCE STREET (APPROX 1100' WEST OF THE SITE).

CURRENT OWNER
SHAWN BROOKS
367 CARRIOT HILL ROAD
GREENVILLE, TN 37743

0' 30' 60' 90'

GENERAL NOTES:

1) SETBACKS SHALL CONFORM TO THE CITY OF TUSCULUM ZONING ORDINANCE.
2) DIVISION OF GROUNDWATER PROTECTION APPROVAL OF SUBSURFACE DISPOSAL AREA IS REQUIRED PRIOR TO USE FOR BUILDING PURPOSES.
3) CURRENT ZONING IS R-1
4) MINIMUM BUILDING SETBACKS ARE:

FRONT: 30'
SIDES: 15'
REAR: 30'
HEIGHT: 35'

NORTH RECONCILED TO THE CONNECTED STATE PLANE COORDINATE SYSTEM (N.A.D. 83 FIRM ADJUSTMENT).

ALL ELEVATIONS ARE REFERENCED TO THE NORTH AMERICAN VERTICAL DATUM 1988.

FLOOD CERTIFICATION
SUBJECT PROPERTY LOCATED OUTSIDE THE 500 YEAR FLOODPLAIN.
(FEMA MAP 47059C 0265 D)
EFFECTIVE DATE: JULY 03, 2006

SCIOTO - ERWIN HIGHWAY IFC

GREENVILLE, TN

SCHEMATIC

PROJECT DATE:	2023-12-06
PROJECT #:	11123
SHEET DATE:	2023-12-06

Notes	Description	Date

SITE PLAN

C101

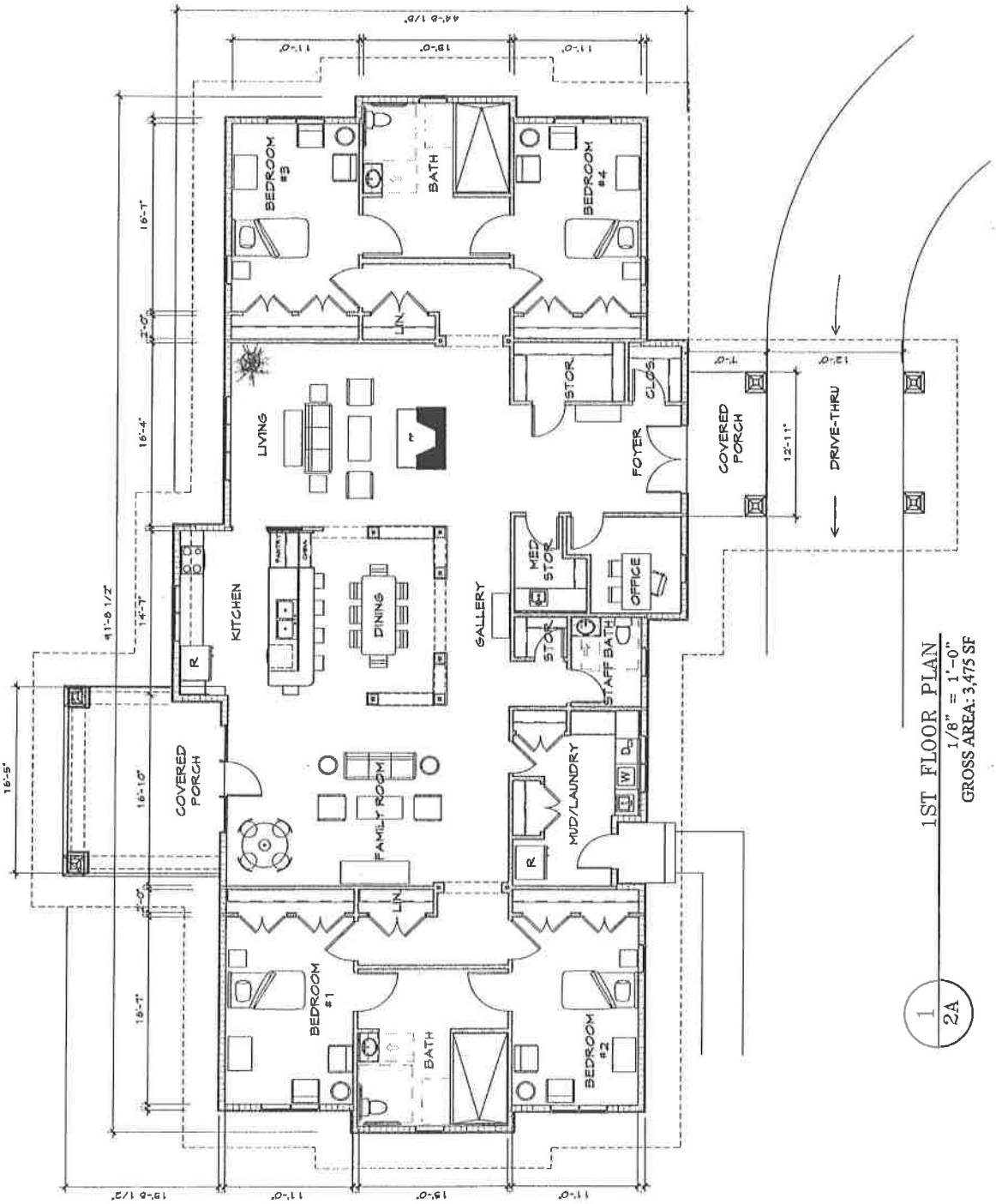
berardi+

SCIOTO - TENNESSEE ICF

SCHEMATIC

PRELIMINARY FLOOR PLAN

2A



1 2A

1ST FLOOR PLAN
1/8" = 1'-0"
GROSS AREA: 3,475 SF

Scioto
Housing for people with disabilities

5940 Wilcox Place, Suite A
Dublin, OH 43016
tel: 614.889.5191
fax: 614.889.5202
www.scioto.com

November 23, 2015

Robn Traugott
Director of Training & Development
D&S Community Services
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Austin, Texas 78759

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If you have any questions on this approval, please do not hesitate to call me at 614-889-5191.

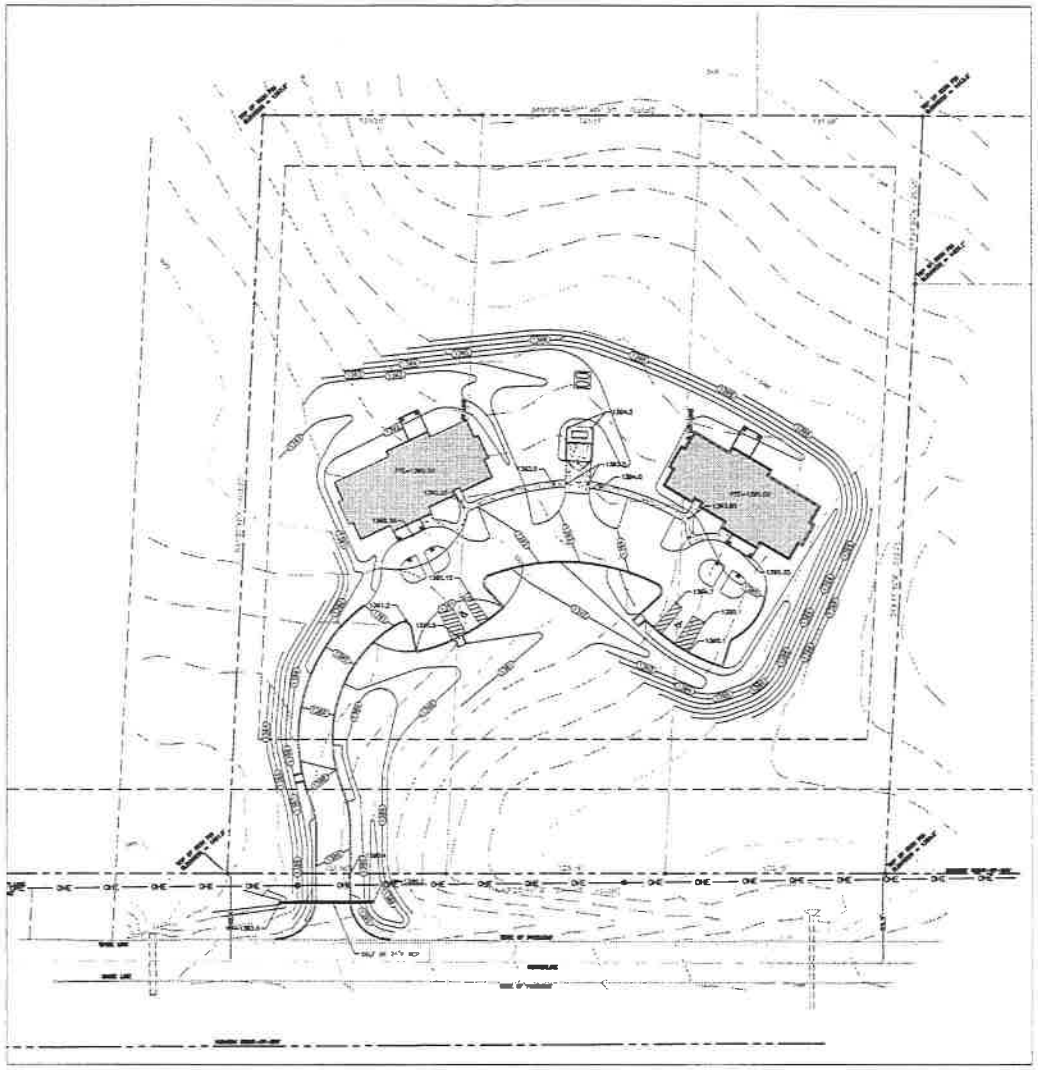
Sincerely,

Scott Zdroik
Property & Construction Supervisor
Scioto Properties, LLC

Attachment B.III.A
(Project Description/Plat)

Plat for property

Map indicating location of home with streets and highways that cross or border the site.



SITE GRADING NOTES

1. BOUNDARY AND TOPOGRAPHIC INFORMATION WAS TAKEN FROM A SURVEY DATED 10/21/15 BY:
   AZIMUTH ENGINEERING, INC
   TEL: 423-638-9151

   EXISTING SOIL INFORMATION IS AVAILABLE FROM:
   FOUNDATION SYSTEMS ENGINEERING, P.C.
   TEL: 855-377-3341
   SOIL REPORT DATED 11/13/15
   CONTRACTOR SHALL FOLLOW ALL RECOMMENDATIONS MADE IN THIS REPORT UNLESS OTHERWISE NOTED.
2. NEW FINISHED CONTOURS SHOWN ARE TOP OF FUTURE PAVING IN AREAS TO RECEIVE PAVEMENT AND TOP OF TOPSOIL IN PLANTING AREAS.
3. ROUGH GRADE ELEVATIONS SHALL BE AS FOLLOWS:
   4" BELOW FINISHED CONTOURS IN GRASS AREAS
   12" BELOW FINISHED CONTOURS IN CONCRETE PAVED AREAS.
   8" BELOW FLOOR ELEVATIONS WITHIN THE BUILDING AND SIDEWALK AREAS, UNLESS OTHERWISE NOTED.
   12" BELOW FINISHED CONTOURS IN HEAVY DUTY ASPHALT AREAS
   8" BELOW FINISHED CONTOURS IN STANDARD DUTY ASPHALT AREAS
4. PCP STORM DRAIN PIPE IS CLASS III REINFORCED CONCRETE CONFORMING TO ASTM C-76. PVC STORM DRAIN PIPE IS SDR35. HDPE STORM DRAIN PIPE IS ADS N-12 IB WT.
5. DIMENSIONS OF BUILDINGS ARE FOR GRADING PURPOSES ONLY AND ARE NOT TO BE USED TO LAY-OUT FOOTINGS. REFER TO STRUCTURAL DRAWINGS FOR FOUNDATION INFORMATION.
6. GRADING CONTRACTOR SHALL NOTIFY AND COOPERATE WITH ALL UTILITY COMPANIES OR FIRMS HAVING FACILITIES ON OR ADJACENT TO THE SITE BEFORE DISTURBING, ALTERING, REMOVING, RELOCATING, ADJUSTING OR CONNECTING TO SAID FACILITIES. CONTRACTOR SHALL PAY ALL COSTS IN CONNECTION WITH THE ALTERATION OF OR RELOCATION OF THE FACILITIES. CONTRACTORS SHALL RAISE OR LOWER TOPS OF EXISTING MANHOLES TO REMAIN AS REQUIRED TO MATCH FINISHED GRADES.
7. GRADING CONTRACTOR SHALL COOPERATE AND WORK WITH ALL OTHER CONTRACTORS PERFORMING WORK ON THIS PROJECT TO INSURE PROPER AND TIMELY COMPLETION OF THIS PROJECT.
8. THE GRADING CONTRACTOR SHALL USE WHATEVER MEASURES ARE REQUIRED TO PREVENT SILT AND CONSTRUCTION DEBRIS FROM FLOWING ONTO ADJACENT PROPERTIES. CONTRACTOR SHALL COMPLY WITH ALL LOCAL EROSION, CONSERVATION, AND SILTATION ORDINANCES. CONTRACTORS SHALL REMOVE ALL TEMPORARY EROSION CONTROL STRUCTURES UPON COMPLETION OF PERMANENT DRAINAGE FACILITIES AND NOT BEFORE THE ESTABLISHMENT OF A STAND OF GRASS SUFFICIENT TO PREVENT EROSION.
9. FOR ANY WORK ON THE STATE OR CITY RIGHT-OF-WAY, THE GRADING CONTRACTOR SHALL:
   A. NOT STORE MATERIAL, EXCESS DIRT, OR EQUIPMENT IN THE RIGHT-OF-WAY EXCEPT IN CASE OF MULTI-LANE HIGHWAYS. THE PAVEMENT SHALL BE KEPT FREE FROM ANY MUD OR EXCAVATION WASTE FROM TRUCKS OR OTHER EQUIPMENT. ON COMPLETION OF THE WORK, ALL EXCESS MATERIAL SHALL BE REMOVED FROM THE RIGHT-OF-WAY.
   B. PROVIDE ALL NECESSARY AND ADEQUATE SAFETY PRECAUTIONS SUCH AS SIGNS, FLARES, LIGHT BARRICADES, AND FLAGMEN AS REQUIRED BY THE LOCAL AUTHORITIES AND IN ACCORDANCE WITH THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES. THE GRADING CONTRACTOR SHALL BE SOLELY RESPONSIBLE FOR AND HOLD HARMLESS THE CITY, STATE, ARCHITECT, ENGINEER, AND OWNER FROM ANY CLAIMS FOR DAMAGE DONE TO EXISTING PRIVATE PROPERTY, PUBLIC UTILITIES, OR TO THE TRAVELING PUBLIC.
   C. COMPLETE WORK TO THE SATISFACTION OF THE CITY PUBLIC WORKS DEPARTMENT AND OBTAIN A LETTER FROM THE DEPARTMENT STATING THAT THE WORK IS ACCEPTABLE.
10. A QUALIFIED SOILS LABORATORY SHALL BE ON-SITE DURING EXCAVATING TO DETERMINE THE SUITABILITY OF THE EXISTING SUB-GRADE AND EXISTING ON-SITE MATERIAL PRIOR TO BEGINNING ANY FILLING OPERATION.
11. GRADING CONTRACTOR SHALL TAKE ALL AVAILABLE PRECAUTIONS TO CONTROL DUST. CONTRACTOR SHALL CONTROL DUST BY SPRINKLING, OR BY OTHER METHODS AS DIRECTED BY ENGINEER AND/OR OWNER'S REPRESENTATIVE, AT NO ADDITIONAL COST TO OWNER.
12. SITE GRADING CONTRACTOR SHALL TERMINATE ALL STORM DRAIN PIPES FIVE FEET MAXIMUM FROM BUILDING UNLESS OTHERWISE NOTED.
13. STORM SEWER LEAD-INS TO BUILDING SHALL NOT BE INSTALLED UNTIL BUILDING PLANS ARE COMPLETED AND LOCATIONS ESTABLISHED ON THE ARCHITECTURAL PLANS. LEAD-INS MAY DEVIATE 15' HORIZONTALLY AND 3' VERTICALLY PRIOR TO INSTALLATION AT NO ADDITIONAL COST TO THE OWNER. CONTRACTOR SHALL REQUEST AND RECEIVE WRITTEN APPROVAL FROM PRIME CONTRACTOR PRIOR TO INSTALLATION OF LEAD-INS. CONTRACTOR SHALL COORDINATE LOCATIONS, SIZE, AND INVERT ELEVATIONS OF STORM SEWERS WITH APPROVED BUILDING PLUMBING PLANS.
14. ALL DEWATERING IS EXCLUDED AND SHALL INCLUDE ALL MATERIALS CHECKVALVED.
15. BEFORE ANY MACHINE WORK IS DONE, CONTRACTOR SHALL STAKE OUT AND MARK THE ITEMS ESTABLISHED BY THE SITE PLAN CONTROL POINTS SHALL BE PRESERVED AT ALL TIMES DURING THE COURSE OF THE PROJECT. LACK OF PROPER WORKING POINTS AND GRADE STAKES MAY REQUIRE CESSATION OF OPERATIONS UNTIL SUCH POINTS AND GRADES HAVE BEEN PLACED TO THE OWNER'S SATISFACTION. OWNER MUST APPROVE STAKED ITEMS PRIOR TO CONSTRUCTION.
16. TEMPORARY EROSION CONTROL DEVICES TO BE INSTALLED PRIOR TO BEGINNING OF GRADING. CONTRACTOR SHALL MAINTAIN ALL TEMPORARY EROSION CONTROL DEVICES AND SHALL REMOVE SILT FROM BERM DITCHES, SILT DAMS, AND SILT FENCES AS NECESSARY. PROTECT DEVICES WITH GENERAL CONTRACTOR AT LEAST ONCE A WEEK.
17. CONTRACTOR TO COORDINATE ALL WORK WITH OTHER UTILITY INSTALLATIONS NOT COVERED IN THESE PLANS. (ELECTRIC, TELEPHONE, GAS, CABLE, ETC.) AND ALLOW FOR THEIR OPERATIONS & CONSTRUCTION TO BE PERFORMED.
18. CUT AND FILL SLOPES ARE NOT TO EXCEED 3:1 UNLESS OTHERWISE NOTED.
19. IN NO CASE SHALL ANY PAVED AREAS BE LESS THAN A SLOPE OF 1.5%. ALL ACCESSIBLE SIDEWALKS AND ADA SLOPES NOT TO EXCEED 2% CROSS-SLOPE.
20. CONTRACTOR SHALL REPAIR OR REPLACE IN-KIND ANY DAMAGE THAT OCCURS AS RESULT OF HIS WORK.
21. ALL LINEAR FOOTAGE FOR ALL UTILITY PIPES ARE APPROXIMATE, ACTUAL INSTALLED QUANTITIES MAY VARY.
22. GRADING CONTRACTOR SHALL RESTORE TO GRADE AND COMPACTION ALL AREAS DISTURBED BY BUILDING CONSTRUCTION PRIOR TO BASE AND PAVING OPERATIONS COMMENCING.
23. GRADING CONTRACTOR SHALL MAINTAIN ALL WEATHER CONSTRUCTION ACCESS ROADS AS REQUIRED BY GENERAL CONTRACTOR.
24. ALL FUTURE BUILDING AREAS (OUTPARCELS) SHALL BE GRADED AS PER BUILDING PAD GRADING REQUIREMENTS AND DRAINED TO PROVIDE POSITIVE DRAINAGE OFF PAD.

Know what's below. Call before you dig.

1 inch = 20 ft.

PRELIMINARY

CIVIL ENGINEER:
MILLER McCOY, INC.
CONSULTING ENGINEERS
PHONE (614) 889-5991 FAX (614) 889-5990

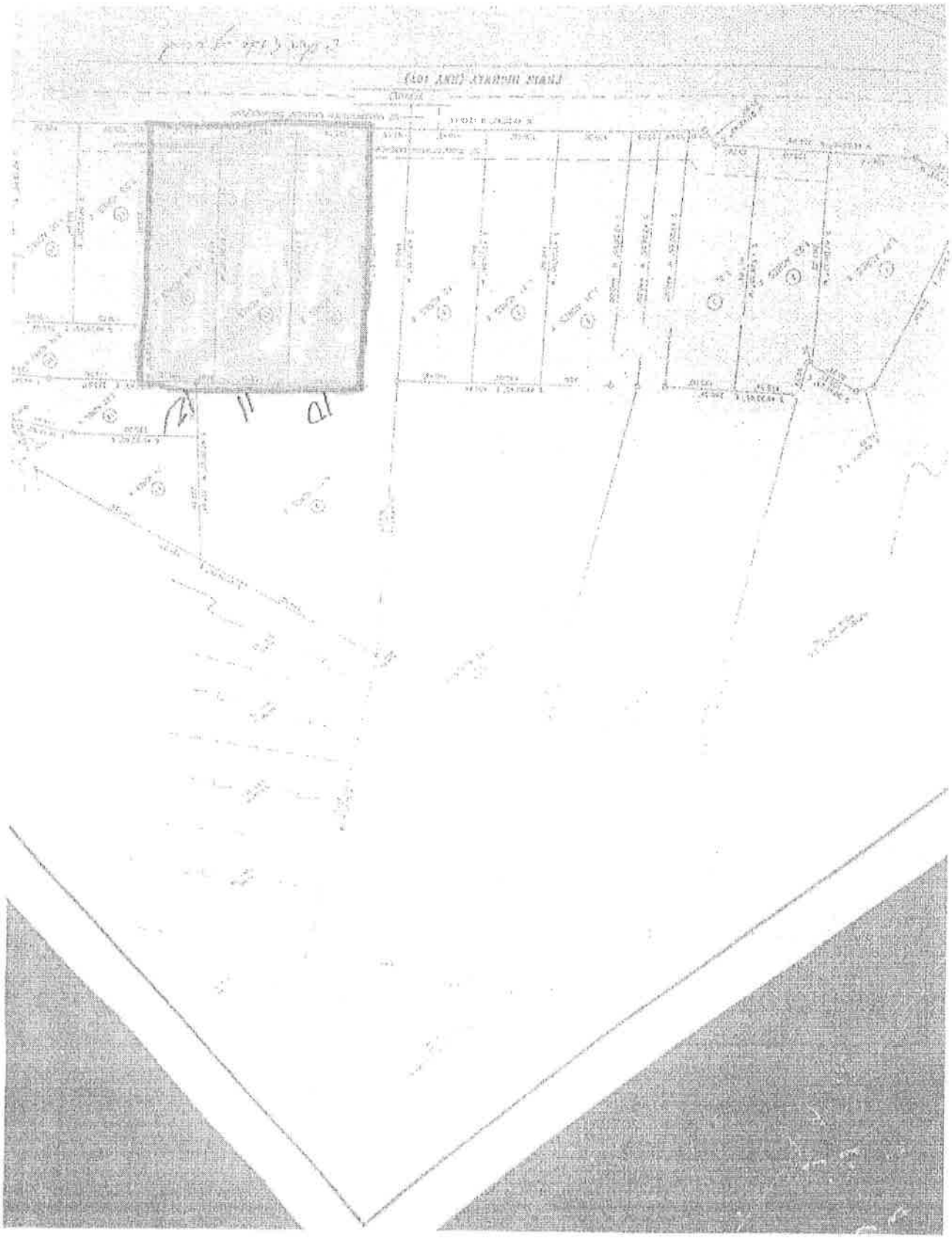
DEVELOPER:
MR. SCOTT ZIDROIK
SCIOTO PROPERTIES, LLC
5940 WILCOX PLACE, SUITE A
DUBLIN, OHIO 43016
T: (614)889-5191

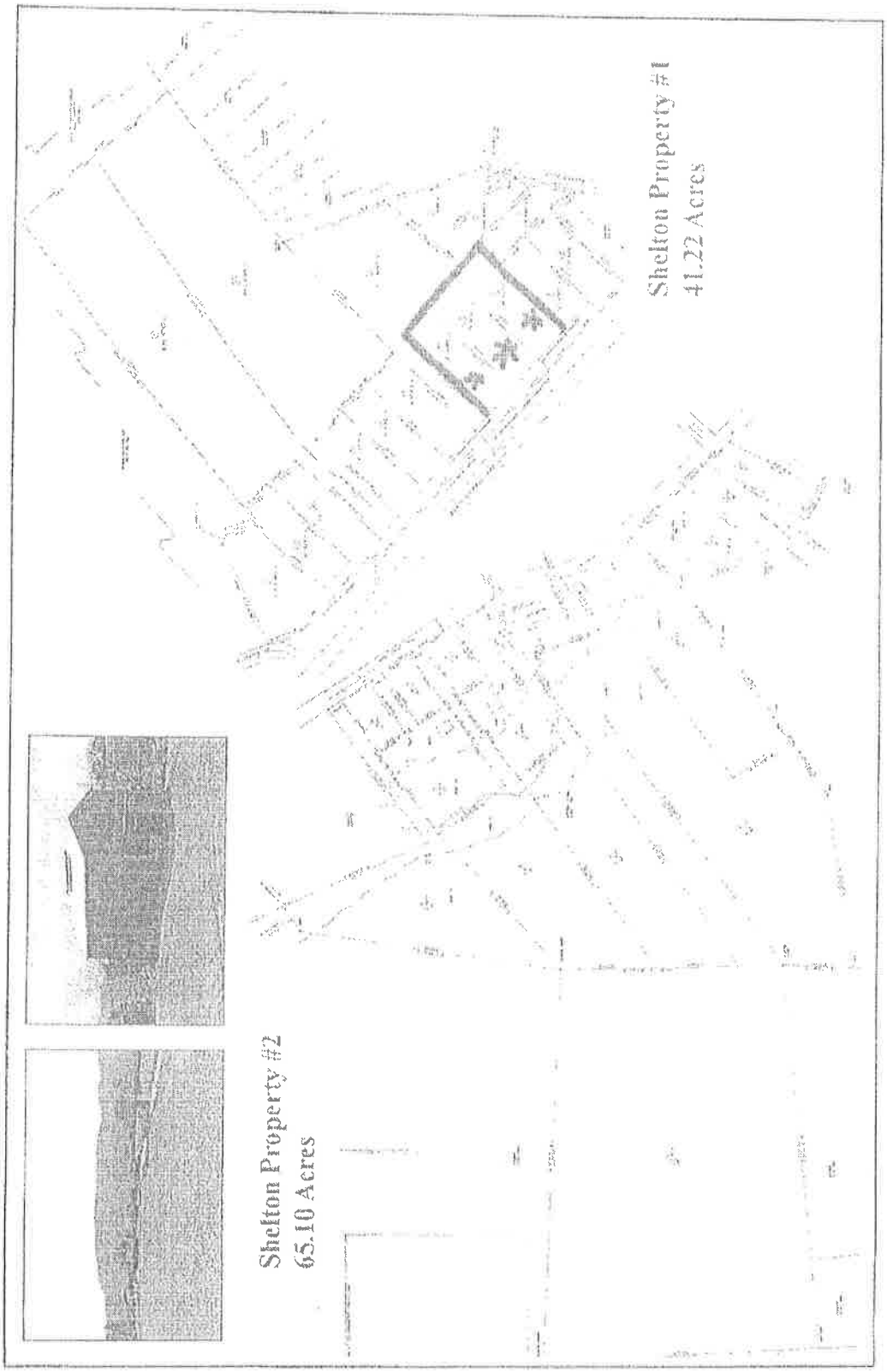
PROJECT:
INTERMEDIATE CARE FACILITY
2609 & 2619 ERWIN HWY (SR 107)
AFTON, TN

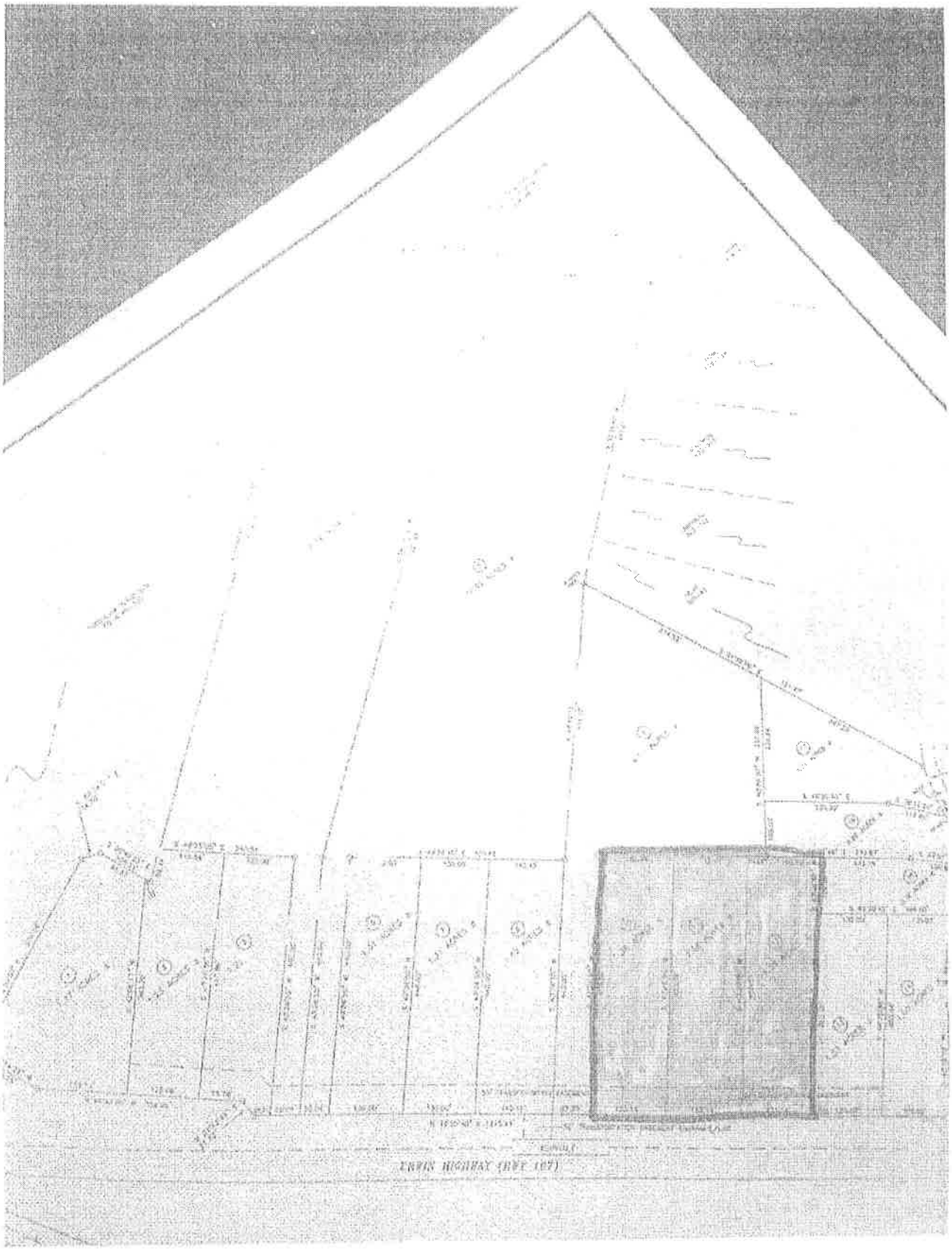
REVISIONS	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

SHEET NAME: SITE GRADING PLAN

DATE: 11/20/2015
DRAWN BY: SML
CHECKED BY: RWM
PROJECT NO.: 15133
SHEET NUMBER: C-2.0



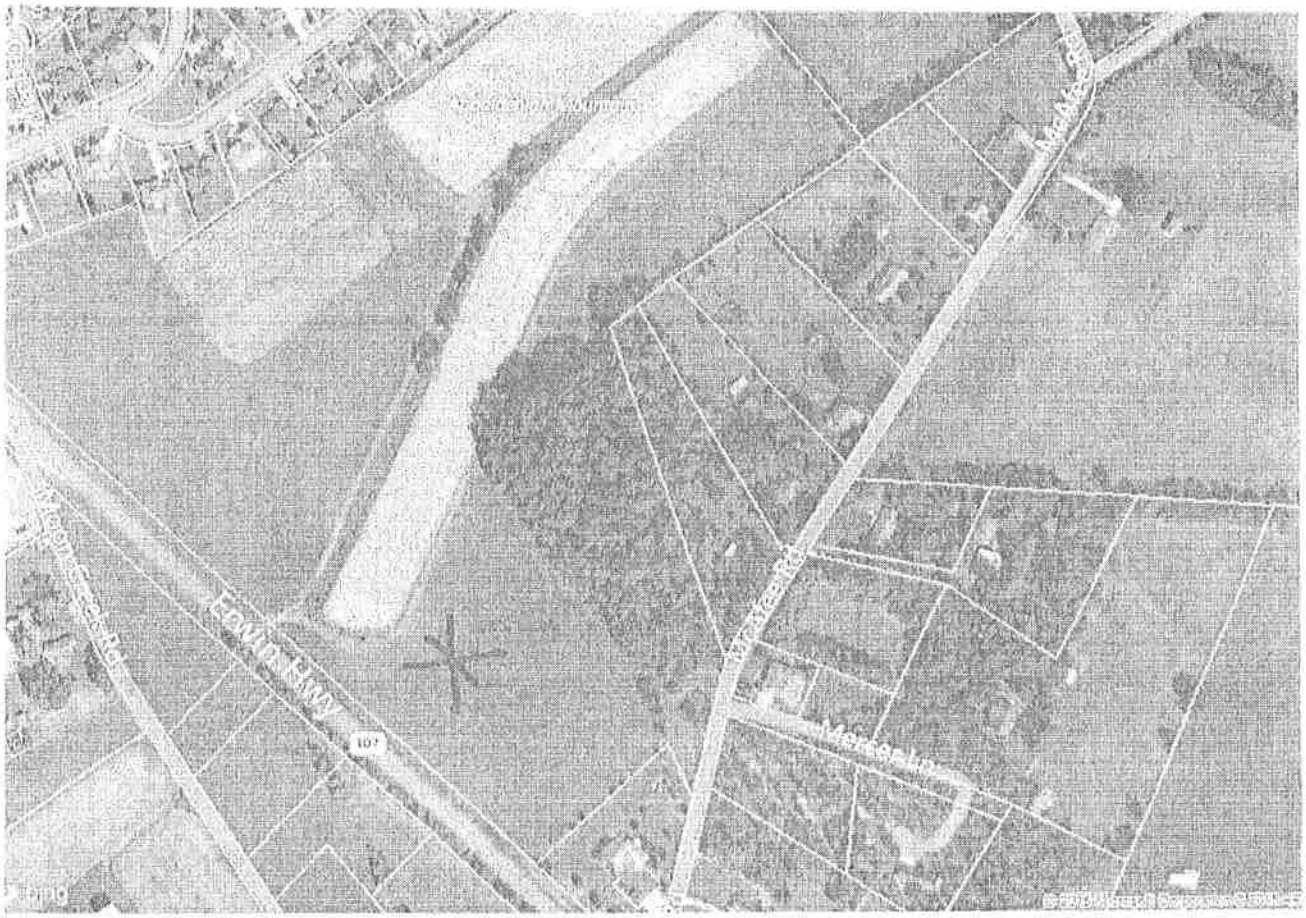

Shelton Property #2
65.10 Acres
Shelton Property #1
41.22 Acres


ERWIN HIGHWAY (RTE 107)

CRS Powerfoot Real Estate

CRS Bing™ Map

ight click on the image and select "Copy Image".



ap for Parcel Address: 49 McAfee Rd Afton TN 37616-6360 Parcel ID: 100 041 01

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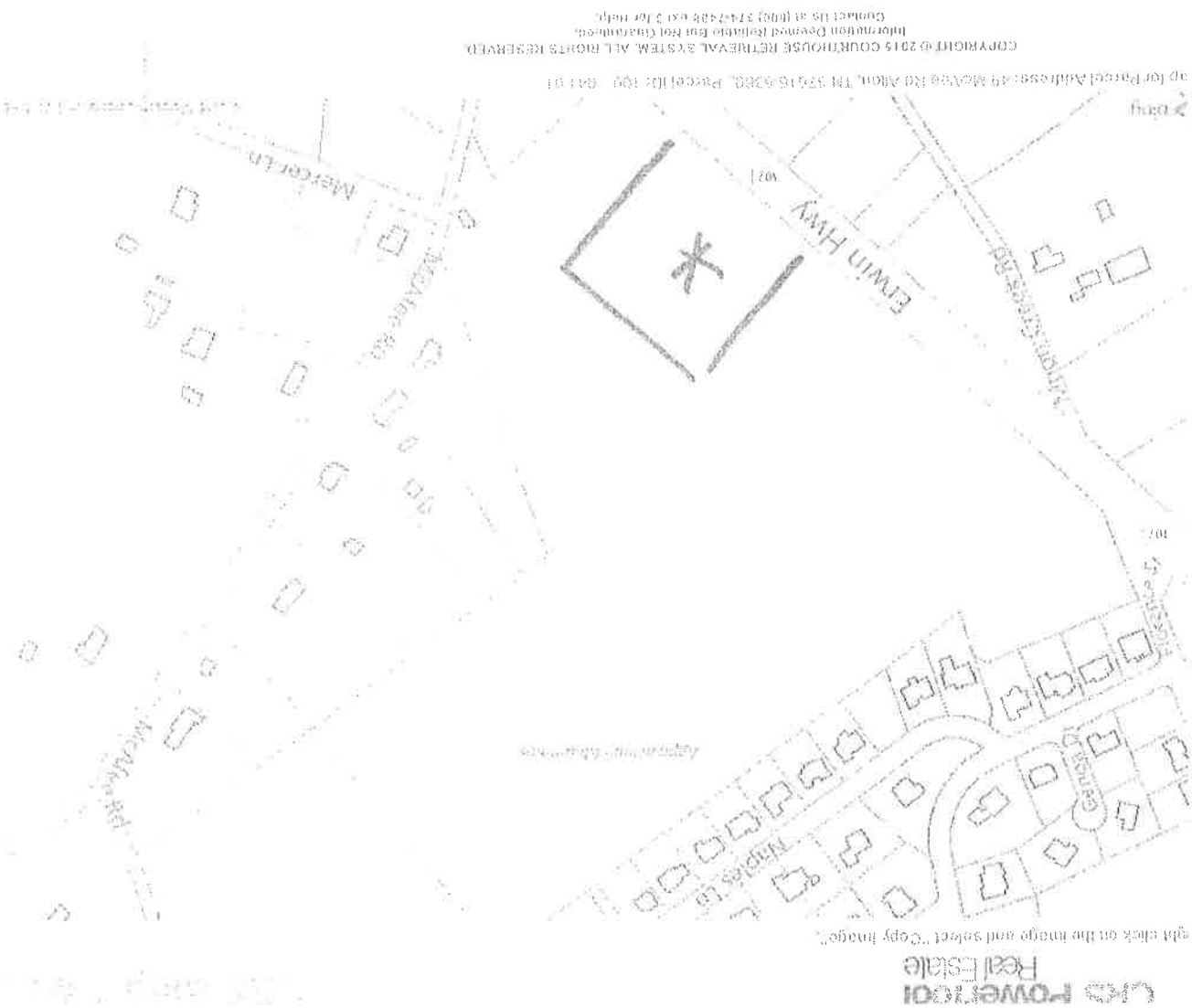
Information Deemed Reliable But Not Guaranteed.
Contact Us at (800) 374-7488 ext 3 for Help.


Erwin Hwy
Mercer Ln
Hughes Ln
Genoa Dr

Attachment B.IV
(Project Description/Floor Plan)

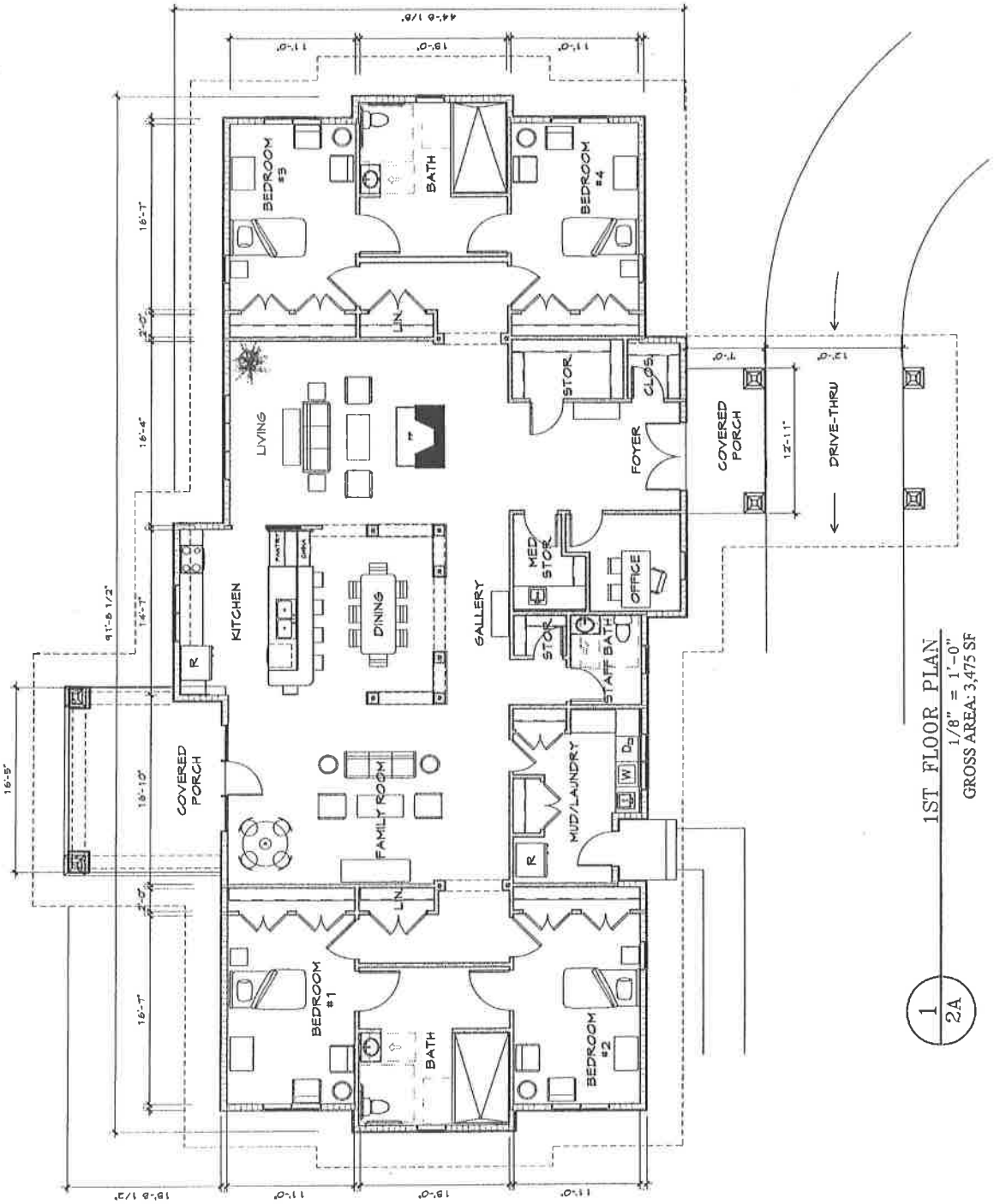
Floor Plan

SCIOTO - TENNESSEE ICF

SCHEMATIC

PRELIMINARY FLOOR PLAN

2A



1 / 2A

1ST FLOOR PLAN

1/8" = 1'-0"

GROSS AREA: 3,475 SF

Attachment C.1
(General Criteria / Need)

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

Letter from DIDD assigning residents to D&S

Woffenden, Tammy

From:	Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent:	Monday, November 30, 2015 11:40 AM
To:	Woffenden, Tammy
Cc:	Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject:	RE: Inquiry regarding ICF/IID need in Greene County
Attachments:	Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

Tammy, specific answers follow in bold after your questions. I'm also attaching two items, an information memo which you likely have already seen ("Fundamental CON Questions 11.04.15"), and a redacted grid showing ICF/IID utilization in Greene County for 2012, 2013 and 2014 ("ICF-IID Utilization Only Greene County 2012-13-14 REDACTED").

Let me know if you need any additional information. And please let me know once the CONs for your homes have been submitted, as well as the CON application numbers once they are generated. Thanks, tjh

Terry Jordan-Henley | Deputy Regional Director
East Tennessee Regional Office
Department of Intellectual and Developmental Disabilities
520 W. Summit Hill Dr, Suite 201
Knoxville, TN 37902
Ofc. 865-594-9302, Cell 865-313-1264
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From: Woffenden, Tammy [mailto:twoffenden@lockelord.com]
Sent: Friday, November 27, 2015 2:37 PM
To: Terry Jordan-Henley
Cc: Woffenden, Tammy; Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com)
Subject: Inquiry regarding ICF/IID need in Greene County

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Good afternoon (and Happy Thanksgiving).

I saw that back in September you had provided some helpful information to Sunrise Community of Tennessee relating to their Certificate of Need to build new ICF/IID homes in the Greene County area to help transition residents of Greene Valley Development Center into smaller home settings. I am working with D&S Residential Services on their CON

applications for three new 4-bed ICF/IID homes in the Greene County area. I am hoping you might be able to help me with obtaining some information regarding the current need in the service area.

(1) How many residents are currently at GVDC? I believe the last number I saw was around 84 residents who will be leaving GVDC. Is this still the correct number? **As of 11/27/15, there were 68 persons supported at GVDC.**
(2) How many ICF/IID beds are currently in Greene County? It is my understanding that Comvest and the state currently have ICF/IID beds in the state but that they are currently at capacity and not available to GVDC residents. Do you know the total number of beds currently in the county and whether these beds are all occupied? **To my knowledge, all existing beds in the Greene County area are occupied. A grid is attached showing utilization for 2012, 2013 and 2014 specific to Greene County.**
(3) Do you know approximately how many new ICF/IID beds are needed to meet needs of GVDC residents upon GVDC closure? It is my understanding that a significant number of legal representatives of residents at GVDC have selected ICF/IID services over HCBS services. Can you confirm the number of residents who are seeking ICF/IID services. **As of 11/27/15, there are three persons who have selected HCBS services. The remaining 65 persons have selected ICF/IID services.**
(4) What other ICF homes are planned to come into Greene County to accommodate GVDC residents? Based on your previous email correspondence, the proposed homes for ICF/IID in the Greene County are: D&S (12 beds), Open Arms (12 beds), and Sunrise (8 beds). Is this still an accurate list for those new homes to be built to accommodate the GVDC residents wishing to stay in the Greene County area? **This is still an accurate listing, and represents sufficient capacity for all persons served at GVDC as of 11/27/15 who have indicated a preference for ICF/IID services in Greene County with no excess capacity.**

Thank you very much. I greatly appreciate your assistance with these questions. -Tammy

Tammy Ward Woffenden
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TN Department of 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 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%).

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

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
Deputy Regional Director, East

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

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Facility/Address	2012 Lic. Beds	2012 ADC	2012 % Occup.	2013 Lic. Beds	2013 ADC	2013 % Occup.	2014 Lic. Beds	2014 ADC	2014 % Occup.
COMCARE A	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE B	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE G	4	4	100.0%	4	3.8	96.2%	4	3.6	91.3%
COMCARE H	4	4	100.0%	4	4	100.0%	4	3.9	98.4%
COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES B	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES C	4	4	100.0%	4	4	100.0%	4	4	100.0%
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EAST TENNESSEE HOMES F	4	3.4	84.4%	4	4	100.0%	4	3.7	93.8%
EAST TENNESSEE HOMES G	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES H	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEEHOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%

Intellectual & Developmental Disabilities

September 1, 2015

Lorie Copas, Executive Director
D&S Residential Services, LP
520 Justis Drive
Greeneville, TN 37745

Dear Ms. Copas:

The following provides a list of people currently supported at GVDC whose conservators selected D&S Residential Services, LP 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.

Home #1: Home #2: Home #3:

[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: Mickey Atkins, President and CEO
Debbie Payne, DIDD Commissioner
Jordan Allen, DIDD Deputy Commissioner
Theresa Sloan, DIDD Legal Counsel
Jon Lakey, Attorney, Pietrangelo Cook, PLC

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Attachment C.1.A(1)
(General Criteria / Need)

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

Tennessee Department of Health population data

Copy of DIDD letter supporting D&S projects

Woffenden, Tammy

From:	Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent:	Monday, November 30, 2015 11:40 AM
To:	Woffenden, Tammy
Cc:	Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject:	RE: Inquiry regarding ICF/IID need in Greene County
Attachments:	Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

Tammy, specific answers follow in bold after your questions. I'm also attaching two items, an information memo which you likely have already seen ("Fundamental CON Questions 11.04.15"), and a redacted grid showing ICF/IID utilization in Greene County for 2012, 2013 and 2014 ("ICF-IID Utilization Only Greene County 2012-13-14 REDACTED").

Let me know if you need any additional information. And please let me know once the CONs for your homes have been submitted, as well as the CON application numbers once they are generated. Thanks, tjh

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Thank you very much. I greatly appreciate your assistance with these questions. -Tammy

Tammy Ward Woffenden
Partner
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TN Department of Intellectual & Developmental Disabilities | East Tennessee Regional Office

November 4, 2015

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

Respectfully,

Terry Jordan-Henley
Deputy Regional Director, East

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

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COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
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EAST TENNESSEE HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEEHOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%

Population Projections,
Tennessee Counties and the State,
2010-2020

Tennessee
SEX - Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-4	407,813	404,958	402,881	400,790	401,571	404,059	407,777	410,704	413,432	416,033	418,572
5-9	412,181	411,217	414,060	418,447	419,628	420,371	419,269	418,265	416,944	418,348	421,443
10-14	418,941	421,403	424,625	425,993	426,430	424,871	425,562	428,584	433,217	434,747	435,750
15-19	437,186	427,921	425,099	425,686	428,957	434,441	439,476	442,598	443,997	444,679	443,450
20-24	426,244	443,525	450,356	454,219	454,413	450,490	443,833	440,174	440,107	442,866	448,009
25-29	417,683	419,630	420,565	422,310	429,345	438,538	449,638	458,381	463,845	465,448	462,658
30-34	406,314	416,506	423,662	428,777	431,324	430,375	431,420	433,457	436,189	444,039	454,046
35-39	423,622	407,946	404,881	407,845	414,379	423,254	434,120	441,657	447,235	450,255	449,954
40-44	430,508	436,473	441,965	445,024	442,634	436,429	425,299	422,498	425,791	432,614	441,775
45-49	467,087	458,027	452,418	444,973	439,230	440,253	449,040	454,655	457,810	455,714	449,951
50-54	459,349	463,499	464,932	466,272	469,533	468,878	463,955	458,654	451,560	446,237	447,544
55-59	414,991	426,524	436,411	446,056	451,379	457,454	461,883	463,461	464,950	468,273	467,897
60-64	370,724	390,728	390,815	391,445	397,891	407,088	417,236	426,791	436,019	441,179	447,208
65-69	280,538	289,009	310,328	326,531	340,924	355,003	370,224	370,478	371,246	377,316	386,641
70-74	206,536	213,997	223,574	236,174	246,532	255,340	260,822	280,076	294,754	307,552	319,987
75-79	154,517	158,862	160,575	165,000	170,433	175,475	180,226	188,272	198,963	207,627	214,931
80-84	111,954	113,616	114,786	114,982	115,518	117,136	119,721	121,108	124,504	128,575	132,436
85 plus	99,917	104,174	105,882	107,490	108,577	109,983	111,078	112,209	112,946	113,495	115,112
All Ages	6,346,105	6,408,015	6,467,815	6,528,014	6,588,698	6,649,438	6,710,579	6,772,022	6,833,509	6,894,997	6,956,764

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.
Note: These data will not match the University of Tennessee Center for Business of Economic Research data exactly due to rounding.

2013 Revision (6/13)

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY - GREENE
SEX - Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-4	3,672	3,641	3,638	3,642	3,744	3,832	3,911	3,994	4,077	4,159	4,242
5-9	3,970	3,955	3,926	3,947	3,837	3,770	3,743	3,741	3,753	3,860	3,952
10-14	4,244	4,232	4,220	4,142	4,107	4,090	4,075	4,052	4,075	3,972	3,913
15-19	4,537	4,469	4,422	4,419	4,411	4,419	4,378	4,380	4,314	4,284	4,275
20-24	3,738	4,031	4,319	4,568	4,698	4,735	4,738	4,712	4,723	4,737	4,755
25-29	3,479	3,454	3,481	3,556	3,796	4,034	4,339	4,646	4,910	5,054	5,107
30-34	3,800	3,833	3,823	3,747	3,649	3,630	3,653	3,689	3,780	4,029	4,276
35-39	4,520	4,249	4,117	4,019	3,967	3,908	3,927	3,922	3,859	3,771	3,756
40-44	4,699	4,709	4,712	4,672	4,593	4,540	4,280	4,152	4,059	4,020	3,959
45-49	5,177	5,068	4,919	4,849	4,756	4,644	4,673	4,676	4,639	4,565	4,516
50-54	5,180	5,239	5,175	5,086	5,088	5,061	4,960	4,813	4,750	4,660	4,556
55-59	4,869	4,929	4,942	5,063	5,042	5,033	5,061	5,085	4,921	4,927	4,906
60-64	4,940	5,068	4,989	4,819	4,683	4,680	4,713	4,733	4,845	4,831	4,824
65-69	4,054	4,171	4,399	4,441	4,652	4,717	4,740	4,669	4,518	4,390	4,398
70-74	3,077	3,181	3,276	3,509	3,567	3,685	3,731	3,933	3,976	4,167	4,224
75-79	2,244	2,375	2,421	2,513	2,603	2,632	2,690	2,774	2,973	3,024	3,124
80-84	1,442	1,488	1,566	1,580	1,654	1,732	1,826	1,858	1,927	1,993	2,015
85 plus	1,189	1,249	1,265	1,316	1,340	1,378	1,420	1,467	1,495	1,546	1,609
All Ages	68,831	69,341	69,610	69,888	70,187	70,520	70,858	71,216	71,594	71,989	72,407

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.
Note: These data will not match the University of Tennessee Center for Business of Economic Research data exactly due to rounding.

2013 Revision (6/13)

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

November 30, 2015

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

RE: Application for Certification of Need submitted by D&S Residential Services, LP

Dear Director Hill:

The Department of Intellectual and Developmental Disabilities (Department) strongly supports the application for a Certificate of Need (CON) on behalf of D&S Residential Services, LP. Based upon the Department's knowledge of D&S Residential Services, LP, 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 D&S Residential Services, LP., 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 C.1.A(2)
(General Criteria / Need)

DIDD letter of support noting that DIDD believes that D&S (and this proposal) meets the three criteria necessary for CON approval of "which are namely need, economic feasibility and contribution to the orderly development of health care"

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and current providers and capacity.

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

November 30, 2015

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

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Sincerely,

Debra K. Payne
Commissioner

DKP:ts

Woffenden, Tammy

From:	Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent:	Monday, November 30, 2015 11:40 AM
To:	Woffenden, Tammy
Cc:	Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject:	RE: Inquiry regarding ICF/IID need in Greene County
Attachments:	Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

Tammy, specific answers follow in bold after your questions. I'm also attaching two items, an information memo which you likely have already seen ("Fundamental CON Questions 11.04.15"), and a redacted grid showing ICF/IID utilization in Greene County for 2012, 2013 and 2014 ("ICF-IID Utilization Only Greene County 2012-13-14 REDACTED").

Let me know if you need any additional information. And please let me know once the CONs for your homes have been submitted, as well as the CON application numbers once they are generated. Thanks, tjh

Terry Jordan-Henley | Deputy Regional Director
East Tennessee Regional Office
Department of Intellectual and Developmental Disabilities
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From: Woffenden, Tammy [mailto:twoffenden@lockelord.com]
Sent: Friday, November 27, 2015 2:37 PM
To: Terry Jordan-Henley
Cc: Woffenden, Tammy; Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com)
Subject: Inquiry regarding ICF/IID need in Greene County

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Good afternoon (and Happy Thanksgiving).

I saw that back in September you had provided some helpful information to Sunrise Community of Tennessee relating to their Certificate of Need to build new ICF/IID homes in the Greene County area to help transition residents of Greene Valley Development Center into smaller home settings. I am working with D&S Residential Services on their CON

applications for three new 4-bed ICF/IID homes in the Greene County area. I am hoping you might be able to help me with obtaining some information regarding the current need in the service area.

(1) How many residents are currently at GVDC? I believe the last number I saw was around 84 residents who will be leaving GVDC. Is this still the correct number? **As of 11/27/15, there were 68 persons supported at GVDC.**
(2) How many ICF/IID beds are currently in Greene County? It is my understanding that Comvest and the state currently have ICF/IID beds in the state but that they are currently at capacity and not available to GVDC residents. Do you know the total number of beds currently in the county and whether these beds are all occupied? **To my knowledge, all existing beds in the Greene County area are occupied. A grid is attached showing utilization for 2012, 2013 and 2014 specific to Greene County.**
(3) Do you know approximately how many new ICF/IID beds are needed to meet needs of GVDC residents upon GVDC closure? It is my understanding that a significant number of legal representatives of residents at GVDC have selected ICF/IID services over HCBS services. Can you confirm the number of residents who are seeking ICF/IID services. **As of 11/27/15, there are three persons who have selected HCBS services. The remaining 65 persons have selected ICF/IID services.**
(4) What other ICF homes are planned to come into Greene County to accommodate GVDC residents? Based on your previous email correspondence, the proposed homes for ICF/IID in the Greene County are: D&S (12 beds), Open Arms (12 beds), and Sunrise (8 beds). Is this still an accurate list for those new homes to be built to accommodate the GVDC residents wishing to stay in the Greene County area? **This is still an accurate listing, and represents sufficient capacity for all persons served at GVDC as of 11/27/15 who have indicated a preference for ICF/IID services in Greene County with no excess capacity.**

Thank you very much. I greatly appreciate your assistance with these questions. -Tammy

Tammy Ward Woffenden
Partner
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TN Department of 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 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%).

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

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
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

	2012	2012	2012	2013	2013	2013	2014	2014	2014
Facility/Address	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.
COMCARE A	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE B	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE G	4	4	100.0%	4	3.8	96.2%	4	3.6	91.3%
COMCARE H	4	4	100.0%	4	4	100.0%	4	3.9	98.4%
COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES B	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES C	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES D	4	3.8	94.0%	4	4	100.0%	4	3.7	91.8%
EAST TENNESSEE HOMES E	4	3.8	96.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES F	4	3.4	84.4%	4	4	100.0%	4	3.7	93.8%
EAST TENNESSEE HOMES G	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES H	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEEHOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%

Attachment C.1.B(2)
(General Criteria / Service Area)

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and demographic of project population.

Woffenden, Tammy

From:	Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent:	Monday, November 30, 2015 11:40 AM
To:	Woffenden, Tammy
Cc:	Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject:	RE: Inquiry regarding ICF/IID need in Greene County
Attachments:	Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

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Let me know if you need any additional information. And please let me know once the CONs for your homes have been submitted, as well as the CON application numbers once they are generated. Thanks, tjh

Terry Jordan-Henley | Deputy Regional Director
East Tennessee Regional Office
Department of Intellectual and Developmental Disabilities
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Knoxville, TN 37902
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Thank you very much. I greatly appreciate your assistance with these questions. -Tammy

Tammy Ward Woffenden
Partner
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Austin, TX 78701
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Locke Lord LLP and Edwards Wildman Palmer LLP merged effective January 10, 2015. For more information visit www.lockelord.com

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TN Department of Intellectual & Developmental Disabilities | East Tennessee Regional Office

November 4, 2015

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Gender: 48 female (56%); 37 male (44%).

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

Nutritional Status: 37 require enteral feedings (44%); 17 others have structured dining plans (20%).
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Please let me know if you require any additional information for the development of your Certificate of Need.

Respectfully,

Terry Jordan-Henley
Deputy Regional Director, East

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

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Attachment C.1.D(1)
(General Criteria / Services in Area)

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and current occupancy statistics

Woffenden, Tammy

From:	Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent:	Monday, November 30, 2015 11:40 AM
To:	Woffenden, Tammy
Cc:	Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject:	RE: Inquiry regarding ICF/IID need in Greene County
Attachments:	Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

Tammy, specific answers follow in bold after your questions. I'm also attaching two items, an information memo which you likely have already seen ("Fundamental CON Questions 11.04.15"), and a redacted grid showing ICF/IID utilization in Greene County for 2012, 2013 and 2014 ("ICF-IID Utilization Only Greene County 2012-13-14 REDACTED").

Let me know if you need any additional information. And please let me know once the CONs for your homes have been submitted, as well as the CON application numbers once they are generated. Thanks, tjh

Terry Jordan-Henley | Deputy Regional Director
East Tennessee Regional Office
Department of Intellectual and Developmental Disabilities
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From: Woffenden, Tammy [mailto:twoffenden@lockelord.com]
Sent: Friday, November 27, 2015 2:37 PM
To: Terry Jordan-Henley
Cc: Woffenden, Tammy; Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com)
Subject: Inquiry regarding ICF/IID need in Greene County

*** This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. - STS-Security***

Good afternoon (and Happy Thanksgiving).

I saw that back in September you had provided some helpful information to Sunrise Community of Tennessee relating to their Certificate of Need to build new ICF/IID homes in the Greene County area to help transition residents of Greene Valley Development Center into smaller home settings. I am working with D&S Residential Services on their CON

applications for three new 4-bed ICF/IID homes in the Greene County area. I am hoping you might be able to help me with obtaining some information regarding the current need in the service area.

(1) How many residents are currently at GVDC? I believe the last number I saw was around 84 residents who will be leaving GVDC. Is this still the correct number? **As of 11/27/15, there were 68 persons supported at GVDC.**
(2) How many ICF/IID beds are currently in Greene County? It is my understanding that Comvest and the state currently have ICF/IID beds in the state but that they are currently at capacity and not available to GVDC residents. Do you know the total number of beds currently in the county and whether these beds are all occupied? **To my knowledge, all existing beds in the Greene County area are occupied. A grid is attached showing utilization for 2012, 2013 and 2014 specific to Greene County.**
(3) Do you know approximately how many new ICF/IID beds are needed to meet needs of GVDC residents upon GVDC closure? It is my understanding that a significant number of legal representatives of residents at GVDC have selected ICF/IID services over HCBS services. Can you confirm the number of residents who are seeking ICF/IID services. **As of 11/27/15, there are three persons who have selected HCBS services. The remaining 65 persons have selected ICF/IID services.**
(4) What other ICF homes are planned to come into Greene County to accommodate GVDC residents? Based on your previous email correspondence, the proposed homes for ICF/IID in the Greene County are: D&S (12 beds), Open Arms (12 beds), and Sunrise (8 beds). Is this still an accurate list for those new homes to be built to accommodate the GVDC residents wishing to stay in the Greene County area? **This is still an accurate listing, and represents sufficient capacity for all persons served at GVDC as of 11/27/15 who have indicated a preference for ICF/IID services in Greene County with no excess capacity.**

Thank you very much. I greatly appreciate your assistance with these questions. -Tammy

Tammy Ward Woffenden
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TN Department of 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:
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Roane County: Michael Dunn Center.
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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)
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Nutritional Status: 37 require enteral feedings (44%); 17 others have structured dining plans (20%).
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Please let me know if you require any additional information for the development of your Certificate of Need.

Respectfully,

Terry Jordan-Henley
Deputy Regional Director, East

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

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Facility/Address	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.
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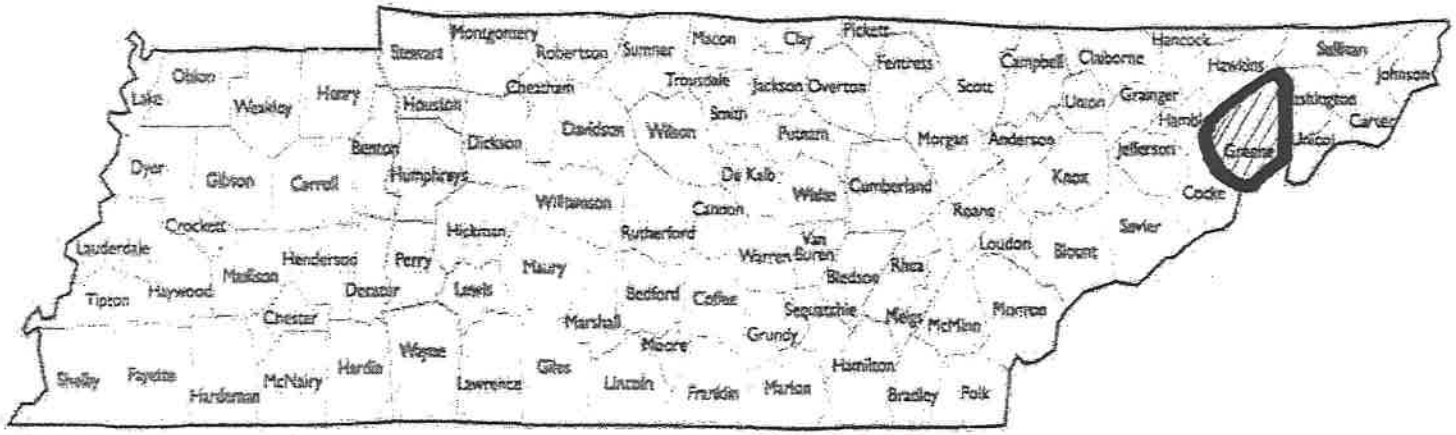
Attachment C.3
(General Criteria / Need)

County-level map

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

TENNESSEE COUNTY MAP



Woffenden, Tammy

From:	Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent:	Monday, November 30, 2015 11:40 AM
To:	Woffenden, Tammy
Cc:	Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject:	RE: Inquiry regarding ICF/IID need in Greene County
Attachments:	Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

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East Tennessee Regional Office
Department of Intellectual and Developmental Disabilities
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Sent: Friday, November 27, 2015 2:37 PM
To: Terry Jordan-Henley
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Tammy Ward Woffenden
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TN Department of Intellectual & Developmental Disabilities | East Tennessee Regional Office

November 4, 2015

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Respectfully,

Terry Jordan-Henley
Deputy Regional Director, East

c: John Craven, East Regional Director
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EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%

Attachment C.1
(General Criteria / Economic Feasibility)

Documentation describing the estimated costs of the project

Scioto
Housing for people with disabilities

5940 Wilcox Place, Suite A
Dublin, OH 43016
tel: 614.889.5191
fax: 614.889.5202
www.scioto.com

November 23, 2015

Robn Traugott
Director of Training & Development
D&S Community Services
8911 N. Capital of Texas Hwy, Building One Suite 1300
Austin, Texas 78759

RE: **CON Request For Information**

Dear Robn,

Scioto Properties LLC ("**Scioto**") is pleased that D&S Residential Services, LP. ("**D&S**") has requested information outlining how Scioto can assist in obtaining information regarding the construction of three ICF homes for D&S in the Tennessee markets (collectively, "**Homes**") to meet the housing needs of the consumers served by your organization.

Project Team: Scioto has partnered with Berardi + Partners, Inc. ("**BPI**") since 2005 designing different ICF facilities across the country. Scioto has reviewed the project specifications with BPI who has completed in excess of 500 housing projects including housing for the elderly, multi-family, assisted living, congregate care, nursing centers, and other housing settings for special needs population. Spectrum Contracting Services, Inc. "(**Spectrum**") Tennessee License, 37163, is to be the General Contractor on the subject ICF Projects. Spectrum is an experienced General Contractor and particularly experienced in the healthcare marketplace. Spectrum has been in business an excess of 27 years. 864 and counting have been successfully completed. Approximately 30% of those projects completed have been ICF facilities, nursing homes, private care homes, skilled nursing care homes, assisted living, senior living, and other facilities requiring the knowledge and sensitivity to those of our population needing assistance. Spectrum is generally considered an expert in the construction of these type facilities. Further, Spectrum has worked in collaboration with the Architect over a twenty three year expanse. BPI and Spectrum have successfully met the needs of all projects in which we have been involved on time and within budget.

Cash Reserves Appropriate: Scioto is a highly valued partner of Fillmore Buckeye Investments, LLC. Scioto Properties and Fillmore Buckeye Investments ("**FB**") entered into an investment partnership in 2011 for the purpose of acquiring and constructing residential properties for operators of DD facilities throughout the United States. FB and Scioto have worked together to acquire more than $50 million of residential properties

through the investment partnership to date. Currently, Scioto has an eight figure line of credit in place for that purpose.

Construction of the Facility: Summary Project Description:

- The project consists of three (3) Intermediate Care Facilities with R-4 Use designations located on two (2) sites in the Greeneville, TN area.
- Each ICF to be a slab-on grade and wood framed structure with brick veneer/vinyl siding pitched wood trusses, and asphalt shingle roofing. Each ICF to have an R13 Fire Protection System.
- Site Development at each site includes rough and finish grading, storm water management, site utilities, driveways, some concrete paving, concrete sidewalks, and landscaping.

Costs:

The budgeted cost based upon site plans prepared by Miller-McCoy, Inc. and building plans prepared by BPI is as follows:

Old Stage Road ICF Facility		Erwin Road ICF Facilities	
Site Budget	$165,000	Site Budget	$ 189,000
Building Budget	$520,000	Building Budget	$1,009,000
Total	$685,000	Total	$1,198,000
Building per SF	$ 148.57	Building per SF	$ 144.14

If you have any questions on this approval, please do not hesitate to call me at 614-889-5191.

Sincerely,

Scott Zdroik
Property & Construction Supervisor
Scioto Properties, LLC

Attachment C.2
(General Criteria / Economic Feasibility)

Documentation regarding D&S Funding Sources

CADENCE
BANK

December 9, 2015

Julie Serewicz
Director of Finance
D&S Community Services
8911 North Capital of Texas Hwy
Bldg One, Suite 1300
Austin, TX 78759

Re: D&S Revolving Line of Credit

Ms. Serewicz,

Please allow this letter to serve as evidence of the existence of an $8 million revolving line of credit for D&S. The revolving line of credit matures in 2020.

The revolving line of credit is in good standing with the bank and is available for usage.

Sincerely,

William H. Crawford
Executive Vice President
Cadence Bank
3100 West End Avenue
Suite 175
Nashville, TN 37203

Attachment C.10
(General Criteria / Economic Feasibility)

D&S' balance sheet and income statement

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 167,518	$ 1,004,438
Accounts receivable trade, net	11,597,275	10,063,009
Prepaid expenses and other current assets	760,503	447,365
Current assets	12,525,296	11,514,812
Property and equipment, net	3,246,410	3,097,954
Program costs, net	7,802,456	10,176,108
Loan costs, net	174,280	229,653
Goodwill	13,236,257	13,236,257
Other assets	212,402	201,811
TOTAL ASSETS	$ 37,197,101	$ 38,456,595
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 962,193	$ 1,153,418
Accrued payroll	2,222,163	3,630,944
Accrued interest payable	164,840	76,182
Accrued management fees	245,980	82,501
Property taxes payable	413,296	339,221
Other accrued expenses	3,478,802	2,580,618
Revolving line of credit	4,300,000	3,900,000
Current portion of notes payable	2,084,375	1,796,875
Current portion of capital lease obligations	791,195	872,232
Current liabilities	14,662,844	14,431,991
Capital lease obligations, less current portion	1,075,383	900,615
Notes payable	10,637,283	13,121,658
TOTAL LIABILITIES	26,375,510	28,454,264
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock, par value $0.01 per share, 250,000 shares authorized, 110,435 shares issued and outstanding	1,104	1,104
Additional paid in capital	1,218,921	1,175,723
Retained earnings	9,601,566	8,825,504
TOTAL STOCKHOLDERS' EQUITY	10,821,591	10,002,331
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 37,197,101	$ 38,456,595

See accompanying notes and independent auditors' report.

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Statements of Income
Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Residential care income	$ 94,121,719	$ 65,121,115
ICF income	11,593,051	9,170,589
Foster care income	11,254,305	10,914,450
Other revenues	45,503	56,779
Total revenues	117,014,578	85,262,933
Expenses		
Payroll and related expenses	77,648,151	54,268,407
Contract Labor	7,776,998	7,380,365
Food and housekeeping	1,900,878	1,617,217
Prevocational services	3,162,819	2,953,541
Provision for doubtful accounts	170,000	160,000
Quality assurance fee	438,453	476,278
Rental expense- homes	4,508,069	3,433,813
Rental expense- vehicles	237,755	179,618
Depreciation and amortization of property and equipment	1,427,728	1,137,906
Utilities	1,877,364	1,444,239
Fuel	2,150,445	1,736,893
Repairs and maintenance	1,225,819	994,329
Insurance	3,206,071	1,088,600
Interest	1,374,954	1,081,887
Amortization of debt issuance costs	55,117	24,166
Amortization of program costs	2,694,255	786,041
Professional fees	1,343,094	1,145,756
Management fee	625,523	449,097
Other expenses	3,993,382	3,146,325
Total expenses	115,816,875	83,504,478
Income before income tax expense	1,197,703	1,758,455
Income tax expense	45,833	22,068
NET INCOME	$ 1,151,870	$ 1,736,387

See accompanying notes and independent audtiors' report.

Attachment C.7(d)
(General Criteria / Contribution to the Orderly Development of Care)

Most recent Tennessee ICF/IID inspections and plans of correction.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 02/23/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	44G116		02/12/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 262	483.440(f)(3)(i) PROGRAM MONITORING & CHANGE The committee should review, approve, and monitor individual programs designed to manage inappropriate behavior and other programs that, in the opinion of the committee, involve risks to client protection and rights. This STANDARD is not met as evidenced by: Based on review of Human Rights Committee (HRC) meeting minutes and interview, the facility failed to ensure HRC reviewed and approved locked chemicals for 4 of 4 clients (sampled Clients #1, #2 and unsampled Clients #3, #4). The findings included: A review of HRC meeting minutes provided for the survey year revealed no review or approval for locked chemicals. During an entrance interview with Qualified Intellectual Disabilities Professional (QIDP) in [Agency] Conference Room D on 2/10/15 at 9:30 am, QIDP stated chemicals were locked in all [Agency] homes. During an interview with Licensed Practical Nurse (LPN) in home living room on 2/10/15 at 2:10 pm, LPN confirmed chemicals in home were locked for safety purposes. During an interview with QIDP in [Agency] Conference Room D on 2/12/15 at 10:40 am, QIDP stated the agency was unaware an HRC review was required for safety measures such as chemical lock up. Further interview confirmed there was no HRC review or approval for locked	W 262	All Conservators will be notified and explained the need for HRC consents for locked chemicals in the home and get their signature. HRC committee will review consents and discuss the need for ongoing restriction in the home. HRC consents will be updated annually during ISP/IPP or COS meetings. Consents will be reviewed quarterly during HRC meetings.	3/20/15 ongoing

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	44G116		02/12/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 262	Continued From page 1 chemicals.	W 262		
W 441	483.470(i)(1) EVACUATION DRILLS The facility must hold evacuation drills under varied conditions. This STANDARD is not met as evidenced by: Based on observation, review of [Agency] Fire Drill forms, review of [Agency] Emergency Policy and interview, the facility failed to ensure fire drills were completed during sleeping hours for 4 of 4 clients (sampled Clients #1, #2 and unsampled Clients #3, #4). The findings included: An observation in the home on 2/10/2015 between 2:00 pm and 6:00 pm revealed Client #2 and Client #4 required physical assistance from 2 staff persons for transfer to and from wheelchairs for mobility. Further observation revealed Client #1 required physical assistance from 2 staff persons and gait belt for mobility. Further observation revealed Client #3 was independent in mobility. A review of monthly fire drill forms dated March 2014 through January 2015 revealed no fire drills were completed between the hours of 7:21 pm and 6:30 am. A review of [Agency] Emergency Policy revealed fire and weather drill procedures included "...drill shall also be conducted at unusual times (such as late at night, on weekends and holidays)." During an interview with Qualified Intellectual	W 441	HM will ensure fire drills are completed each month as scheduled with 11p-7a and 7p-7a shifts completing a drill during sleeping hours. QA will audit and monitor fire drills monthly to ensure fire drills are completed/requirements with 11p-7a and 7p-7a shifts completing a drill during sleeping hours.	3/20/15 ongoing

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	44G116		02/12/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
EGYPT CENTRAL	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 441	Continued From page 2 Disabilities Professional (QIDP) in [Agency] Conference Room D on 2/12/15 at 11:15 am, QIDP reviewed and confirmed no fire drills were completed during the hours of 7:21 pm and 6:30 am.	W 441		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - GUARDIAN B. WING	(X3) DATE SURVEY COMPLETED
	44G116		02/13/2016

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K0152	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD The facility holds evacuation drills at least quarterly for each shift of personnel and under varied conditions to ensure that all personnel on all shifts are trained to perform assigned tasks; and ensure that all personnel on all shifts are familiar with the use of the facility's emergency and disaster plans and procedures. The facility must - (i) Actually evacuate clients during at least one drill each year on each shift; (ii) Make special provisions for the evacuation of clients with physical disabilities; (iii) File a report and evaluation on each drill; (iv) Investigate all problems with evacuation drills, including accidents and take corrective action: and (v) During fire drills, clients may be evacuated to a safe area in facilities certified under the Health Care Occupancies Chapter of the Life Safety Code. Facilities meet the requirements of paragraphs (1) and (2) of this section for any live-in and relief staff that they utilize. This STANDARD is not met as evidenced by: Based on interview and record review, it was determined the facility failed to conduct quarterly fire drills during the sleeping times of the residents. The findings included:	K0152	HM will ensure all evacuation drills are completed as scheduled one per shift quarterly and a copy of each drill will be kept in the fire drill book in the home. QA will audit and monitor fire drills monthly to ensure all drills are completed as scheduled. QA will monthly and quarterly audit Fire drill books to ensure copies of all evacuation drills are present in the home.	3/20/15 3/20/15 3/20/15

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

FORM CMS-2567(02-99) Previous Versions Obsolete | Event ID: M9U821 | Facility ID: TNP03984 | If continuation sheet Page 1 of 2

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - GUARDIAN B. WING	(X3) DATE SURVEY COMPLETED
	44G116		02/13/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K0152	Continued From page 1 During the record review on 2/13/15, nineteen fire drill critiques were reviewed. The documentation revealed quarterly fire drills during sleeping times had not been provided. During the exit interview with the manager, she stated they did not conduct drills during sleeping times. These findings were acknowledged by the home manager during the exit conference on 2/13/15.	K0152		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 77 - JAMES ROAD ICF/MR B. WING	(X3) DATE SURVEY COMPLETED
	44G107		09/16/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD OTHER LSC DEFICIENCY NOT ON 2786 This STANDARD is not met as evidenced by: National Fire Protection Association, (NFPA) 10, 4-4.3 (1998 edition) Six-Year Maintenance. Based on observation and record review, the facility failed to provide the 6 year maintenance on 2 of 4 fire extinguishers observed. The findings included: Observation of the facility on 9/16/15, revealed the fire extinguishers in the kitchen and the mechanical room, did not have the 6 year maintenance collars. The fire extinguishers were due for the 6 year maintenance inspection in 2014. The annual fire extinguisher inspection report did not provide documentation of the 6 year maintenance being performed National Fire Protection Association, (NFPA) 101, 8.2.3 2.4.2 (2000 edition) Based on observation, the facility failed to maintain all fire assemblies.	K 130	A fire extinguisher that is currently tagged was taken from the office to [redacted] Security Fire is scheduled for their quarterly visit & will replace the fire extinguishers in the kitchen & mechanical room The monthly fire drill form is being revised to reflect checking the date of the fire extinguisher so that the proper 6 year maintenance can be performed prior to the 6 year timeframe Home Managers will be given & trained on the revised monthly fire drill form QA manager will add the 6 yr maintenance to the audit tool that is used throughout the yr	10/9/15 10/20/15 10/16/15 10/26/15 10/31/15

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE [signature] TITLE Exec Dir (X6) DATE 10/9/15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G107	(X2) MULTIPLE CONSTRUCTION A. BUILDING 77 - JAMES ROAD ICF/MR B. WING	(X3) DATE SURVEY COMPLETED 09/16/2015
NAME OF PROVIDER OR SUPPLIER [redacted]		STREET ADDRESS, CITY, STATE, ZIP CODE [redacted]	

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130	Continued From page 1	K 130		
	The findings included:			
	1. Observation of the mechanical room on 9/16/15 revealed a penetration behind the water heater in the rated wall and the gap between the rated walls and the floor was not sealed with an approved fire stop material. 2. Observation of the storage room on 9/16/15 revealed a penetration in the ceiling around the sprinkler pipe.		Per email from Eddie Biggs with DIDD, this issue was corrected.	10/7/15
	These findings were verified and acknowledged by the house manager during the tour and exit conference on 9/16/15			

FORM CMS-2567(02-99) Previous Versions Obsolete Event ID: BM2L21 Facility ID: TNP53007 If continuation sheet Page 2 of 2

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	44G107		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 224	483.440(c)(3)(v) INDIVIDUAL PROGRAM PLAN The comprehensive functional assessment must include adaptive behaviors or independent living skills necessary for the client to be able to function in the community. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to conduct an assessment of independent living skills which resulted in a lack of outcomes related to household skills in the Individual Support Plan (ISP) for 2 of 2 sampled clients (Client #1, #2). The findings included: 1. A review of Client #1's record revealed no Comprehensive Functional Assessment (CFA). A request was made on 9/17/15 at 10:30 am of the Program Director (PD), the previous Qualified Intellectual Disabilities Professional (QIDP), for Client #1's CFA. The completed CFA could not be located by survey exit. A review of Client #1's ISP dated 12/12/14 revealed no assessment of independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry. Further review revealed no outcomes related to independent living skills. During an interview with the PD in the conference room on 9/17/15 at 12:30 pm, the PD confirmed Client #1's CFA was completed but she was unable to locate at this time. Further interview confirmed Client #1's independent living skills were not assessed. Further interview confirmed Client #1 did not have outcomes related to	W 224	1 .& 2. Regarding CFA QIDP will complete CFA for Client #1 & Client #2 QA Manager will audit records of other clients residing at James Road to identify whether or not CFA was completed QIDP will complete CFA's for other individuals, if necessary QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met QA Manager will conduct periodic audits of at least 25% of all individuals records 1. & 2. Regarding Independent Living skills QIDP will complete assessment of Client #1 & #2's independent living skills & develop outcomes to be incorporated into current ISP QA Manager will audit ISP's of other individuals residing at [redacted] to identify whether or not independent living skills were assessed & outcomes identified	10/16/15 10/19/15 10/26/15 10/31/15 ongoing 10/16/15 10/19/15

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE: Exec Dir — (X6) DATE: 10/9/15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/01/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	44G107		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 224	Continued From page 1 independent living skills. 2. A review of Client #2's record revealed no CFA A request was made on 9/17/15 at 10 30 am of the PD for Client #2's CFA. The completed CFA could not be located by survey exit. A review of Client #2's ISP dated 12/4/14 revealed no assessment of independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry. Further review revealed no outcomes related to independent living skills. During an interview with the PD in the conference room on 9/17/15 at 12:30 pm, the PD confirmed Client #2's CFA was completed but she was unable to locate at this time. Further interview confirmed Client #2's independent living skills were not assessed Further interview confirmed Client #2 did not have outcomes related to independent living skills.	W 224	continued from page 1 1. & 2. Regarding Independent Living skills QIDP will complete an assessment of the individual's independent living skills & develop outcomes accordingly, if identified QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	10/26/15 10/31/15 ongoing
W 230	483.440(c)(4)(ii) INDIVIDUAL PROGRAM PLAN The objectives of the individual program plan must be assigned projected completion dates. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure Individual Support Plan (ISP) objectives were assigned individualized completion dates for 2 of 2 sampled clients (Clients #1, #2). The findings included	W 230		

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	44G107		09/17/2015
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[redacted]		[redacted]	

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W 230	Continued From page 2 1. A review of Client #1's ISP dated 12/12/14 revealed 6 outcomes. Further review revealed all outcomes listed a completion date of 12/11/15. A review of Client #1's ISP Program Description report printed from the Agency's computerized system on 9/16/15 revealed "target completion date: 12/11/2015" for all 6 outcomes defined. During an interview with the Program Director (PD), the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #1's projected outcome completion dates were not individualized and were for the ISP year. 2. A review of Client #2's ISP dated 12/4/14 revealed 5 outcomes. Further review revealed all outcomes listed a completion date of 12/3/15. A review of Client #2's ISP Program Description report printed from the Agency's computerized system on 9/16/15 revealed "target completion date: 12/03/2015" for all 5 outcomes defined. During an interview with the PD, the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #2's projected outcome completion dates were not individualized and were for the ISP year.	W 230	QIDP will amend ISP outcome completion dates for client #1 & #2 to be more individualized QA Manager will audit ISP outcome completion dates for the other individuals at James Road to identify whether or not the outcome dates are individualized QIDP will amend ISP outcome completion dates for the other individuals, if necessary QIDP will ensure going forward that ISP outcome completion dates are individualized QA audit tool will be developed to be utilized by QIPD, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. A tool will be developed and used to monitor the progress of each individual's outcomes on a monthly basis ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	10/16/15 10/19/15 10/26/15 ongoing 10/31/15 ongoing ongoing
W 231	483.440(c)(4)(iii) INDIVIDUAL PROGRAM PLAN The objectives of the individual program plan must be expressed in behavioral terms that provide measurable indices of performance.	W 231		

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W 231	Continued From page 3 This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure Individual Support Plan (ISP) outcomes were written in behavioral terms that provided measurable indices of performance for 2 of 2 sampled clients (Client #1, #2).	W 231		
	The findings included. 1. A review of Client #1's ISP dated 12/12/14 revealed the following outcomes: "...will participate in community activities and visit places...of interest..."; "...will participate in oral hygiene activities daily with staff hand over hand assistance..."; "...will assist in bed mobility/transfers/positioning with staff assistance to maintain skin integrity..." Further review revealed the goals did not describe how success would be determined. Continued review revealed no indication of the number or percentage of trials required to achieve success. Further review revealed no indication of what target behaviors would indicate Client #1's success in the community, participation in oral hygiene or maintaining skin integrity. During an interview with the Program Director (PD), the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #1's goals were not written in behavioral terms and did not provide instructions to ensure measurable data for performance. 2. A review of Client #2's ISP dated 12/4/14 revealed the following outcomes: "...will assist...staff by up to 50% participation...personal hygiene care...daily..."; "...will...assist staff with...transfers using the Hoyer standing lift for		QIDP will amend ISP outcomes for Client #1 & #2 to reflect outcomes in measurable terms. QA Manager will audit ISP outcomes for the other individuals at [redacted] to identify whether or not the outcomes are written in measurable terms. QIDP will amend ISP outcomes for the other individuals, if necessary. QIDP will ensure going forward that ISP outcomes are written in measurable terms. QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. A tool will be developed and used to monitor the progress of each individual's outcomes on a monthly basis. ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly. QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	10/16/15 10/19/15 10/26/15 ongoing 10/31/15 ongoing ongoing

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W 231	Continued From page 4 toilet and bedside transfers..."; "...will visit places of interest..." Further review revealed the goals did not describe how success would be determined. Continued review revealed no indication of the number or percentage of trials required to achieve success. Further review revealed no indication of what target behaviors would indicate Client #2's success with personal hygiene care, transfers and community outings. During an interview with the PD, the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #2's goals were not written in behavioral terms and did not provide instructions to ensure measurable data for performance.	W 231		
W 234	483.440(c)(5)(i) INDIVIDUAL PROGRAM PLAN Each written training program designed to implement the objectives in the individual program plan must specify the methods to be used. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure the training program provided clear directions on how to implement teaching strategies for 2 of 2 sampled clients (Clients #1, #2). The findings included: 1. A review of Client #1's Individual Support Plan (ISP) dated 12/12/14 revealed the following outcome: "...will participate in community activities and visit places...of interest.." A review of Client #1's ISP Program Description report printed from the Agency's computerized	W 234	QIDP will rewrite staff instructions for Client #1 & #2 so that clear directions on how to implement the teaching strategies are provided QA Manager will audit staff instructions for the other individuals at [redacted] to identify whether or not the staff instructions provide clear directions on how to implement the teaching strategies QIDP will rewrite the staff instructions for the other individuals, if necessary QIDP will ensure going forward that staff instructions are outlined & written in objective terms so that repeatability is ensured among all staff	10/16/15 10/19/15 10/26/15 ongoing

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W 234	Continued From page 5 system on 9/16/15 revealed staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goal to ensure consistency between staff members. During an interview with the Program Director (PD), the previous Qualified Intellectual Disabilities Professional, in the facility conference room on 9/17/15 at 10:30 am, the PD confirmed Client #1's staff instructions were not written clearly, which could affect the consistency of implementation. 2. A review of Client #2's ISP dated 12/4/14 revealed the following outcomes: "...will assist...staff by up to 50% participation ..personal hygiene care.. daily. ."; ".. will...assist staff with transfers using the Hoyer standing lift for toilet and bedside transfers..."; "...will purchase items/services ..in the community"; "...will visit places of interest..." A review of Client #2's ISP Program Description report printed from the Agency's computerized system on 9/16/15 revealed staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goal to ensure consistency between staff members. During an interview with the PD, the previous Qualified Intellectual Disabilities Professional, in the facility conference room on 9/17/15 at 10:30 am, the PD confirmed Client #2's staff instructions were not written clearly, which could affect the consistency of implementation.	W 234	QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard is met. QA Manager will conduct periodic audits of at least 25% of all individuals staff instructions	10/31/15 ongoing
W 323	483.460(a)(3)(i) PHYSICIAN SERVICES	W 323		

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W 323	Continued From page 6	W 323		
	The facility must provide or obtain annual physical examinations of each client that at a minimum includes an evaluation of vision and hearing.		ICF Nurse Manager will ask PCP to assess current hearing acuity on Client #2	10/16/15
	This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure an annual hearing assessment was completed for 1 of 2 sampled clients (Client #2).		ICF Nurse Manager will review medical records for the other individuals residing at [redacted] to identify whether or not an annual hearing assessment has been completed	10/19/15
	The findings included:			
	A review of Client #2's annual history and physical dated 11/19/14 revealed "HEENT [head, eyes, ears, nose and throat]: There have been no changes in...hearing" Further review revealed physical exam did not assess current hearing acuity.		ICF Nurse Manager will schedule appts for individuals to have annual hearing assessment, if necessary	10/26/15
	During an interview with the Administrative Nurse (AN) in the conference room on 9/17/15 at 10:00 am, the AN confirmed Client #2's Primary Care Physician (PCP) completes the annual hearing assessment at the time of the annual physical.		ICF Nurse Manager, going forward will ensure that a referral is made for a specialist if deemed necessary per the individual's diagnosis. ICF Nurse Manager will also ensure that PCP clearly states that assessment was completed & clearly states what indicators were used to determine the findings	ongoing
	During a telephone interview with Client #2's PCP in the conference room on 9/17/15 at 11:30 am, the PCP confirmed a hearing assessment was not completed during the annual physical.		IDT meets monthly to review & discuss each individual, including their medical issues and needs	ongoing
			QA Manager will conduct periodic audits of at least 25% of all individuals medical records	ongoing

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W 124	483.420(a)(2) PROTECTION OF CLIENTS RIGHTS The facility must ensure the rights of all clients. Therefore the facility must inform each client, parent (if the client is a minor), or legal guardian, of the client's medical condition, developmental and behavioral status, attendant risks of treatment, and of the right to refuse treatment. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure written informed consent was obtained prior to the use of Nitrous Oxide during dental treatment for 1 of 2 sampled clients (Client #2). The findings included: A review of Client #2's 2/21/14 dental visit revealed "Nitrous Oxide administered...Forcep Ext. [extraction] #4 & #5 without complications..." A medical record review for Client #2 revealed no conservator consent on file for the use of Nitrous Oxide during the 2/21/14 dental visit. During an interview with the Nurse Manager (NM) in the facility conference room on 2/11/15 at 3:35 pm, the NM stated the purpose of the Nitrous Oxide was to help Client #2 stay calm and hold still during dental treatment. Further interview revealed there was no conservator consent for Client #2 to receive Nitrous Oxide, due to instructions from the dentist stating informed consent was not required.	W 124	Conservator will be notified and explained the need for HRC consent for the use of nitrous oxide and IV sedation during dental visits and get their signature. An annual consent for dental sedation will be obtained for all persons served during their annual ISP/IPP or COS meetings. A consent will be obtained for the use of Nitrous Oxide and IV sedation prior to each dental visit. HRC committee will review and discuss consents for nitrous oxide medications used during dental procedures.	3/15/15 ongoing ongoing 3/15/15
W 206	483.440(c)(1) INDIVIDUAL PROGRAM PLAN	W 206		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE: [signature] TITLE: Exec Dir (X6) DATE: 3-4-15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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W 206	Continued From page 1 Each client must have an individual program plan developed by an interdisciplinary team that represents the professions, disciplines or service areas that are relevant to: (i) Identifying the client's needs, as described by the comprehensive functional assessments required in paragraph (c)(3) of this section; and (ii) Designing programs that meet the client's needs. This STANDARD is not met as evidenced by: Based on observation, record review and interview, the Interdisciplinary Team (IDT) failed to consider dining plan recommendations when writing a Self-Administration of Medication (SAMS) goal for 1 of 2 sampled clients (Client #2). The findings included: An observation of a med pass in the dining room of the home on 2/11/15 at 7:40 am revealed Client #2 presented with uncrushed pills in a medicine cup. Client #2 used her fingers to remove the pills from the cup and placed the pills into her mouth independently. Continued observation revealed Nurse #1 handed Client #2 a nosey cup and she swallowed the medications without coughing. A review of Client #2's 10/2/14 Individual Program Plan (IPP) revealed "Valued outcome 8 ...[Client #2] will assist the nurse with taking her medications. Further review revealed "Medication time (ISP Program)...Goal/Service: [Client #2] will be given 1-3 of her meds in a cup by the nurse and take them with verbal prompting from the	W 206	SLP will review dining plan and observe med pass to assess the need for changes in person's served medication administration safety level/ needs. SLP will discuss her recommendations with the Interdisciplinary Team for this person's medication administration needs. SLP will make revisions to dining plan and re-train nursing staff on updated dining plan to incorporate all changes. SLP will discuss any changes or concerns with medication administration during the monthly IDT meetings, and ISP/COS meetings prior to making changes.	3/16/15 3/16/15 3/16/15 ongoing

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W 206	Continued From page 2 nurse..." A review of Client #2's 1/2015 Dining Plan revealed "...Diet Texture: Diced...Medication Administration: Follow mealtime guidelines for medication administration. All pills should be crushed and placed in food and presented with a regular spoon. Nurse should be at eye level when administering medication to [Client #2]." During an interview with the Director of Nursing (DON) in her facility office on 2/12/15 at 10:15 am, the DON confirmed nursing staff conducts all self-administration of medication (SAMS) assessments and recommended Client #2 take her pills whole based on this assessment. Further interview revealed the DON was unaware of Client #2's Dining Plan specifying the use of crushed medications. During a telephone interview with the Speech Language Pathologist (SLP) in the facility conference room on 2/12/15 at 11:30 am, the SLP confirmed Client #2's Dining Plan included a recommendation for crushed medications. Further interview confirmed the SLP was present at Client #2's IPP meeting and was not aware Client #2's SAMS goal specified the use of whole medications.	W 206		
W 262	483.440(f)(3)(i) PROGRAM MONITORING & CHANGE The committee should review, approve, and monitor individual programs designed to manage inappropriate behavior and other programs that, in the opinion of the committee, involve risks to client protection and rights.	W 262		

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W 262	Continued From page 3 This STANDARD is not met as evidenced by: Based on a review of Human Rights Committee (HRC) meeting minutes, dental records and interview, the facility failed to ensure HRC reviewed and approved locked chemicals for 4 of 4 clients (sampled Clients #1, #2 and unsampled Clients #3, #4). The facility also failed to ensure the HRC reviewed and approved the use of Nitrous Oxide during dental treatment for 1 of 2 sampled clients (Client #2). The findings included: 1. A review of HRC meeting minutes provided by the facility for the survey year revealed no review or approval for locked chemicals. During an entrance interview with Qualified Intellectual Disabilities Professional (QIDP) in the facility conference room on 2/10/15 at 9:30 am, the QIDP stated chemicals were locked in all of the facility's homes. During an interview with QIDP in the facility conference room on 2/12/15 at 10:40 am, the QIDP stated the facility was unaware an HRC review was required for safety measures such as chemical lock up. Further interview confirmed there was no HRC review or approval for locked chemicals. 2. A review of Client #2's 2/21/14 dental report revealed "Nitrous Oxide administered ...Forcep Ext. [extraction] #4 & #5 without complications ..." A review of HRC meeting minutes provided for the survey year revealed no review or approval	W 262	All Conservators will be notified and explained the need for HRC consents for locked chemicals in the home and get their signature. HRC committee will review consents and discuss the need for ongoing restriction in the home. HRC consents will be updated annually during ISP/IPP or COS meetings. Consents will be reviewed quarterly during HRC meetings. Conservator will be notified and explained the need for HRC consent for the use of nitrous oxide and IV sedation during dental visits and get their signature. An annual consent for dental sedation will be obtained for all persons served during their annual ISP/IPP or COS meetings.	3/20/15 ongoing 3/15/15 ongoing

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W 262	Continued From page 4 for the use of Nitrous Oxide during Client #2's 2/21/14 dental appointment. During an interview with the Nurse Manager (NM) in the facility conference room on 2/12/15 at 3:35 pm, the NM stated the purpose of the Nitrous Oxide was to help Client #2 stay calm and hold still during dental treatment. Further interview revealed the facility was unaware the use of Nitrous Oxide required conservator consent and HRC review. During an interview with the QIDP in the facility conference room on 2/12/15 at 10:40 am, the QIDP stated there was no HRC review or approval for the use of Nitrous Oxide during Client #2's 2/21/14 dental appointment.	W 262	A consent will be obtained for the use of Nitrous Oxide and IV sedation prior to each dental visit. HRC committee will review and discuss consents for nitrous oxide medications used during dental procedures.	ongoing 3/15/15
W 460	483.460(a)(1) FOOD AND NUTRITION SERVICES Each client must receive a nourishing, well-balanced diet including modified and specially-prescribed diets. This STANDARD is not met as evidenced by: Based on observation, record review and interview the facility failed to ensure modified diet orders were implemented as prescribed for 1 of 2 sampled clients (Client #1). The findings included: A dinner observation in the dining room of the home on 2/10/15 at 5:00 pm revealed Client #1 seated in a standard chair with Direct Support	W 460		

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NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 460	Continued From page 5 Professional (DSP) #1 seated on the right. A 2-handled cup with powdered thickener was located at the top of Client #1's plate. DSP #1 poured water into the cup and stirred it with a spoon to mix it with the thickener. Continued observation revealed the water was not honey thickened. A request by this surveyor to examine the texture of the liquid resulted in DSP #1 returning to the kitchen where she added more thickener to the water. Continued observation revealed Client #1 required partial physical assistance to drink the thickened water and did not exhibit any coughing. A breakfast observation in the dining room of the home on 2/11/15 at 7:45 am revealed Client #1 seated in a standard chair with DSP #2 seated on the right. A 2-handled cup filled with juice was located at the top of Client #1's plate. Continued observation revealed the juice was not honey thickened. A request by this surveyor to examine the texture of the liquid resulted in DSP #2 returning to the kitchen where she added more thickener to the juice. Continued observation revealed Client #1 required partial physical assistance to drink the thickened juice and did not exhibit any coughing. A review of Client #1's 1/15 Dining Plan revealed "Liquid Consistency:Liquids are honey consistency." A review of Client #1's 9/30/14 Individual Program Plan (IPP) revealed "[Client #1] eats by mouth. He currently has a high fiber, ground texture diet with thickened liquids to honey consistency to	W 460	SLP will assess prescribed consistency of fluids for each person served and make necessary adjustments. SLP will re-train designated trainer in the home on the thickener to fluid ratio to use to get fluids to appropriate consistency. Designated trainer will in-service the staff on updated fluid ratio to thickener consistency. SLP will monitor and observe mealtimes monthly at all homes to ensure thickener is prepared/ recommendations and person served tolerance.	3/20/15 3/20/15 3/20/15 ongoing

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G127	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED 02/12/2015
NAME OF PROVIDER OR SUPPLIER [redacted]		STREET ADDRESS, CITY, STATE, ZIP CODE [redacted]	

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 460	Continued From page 6 avoid aspiration." An interview of DSP #2 in the dining room of the home on 2/11/15 at 7:45 am revealed written instructions for thickening Client #1's liquids include the amount of thickener and liquid to be used. Further interview confirmed all staff members use these instructions when preparing Client #1's liquids. Further interview revealed Client #1's liquids become thicker over time. Further interview confirmed the written instructions do not direct staff to prepare liquids ahead of the meal or to add additional thickener if the liquid does not reach desired consistency. During a telephone interview with the Speech Language Pathologist (SLP) in the facility conference room on 2/12/15 at 11:30 am, the SLP confirmed she had created written instructions for thickening Client #1's liquids. Further interview confirmed the thickener requires time to reach the desired consistency. Further interview confirmed the thickening instructions do not direct staff to prepare Client #1's liquids prior to the meal.	W 460		

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION A. BUILDING 77 - DAROLYN HOME B. WING	(X3) DATE SURVEY COMPLETED
	44G127		02/11/2015

NAME OF PROVIDER OR SUPPLIER: [redacted]

STREET ADDRESS, CITY, STATE, ZIP CODE: [redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD OTHER LSC DEFICIENCY NOT ON 2786 This STANDARD is not met as evidenced by: NFPA 101, 33-9.1, 2000 New 9.2.3 Commercial Cooking Equipment. Commercial cooking equipment shall be in accordance with NFPA 96, Standard for Ventilation Control and Fire Protection of Commercial Cooking Operations, unless existing installations, which shall be permitted to be continued in service, subject to approval by the authority having jurisdiction. Based on observation, record review, and interview, it was determined the facility failed to maintain the kitchen ventilation equipment. The findings included. During the record review in the Darolyn home on 2/11/15, the facility provided a semi annual kitchen hood inspection report for 10/3/14. The report stated the exhaust fan on the kitchen hood would not operate. I ask the house manager if the fan had been repaired, and she stated it had been worked on. I turned the hood exhaust switch to "on" but the exhaust fan would not operate. This finding was verified and acknowledged by the house manager during the exit conference on 2/11/15.	K 130	This item was repaired on 10/21/14 and was working properly prior to state inspection. This item has been inspected again and found to be working at this time. (See enclosed documentation). Revisions will be made to monthly Survey tool used by QA and QIDP Supervisor to ensure proper operation of exhaust fan and all appliances. Revisions will be made to Fire Drill forms used by HM's to include inspection of Exhaust fan/vent-a-hood monthly.	completed completed 3/20/15
K0152	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD The facility holds evacuation drills at least	K0152		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE: [signature] TITLE: Exec Dir (X6) DATE: 4-15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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NAME OF PROVIDER OR SUPPLIER [redacted]		STREET ADDRESS, CITY, STATE, ZIP CODE [redacted]	

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K0152	Continued From page 1 quarterly for each shift of personnel and under varied conditions to ensure that all personnel on all shifts are trained to perform assigned tasks; and ensure that all personnel on all shifts are familiar with the use of the facility's emergency and disaster plans and procedures. The facility must - (i) Actually evacuate clients during at least one drill each year on each shift; (ii) Make special provisions for the evacuation of clients with physical disabilities; (iii) File a report and evaluation on each drill; (iv) Investigate all problems with evacuation drills, including accidents and take corrective action: and (v) During fire drills, clients may be evacuated to a safe area in facilities certified under the Health Care Occupancies Chapter of the Life Safety Code. Facilities meet the requirements of paragraphs (1) and (2) of this section for any live-in and relief staff that they utilize. This STANDARD is not met as evidenced by: Based on record review, it was determined the facility failed to conduct 1 of 12 fire drills on all shifts. The findings included: During the document review on 2/11/15 in the Darolyn 2803 home, the facility could not provide	K0152	HM will ensure all evacuation drills are completed as scheduled one per shift quarterly and a copy of each drill will be kept in the fire drill book in the home. QA will audit and monitor fire drills monthly to ensure all drills are completed as scheduled. QA will monthly and quarterly audit Fire drill books to ensure copies of all evacuation drills are present in the home.	3/20/14 3/20/15 3/20/15

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	44G127		02/11/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

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K0152	Continued From page 2 documentation of a second shift fire drill in the second quarter of 2014. This finding was verified and acknowledged by the house manager during the exit conference on 2/11/15.	K0152		

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION A. BUILDING 77 - OLD ALLEN ICF/MR B. WING	(X3) DATE SURVEY COMPLETED
	44G106		09/16/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD OTHER LSC DEFICIENCY NOT ON 2786 This STANDARD is not met as evidenced by: National Fire Protection Association, (NFPA) 10, 4-4.3 (1998 edition) Six-Year Maintenance. Based on observation and record review, the facility failed to provide the 6 year maintenance on 3 of 4 fire extinguishers observed. The findings included. Observation of the facility on 9/16/15, revealed the fire extinguishers in the kitchen, the mechanical room, and the storage room did not have the 6 year maintenance collars. The fire extinguishers were due for the 6 year maintenance inspection in 2014. The annual fire extinguisher inspection report did not provide documentation of the 6 year maintenance being performed. National Fire Protection Association, (NFPA) 25, 2-2.1 (1998 edition) Sprinklers shall be inspected from the floor level annually. Sprinklers shall be free of corrosion, foreign materials, paint, and physical damage and shall be installed in the proper orientation (e.g., upright, pendant, or sidewall). Any sprinkler shall be replaced that is painted, corroded, damaged, loaded, or in the improper orientation. Based on observation, the facility failed to	K 130	A fire extinguisher that is currently tagged was taken from the office to [redacted] Security Fire is scheduled for their quarterly visit & will replace the fire extinguishers in the kitchen & mechanical room The monthly fire drill form is being revised to reflect checking the date of the fire extinguisher so that the proper 6 year maintenance can be performed prior to the 6 year time-frame Home Managers will be given & trained on the revised monthly fire drill form	10/9/15 10/20/15 10/16/15 10/31/15

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE: Exec Dir — (X6) DATE: 10/9/15

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 77 - OLD ALLEN ICF/MR B. WING	(X3) DATE SURVEY COMPLETED
	44G108		09/18/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

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K 130	Continued From page 1 maintain all sprinkler heads. The findings included: Observation of the mechanical room on 9/16/15, revealed a black tar substance on 1 of 1 sprinkler heads. National Fire Protection Association, (NFPA) 101, 8.2.3.2.4.2* (2000 edition) Based on observation, the facility failed to maintain all fire assemblies. The findings included: Observation of the mechanical room on 9/16/15 revealed penetrations in the ceiling around piping. The opening between the floor and gypsum wall board was not sealed. These findings were verified by the home manager during the exit conference on 9/15/15	K 130	QA Manager will add the 6 year maintenance of the audit tool that is used throughout the year Per email from Eddie Biggs, with DIDD, the issue will be addressed	10/31/15 10/12/15

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	44G106		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

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W 124	483.420(a)(2) PROTECTION OF CLIENTS RIGHTS The facility must ensure the rights of all clients. Therefore the facility must inform each client, parent (if the client is a minor), or legal guardian, of the client's medical condition, developmental and behavioral status, attendant risks of treatment, and of the right to refuse treatment. This STANDARD is not met as evidenced by: Based on a review of the medical record and interview, the facility failed to obtain written informed consent for intravenous (IV) sedation for dental treatment for 1 of 2 sampled clients (Client #2). The findings included: A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed "[Client #2] had two dental appointments with [named provider] and his periodic exams were done under IV (intravenous) sedation without complications." A review of Client #2's records revealed there was no consent on file for the use of IV sedation during his dental procedure. Consent forms were requested on 9/16/15 at 8:30 am and were unable to be located prior to the conclusion of the survey. During an interview with the Human Rights Committee (HRC) Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed the consent for Client #2's IV dental sedation was not able to be located.	W 124	A medical appointment protocol form has been developed by the nursing department to assist with identifying when sedation will be used for an individual's medical treatment. Nursing Department will distribute and in-service staff on the newly developed medical appointment protocol and form Administrative staff involved in ICF program were in-serviced on the HRC regulations & requirements QA Manager will audit the HRC records for other individuals residing at [redacted] to assure proper consents have been obtained Agency HRC designee will obtain consents and approvals for other individuals, if necessary QA Manager will conduct periodic audits of at least 25% of all individuals HRC records	10/8/15 10/26/15 10/6/15 10/19/15 10/31/15 Ongoing
W 156	483.420(d)(4) STAFF TREATMENT OF CLIENTS	W 156		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE: Exec Dir — (X6) DATE: 10/9/15

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	44G106		09/17/2015

NAME OF PROVIDER OR SUPPLIER: [redacted]

STREET ADDRESS, CITY, STATE, ZIP CODE: [redacted]

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W 156	Continued From page 1	W 156		
	The results of all investigations must be reported to the administrator or designated representative or to other officials in accordance with State law within five working days of the incident		New IMC is in place and aware of the time line requirements regarding internal investigations being completed within 5 working days of the incident	10/17/15
	This STANDARD is not met as evidenced by: Based on a review of facility incident reports, incident investigations and interview, the facility failed to complete an internal incident investigation within five working days for 1 of 2 sampled clients (Client #2) and one unsampled client (Client #3). The findings included: 1. A review of a Reportable Incident form for Client #2 revealed "Date of Incident: 10/21/14". Further review revealed Client #2 was taken to the emergency room and was diagnosed with a fracture in his left hand. A review of the Internal Investigation Report revealed "Date and time incident(s) were discovered/reported: 10/21/14.. Nature of allegation and/or information provided to (facility) Serious injury with unknown cause" Further review revealed the investigator's signature with no date. During an interview of the Incident Management Coordinator (IMC) in the facility office on 9/17/15 at 1:15 pm, the IMC confirmed the 10/21/14 incident investigation was not completed within 5 working days. Further interview revealed the primary investigator had conducted witness interviews after the 5 day period had passed and confirmed the report was not dated.		QA Manager will conduct periodic audits of at least 25% of all individuals IMC records to identify areas needing correction, if necessary	Ongoing

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	44G106		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 156	Continued From page 2 2. A review of a Reportable Incident form for unsampled Client #3 revealed "Date of Incident: 4/29/15". Further review revealed Client #3 was taken to the emergency room and diagnosed as having a "facial contusion with hematoma". Further review revealed Client #3 was discharged with instructions to "follow-up with his PCP [Primary Care Physician] in 2 days (5/1/15)". A review of the Internal Investigation Report revealed "Date and time incident(s) were discovered/reported: 4/29/15...Nature of allegation and/or information provided to [facility] "...head bumped the rail of the bed causing a knot and abrasion to right side of his forehead. Further review revealed the Internal Investigation Report was dated 5/12/15, 13 days after the incident was discovered. During an interview with the Incident Management Coordinator (IMC) in the facility office on 9/17/15 at 1:15 pm, the IMC confirmed the 4/29/15 incident investigation was not completed within 5 working days.	W 156		
W 206	483.440(c)(1) INDIVIDUAL PROGRAM PLAN Each client must have an individual program plan developed by an interdisciplinary team that represents the professions, disciplines or service areas that are relevant to: (i) Identifying the client's needs, as described by the comprehensive functional assessments required in paragraph (c)(3) of this section; and (ii) Designing programs that meet the client's needs.	W 206	A review of Client #1 & #2's OT Assessments was completed by the IDT and related outcomes were developed QIDP will review therapy assessments for the other individuals residing at [redacted] to identify whether or not the IDT discussed the assessments and if outcomes were developed	10/8/15 10/26/15

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	44G108	A BUILDING _____ B WING _____	09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

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W 206	Continued From page 3 This STANDARD is not met as evidenced by: Based on record review and interview, the Interdisciplinary Team (IDT) failed to discuss or implement recommendations listed in therapy evaluations for 2 of 2 sampled clients (Clients #1, #2) The findings included: 1. A review of Client #1's Occupational Therapy (OT) Assessment dated 9/4/14 revealed "[Client #1] appears to have sensory defensiveness challenges that limits his full tolerance to showers, shaving and oral care. [Client #1] would not tolerate hand over hand assistance for any functional tasks." Continued review revealed "[Client #1] would benefit from his OT to provide opportunities for sensory integration techniques exploration and intervention to improve overall sensory organization for ADLs [Activities of Daily Living]" Further review revealed "...[Client #1] will tolerate his Sensory Wilbarger protocol with staff max assistance 4 times a day with good tolerance/no agitation. ." A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed no IDT discussion of Client #1's sensory defensiveness/intolerance to hand over hand assistance and no goal to increase Client #1's tolerance of hand over hand assistance. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1 had difficulty tolerating hand over hand assistance. Further interview confirmed Client #1's ISP did not include the OT's goal for the	W 206	Continued from page 3 Therapy assessments for the other individuals will be presented by QIDP or Program Director at the next monthly IDT meeting and outcomes developed, if necessary QIDP will ensure going forward that therapy assessments are discussed with the IDT and outcomes developed QA Manager will conduct periodic audits of at least 25% of all individuals therapy ongoing assessments and related outcomes	Ongoing Ongoing Ongoing

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	44G106		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

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W 206	Continued From page 4 Sensory Wilbarger protocol or goals for staff to engage Client #1 in sensory integration activities. 2. A review of Client #2's Occupational Therapy (OT) evaluation dated 1/15/15 revealed "Range of motion...PROM [Passive Range of Motion] limited Right UE [upper extremity] shoulder, elbow, wrist...limited active participation with upper extremities...limited participation for ADL's [Activities of Daily Living]...Fair functional reaching/active engagement with left hand." Continued review revealed "Recommendations...Upper extremities sensory therapeutic activities as tolerated ...LTG [Long Term Goal] 3 [Client #2] will show increased upper extremities bilateral integration during daily activities and leisure time ...STG [Short Term Goal] 3 [Client #2] will demonstrate RUE [Right Upper Extremity] good relaxed position for 15-20 min, upon therapeutic stretching..." A review of Client #2's ISP dated 2/27/15 revealed no IDT discussion of Client #2's limited participation in ADL's or his limited range of motion in the right arm. Further review revealed no goals to increase upper extremities bilateral integration skills or promote relaxation in the right upper extremity. During an interview with the Program Director in the facility conference room on 9/17/15 at 10:30 am, she confirmed discussions or goals addressing Client #2's assessed need for bilateral integration and RUE relaxation were not included in his ISP.	W 206		
W 224	483.440(c)(3)(v) INDIVIDUAL PROGRAM PLAN The comprehensive functional assessment must	W 224	1 & 2 Regarding CFA QIDP will complete CFA for Client #1 & Client #2	10/16/15

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	44G106		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 224	Continued From page 5 include adaptive behaviors or independent living skills necessary for the client to be able to function in the community.	W 224	Continued from page 5 QA Manager will audit records of other clients at [redacted] identify whether or not CFA was completed.	10/19/15
	This STANDARD is not met as evidenced by. Based on record review and interview, the facility failed to conduct an assessment of independent living skills, resulting in a lack of Individual Service Plan (ISP) outcomes in the area of household skills for 2 of 2 sampled clients (Clients #1, #2)		QIDP will complete CFA's for other individuals, if necessary	10/26/15
			QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been meet	10/31/15
	The findings included.		QA Manager will conduct periodic audits of at least 25% of all individuals records	Ongoing
	1. A review of Client #1's program records revealed no Comprehensive Functional Assessment (CFA). A request for the CFA was made on 9/17/15 at 10 30 am The Program Director (who was the previous Qualified Intellectual Disabilities Professional) was not able to locate a completed CFA prior to survey exit.		1 & 2 Regarding Independent Living skills	
	A review of Client #1's ISP dated 11/13/14 revealed no assessment or description of independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry Further review revealed no outcomes related to independent living skills.		QIDP will complete assessment of Client #1 & #2 independent living skills & develop outcomes to be incorporated into current ISP.	10/31/15
	During an interview with the Program Director in the conference room on 9/17/15 at 12 30 pm, she stated Client #1's CFA was completed, although she was unable to locate a copy of the assessment. Further interview confirmed Client #1's ability to participate in home skills was not assessed or addressed as an ISP outcome.		QA Manager will audit ISP's of other individuals residing at [redacted] to identify whether or not independent living skills were assessed & outcomes identified	10/19/15
	2 A review of Client #2's record revealed no			

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	44G106		09/17/2016

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
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W 224	Continued From page 6 Comprehensive Functional Assessment (CFA) A request for the CFA was made on 9/17/15 at 10:30 am. The Program Director was not able to locate the completed CFA prior to survey exit.	W 224	Continued from page 6 1 & 2 Regarding Independent Living Skills QIDP will complete an assessment of the individual's independent living skills & develop outcomes accordingly, if identified	10/31/16
	A review of Client #2's ISP dated 12/4/14 revealed no assessment or description of independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry. Further review revealed no outcomes related to independent living skills. During an interview with the Program Director in the conference room on 9/17/16 at 12:30 pm, she stated Client #2's CFA was completed, although she was unable to locate a copy of the assessment. Further interview confirmed Client #2's ability to participate in home skills was not assessed or addressed as an ISP outcome.		QA audit tool will be developed to be utilized by the QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met.	Ongoing
W 230	483.440(c)(4)(ii) INDIVIDUAL PROGRAM PLAN The objectives of the individual program plan must be assigned projected completion dates. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure Individual Support Plan (ISP) objectives were assigned individualized completion dates for 2 of 2 sampled clients (Clients #1, #2). The findings included: 1. A review of Client #1's ISP dated 11/13/14	W 230		

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W 230	Continued From page 7 revealed 5 outcomes. Further review revealed all outcomes listed a completion date of 11/12/15.	W 230	QIDP will amend ISP outcome date for Client #1 and #2 to be more individualized	10/16/15
	A review of Client #1's ISP program description information from the Agency's computerized system revealed "target completion date: 11/12/2015" for all 5 outcomes.		QA Manager will audit ISP outcome dates for the other individuals at [redacted] to identify whether or not the outcome dates are individualized	10/19/15
	During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's projected outcome completion dates were not individualized and were for the entire ISP year.		QIDP will amend ISP outcome dates for the other individuals, if necessary	10/26/15
	2. A review of Client #2's ISP dated 2/27/15 revealed 7 outcomes. Further review revealed all outcomes listed a completion date of 2/26/16.		QA audit tool will be developed to be utilized by QIDP, with review from the Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. A grid will be developed and used to monitor the progress of each individual's outcomes on a monthly basis.	10/31/15
	A review of Client #2's ISP Program Description information printed from the Agency's computerized system revealed "target completion date: 2/26/16" for all 7 outcomes.		ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly	Ongoing
	During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #2's projected outcome completion dates were not individualized and were for the entire ISP year.		QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	Ongoing
W 231	483.440(c)(4)(iii) INDIVIDUAL PROGRAM PLAN	W 231		

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	44G106		09/17/2015
NAME OF PROVIDER OR SUPPLIER [redacted]		STREET ADDRESS, CITY, STATE, ZIP CODE [redacted]	

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W 231	Continued From page 8 The objectives of the individual program plan must be expressed in behavioral terms that provide measurable indices of performance.	W 231	QIDP will amend ISP outcomes for Client #1 and #2 to reflect outcomes in measurable terms.	10/16/15
	This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure goals provided measurable indices of performance for 2 of 2 sampled clients (Clients #1, #2).		QA Manager will audit ISP outcomes for the other individuals at [redacted], identify whether or not the outcomes are written in measurable terms	10/19/15
	The findings included:		QIDP will amend ISP outcomes for the other individuals, if necessary	10/26/15
	1. A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed the following goals "[Client #1] will paying [sic] for items of his choosing and for services rendered to him with hand over hand assistance from his staff and verbal prompting... [Client #1] will visit places in his community and the surrounding areas such as parks, museums, music events, local attractions, old friends and sporting events... [Client #1] will receive hand over hand assistance from staff on his ADL's [Activities of Daily Living] (oral hygiene, bathing/showering, toileting) daily." Further review revealed the goals did not describe how success would be determined. Continued review revealed no indication of what behaviors would indicate success when paying for items, when participating in the community or when bathing/showering.		QIDP will ensure going forward that ISP outcomes are written in measurable terms.	Ongoing
			QA audit tool will be developed to be utilized by QIDP, with review from the Program Director, 30 - 45 days prior to each individuals ISP effective date to ensure this standard has been met. A tool will be developed and used to monitor the progress of each individual's outcomes on a monthly basis.	10/31/15
			ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly	Ongoing
	During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's goals did not specify the behaviors Client #1 needed to exhibit in order to achieve success. Continued interview confirmed Client		QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	Ongoing

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	44G100		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

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W 231	Continued From page 9 #1's goals were not able to be measured. 2. A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed the following goals "[Client #2] will participate in shower activities with hand over hand and/or minimal assistance... [Client #2] will pay for items he chooses and his haircuts monthly with hand over hand assistance from staff...[Client #2] will visit places in the community he likes such as the zoo, park, malls, restaurants, music events and current attractions...[Client #2] will increase his present level of functioning by putting his empty Boost can after each meal/snack into the trash can without staff prompting..." Continued review revealed no indication of the number or percentage of trials required to achieve success. Further review revealed no indication of what behaviors Client #2 needed to exhibit in order to achieve success during showering, paying for items, when participating in community activities or when placing items in the trash. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #2's goals did not specify the behaviors Client #2 needed to exhibit in order to achieve success. Continued interview confirmed Client #2's goals did not indicate the number or percentage of trials required to achieve success and were not able to be measured.	W 231		
W 234	483.440(c)(5)(i) INDIVIDUAL PROGRAM PLAN Each written training program designed to implement the objectives in the individual program plan must specify the methods to be	W 234	QIDP will rewrite staff instructions for Client #1 & #2 so that clear directions on how to implement the teaching strategies are provided	10/16/15

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NAME OF PROVIDER OR SUPPLIER [redacted]		STREET ADDRESS, CITY, STATE, ZIP CODE [redacted]	

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W 234	Continued From page 10 used. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure the training program provided clear directions on how to implement teaching strategies for 2 of 2 sampled clients (Clients #1, #2). The findings included: 1. A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed the following goals "[Client #1] will paying (sic) for items of his choosing and for services rendered to him with hand over hand assistance from his staff and verbal prompting...[Client #1] will visit places in his community and the surrounding areas such as parks, museums, music events, local attractions, old friends and sporting events... [Client #1] will receive hand over hand assistance from staff on his ADL's [Activities of Daily Living] (oral hygiene, bathing/showering, toileting) daily." A review of Client #1's ISP Program Description report dated 11/12/14 revealed staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goal. Continued review revealed there was no information about Client #1's responsibility for identifying money when paying the cashier, what skills to encourage in the community or what body parts Client #1 was required to wash. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's staff instructions were not written	W 234	Continued from page 10 QA Manager will audit staff instructions for the other individuals at [redacted] to identify whether or not the staff instructions provide clear directions on how to implement the teaching strategies QIDP will rewrite the staff instructions for the other individuals, if necessary QIDP will ensure going forward that staff instructions are outlined & written in objective terms so that trial repeatability is ensured among all staff QA audit tool will be developed to be utilized by QIDP, with review from the Program Director, 30 - 45 days prior to each individuals ISP effective date to ensure this standard has been met. QA Manager will conduct periodic audits of at least 25% of all individuals staff instructions	10/19/15 10/26/15 Ongoing 10/31/15 Ongoing

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	44G106	A BUILDING _____ B WING _____	09/17/2015

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W 234	Continued From page 11 clearly, which could affect the consistency of implementation. 2. A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed the following goals "[Client #2] will participate in shower activities with hand over hand and/or minimal assistance... [Client #2] will increase his tolerance to his oral hygiene care with the assistance of familiar staff.. [Client #2] will visit places in the community he likes such as the zoo, park, malls, restaurants, music events and current attractions .." A review of Client #2's ISP Program Description report dated 2/8/15 revealed the report contained staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goals. Continued review revealed there was no information explaining which body parts should be washed, the order body parts should be washed, or which quadrants of Client #2's mouth should be brushed. Further review revealed there were no staff instructions for implementing Client #2's community participation goal. During an interview with the Program Director in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's staff instructions were not written clearly, which could affect the consistency of implementation	W 234		
W 239	483.440(c)(5)(vi) INDIVIDUAL PROGRAM PLAN Each written training program designed to implement the objectives in the individual program plan must specify provision for the appropriate expression of behavior and the	W 239	QIDP will review and add appropriate behavioral goals into the ISP for Client #1	10/19/15

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NAME OF PROVIDER OR SUPPLIER: [redacted]

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W 239	Continued From page 12 replacement of inappropriate behavior, if applicable, with behavior that is adaptive or appropriate.	W 239	QIDP will review the ISP's for the other individuals residing at [redacted] to identify any replacement behavior goals that need to be added to the ISP	10/26/15
	This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to provide a training program to replace inappropriate behaviors exhibited by 1 of 2 sampled clients (Client #1). The findings included: A review of Client #1's Behavior Support Plan 2014-2016 Annual Review revealed "...Target Behaviors: Verbal Aggression: uses profanity...Physical Aggression ...forceful grabbing of arms...Noncompliance ..refuses to follow staff instructions for critical tasks..." Further review revealed "Replacement Behaviors: Functional Communication Training ..to promote speech as an alternative to problem/target behaviors...Reinforcement for Compliance with Unpreferred Tasks...to provide opportunities for reinforcement to [Client #1] when he complies with unpreferred tasks...Engagement...to assist [Client #1] with keeping busy in functional activities to reduce the opportunities for target behaviors to occur." A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed there were no goals designed to replace Client #1's target behaviors (verbal and physical aggression, noncompliance) with appropriate behaviors. Further review revealed the replacement behavior suggestions listed in the 2014-2016 Behavior Support Plan were not mentioned in the ISP.		QIDP will ensure going forward that replacement behavior goals, when applicable, are ongoing incorporated into the individuals ISP QA Manager will conduct periodic audits of at least 25% of all individuals ISPs and goals	Ongoing Ongoing

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NAME OF PROVIDER OR SUPPLIER: [redacted]

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W 239	Continued From page 13 During an interview with the Behavior Analyst (BA) in his facility office on 9/17/15 at 12:20 pm the BA confirmed he wrote suggestions for Client #1's replacement behavior goals, but did not write goals for the ISP. Further interview confirmed replacement behavior goals should have been included in the ISP.	W 239		
W 262	483.440(f)(3)(i) PROGRAM MONITORING & CHANGE The committee should review, approve, and monitor individual programs designed to manage inappropriate behavior and other programs that, in the opinion of the committee, involve risks to client protection and rights This STANDARD is not met as evidenced by: Based on a review of medical records, Human Rights Committee (HRC) meeting minutes, and interview, the facility failed to ensure HRC reviewed and approved the use of dental sedation for 2 of 2 sampled clients sampled (Clients #1 and #2). The findings included: 1. A review of Client #1's medical records revealed "Consultation Form. Appointment Date Time: 6/17/14...Reason for Appointment: Client will be getting a total extraction...procedure note . s/p (status post) removal of remaining teeth under general anesthesia .." A review of the HRC meeting minutes revealed no documentation of an HRC discussion or	W 262	A medical appointment protocol form has been developed by the nursing department to assist with identifying when sedation will be used for an individual's medical treatment. Nursing Department will distribute and in-service staff on the form Administrative staff involved in ICF program were inserviced on the HRC regulations &requirements QA Manager will audit the HRC records for other individuals residing at [redacted] to ensure proper consents have been obtained Agency HRC designee will obtain consents and approvals for other individuals, if necessary QA Manager will conduct periodic audits of at least 25% of all individuals HRC	10/8/15 10/26/15 10/6/15 10/19/15 10/31/15 Ongoing

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W 262	Continued From page 14 approval for the use of general anesthesia during Client #1's dental procedure. Records were requested from the HRC Chairperson on 9/16/15 at 8:30 am and were unable to be located prior to the conclusion of the survey. During an interview with the HRC Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed the HRC did not meet to discuss and approve the use of general anesthesia for Client #1's dental procedure. 2. A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed "[Client #2] had two dental appointments with [named provider] and his periodic exams were done under IV [intravenous] sedation without complications." A review of HRC meeting minutes revealed no documentation of a meeting to discuss and approve the use of IV sedation for Client #2's dental appointments. Records were requested from the HRC Chairperson on 9/16/15 at 8:30 am and were unable to be located prior to the conclusion of the survey. During an interview with the Human Rights Committee (HRC) Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed the HRC did not meet to discuss and approve Client #2's IV dental sedation.	W 262		
W 312	483.450(e)(2) DRUG USAGE Drugs used for control of inappropriate behavior must be used only as an integral part of the client's individual program plan that is directed specifically towards the reduction of and eventual elimination of the behaviors for which the drugs	W 312	ICF Nurse Manager & Director of Nursing spoke to administering physician for the Ketamine. Ketamine was removed from the home of Client #1	10/815

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W 312	Continued From page 15 are employed. This STANDARD is not met as evidenced by: Based on a review of the Human Rights Committee (HRC) meeting minutes, medical records and interview, the facility failed to ensure drugs for behavior management were not prescribed on an as needed (PRN) basis for 1 of 2 sampled clients (Client #1). The findings included: A review of the HRC meeting minutes dated 4/28/15 revealed "Purpose of the Review...Review of medication given only by PCP [primary care physician] during procedures that may cause agitation." Further review revealed "Psychotropic Medication Review...Name of Medication...Ketamine...Purpose. prevent injury from agitation." A review of Client #1's Annual Physical evaluation dated 9/17/14 revealed "...Med [medication] list...Ketamine ..injectable solution .administered by MD [Doctor of Medicine]" During an interview with the HRC Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed PRN drugs for altering behavior were approved by the HRC due to Client #1's anxiety and aggression during routine medical procedures.	W 312	Administrative staff involved in ICF program were in-serviced on the HRC regulations & requirements regarding no PRN meds being prescribed for behavioral management QA Manager will audit the HRC records for other individuals residing at [redacted] to ensure no PRN meds for behavior management are in place QA Manager will conduct periodic audits of at least 25% of all individuals HRC records	10/6/15 10/19/15 Ongoing
W 322	483.460(a)(3) PHYSICIAN SERVICES The facility must provide or obtain preventive and general medical care.	W 322	A medical appointment protocol form has been developed by the nursing department to assist with identifying when follow up medical treatment has been noted	10/8/15

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FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	44G106		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 322	Continued From page 16	W 322	Nursing Department will distribute and Inservice staff on the form	10/2615
	This STANDARD is not met as evidenced by: Based on a review of facility incident reports, investigation summaries and interview, the facility failed to ensure a client received follow-up services from his Primary Care Physician for 1 unsampled client (Client #3).		ICF Nurse Manager will ensure going forward that any recommended follow up to medical treatment or appointments has been completed within the recommended time frame	Ongoing
	The findings included:		ICF Nurse Manager will audit the medical records for other individuals residing at [redacted] to ensure proper follow up of medical related issues was completed	10/31/15
	A review of a Reportable Incident form for unsampled Client #3 revealed "Date of Incident: 4/29/15". Further review revealed "PCP [Primary Care Physician] gave orders to send Client #3 to [named hospital] Emergency Room". Further review revealed Client #3 was taken to the emergency room and diagnosed as having a "facial contusion with hematoma". Continued review revealed Client #3 was discharged with instructions to "follow-up with his PCP in 2 days (5/1/13)".		QA Manager will conduct periodic audits of at least 25% of all individuals medical records	Ongoing
	A review of an investigation summary written by the West Tennessee Office of the Department of Intellectual and Developmental Disabilities dated 7/27/15 revealed "The 4/29/15 ER [Emergency Room] discharge summary indicated that [Client #3] should have followed up with his PCP in 2 days. However, he did not see his PCP until 5/20/15.			
	During an interview with the Administrative LPN (Licensed Practical Nurse) in her facility office on 9/17/15 at 1.30 pm, she confirmed Client #3 was not seen by his PCP until 5/20/15, which was 21 days after the ER visit.			
W 323	483.460(a)(3)(i) PHYSICIAN SERVICES	W 323		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/01/2015
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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	44G108	A. BUILDING _____ B. WING _____	09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 323	Continued From page 17 The facility must provide or obtain annual physical examinations of each client that at a minimum includes an evaluation of vision and hearing. This STANDARD is not met as evidenced by: Based on medical record review and interview, the facility failed to ensure an annual hearing assessment was completed for 1 of 2 sampled clients (Client #1). The findings included A review of Client #1's Speech, Language and Oral Motor Annual Re-Evaluation dated 10/17/14 revealed "Background Information...Mild to moderate high frequency hearing loss." A review of Client #1's annual physical, dated 9/17/14 revealed "Hearing and vision adequate for needs of patient as assessed by using history, physical exam and judgement based on knowledge and experience." Further review revealed the physical exam did not include a description of Client #1's hearing status During an interview with the Administrative Licensed Practical Nurse (ALPN) in the facility conference room on 9/17/15 at 10 00 am, the ALPN confirmed Client #1 was not seen by an Audiologist and his annual hearing assessment was conducted by the Primary Care Physician (PCP) during his annual physical. During a telephone interview with Client #1's Primary Care Physician (PCP) in the facility conference room on 9/17/15 at 11 30 am, he confirmed the annual physical did not include a	W 323	ICF Nurse Manager will ask PCP to assess current hearing acuity on Client #1 ICF Nurse Manager will review medical records for the other individuals residing at [redacted] identify whether or not an annual hearing assessment has been completed ICF Nurse Manager will schedule appointments for individuals to have annual hearing assessment, if necessary ICF Nurse Manager, going forward will ensure that a referral is made for a specialist if deemed necessary per the individuals diagnoses. ICF Nurse Manager will also ensure that PCP clearly states that assessment was completed & clearly states what indicators were used to determine the findings. IDT meets monthly to review & discuss each individual, including their medical issues and needs QA Manager will conduct periodic audits of at least 25% of all individuals medical records	10/16/15 10/19/15 10/26/15 Ongoing Ongoing Ongoing

FORM CMS 2567(02 99) Previous Versions Obsolete Event ID: EKO91 Facility ID: TNP53[illegible] If continuation sheet Page 18 of 22

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/01/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED
	44G108		09/17/2015

NAME OF PROVIDER OR SUPPLIER: [redacted]

STREET ADDRESS, CITY, STATE, ZIP CODE: [redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 323	Continued From page 18 description of Client #1's ability to hear. During continued interview the PCP confirmed staff members require information about a client's hearing in order to provide programming. Further interview revealed the PCP was unaware Client #1 was diagnosed with a mild to moderate high frequency hearing loss.	W 323		
W 339	483.480(c)(4) NURSING SERVICES Nursing services must include other nursing care as prescribed by the physician or as identified by client needs. This STANDARD is not met as evidenced by: Based on observation and interview, facility nursing staff failed to confirm the placement of a percutaneous endoscopic gastrostomy (PEG) tube prior to administering routine medications for 1 of 2 sampled clients (Client #1). The findings included: During a medication pass observation in Client #1's bedroom on 9/15/15 at 5:15 pm, Nurse #1 administered at least 6 ounces of water mixed with crushed medication into Client #1's PEG tube Nurse #1 did not check the placement of Client #1's PEG tube prior to medication administration. During an interview with Nurse #1 in Client #1's bedroom on 9/15/15 at 5:20 pm, Nurse #1 confirmed she did not check Client #1's PEG tube placement prior to administering his medications. When asked how she determined if the PEG tube placement was correct, Nurse #1 stated she had checked the PEG tube placement during the 2	W 339	Staff involved in not confirming placement of PEG tube for Client #1 received a verbal consultation. Staff is also receiving in-service retraining materials from the Nursing Department that will be competency based. Nursing Department will conduct unannounced supervisory visit to [redacted] Nursing Department will be conducting regular, at least quarterly, in-service trainings on various nursing related topics to all nurses within the agency.	10/31/15 10/31/15 Ongoing

FORM CMS-2567(02-99) Previous Versions Obsolete Event ID 6KG911 Facility ID TNP53896 If continuation sheet Page 19 of 22

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/01/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G106	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [redacted]		STREET ADDRESS, CITY, STATE, ZIP CODE [redacted]	

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 339	Continued From page 19 pm medication pass (over 3 hours earlier). During an interview with the Administrative Licensed Practical Nurse (ALPN) in the facility conference room, the ALPN confirmed Client #1's PEG tube placement should be checked prior to every medication administration, as per standard nursing practice.	W 339		
W 488	483.460(d)(4) DINING AREAS AND SERVICE The facility must assure that each client eats in a manner consistent with his or her developmental level. This STANDARD is not met as evidenced by: Based on observation, record review, and interview, the facility failed to ensure clients were included in meal preparation, meal service and cleanup for 2 of 2 sampled clients (Client #1 and #2). The findings included: An observation in the kitchen of the home on 7/15/15 at 3:50 pm revealed Direct Support Professional (DSP) #1 cooking dinner in the kitchen alone, while talking with Clients #2 and #3 (seated adjacent to the kitchen in their wheelchairs). Client #1 was in his bedroom on his computer. Further observation revealed no clients participated or were encouraged to participate in meal preparation activities. Continued observation in the dining room of the home at 4:30 pm revealed the Home Manager (HM) setting the table alone. No clients participated or were asked to participate in table setting activities. Continued observation in the dining	W 488	QIDP will observe mealtime activities for each individual residing at [redacted] to ensure that the individual participates in a manner consistent with his or her developmental level QA Manager will conduct periodic home audits for all the individuals QIDP will provide feedback to the staff in the home as needed based on observations made	Ongoing Ongoing ongoing

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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	44G106		09/17/2015
NAME OF PROVIDER OR SUPPLIER [redacted]		STREET ADDRESS, CITY, STATE, ZIP CODE [redacted]	

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 488	Continued From page 20 room of the home at 5:05 pm revealed DSP #1 served all clients pre-plated meals. None of the clients participated or were asked to participate in meal service activities. Continued observation in the dining room of the home at 5:40 pm revealed the HM removed Client #2's plate from the table; took it to the kitchen and rinsed it. Client #2 did not participate and was not encouraged to participate in meal clean-up activities. Continued observation at 6 pm revealed Nurse #1 removed Client #1's plate from the table; took it to the kitchen and rinsed it. Further observation revealed Nurse #1 returned to the dining room and cleaned Client #1's table area. Client #1 did not participate and was not encouraged to participate in meal clean-up. An observation in the dining room of the home on 7/16/15 at 7:30 am revealed the HM served all clients pre-plated meals. Continued observation at 8:10 am revealed the HM removed Client #2's (un-eaten) breakfast from the table and placed it in the refrigerator. Continued observation at 8:30 am revealed Nurse #2 cleaned Client #1's table area and took his plate to the kitchen. Clients #1 and #2 did not participate and were not encouraged to participate in meal service or meal clean-up activities. During an interview with DSP #1 in the kitchen of the home on 7/15/15 at 3:50 pm DSP #1 stated Client #1 usually discusses meal preparation with her; but neither Client #1 or #2 participate in meal preparation activities. During an interview with the HM in the dining room of the home on 7/15/15 at 5 pm, the HM confirmed Client #2 does not assist with table setting.	W 488		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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	44G106		09/17/2015

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
[redacted]	[redacted]

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 488	Continued From page 21 During an interview with DSP #1 in the kitchen of the home on 7/15/15 at 6 pm, DSP #1 confirmed Client #1 does not participate in meal clean-up activities.	W 488		

Proof of Publication

(published Wednesday, December 9, 2015)

The Sun Print Copy 12/8/15 11:00 AM Page 11

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IN THE GENERAL SESSIONS COURT FOR THE STATE OF TENNESSEE THIRD JUDICIAL DISTRICT, SITTING AT GREENEVILLE

DELBERT CONNER, Plaintiff

v.

DONNIE E. CRUM, Defendant.

Case No. [illegible]

SHERIFF'S NOTICE OF SALE OF REAL PROPERTY OF DONNIE E. CRUM

[illegible]

TRACT NO. 1: Map 133, Parcel 1.00
Address: 6130 Newport Hwy, Greeneville, TN

Situate in the 25th Civil District of Greene County, Tennessee, and being Tract No. 1 [illegible]

[illegible]

Being a portion of the property conveyed to Donnie Eugene Crum by a deed of Louis Eugene Crum dated August 16, 1982, and recorded at Book 372, page 275, in the Register's Office for Greene County, Tennessee.

TRACT NO. 2 Map 121, Parcel 5.18, 5.19 and 5.20
Address: Bowers Road, Greeneville, TN

[illegible]

BEING all of Tract Nos. 26, 27, and 29, Section 2, of the Rader Estate as shown by plat of record in Plat Cabinet C, Slide 69, in the Register's Office for Greene County, Tennessee.

Being the same property conveyed to Donnie E. Crum by a Warranty Deed of Mary L. Rader, dated May 10, 1994, and recorded at Book 458, page 117, in the Register's Office for Greene County, Tennessee.

TRACT NO. 3: Map 121, Parcel 5.16
Address: Bowers Road, Greeneville, TN

[illegible]

[illegible]

BEING the same property conveyed to Donnie E. Crum by a Warranty Deed of Billy C. Emberly and wife dated December 22, 1999, and recorded at Book 217A, page 736, in the Register's Office for Greene County, Tennessee.

The sale shall be subject to the rights of redemption of the Internal Revenue Service and the judgment debtor, if any.

DATED this the 23rd day of November, 2015.

/s/ Pat D. Hankins
SHERIFF OF GREENE COUNTY, TENNESSEE

CERTIFICATE OF SERVICE

[illegible]

Donnie E. Crum
5300 Newport Hwy.
Greeneville, TN 37743

William C. Killian
United States Attorney General
Eastern District of Tennessee
800 Market Street, Ste 211
Knoxville, TN 37902

Loretta Lynch
United States Attorney General
950 Pennsylvania Ave., N.W.
Washington, D.C. [illegible]

Calvary Investments, LLC
c/o Christopher W. Conner, Esq.
[illegible]
P.O. Box 5069
Maryville, TN 37802-5069

by placing a true and exact copy of the same in the United States Mail with sufficient postage thereon to carry the same to its destination.

This the 23rd day of November, 2015.
[illegible]
[illegible]
[illegible]

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 D&S Residential Services, LP owned by D&S Residential Services, LP with an ownership type of limited partnership and to be managed by [illegible] intends to file an application for a Certificate of Need for the establishment of a 4-bed ICF/IID home at 1010 [illegible] Road, Greeneville, Greene County, Tennessee 37745. [illegible]

The anticipated date of filing the application is: December 11, 2015.

[illegible]

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 D&S Residential Services, LP owned by D&S Residential Services, LP with an ownership type of limited partnership and to be managed by [illegible] intends to file an application for a Certificate of Need for the establishment of a 4-bed ICF/IID home at [illegible] Erwin Highway, Afton, Greene County, Tennessee 37616. [illegible]

The anticipated date of filing the application is: December 11, 2015.

[illegible]

Notification of Intent to Apply for a Certificate of Need

[illegible]

1 PUBLIC NOTICES

Public Notices

NOTICE**NOTICE**NOTICE

[illegible]

PUBLIC NOTICE

[illegible]

2 ANNOUNCEMENTS

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Copy of Letter of Intent

(filed Wednesday, December 9, 2015)

8911 N. Capital of TX Hwy., Bldg, 1, Ste. 1300
Austin, TX 78759
Telephone: (512) 327-2325
Fax:(512) 327-5355
www.dscommunity.com

Robn Traugott
Direct Telephone: (210) 373-7450
RTraugott@dscommunity.com

December 8, 2015

VIA FEDERAL EXPRESS

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

Re: D&S Residential Services, LP / Letter of Intent - 2619 Erwin Highway

To Whom It May Concern:

Enclosed please find a Letter of Intent filed in triplicate (one original and two copies) from D&S Residential Services, LP for the establishment of a four-bed ICF/IID home at 2619 Erwin Highway, Afton, Greene County, TN. These beds are being developed to replace four beds that will be closed at Greene Valley Development Center. The Certificate of Need application for this project is expected to be filed with the Health Services and Development Agency on December 11, 2015.

Publication of Intent has been arranged with the Greeneville Sun for publication on December 9, 2015, which is consistent with the timing of this Letter of Intent.

Thank you for your assistance in this matter and please do not hesitate to contact me at (210) 373-7450 or RTraugott@dscommunity.com if you have any questions or need any additional information.

Sincerely,

Robn Traugott
Director of Training and Development
D&S Residential Services, LP

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 Greeneville Sun (Name of Newspaper) which is a newspaper of general circulation in Greene County (County), Tennessee, on or before December 9 (Month / day), 2015 (Year), 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:

D&S Residential Services, LP (Name of Applicant) N/A (Facility Type-Existing)

owned by: D&S Residential Services, LP with an ownership type of Limited Partnership

and to be managed by: itself intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a four-bed ICF/IID home at 2619 Erwin Highway, Afton, Greene County, TN.

The estimated project costs, calculated according to HSDA rules, for this project are approximately $827,655. These beds, replacing four beds being closed at Greene Valley Developmental Center, will be licensed by the Tennessee Department of Intellectual and Developmental Disabilities as ICF/IID beds upon project completion. Services provided will include life care support for individuals with intellectual and/or developmental disabilities, appropriate therapies, community integration, and life skills development.

The anticipated date of filing the application is: December 11, 2015

The contact person for this project is Robn Traugott (Contact Name) Director of Training & Development (Title)

who may be reached at: D&S Residential Services, LP (Company Name) 8911 N. Capital of TX Highway, Bldg. One, Suite 1300 (Address)

Austin (City) TX (State) 78759 (Zip Code) 210 / 373-7450 (Area Code / Phone Number)

Robn Traugott (Signature) 12.8.15 (Date) RTraugott@dscommunity.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.

HF51 (Revised 01/09/2013 – all forms prior to this date are obsolete)

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

January 1, 2016

Robn Traugott
D&S Residential Services, LP
8911 N. Capital of TX Hwy, Bldg 1, Suite 1300
Austin, TX 78759

RE: Certificate of Need Application -- D&S Residential Services, LP - CN1512-061
To establish a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located at 2619 Erwin Highway, Afton (Greene County), Tennessee 37616. The estimated project cost is $874,858.

Dear Ms. Traugott:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Theresa C. Sloan at the Tennessee Department of Intellectual and Developmental Disabilities for Certificate of Need review by the Office of General Counsel. You may be contacted by someone from Ms. Sloan's office for additional clarification while the application is under review by the Department. Ms. Sloan's contract information is Theresa.C.Sloan@tn.gov or 615-253-8731.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on January 1, 2016. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on March 23, 2016.

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 questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill
Executive Director

cc: Theresa Sloan, Assistant Commissioner and General Counsel
Intellectual and Developmental Disabilities

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

MEMORANDUM

TO: Theresa Sloan, Assistant Commissioner and General Counsel
Intellectual and Developmental Disabilities
Citizens Plaza State Office Building 10th Floor
400 Deaderick Street
Nashville, TN 37243-1403

FROM: Melanie M. Hill
Executive Director

DATE: January 1, 2016

RE: Certificate of Need Application
D&S Residential Services, LP - CN1512-061

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on January 1, 2016 and end on March 1, 2016.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Robn Traugott

8911 N. Capital of TX Hwy., Bldg, 1, Ste. 1300
Austin, TX 78759
Telephone: (512) 327-2325
Fax:(512) 327-5355
www.dscommunity.com

Robn Traugott
Direct Telephone: (210) 373-7450
RTraugott@dscommunity.com

December 8, 2015

VIA FEDERAL EXPRESS

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

Re: D&S Residential Services, LP / Letter of Intent - 2619 Erwin Highway

To Whom It May Concern:

Enclosed please find a Letter of Intent filed in triplicate (one original and two copies) from D&S Residential Services, LP for the establishment of a four-bed ICF/IID home at 2619 Erwin Highway, Afton, Greene County, TN. These beds are being developed to replace four beds that will be closed at Greene Valley Development Center. The Certificate of Need application for this project is expected to be filed with the Health Services and Development Agency on December 11, 2015.

Publication of Intent has been arranged with the Greeneville Sun for publication on December 9, 2015, which is consistent with the timing of this Letter of Intent.

Thank you for your assistance in this matter and please do not hesitate to contact me at (210) 373-7450 or RTraugott@dscommunity.com if you have any questions or need any additional information.

Sincerely,

Robn Traugott
Director of Training and Development
D&S Residential Services, LP

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
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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:

D&S Residential Services, LP (Name of Applicant) N/A (Facility Type-Existing)

owned by: D&S Residential Services, LP with an ownership type of Limited Partnership

and to be managed by: itself intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a four-bed ICF/IID home at 2619 Erwin Highway, Afton, Greene County, TN.

The estimated project costs, calculated according to HSDA rules, for this project are approximately $827,655. These beds, replacing four beds being closed at Greene Valley Developmental Center, will be licensed by the Tennessee Department of Intellectual and Developmental Disabilities as ICF/IID beds upon project completion. Services provided will include life care support for individuals with intellectual and/or developmental disabilities, appropriate therapies, community integration, and life skills development.

The anticipated date of filing the application is: December 11, 2015

The contact person for this project is Robn Traugott (Contact Name) Director of Training & Development (Title)

who may be reached at: D&S Residential Services, LP (Company Name) 8911 N. Capital of TX Highway, Bldg. One, Suite 1300 (Address)

Austin (City) TX (State) 78759 (Zip Code) 210 / 373-7450 (Area Code / Phone Number)

Robn Traugott (Signature) 12.8.15 (Date) RTraugott@dscommunity.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.

Supplemental #1
-ORIGINAL-

D&S RESIDENTIAL SERVICES, LP (2619 ERWIN RD)

CN1512-061

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

8911 N. Capital of TX Hwy., Bldg, 1, Ste. 1300
Austin, TX 78759
Telephone: (512) 327-2325
Fax:(512) 327-5355
www.dscommunity.com

December 22, 2015

VIA FEDERAL EXPRESS

Phillip Earhart
Health Services Development Examiners
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: D&S Residential Services, LP / Certificate of Need Application CN 1512-061
(2619 Erwin Highway, Afton, TN)

Dear Mr. Earhart:

Enclosed please find responses to your supplemental questions and the requested affidavit relating to CON Application CN 1512-061. The responses are filed in triplicate (one original and two copies).

Thank you for your assistance in this matter and please do not hesitate to contact me at 512-628-1518 or Robn Traugott at (210) 373-7450 / RTraugott@dscommunity.com if you have any questions or need any additional information.

Sincerely,

Mickey Atkins
President/CEO
D&S Residential Services, LP

SUPPLEMENTAL #1
December 23, 2015
1:35 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

Robn Traugott
Director of Training and Development
D & S Residential Services, LP
8911 N. Capital of Texas Hwy, Building One, Suite 1300
Austin, Texas 78759

RE: Certificate of Need Application CN1512-061
D & S Services (2619 Erwin Highway, Afton, TN)

Dear Ms. Traugott:

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 at 2619 Erwin Highway, Afton (Greene County), Tennessee 37616.

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 4**

It appears the applicant operates 4 ICF-IID homes in West Tennessee only. Please list the applicant's licensed facilities and services in Greene County.

RESPONSE: D&S is licensed by DIDD (License # L000000013999) to provide the following services in Greene County: (1) Adult Habilitation day; (2) Placement Services; (3) Respite Care services; (4) Supported Living; and (5) Personal Support Services. D&S has a Provider Agreement, currently contract no. 10-146, with DIDD and Department of Finance and Administration, Division of Health Care Finance and Administration for the provision of these services in East Tennessee, including Greene County. This contract number will change Jan. 1, 2016 to # 16-081-00.

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

The organizational structure is noted. Please provide an organizational structure that includes D & S Residential Services, LP.

> **RESPONSE**: Corrected organizational structure chart provided in **"Attachment 1 (Section A (Applicant Profile), Item 4)"**.

On the Org. Chart who are the general partners and limited partners for Comvest Investment Partners V and V-A?

> **RESPONSE**: Comvest Investment Partners V, LP indirectly holds approximately 45.58% interest in D&S. The General Partner is Comvest V Partners, LP, which owns less than 5% interest in Comvest Investment Partners V, LP. There are multiple limited partners in Comvest Investment Partners V, LP with interests ranging from approximately 5% to .01%. Because Comvest Investment Partners V, LP holds only 45.58% interest in D&S, all of these limited partner investments result in less than 5% ownership interest in D&S.
>
> Comvest Investment Partners V-A, LP indirectly holds approximately 54.42% interest in D&S. The General Partner is Comvest V Partners, LP, which owns less than 5% interest in Comvest Investment Partners V-A, LP. There are multiple limited partners in Comvest Investment Partners V-A, LP with interests ranging from approximately 4% to .01%. Because Comvest Investment Partners V-A, LP holds only 54.42% interest in D&S, all of these limited partner investments result in less than 5% ownership interest in D&S.

Please provide a clearer legible copy of the signature page (page 119) of the lease agreement.

> **RESPONSE**: Page 119 is the signature page for the land purchase. See **"Attachment 1 (Section A (Applicant Profile), Item 4)"** for legible evidence of the land purchase.

The list of ICF/IID homes owned by the applicant on pages 84-85 is noted. Please revise the table to include the number of licensed beds for each home.

> **RESPONSE**: Corrected facility chart to include number of licensed beds for each home provided in **"Attachment 1 (Section A (Applicant Profile), Item 4)"**

2. Section B, Project Description, Item I.

What is a triple-net lease agreement?

> **RESPONSE**: Triple-net lease is a term used for a lease agreement that designates the lessee as being responsible for the costs relating to the property being leased in addition to the rent fee applied under the lease. The term "triple-net lease" was used to describe the lease agreement between D&S and Scioto Properties, LLC because their lease will obligate Scioto Properties (lessor) to construct the ICF/IID home in accordance with the parties' Development Agreement. Under the lease, D&S (lessee) is responsible for the cost of maintaining and operating the home, including responsibility for utilities (such as water, sewer, electric, heating, gas, telephone, trash removal), maintenance and repairs (including HVAC system, pest control, repairs and maintenance of internal and external structure that include grounds, landscaping, sidewalks, parking areas, and driveways),

real and personal property taxes, insurance coverage (including commercial property insurance, liability insurance, professional liability insurance, and personal property insurance), regulatory compliance expenses (building/fire code, ordinances), and any necessary modifications and additions that D&S makes to the property.

Please clarify if the service area is Greene County only.

RESPONSE: This proposed ICF/IID home will be built in Greene County and is intended to serve individuals who are current residents of Greene County (at Greene Valley Development Center). Therefore, the proposed service area for this application is Greene County.

Please clarify the location of D & S's current four ICF/IID homes.

RESPONSE:

License No.	Name	Street Address	City, State, Zip	# of Beds	Type of License
L000000014122	Darolyn	2803 Darolyn St	Bartlett, Tennessee 38134 SHELBY COUNTY	4	ICF
L000000014119	Egypt Central	3783 Egypt Central	Memphis, Tennessee 38128 SHELBY COUNTY	4	ICF
L000000014121	James Road	3131 James Rd	Memphis, Tennessee 38128 SHELBY COUNTY	4	ICF
L000000014120	Old Allen	3432 Old Allen Road	Memphis, Tennessee 38128 SHELBY COUNTY	4	ICF

It is noted the applicant states the cost of construction for the proposed 4 bed ICF/IID home, including any expenses, fees, and property costs is $827,655. However, this is total project cost. Please clarify.

RESPONSE: This response should be corrected to state that the cost of construction for the proposed 4-bed ICF/IID home is $712,713. This amount is calculated as follows.

Please note that the building costs have been updated since submission of the application. Costs solely for building the home are proposed to be $594,685. The change in building costs is due to adjustments in estimates provided by contractors.

Arch	13,333
Civil Engineering	5,020
Survey	1,700
GeoTech	1,225
Builders Risk	1,750
Land	22,500
Site Work	72,500
Building	594,685
Project Total	***$ 712,713***

A development fee of 5% is noted. However, please clarify how this is calculated.

RESPONSE: The development fee of 5% is based on the total project costs, estimated as follows:

Arch	13,333
Civil Engineering	5,020
Survey	1,700
GeoTech	1,225
Builders Risk	1,750
Land	22,500
Site Work	72,500
Building	594,685
Project Total	***$ 712,713***
Development Fee (5% of $712,713)	**$35,635**

What State of Tennessee agency is responsible for the Home and Community-Based Services (HCBS) Waiver programs?

RESPONSE: Under the administration of the Tennessee Department of Finance and Administration, Tennessee's single State Medicaid agency, the Bureau of TennCare, oversees waivers for home and community-based services (HCBS). The Division of Long-Term Services and Supports within the TennCare is directly responsible for administration and oversight of HCBS waivers for persons with intellectual disabilities. TennCare has established a contractual relationship with DIDD which makes DIDD responsible for daily operations of HCBS waiver programs for persons with intellectual disabilities.

What State agency is contracted to operate the HCBS waiver programs?

RESPONSE: The Department of Intellectual and Developmental Disabilities (DIDD) serves as the Operational Administrative Agency for this waiver, which is administered under the oversight of the Bureau of TennCare.

Please provide an overview of the role of the Bureau of TennCare, TennCare Contracted Managed Care Companies, and the Department of Intellectual and Developmental Disabilities in the administration of HCBS waiver programs and Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs).

RESPONSE: For HCBS, the Bureau of TennCare, oversees waivers for HCBS. TennCare contracts with DIDD for DIDD to provide daily operations of HCBS waiver programs (including survey and inspection of licensed homes). Providers who participate in HCBS waiver programs execute a contract with TennCare and DIDD and are paid by TennCare. Medicaid Managed Care companies do not cover payment of HCBS waiver services. For ICF/IIDs, TennCare, as the Medicaid agency, provides a per diem rate that covers all services provided by an ICF/IID home. Medicaid Managed Care companies do not cover payments for ICF/IID services.

Please discuss in detail the activities of a typical day for a resident of an ICF/IID home.

RESPONSE: Routines will vary by people residing in the home based on their choice and their needs. That being said, a 'typical' day may resemble the following schedule:

- Upon waking up - getting dressed and ready for the day.
- Eats breakfast or receives feedings as applicable
- Receives medications as applicable (may be before or after breakfast depending on Physicians Orders)
- Oral hygiene care
- Toileting/changing as necessary
- Household chores as applicable
- Positioning on to equipment (as applicable and in accordance with ISP)
- Activities/outcomes as outlined in ISP
- Therapies as outlined in the ISP
- Community activities in accordance with ISP
- Eats lunch or receives feedings as applicable
- Receives medications as applicable (may be anytime throughout day depending on Physicians Orders)
- Oral hygiene care
- Toileting /changing (as necessary throughout the day)
- Working on outcomes as outlined in the ISP
- Positioning on to equipment (as applicable throughout the day in accordance with ISP)
- Possible additional community activities in accordance with ISP
- Prep for dinner
- Eats dinner or receives feedings as applicable
- Receives medications as applicable (may be anytime throughout day depending on Physicians Orders)
- Oral hygiene care
- Shower/bath (unless prefers to complete in the morning)
- Participates in leisure time activities of their choice
- Bedtime

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 July 2016. If GVDC closes on June 30, 2016, and there are building delays where will the four individuals expected to transfer to this home reside in the interim? Will the interim arrangements cover any unforeseen delays in permitting and opening of the facility or are the arrangements for interim care of the individual's time sensitive? Please clarify.

RESPONSE: Based on representation from DIDD: "The June 30, 2016 date specified in the closure agreement has not changed. The State expects that providers selected by persons transitioning out of GVDC are working expeditiously to establish homes in order to accommodate a timely transition. However, recognizing the potential for weather or other delays beyond providers' control, the State's closure agreement includes two potential periods of extension that can be exercised as needed, each 6 months in duration. In the event that the construction of any of the selected ICF settings is not complete until after the announced date of closure for GVDC, persons would not be subject to multiple transitions, but would continue to reside at GVDC until such time as the homes are completed."

3. Section B. (Plot Plan)

Your response is noted. How is the lot presently zoned? Please revise the plot plan in the attachment by labeling the location of the proposed ICF/IID home subject to this application, and the location of the companion ICF/IID that will be sharing the lot.

RESPONSE: The lot is zoned as R-1 Low Density Residential. Per Tennessee Code Annotated § 13.24-102 that "[f]or the purposes of any zoning law in Tennessee, the classification "single family residence" includes any home in which eight (8) or fewer unrelated persons with disabilities reside, and may include three (3) additional persons acting as support staff or guardians, who need not be related to each other or to any of the persons with disabilities residing in the home."

With regard to the revised plat, the Planning and Zoning Commission for the City of Tusculum will hear D&S' proposed project on their January 12th meeting. It is anticipated that the project will be approved and at that time Scioto Properties will move forward with re-platting the parcel into two lots, one home on each. The parcel will be split directly down the middle of the dumpster pad (labeled in the attached as "Standard Concrete Pad") on attached plot plan. The home subject to this proposal is labeled in the attached. See **"Attachment 3 (Section B (Plot Plan).**

It appears the proposed ICF/IID homes are connected to each other by what appears to be a driveway. Will this be paved or concreted to permit wheelchair access? Please clarify.

RESPONSE: As shown in the plat (See **Attachment 3 (Section B (Plot Plan)**), the homes will be connected by a driveway constructed of heavy duty asphalt. The homes will also be connected by concrete sidewalk, which will permit wheelchair access.

Tennessee Code Annotated 33-2-418 (a) indicates that "The department shall not license more than two (2) such residential facilities within five hundred yards (500 yds.) in any direction from other such facilities housing persons served. All set-back requirements applicable to lots where such facilities are located shall apply to such residential facilities." Please describe how the proposed residential facility will comply with this requirement.

RESPONSE: The two facilities located on this plot, 2619 Erwin Highway and 2609 Erwin Highway, will not be built within 500 yards in any direction from other such facilities housing persons served. The nearest ICF/IID home is approximately 2.4 miles from this lot and is located at 479 Erwin Highway, Greeneville, TN 37745.

4. Section B. (Floor Plan)

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

RESPONSE: Services discussed in the project description, such as physical, occupational, and behavioral therapies, can be provided either onsite or in one of the secondary locations as listed below. The exact location, if onsite, would be determined by type of therapy needed. It could be provided in bedroom, bathroom, dining room, or other common areas.

- Dr. Gaffney DPM, Angela Johnson FNP (wound care and gastro)
- Church Street Pavilion: Karen Lane and Robin Bell (mental health)
- Nolachuckey Mental Health (behavioral health)

- Summit View Nutrition
- Pro-Care SLP (speech therapy)
- Pro-Care Physical Therapy (physical therapy)
- Greeneville Eye Care Center (eye care)
- Watauga Behavioral Health (behavioral health)

5. Section C. (Need) Item 1 (Service Specific Criteria-ICF/DD Facilities) Need A.1 and A.2

It is noted the applicant states the project does not involve the development of new ICF/IID beds. However, the 4 beds proposed to this application is subject to the 160 bed pool per year per T.C.A. §71-5-105 (b) for new ICF/IID beds. Please confirm that approval of the application will be subject, in part, to availability of beds from the 160 bed pool.

RESPONSE: This response is being amended to state that the proposal is subject to the remaining pool of available beds for new ICF/IID developments. DIDD has confirmed that there is sufficient available of beds within this pool to meet D&S' proposed beds as well as those of all other expansion currently under development.

The applicant calculated the bed need by using an out of date population of 70,520 for Greene County. Please revise the calculation using the updated population of 71,945 for Greene County.

RESPONSE: Based on a population of 71,945, using the need based estimate of .032%, the need in Greene County is calculated to be 23 beds.

In A.2 on page 25 in the first paragraph of the response, the applicant states the 16 East Tennessee ICF/IID homes are not taken into account in the need calculation. However, the applicant already accounted for the 64 ICF/IID homes in the first sentence (included in the Greene County 84 ICF/II beds) of the paragraph. Please clarify.

RESPONSE: The intent of this statement was to explain that while the need calculation for ICF/IID beds (multiplying population by .032%) resulted in an apparent need for 23 beds, and 64 beds currently operate in Greene County (Comcare and East Tennessee Homes), the closure of GVDC creates a need for additional beds, which this proposal is seeking to meet. Please disregard the identified sentence.

6. Section C. (Need) Item 1 (Service Specific Criteria-ICF/DD Facilities) Need C.4, Section C. Economic Feasibility 9.

Please provide the estimated dollar amount of revenue and percentage of total project revenue anticipated from TennCare. What is the percentage of the total project revenue that will represent SSI income of the residents?

RESPONSE: The total projected revenue is estimated to be approximately 96% TennCare and 4% SSI.

7. Section C. (Need) Item 1 (Specific Criteria- ICF/IID Facilities)

The Tennessee Code Annotated Title 33; Title 68, Chapter 11 and Section 71-5-105(b)(2) states "Only providers that have been providing services to persons with developmental disabilities under contract with the state for at least five (5) years shall be eligible to apply for these new beds." Please describe the services and the number of years which the applicant has

provided each service through contract(s) with the state of Tennessee to persons with developmental disabilities.

RESPONSE: D&S has provided the following services in Tennessee under contract with the state for at least five years:

- **Supported Living Homes:** Residential support and services are provided to assist people to acquire, retain or improve skills needed to reside in a community based setting (3 or less housemates). D&S has been providing these services since 2001 (for 14 years).
- **Day Services:** Support and services are provided to assist people to acquire, retain, and improve skills in areas of self-care, sensory motor development, socialization, daily living skills, communication, community living, employment and social skills. Day Services can be delivered in a variety of locations and styles based on the person's individual needs and desires. D&S has been providing these services since 2001 (for 14 years).
- **Respite Services**: Services that provide relief for unpaid caregivers. D&S has been providing these services since 2001 (for 14 years).
- **Family Based Model**: Residential support and services are provided in a home of a trained caregiver who is not a family member. Support and services are provided to assist the person to acquire, retain, or improve skills needed to successfully reside in a family environment. D&S has been providing these services since 2008 (for 7 years).

8. Section C, Need, Item 4.A.

Please provide the following information using the most recent population tables.

RESPONSE:

	Greene County	State of TN Total
CY, Total Population	70,520	6,649,438
PY, Total Population	71,989	6,894,997
Total Pop. % Change	2.1%	3.7%
Median Age	42.6	38
Median Household Income	35,545	$44,298
TennCare Enrollees	15,645	1,481,270
TennCare Enrollees as a % of Total Population	22.2%	22.3%
Population % Below Poverty Level	22%	17.6%

9. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)

Please provide a revised letter from the architect that addresses all the following:

A) Please provide documentation from a licensed architect or construction professional:

1) a general description of the project, including size of facility
2) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications, ADA, and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities

RESPONSE: Please see **Attachment 9 (Section C (Economic Feasibility), Item 1 (Project Cost Chart)).**

Please clarify if an emergency generator is included in the Project Costs Chart.

RESPONSE: An emergency generator has been included in the project building costs provided to D&S by Scioto Properties and listed herein as $594,685. As provided below, the Project Costs Chart, facility cost section, has been amended to reflect total lease payments of $780,101.92 as the facility cost because, in accordance with HSDA Rule 072-9-.01(4), the lease amounts for the initial 10 year term exceed the project construction costs.

Please clarify the reason there is a Contingency Fund expense of $30,000 if the applicant will be leasing the building.

RESPONSE: The Contingency Fund is set aside for change orders and unforeseen events during construction. The Contingency Fund expense has been removed due to recalculation of the facility cost to reflect total lease payments. As provided below, the Project Costs Chart, facility cost section, has been amended to reflect total lease payments of $780,101.92 as the facility cost because, in accordance with HSDA Rule 072-9-.01(4), the lease amounts for the initial 10 year term exceed the project construction costs. See **Attachment 9 (Section C (Economic Feasibility), Item 1 (Project Cost Chart)**.

Where are the home furnishings for the ICF/IID home accounted for in the Project Costs Chart?

RESPONSE: The Project Costs Chart has been modified to include $25,981 for furnishings.

Please clarify how the applicant calculated a lease cost of $728,880.

RESPONSE: The facility cost has been corrected in the Project Costs Chart, See **Attachment 9 (Section C (Economic Feasibility), Item 1 (Project Cost Chart))** to reflect $780,101.92, as calculated below. The lease amount is calculated as follows, with a 2% annual increase.

The lease amount is calculated as follows, with a 2% annual increase.

Arch	13,333
Civil Engineering	5,020
Survey	1,700
GeoTech	1,225

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

Builders Risk	1,750
Land	22,500
Site Work	72,500
Building	594,685
Project Total	***712,713***
Monthly Rent	5,648

The total cost for a 10 year lease is calculated as follows:

	Annual Rent	**Annual Increase Percentage**	**Following Year Increase Amount**
Year 1	71,244.00	2%	$1,424.88
Year 2	72,668.88	2%	$1,453.38
Year 3	74,122.26	2%	$1,482.45
Year 4	75,604.70	2%	$1,512.09
Year 5	77,116.80	2%	$1,542.34
Year 6	78,659.13	2%	$1,573.18
Year 7	80,232.32	2%	$1,604.65
Year 8	81,836.96	2%	$1,636.74
Year 9	83,473.70	2%	$1,669.47
Year 10	85,143.17		
TOTAL for 10 year lease with 2% annual increase	**780,101.92**		

In accordance with HSDA Rule 072-9-.01(4), D&S S has revised the Project Cost Chart to list the lease amounts for the initial 10 year term as the facility cost because such cost exceeds the project construction costs, calculated as follows:

Acquisition of Site (including survey and GeoTech)	25,425
Preparation of Site (including Arch and civil engineering)	90,853
Construction Costs	594,685
Contingency Fund	30,000
Total	***$ 740,963***

10. Section C. (Economic Feasibility) Item 2 (Funding)

There are two questions on page 35 that are both labeled as #2. In addition, the numbering of questions are incorrect for page 36 also. Please correct and submit replacement pages.

RESPONSE: These pages have been corrected and resubmitted under **Attachment 10 (Section C (Economic Feasibility), Item 2 (Funding)).**

The letter from Cadence Bank for D & S's revolving credit is noted; however it does not include expected interest rates and does not specifically identify restrictions and conditions. Please provide a revised letter from the bank that addresses these items.

RESPONSE: See **Attachment 10 (Section C (Economic Feasibility), Item 2 (Funding)).**

If Scioto will be providing funding to construct the proposed project, what is the need for a revolving credit line for D & S? Please clarify.

RESPONSE: The revolving line of credit, along with financial documents that have been submitted by D&S, provides evidence that D&S has the financial ability to meet its financial obligations resulting from this project, including any expenses outlined in the project costs chart.

It is noted Scioto will be providing the funding to construct the proposed ICF/IID facility. Please provide appropriate documentation (letter) of funding (to Scioto) for the proposed project from a financial institution (on their letterhead) that identifies the expected interest rate, term of the loan, and any anticipated restrictions or conditions.

RESPONSE: **Attachment 10 (Section C (Economic Feasibility), Item 2 (Funding)).**

The November 23, 2015 from Scioto states construction cost is $144.14 per SF. However, on the top of page 36 the applicant states the cost is $195 per SF. Please clarify.

RESPONSE: In accordance with clarification that D&S has received from Scioto Properties, which included modification to the construction budget from $560,000 to $594,685, based on the below project costs, the estimated costs per SF is $203.63. Based on building costs (including survey and GeoTech), the costs per SF is $170.75. These costs are based on the following:

Arch	13,333
Civil Engineering	5,020
Survey	1,700
GeoTech	1,225
Builders Risk	1,750
Land	22,500
Site Work	72,500
Building	594, 685
Project Total	***712,713***
Price Per SQFT – based on Project	203.63

Total (3500 SF)	
Price Per SQFT – based on Building Costs, which include survey and GeoTech (3500 SF)	170.75

11. Section C. (Economic Feasibility) Item 3

Please compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: See **Attachment 11 (Section C (Economic Feasibility), Item 3)**.

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

What is the unit of measure (i.e-patient days) for line "A. Utilization Data" in the Projected Data Chart?

RESPONSE: The unit of measurement is patient days.

Where are the 4 resident's dietary meals accounted for in the Projected Data Chart?

RESPONSE: This is accounted for under "supplies" in the budget (Project Data Chart, Item D.3).

The Projected Data Chart shows no Provision for Charity Care, Bad Debt, or Contractual Allowances. Please explain.

RESPONSE: No bad debt is expected because services will be reimbursed by TennCare. Because this home will be occupied by current residents of GVDC, whose care is covered by Medicaid, provision of charity care is not expected.

Please explain why there are no expenses budgeted for Supplies.

RESPONSE: This expense is accounted for under "supplies" in the budget (Project Data Chart, Item D.3).

Please explain why a break-even scenario was utilized such that there is no net operating income in either Year 1 or Year 2 of the project. Shouldn't there be plans for some net operating income to reinvest for the upkeep of the home?

RESPONSE: D&S pays cash for capital expenditures; therefore, no interest expense is incurred. D&S does not expect to retire any assets in the first two years of operation.

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

Please resubmit the Projected Data Chart beginning Year One in July 2016 (Fiscal) instead of January 2016 (Calendar).

RESPONSE: The Projected Data Chart has been revised to note that the figures for 2016 are based on October 2016 (date services are expected to begin, per the revised Project Forecast Chart) through December 2016. D&S' operates on a Fiscal Year beginning January and the figures for 2017 reflect this FY.

Please complete the Net Operating Income (loss) and Net Operating Income (loss) less Capital Expenditures lines and resubmit.

RESPONSE: D&S pays cash for capital expenditures; therefore, no interest expense is incurred. D&S does not expect to retire any assets in the first two years of operation.

Please make the necessary corrections above and submit a revised Projected Data Chart.

RESPONSE: The revised Project Data Chart is attached as **Attachment 12 (Section C (Economic Feasibility), Item 4 (Projected Data Chart)).**

Administrative and Other Expenses in the amount of $172,798 in Year One and $353,143 in Year Two are noted. However, please be more specific and complete the following chart for Other Expenses.

RESPONSE: Description of expenses provide below. Please note that the projected data chart has been slightly modified and Year 2016 has been recalculated to reflect operation of the home between October 2016-December 2016 (as reflected in the revided project forecast chart).

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES		Year 2016 (Oct-Dec)	Year 2017 (Jan-Dec)
1.	Allocated Corporate Overhead Expenses (Payroll, Processing, Insurance)	$27,500	$104,040
2.	Allocated Regional Overhead Expenses (Administrative Support)	48,840	208,768
3.	Repairs & Maintenance	3,350	13,400
4.	Transportation Expenses	2,297	9,186
5.	Utilities	3,230	13,020
6.	Other Operating Expenses	810.50	3,240
7.			
	Total Other Expenses	**$86,027**	**$351,654**

13. Section C. (Economic Feasibility) Item 5

Is the $638.32 gross charge a per patient charge or a per patient per day charge?

RESPONSE: The amount is based on a per patient per day charge. Please note that the gross charge per patient has been revised to be $674.49. D&S has also revised the charge for 2609 Erwin Highway to be $634.89 and Old Stage Road to be 661.04. The home located at 2619 Erwin Highway will have higher costs because it will have more medically fragile residents requiring additional staffing.

14. Section C. (Economic Feasibility) Item 10

The financial statements of D & S Holdings, Inc. are noted. However, please provide the accompanying notes and independent auditor's report.

RESPONSE: See **Attachment 14 (Section C (Economic Feasibility), Item 10).**

15. Section C (Contribution to Orderly Development) Item 3. (Current & Anticipated Staffing)

Please provide the following information:

RESPONSE: Please see below. Staffing differences between the below and the home proposed for 2609 Erwin Highway are due to the expectation that this home (2609 Erwin) will have more medically fragile residents.

Position	No. of Full Time Equivalent Employees	1st Year	2nd Year	Applicant's Planned Salary/Wage Range	Prevailing Wage for this type of employee*
House Manager	1	1	1	$16/hr	$60,006
Staff RNs	.33	.33	.33	$65,000	$56,370
Staff LPNs	6	6	6	$37,000	$36,000
Nursing Assistants	0	0	0	NA	$22,267
Staff HHA/CNA	0	0	0	NA	NA
Qualified Intellectual Disabilities Professional	.33	.33	.33	$60,000	$47,033
Qualified Intellectual Disabilities Professional Assistant	.33	.33	.33	$45,000	NA
Other (please specify): Direct Support Professionals	7	7	7	$14/hr	NA
TOTAL	15	15	15		

**TN Dept. of Labor & Workforce Development*

16. Section C (Contribution to Orderly Development) Item 7. (d.)

The copies of the most recent licensure inspections of D & S licensed facilities are noted. Please provide verification from the licensing agency that the plan of correction was approved.

RESPONSE: See **Attachment 16 (Section C (Contribution to Orderly Development), Item 7(d))** for confirmation email relating to D&S's plans of correction.

17. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE: See **Attachment 17 (Proof of Publication)**

18. Project Completion Forecast Chart

Please enter the Agency Initial Decision Date in the Project Completion forecast Chart and resubmit.

The earliest this application could be heard by the Agency is March 23, 2016. It is also noted the Project Completion Forecast Chart anticipates 40% of the proposed project's construction will be completed in March 2016. Please clarify how the applicant can have a construction contract signed, site preparation completed, etc. prior to obtaining a Certificate of Need.

RESPONSE: See **Attachment 18 (Project Completion Forecast Chart)**

If needed, please revise the Project Completion forecast Chart.

RESPONSE: See **Attachment 18 (Project Completion Forecast Chart)**

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Travis

NAME OF FACILITY: 2619 Erwin Hwy CN 1512-061

I, Mickey Atkins, after first being duly sworn, state under oath that I am 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.

President + CEO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 21 day of December, 2015, witness my hand at office in the County of Travis, State of Tennessee.

Mary D. Fuchs
NOTARY PUBLIC

My commission expires 4/10, 2016.

HF-0043

Revised 7/02

NOTARY PUBLIC STATE OF TEXAS
MARY D FUCHS
My Commission Expires
April 10, 2016

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

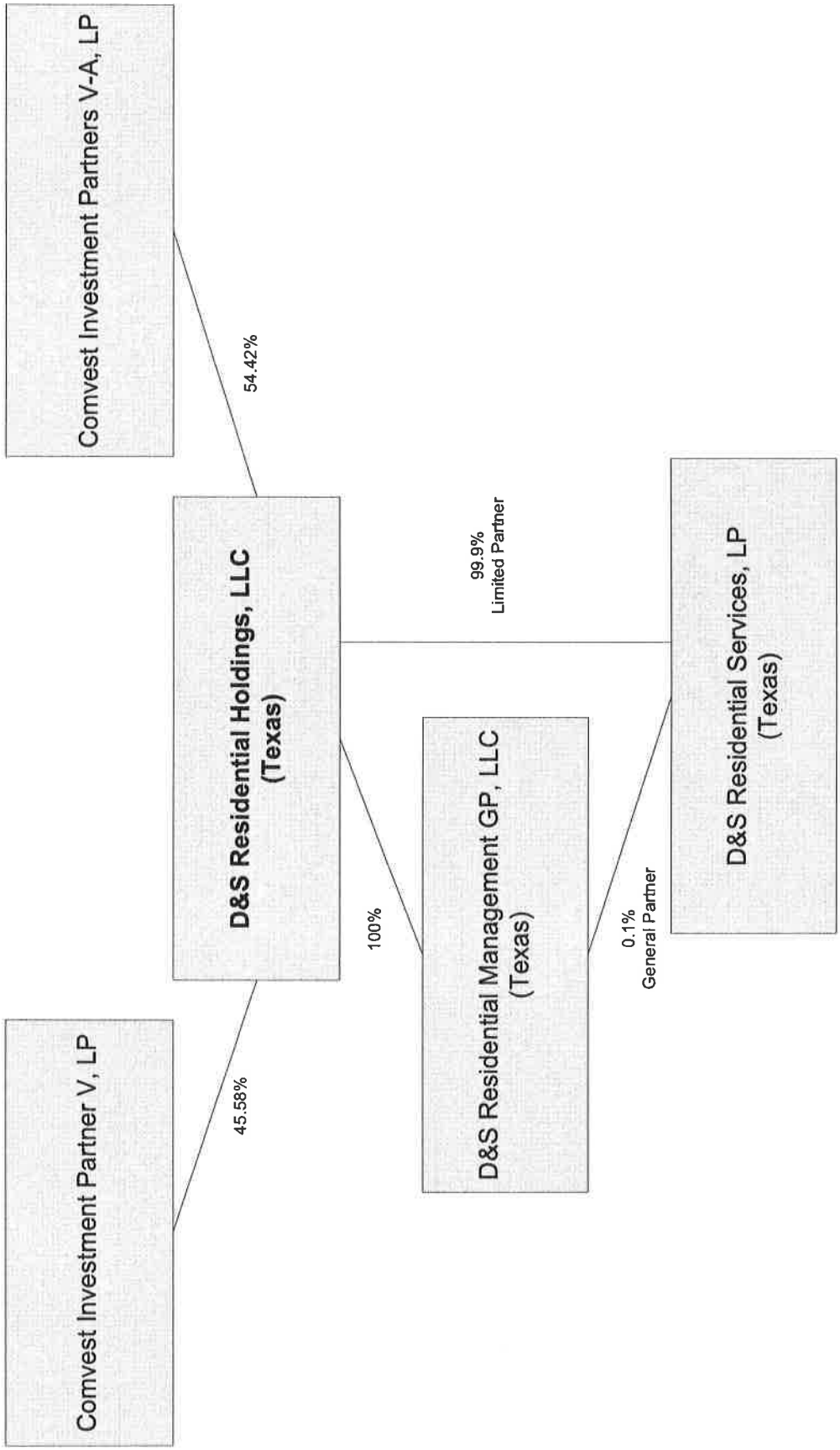
2619 Erwin

Attachment 1 (Section A (Applicant Profile), Item 4)

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

D&S Residential Services, LP

Organizational Structure



SUPPLEMENTAL #1
December 23, 2015
1:35 pm

A.

U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

SETTLEMENT STATEMENT

B. TYPE OF LOAN
1. ☐ FHA 2. ☐ FmHA 3. ☐ CONV. UNINS. 4. ☐ CONV. INS.

6. FILE NUMBER G2015100325
7. LOAN NUMBER
8. MORTGAGE INS CASE NUMBER

C. *NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.*

1.0 3/98 (G2015100325.PFD/G2015100325/11)

D. NAME AND ADDRESS OF BORROWER	E. NAME AND ADDRESS OF SELLER	F. NAME AND ADDRESS OF LENDER
Scioto Properties SP-16 LLC	Sammy Brooks	Cash

G. PROPERTY LOCATION	H. SETTLEMENT AGENT 26-0205279	I. SETTLEMENT DATE
Lots 10-12 Erwin Hwy. Greeneville, TN 37745 Greene County, Tennessee	Reliable Title & Escrow PLACE OF SETTLEMENT 1104 Tusculum Blvd., Suite 301 Greeneville, TN 37745 (423) 638-2100	December 15, 2015

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		**400. GROSS AMOUNT DUE TO SELLER:**	
101. Contract Sales Price	45,000.00	401. Contract Sales Price	45,000.00
102. Personal Property		402. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	1,096.50	403.	
104.		404.	
105.		405.	
Adjustments For Items Paid By Seller in advance		*Adjustments For Items Paid By Seller in advance*	
106. City/Town Taxes to		406. City/Town Taxes to	
107. County Taxes 12/15/15 to 01/01/16	20.49	407. County Taxes 12/15/15 to 01/01/16	20.49
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER	46,116.99	*420. GROSS AMOUNT DUE TO SELLER*	45,020.49
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		**500. REDUCTIONS IN AMOUNT DUE TO SELLER:**	
201. Deposit or earnest money	1,000.00	501. Excess Deposit (See Instructions)	
202. Principal Amount of New Loan(s)		502. Settlement Charges to Seller (Line 1400)	3,675.00
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff First Mortgage	
205.		505. Payoff Second Mortgage	
206.		506.	
207.		507. (Deposit disb. as proceeds)	
208.		508.	
209. Water Tap Credit	1,500.00	509. Water Tap Credit	1,500.00
Adjustments For Items Unpaid By Seller		*Adjustments For Items Unpaid By Seller*	
210. City/Town Taxes to		510. City/Town Taxes to	
211. County Taxes to		511. County Taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER	2,500.00	*520. TOTAL REDUCT. AMT DUE SELLER*	5,175.00
300. CASH AT SETTLEMENT FROM/TO BORROWER:		**600. CASH AT SETTLEMENT TO/FROM SELLER:**	
301. Gross Amount Due From Borrower (Line 120)	46,116.99	601. Gross Amount Due To Seller (Line 420)	45,020.49
302. Less Amount Paid By/For Borrower (Line 220)	(2,500.00)	602. Less Reductions Due Seller (Line 520)	(5,175.00)
303. CASH (X FROM) (TO) BORROWER	43,616.99	*603. CASH (X TO) (FROM) SELLER*	39,845.49

SUPPLEMENTAL #1

December 23, 2015
1:35 pm

L. SETTLEMENT CHARGES

		BORROWER'S FUNDS AT SETTLEMENT	SELLER'S FUNDS AT SETTLEMENT
700. TOTAL COMMISSION Based on Price $ 45,000.00 @ 8.0000 % 3,600.00			
Division of Commission (line 700) as Follows:			
701. $3,600.00 to A Cut Above Real Estate & Auction Company			
702. $ to			
703. Commission Paid at Settlement			3,600.00
704. to			
800. ITEMS PAYABLE IN CONNECTION WITH LOAN			
801. Loan Origination Fee % to			
802. Loan Discount % to			
803. Appraisal Fee to			
804. Credit Report to			
805. Lender's Inspection Fee to			
806. Mortgage Ins. App. Fee to			
807. Assumption Fee to			
808.			
809.			
810.			
811.			
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE			
901. Interest From to @ $ /day (days %)			
902. MIP TotIns. for LifeOfLoan months			
903. Hazard Insurance Premium 1.0 years			
904.			
905.			
1000. RESERVES DEPOSITED WITH LENDER			
1001. Hazard Insurance months @ $ per month			
1002. Mortgage Insurance months @ $ per month			
1003. City/Town Taxes months @ $ per month			
1004. County Taxes months @ $ per month			
1005. Assessments months @ $ per month			
1006. months @ $ per month			
1007. months @ $ per month			
1008. Aggregate Adjustment months @ $ per month			
1100. TITLE CHARGES			
1101. Settlement or Closing Fee to Reliable Title & Escrow		100.00	
1102. Service Fee, Flood Cert, Courier to Fidelity National Title Insurance Company		281.00	
1103. Title Examination to Reliable Title & Escrow		250.00	
1104. Title Insurance Binder to Reliable Title & Escrow		50.00	
1105. Document Preparation to Reliable Title & Escrow			75.00
1106. Notary Fees to			
1107. Attorney's Fees to			
(includes above item numbers:)			
1108. Title Insurance to Chicago Title		191.00	
(includes above item numbers:)			
1109. Lender's Coverage $			
1110. Owner's Coverage $ 45,000.00 191.00			
1111. Electronic Storage Fee to Reliable Title & Escrow		40.00	
1112. Shipping & Handling/Wire Fee			
1113.			
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES			
1201. Recording Fees: Deed $ 18.00 ; Mortgage $; Releases $		18.00	
1202. City/County Tax/Stamps: Deed ; Mortgage			
1203. State Tax/Stamps: Revenue Stamps 166.50; Mortgage		166.50	
1204.			
1205.			
1300. ADDITIONAL SETTLEMENT CHARGES			
1301. Survey to			
1302. Pest Inspection to			
1303. 2015 County Tax to Greene County Trustee	POC:S558.00		
1304. Subsurface Exploration to Foundation Systems Engineering, PC	POC:B2450.00		
1305.			
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)		1,096.50	3,675.00

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

BUYER / SELLER CERTIFICATION

Borrower: Scioto Properties SP-16 LLC
Seller: Sammy Brooks
Lender: Cash
Settlement Agent: Reliable Title & Escrow
(423)638-2100
Place of Settlement: 1104 Tusculum Blvd., Suite 301
Greeneville, TN 37745 (423) 638-2100
Settlement Date: December 15, 2015
Property Location: Lots 10-12 Erwin Hwy.
Greeneville, TN 37745
Greene County, Tennessee

The Buyer and Seller this date have checked, reviewed and approved the figures appearing on the Disclosure/Settlement Statement (Statement of Actual Costs), consisting of two (2) pages. Seller acknowledges payment in full of the proceeds due Seller from the settlement.

The Buyer and Seller understand that the tax prorations shown on the Settlement Statement are Based on the prior tax periods rate(s). Seller agrees to forward the next tax bill to Buyer immediately upon receipt of the bill from the tax office. Buyer understands that the next tax bill (even though in the name of the Seller) is the responsibility of the Buyer.

As part of the consideration of this sale, the contract between the parties is by reference incorporated herein and made a part hereof; the terms and conditions contained therein shall survive the closing and shall not merge upon the delivery of the warranty deed.

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Scioto, LLC
BY: _____
Name: Mary Bla Eaton
Title: CEO

Sammy Brooks

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

Reliable Title & Escrow
Settlement Agent

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U. S. Code Section 1001 & Section 1010.

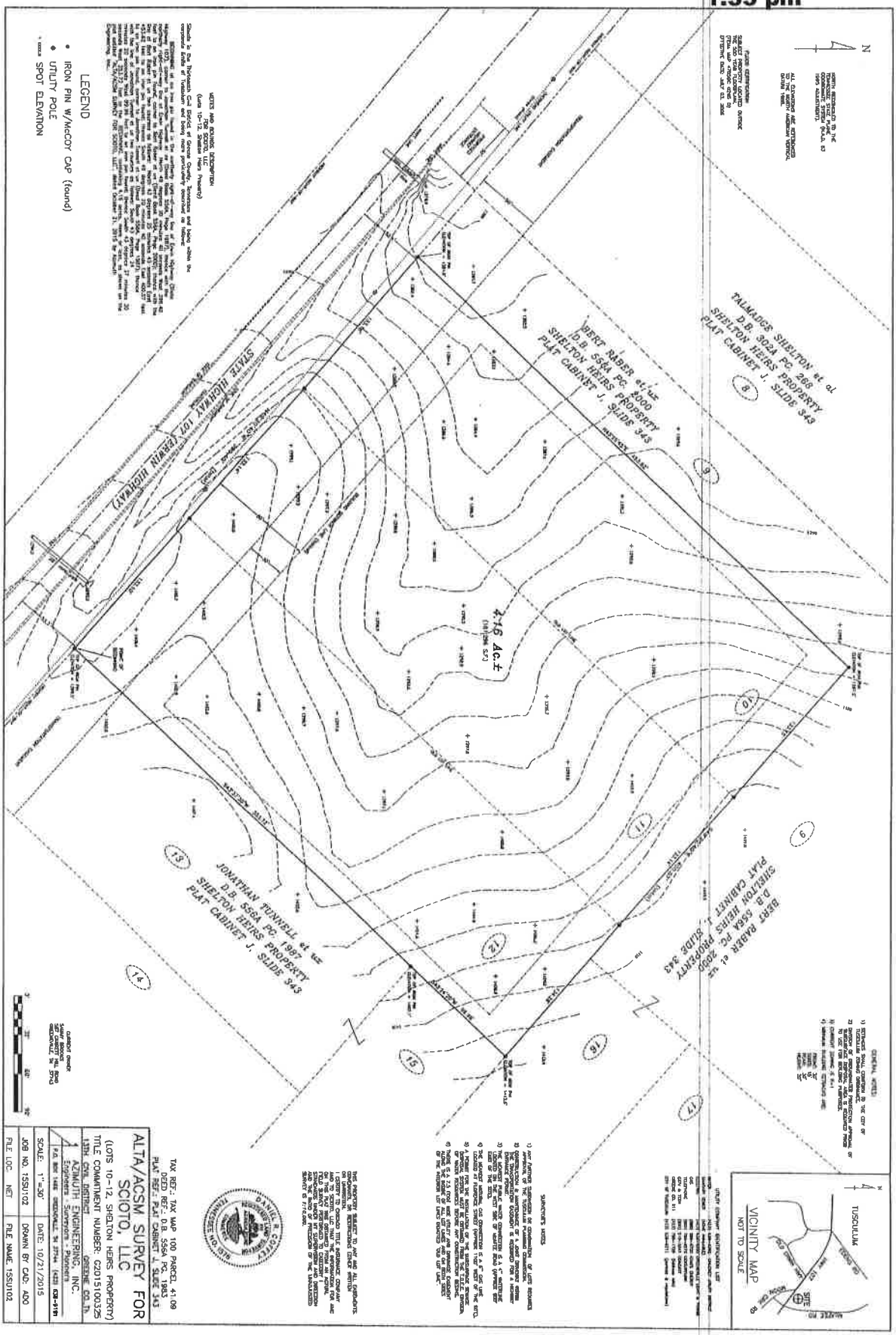
(G2015100325.PFD/G2015100325/11)

SUPPLEMENTAL #1

December 23, 2015

1:35 pm

EXHIBIT A



SUPPLEMENTAL #1
December 23, 2015
1:35 pm

AMENDMENT TO PURCHASE AND SALE AGREEMENT
AMENDMENT "2"

Buyer: SP-16 Scioto LLC or Assigns
Seller: Sammy Brooks
Property: Lots 10 & 11 & 12 Erwin Highway Greeneville, TN 37745

In consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend that certain Purchase and Sale Agreement with a Binding Agreement Date of 09/29/15 and any incorporated addenda, exhibits or prior amendments (collectively referred to herein as "Agreement") for the purchase and sale of real property specified above as follows:

1. Seller to give a credit of $1,500.00 (One thousand five hundred dollars 00/100) for the Water Tap.

This Amendment shall become binding when signed by all parties and shall be incorporated into the Agreement and all other terms and conditions of the Purchase and Sale Agreement shall remain in full force and effect.

The party(ies) below have signed and acknowledge receipt of a copy.

BUYER _____ BUYER _____

12/14/15 at 3 o'clock ☐ am/ ☒ pm — Date

_____ at _____ o'clock ☐ am ☐ pm — Date

The party(ies) below have signed and acknowledge receipt of a copy.

SELLER _____ SELLER _____

12-15-15 at 11 o'clock ☐ am/ ☐ pm — Date

_____ at _____ o'clock ☐ am ☐ pm — Date

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and or using this form, you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.

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Version 01/01/2015
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Instant forms

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

Facility Type	Name	Street Address	City, State, Zip	# of Beds	Type of License
Home	Apple Tree Community Residence	2600 Tumlinson Ft. Drive	Leander, Texas 78641	6	ICF
Home	Bertram	648 West Cedar	Bertram, Texas 78605	6	ICF
Home	Big Sky Ranch	2234 B Amy Lyn Ave	Abilene, Texas 79603	13	ICF
Home	Bluebonnet-ICF	1260 Hwy 29 West	Bertram, Texas 78605	6	ICF
Home	Burnet County	1513 Bluebonnet Drive	Marble Falls, Texas 78654	8	ICF
Home	Capital Heights Home	1706 Idaho Avenue	San Angelo, Texas 76904	6	ICF
Home	Casa De Concho	2706 Watson Street	San Angelo, Texas 76905	6	ICF
Home	Casa De Mimosa	1041 East 44th Street	San Angelo, Texas 76903	6	ICF
Home	Casa De Tres Rios	1342 Tres Rios Drive	San Angelo, Texas 76903	6	ICF
Home	Cedar Park Community Residence	611 Pomegranate Pass	Cedar Park, Texas 78613	6	ICF
Home	Chad Community Residence	1202 Chad	Longview, Texas 75604	6	ICF
Home	China Tree Community Residence	8106 US Hwy 290 West	Austin, Texas 78735	6	ICF
Home	Comanche Flats	1315 Baylor Blvd.	Big Spring, Texas 79720	13	ICF
Home	Covington Pike	5880 Covington Pike	Millington, Tennessee 380 53	4	Res Hab (IBRS)
Home	Darolyn	2803 Darolyn St	Bartlett, Tennessee 38134	4	ICF
Home	Driftwood Community Home	2304 Dijon	Cedar Park, Texas 78613	6	ICF
Home	Egypt Central	3783 Egypt Central	Memphis, Tennessee 38128	4	ICF
Home	Gracy Farms	1512 Gracy Farms Lane	Austin, Texas 78758	6	ICF
Home	Highland Lakes	705 Kincheloe	Burnet, Texas 78611	6	ICF
Home	Hill Country Community Residence	1406 Pecan St.	Cedar Park, Texas 78613	10	ICF

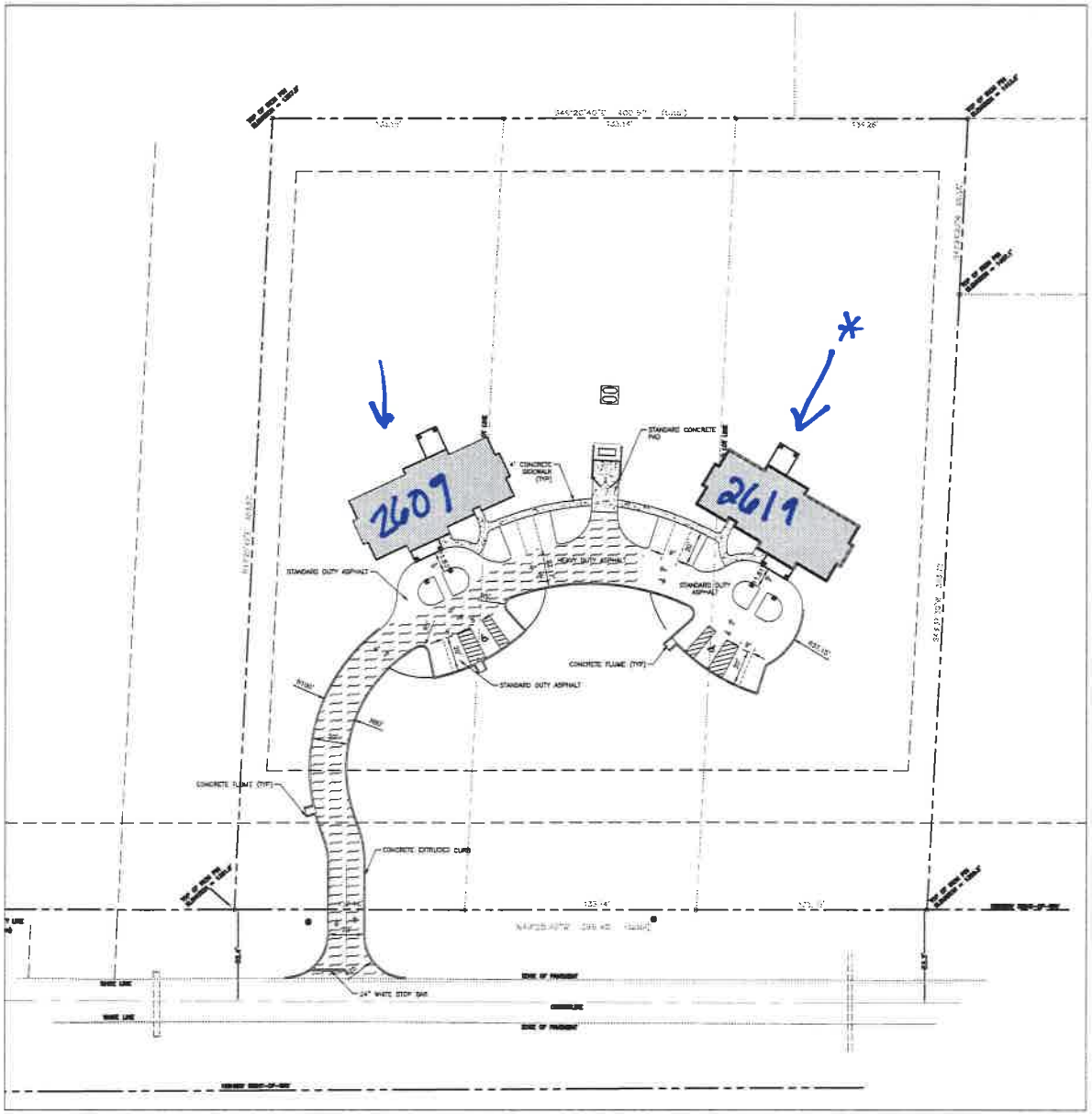
SUPPLEMENTAL #1
December 23, 2015
1:35 pm

Home	Honeysuckle Community Home	#9 Honeysuckle	Longview, Texas 75604	**6**	ICF
Home	James Road	3131 James Rd	Memphis, Tennessee 38128	**4**	ICF
Home	Keota	4508 Keota Drive	Austin, Texas 78749	**6**	ICF
Home	Mariah Flats	10036 West Westland Dr.	Odessa, Texas 79764	**10**	ICF
Home	Mesquite Villa	2234 A Amy Lyn Ave.	Abilene, Texas 79603	**13**	ICF
Home	Oak Tree Community Residence	3509 Convict Hill	Austin, Texas 78745	**6**	ICF
Home	Old Allen	3432 Old Allen Road	Memphis, Tennessee 38128	**4**	ICF
Home	Ouachita Acres	7752 State Hwy. 79 South	Wichita Falls, Texas 76301	**13**	ICF
Home	Ouachita Flats	6086 Kovarik Rd.	Wichita Falls, Texas 76310	**13**	ICF
Home	Peach Tree Community Residence	101 Spring Lake Dr.	Dripping Spring, Texas 78620	**6**	ICF
Home	Riviera Community Residence	2401 Dijon	Cedar Park, Texas 78613	**6**	ICF
Home	Sunbonnet Community Residence	500 Rebel Drive	Buda, Texas 78610	**6**	ICF
Home	Sunset	313 Sunset Drive	Burnet, Texas 78611	**6**	ICF
Home	Terrace Place	42 Terrace Drive	San Angelo, Texas 76903	**6**	ICF
Home	Thelma Community Home	1009 Thelma	Longview, Texas 75604	**6**	ICF
Home	Truman Drive Community Home	103 Truman	Henderson, Texas 75652	**6**	ICF
Home	Woodbine Community Place	2402 Woodbine	Gladewater, Texas 75647	**6**	ICF
Home	Woodview	407 County Road 320	Bertram, Texas 78605	**6**	ICF
Day Hab	Maryville DH	240 Gill Street	Alcoa, Tennessee 37701	**NA**	Adult Day Habiliation

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 3 (Section B (Plot Plan)



PARKING AND PAVING NOTES

1. ALL WORK SHALL COMPLY WITH ALL APPLICABLE CODES, REGULATIONS, AND/OR LOCAL STANDARDS IMPOSED BY LOCAL UTILITY, CITY, COUNTY, AND STATE. IT IS THE CONTRACTORS RESPONSIBILITY THAT ALL THE CONSTRUCTION BE IN ACCORDANCE WITH THE CITY OF AFTON AND TDOT STANDARD DETAILS AND SPECIFICATIONS.
2. CONTRACTOR SHALL COMPLY WITH ALL PERTINENT PROVISIONS OF THE "MANUAL OF ACCIDENT PREVENTION IN CONSTRUCTION" ISSUED BY AGC OF AMERICA, INC., AND THE SAFETY AND HEALTH REGULATIONS FOR CONSTRUCTION ISSUED BY THE U.S. DEPARTMENT OF LABOR.
3. CONTRACTOR SHALL PROVIDE ALL NECESSARY BARRICADES, SUFFICIENT LIGHTS, SIGNS AND OTHER TRAFFIC CONTROL METHODS AS MAY BE NECESSARY FOR THE PROTECTION AND SAFETY OF THE PUBLIC AND SHALL BE PROVIDED AND MAINTAINED THROUGHOUT ALL CONSTRUCTION ADJACENT TO AND WITHIN ALL ROADWAYS. CONTRACTOR SHALL SUBMIT TRAFFIC CONTROL PLAN TO CITY AND STATE FOR APPROVAL.
4. THE CONTRACTOR SHALL TAKE NECESSARY MEASURES TO SEPARATE WORK AREAS FROM PEDESTRIAN TRAFFIC AND TO INSURE SAFE PEDESTRIAN PASSAGE AT ALL TIMES.
5. ALL SIGNS, PAVEMENT MARKINGS, AND OTHER TRAFFIC CONTROL DEVICES SHALL CONFORM TO THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES. A MINIMUM CLEARANCE OF TWO FEET SHALL BE MAINTAINED BETWEEN THE FACE OF CURB AND ANY PART OF A TRAFFIC SIGN OR LIGHT POLE. CONTRACTOR SHALL COORDINATE INSTALLATION OF ALL SIGNS, PAVEMENT MARKINGS, AND OTHER TRAFFIC CONTROL DEVICES WITH OTHER CONTRACTORS ON SIGNS OR LIGHT POLES.
6. CONTRACTOR SHALL FURNISH AND INSTALL ALL PAVEMENT MARKINGS AS SHOWN. ALL PAVEMENT MARKINGS SHALL BE FOUR (4") WIDE SOLID WHITE UNLESS INDICATED OTHERWISE ON THE DRAWINGS. PAINT SHALL BE APPLIED IN TWO COATS FOR A MINIMUM DRY FILM THICKNESS OF 15 MIL. THERMOPLASTIC STRIPING, IF REQUIRED, SHALL BE SPRAY TYPE, APPLIED IN ACCORDANCE WITH DOT STANDARDS. CONTRACTOR SHALL RE-STRIPE ALL PAVEMENT MARKINGS SIX MONTHS AFTER GRAND OPENING.
7. CONTRACTOR SHALL SAW-CUT TO PROVIDE SMOOTH TRANSITIONS AT TIE-INS TO EXISTING EDGES OF PAVEMENT AND AT COLD JOINTS OF RECENTLY PAVED ASPHALT.
8. JOINTS OR SCORE MARKS ARE TO BE SHARP AND CLEAN WITHOUT SHOWING EDGES OF JOINTING TOOL.
9. CONTRACTOR SHALL SAW-CUT TIE-INS AT EXISTING CURBS AS NECESSARY TO INSURE SMOOTH TRANSITIONS. CONTRACTOR SHALL SAW-CUT AND TRANSITION TO MEET EXISTING PAVEMENT AS NECESSARY AND AS DIRECTED BY INSPECTOR TO INSURE POSITIVE DRAINAGE. (TYPICAL @ ALL INTERSECTIONS)
10. PAVING CONTRACTOR SHALL INSTALL PAPER BREAKAWAY EDGES AT COLD JOINTS OR SAWCUT AS REQUIRED TO INSURE A STRAIGHT, FULL-DEPTH JOINT FACE IMMEDIATELY PRIOR TO INSTALLING ABUTTING HOT ASPHALT.
11. ALL DIMENSIONS ARE TO FACE OF CURB UNLESS INDICATED OTHERWISE.
12. CONTRACTOR SHALL BE RESPONSIBLE FOR COST OF PAVEMENT REPLACEMENT WHERE UTILITY LINES ARE EXTENDED ACROSS EXISTING ASPHALT.
13. ASPHALT SURFACE COURSE SHALL BE LAID WITH THE DIRECTION OF TRAFFIC IN ALL DRIVE LANES WITHIN PARKING FIELDS.
14. BASE AND ASPHALT THICKNESSES ARE MINIMUM REQUIRED. REFER TO SPECIFICATIONS FOR TYPE OF PAVING AND BASE TO BE USED.
15. ALL CONCRETE SHALL BE CLASS A 4000 P.S.I. UNLESS NOTED OTHERWISE. DO NOT POUR ANY CONCRETE BEFORE FORMS ARE INSPECTED AND APPROVED BY THE INSPECTOR.
16. ALL RAMPS CONSTRUCTED ARE NOT TO EXCEED A SLOPE OF 1:12. ALL SIDEWALKS SHALL NOT HAVE A CROSS-SLOPE GREATER THAN 1:50.
17. CONCRETE DUMPSTER PADS TO BE FLUSH WITH PAVEMENT UNLESS INDICATED OTHERWISE.
18. SEE SHEET C-1.1 FOR ADDITIONAL DETAILS ON STRIPING, SIGNS, ETC.

811 Know what's below. Call before you dig.

1 inch = 30 ft.

PRELIMINARY

CIVIL ENGINEER:
MILLER-McCOY, INC.
CONSULTING ENGINEERS
1111 NORTH PLAZA DRIVE, SUITE 530, CINCINNATI, OHIO 45215
PHONE (513) 563-2661 CINCINNATI/DAYTON (937) 890-3661 FAX (513) 563-3964

DEVELOPER:
MR. SCOTT ZDROIK
SCIOTO PROPERTIES, LLC
5940 WILCOX PLACE, SUITE A
DUBLIN, OHIO 43016
T: (614)889-5191

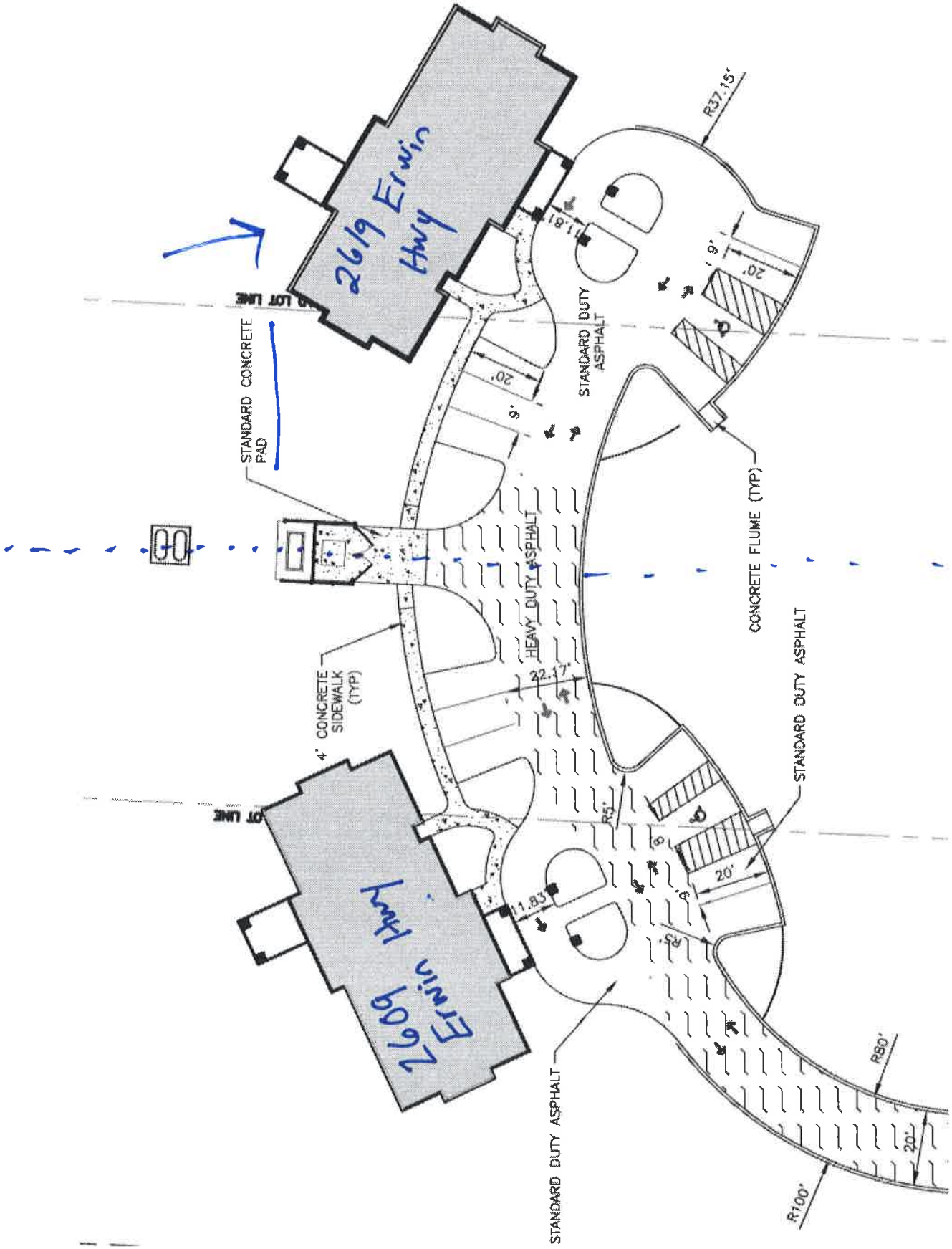
PROJECT:
INTERMEDIATE CARE FACILITY
2609 & 2619 ERWIN HWY (SR 107)
AFTON, TN

REVISIONS

NAME: PARKING AND PAVING PLAN
DATE: 11/20/14
DRAWN BY: JME
CHECKED BY: RWM
PROJECT NO: 5133
SHEET NUMBER: C-1.0

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

SUPPLEMENTAL #1
December 23, 2015
1:35 pm



SUPPLEMENTAL #1
December 23, 2015
1:35 pm

PARKING AND PAVING NOTES

1. ALL WORK SHALL COMPLY WITH ALL APPLICABLE CODES, REGULATIONS, AND/OR LOCAL STANDARDS IMPOSED BY LOCAL UTILITY, CITY, COUNTY, AND STATE. IT IS THE CONTRACTORS RESPONSIBILITY THAT ALL THE CONSTRUCTION BE IN ACCORDANCE WITH THE CITY OF AFTON AND TDOT STANDARD DETAILS AND SPECIFICATIONS.
2. CONTRACTOR SHALL COMPLY WITH ALL PERTINENT PROVISIONS OF THE "MANUAL OF ACCIDENT PREVENTION IN CONSTRUCTION" ISSUED BY AGC OF AMERICA, INC., AND THE SAFETY AND HEALTH REGULATIONS FOR CONSTRUCTION ISSUED BY THE U.S. DEPARTMENT OF LABOR.
3. CONTRACTOR SHALL PROVIDE ALL NECESSARY BARRICADES, SUFFICIENT LIGHTS, SIGNS AND, OTHER TRAFFIC CONTROL METHODS AS MAY BE NECESSARY FOR THE PROTECTION AND SAFETY OF THE PUBLIC AND SHALL BE PROVIDED AND MAINTAINED THROUGHOUT ALL CONSTRUCTION ADJACENT TO AND WITHIN ALL ROADWAYS. CONTRACTOR SHALL SUBMIT TRAFFIC CONTROL PLAN TO CITY AND STATE FOR APPROVAL.
4. THE CONTRACTOR SHALL TAKE NECESSARY MEASURES TO SEPARATE WORK AREAS FROM PEDESTRIAN TRAFFIC AND TO INSURE SAFE PEDESTRIAN PASSAGE AT ALL TIMES.
5. ALL SIGNS, PAVEMENT MARKINGS, AND OTHER TRAFFIC CONTROL DEVICES SHALL CONFORM TO THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES. A MINIMUM CLEARANCE OF TWO FEET SHALL BE MAINTAINED BETWEEN THE FACE OF CURB AND ANY PART OF A TRAFFIC SIGN OR LIGHT POLE. CONTRACTOR SHALL COORDINATE INSTALLATION OF ALL SIGNS, PAVEMENT MARKINGS, AND OTHER TRAFFIC CONTROL DEVICES WITH OTHER CONTRACTORS ON SIGNS OR LIGHT POLES.
6. CONTRACTOR SHALL FURNISH AND INSTALL ALL PAVEMENT MARKINGS AS SHOWN. ALL PAVEMENT MARKINGS SHALL BE FOUR (4") WIDE SOLID WHITE UNLESS INDICATED OTHERWISE ON THE DRAWINGS. PAINT SHALL BE APPLIED IN TWO COATS FOR A MINIMUM DRY FILM THICKNESS OF 15 MIL. THERMOPLASTIC STRIPING, IF REQUIRED, SHALL BE SPRAY TYPE, APPLIED IN ACCORDANCE WITH DOT STANDARDS. CONTRACTOR SHALL RE-STRIPE ALL PAVEMENT MARKINGS SIX MONTHS AFTER GRAND OPENING.
7. CONTRACTOR SHALL SAW-CUT TO PROVIDE SMOOTH TRANSITIONS AT TIE-INS TO EXISTING EDGES OF PAVEMENT AND AT COLD JOINTS OF RECENTLY PAVED ASPHALT.
8. JOINTS OR SCORE MARKS ARE TO BE SHARP AND CLEAN WITHOUT SHOWING EDGES OF JOINTING TOOL.
9. CONTRACTOR SHALL SAW-CUT TIE-INS AT EXISTING CURBS AS NECESSARY TO ENSURE SMOOTH TRANSITIONS. CONTRACTOR SHALL SAW-CUT AND TRANSITION TO MEET EXISTING PAVEMENT AS NECESSARY AND AS DIRECTED BY INSPECTOR TO INSURE POSITIVE DRAINAGE. (TYPICAL @ ALL INTERSECTIONS)
10. PAVING CONTRACTOR SHALL INSTALL PAPER BREAKAWAY EDGES AT COLD JOINTS OR SAWCUT AS REQUIRED TO INSURE A STRAIGHT, FULL-DEPTH JOINT FACE IMMEDIATELY PRIOR TO INSTALLING ABUTTING HOT ASPHALT.
11. ALL DIMENSIONS ARE TO FACE OF CURB UNLESS INDICATED OTHERWISE.
12. CONTRACTOR SHALL BE RESPONSIBLE FOR COST OF PAVEMENT REPLACEMENT WHERE UTILITY LINES ARE EXTENDED ACROSS EXISTING ASPHALT.
13. ASPHALT SURFACE COURSE SHALL BE LAID WITH THE DIRECTION OF TRAFFIC IN ALL DRIVE LANES WITHIN PARKING FIELDS.
14. BASE AND ASPHALT THICKNESSES ARE MINIMUM REQUIRED. REFER TO SPECIFICATIONS FOR TYPE OF PAVING AND BASE TO BE USED.
15. ALL CONCRETE SHALL BE CLASS A 4000 P.S.I. UNLESS NOTED OTHERWISE. DO NOT POUR ANY CONCRETE BEFORE FORMS ARE INSPECTED AND APPROVED BY THE INSPECTOR.
16. ALL RAMPS CONSTRUCTED ARE NOT TO EXCEED A SLOPE OF 1:12. ALL SIDEWALKS SHALL NOT HAVE A CROSS-SLOPE GREATER THAN 1:50.
17. CONCRETE DUMPSTER PADS TO BE FLUSH WITH PAVEMENT UNLESS INDICATED OTHERWISE.
18. SEE SHEET C-1.1 FOR ADDITIONAL DETAILS ON STRIPING, SIGNS, ETC.

PRELIMINARY

CIVIL ENGINEER:

MILLER McCOY, INC.
CONSULTING ENGINEERS
915 CREEKSIDE ROAD CHATTANOOGA, TENNESSEE 37406
PHONE (423) 698-2861 FAX (423) 698-2864

MR. SCOTT ZDROIK
SCIOTO PROPERTIES, LLC
5940 WILCOX PLACE, SUITE A
DUBLIN, OHIO 43016
T: (614)889-5191

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 9 (Section C (Economic Feasiblity), Item 1 (Project Cost Chart)).

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

berardi+
architecture + interior design + engineering

December 22, 2015

Scioto Properties
Attn: Scott Zdroik
5940 Wilcox Place, Suite A
Dublin, Ohio 43016

Subject: ***Intermediate Care Facilities***
1010 Old Stage Road, Greeneville Tn.
2609 & 2619 Erwin Highway Afton, Tn.

Dear Scott:

The Intermediate Care Facilities designed for Greeneville and Afton, Tn. are 3,500 gsf, wood framed, brick veneer/vinyl siding, one story slab-on-grade structures with pitched roof trusses and asphalt shingle roofs. The entrances to the facilities are via vehicular port cocheres. These ICF's have four single resident bedrooms, two resident bathrooms each shared by two of the bedrooms, a living room, dining room, family room, and Kitchen. Ancillary and support areas include an office, medication room, ½ bath, laundry, soiled and clean linen rooms, a mechanical room, and a covered rear porch. Parking for seven cars is available at each ICF.

Each facility has been designed to meet or exceed the Federal and Tennessee Standards for R-4 Use 'Residential Board and Care' physical environments for individuals with intellectual disabilities, including all applicable requirements of the 2012 N.F.P.A Life Safety Code, the 2006 International Building Code, the National Electrical Code, ADA, FHA, FHAG, ANSI 117.1, AIA Guidelines for the Design and Construction of Intermediate Health Care Facilities, and the specific requirements of the Tennessee Department of Intellectual Development and Disabilities. The estimated maximum cost of each facility including site development work is $670,000.00. ($191.43 / SF) The estimated maximum cost of each structure is $151.00 / SF.

Respectfully,

George D. Berardi, AIA

cc. John Cochrane

BERARDI + PARTNERS, INC.; ARCHITECTURE + INTERIOR DESIGN + ENGINEERING
1398 Goodale Blvd. Columbus, Ohio 43212 614-221-1110 fax 614-221-0831
www.berardipartners.co

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	0
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	18,000
3.	Acquisition of Site	0
4.	Preparation of Site	0
5.	Construction Costs	0
6.	Contingency Fund	0
7.	Fixed Equipment (Not included in Construction Contract)	0
8.	Moveable Equipment (List all equipment over $50,000)	0
9.	Other (Specify) _____	0
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	780,101.92
2.	Building only	0
3.	Land only	0
4.	Equipment (Specify) Furnishings	25,981
5.	Other (Specify) Vehicle	47,775
C.	Financing Costs and Fees:	
1.	Interim Financing	0
2.	Underwriting Costs	0
3.	Reserve for One Year's Debt Service	0
4.	Other (Specify) _____	0
D.	Estimated Project Cost (A+B+C)	871,857.92
E.	CON Filing Fee	3,000
F.	Total Estimated Project Cost (D+E)	
	TOTAL	874,857.92

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 10 (Section C (Economic Feasibility), Item 2 (Funding)).

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

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.)

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. **Attachment C (Economic Feasibility-2)**: Information regarding D&S' line of credit.

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:

Based on review of CON applications relating to development of ICF/IID homes to meet the needs of DIDD's Exit Plan relating to GVDC and that have already been deemed complete by the Health Services and Development Agency, the cost of this project, including the estimated cost per square foot, is consistent with similar ICF/IID projects being developed in the area. D&S estimated cost per square foot is based on:

Arch	$ 13,333
Civil Engineering	$ 5,020
Survey	$ 1,700
GeoTech	$ 1,225
Builders Risk	$ 1,750
Land	$ 22,500 (based on half the cost of the 4.16 acre plot)
Site Work	$ 72,500
Building	$ 560,000
Project Total	***$ 678,028***
Price Per SQFT	**$ 195**

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

As previously mentioned, the cost per square foot for this project is approximately $195, which is consistent with the four-bed ICF/IID CON applications recently submitted, and now deemed complete.

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:

The requested Historical and Projected Data Charts are attached. Because this is a new home, there is no historical data on this project. The data provided reflects D&S' existing operations.

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

RESPONSE:

The projects' Average Gross charge is $638.32. This is Operating Revenue only (no grant revenues or bad debt) divided by the unit base. The Average Deduction from Operating Revenue (bad debt plus unreimbursed Advancement) divided by the unit base is $0.00 for the first year of operations. The Average Net charges is $638.32 (Average Gross charge minus the Average Deduction from Operating Revenue).

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

CADENCE
BANK

December 21, 2015

Julie Serewicz
Director of Finance
D&S Community Services
8911 North Capital of Texas Hwy
Bldg One, Suite 1300
Austin, TX 78759

Re: D&S Revolving Line of Credit

Ms. Serewicz,

Please allow this letter to serve as evidence of the existence of an $8 million revolving line of credit for D&S. The revolving line of credit matures in 2020.

The interest rate on the borrowings is based on a 4.25% spread over LIBOR.

The revolving credit is governed by financial covenants typical for a transaction of this nature. There is sufficient cushion to these covenants.

The revolving line of credit is in good standing with the bank and is available for usage.

Sincerely,

William H. Crawford
Executive Vice President
Cadence Bank
3100 West End Avenue
Suite 175
Nashville, TN 37203

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

BMO Harris Bank
A part of BMO Financial Group

Commercial Real Estate
115 South LaSalle Street
20W
Chicago, IL 60603

BMO Harris Bank N.A.
111 West Monroe Street
Chicago, Illinois 60603

December 1st, 2015

To Whom It May Concern:

Scioto Properties LLC and its subsidiaries ("Scioto") is a valued client of BMO Harris Bank N.A. Scioto has maintained a banking relationship with BMO since mid-2013. Currently, Scioto has a mid-eight figure senior secured revolving credit facility (the "Facility") in place for the purposes of acquiring residential and commercial properties located in the United States and constructing improvements thereon. Additionally, Scioto maintains operating accounts with average deposit balances in the low seven-figure range with BMO.

Should you have any questions regarding Scioto, please feel free to contact me.

Sincerely,

BMO Harris Bank N.A.

Michael Perlberg
Vice President – U.S. Commercial Real Estate

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 11 (Section C (Economic Feasibility), Item 3)

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

berardi+

December 22, 2015

Scioto Properties
Attn: Scott Zdroik
5940 Wilcox Place, Suite A
Dublin, Ohio 43016

Subject: ***Intermediate Care Facilities - Cost Comparison***
1010 Old Stage Road, Greeneville Tn.
2609 & 2619 Erwin Highway Afton, Tn.

Dear Scott:

The proposed costs for the Tennessee ICF's are higher than similar facilities we have designed and constructed in the Midwest Region, but lower than our East and West Coast facilities over the past several years. Most of these increased costs can be attributed to the following:

- Project Scale (4 Bed vs. 8/16 Bed facilities with the same Common Area components)
- Sloped Sites requiring substantial cut/fill, and importing stable fill materials
- Remote utility services requiring off-site extensions to the property boundaries
- Municipality Improvements & Requirements (ie. - Fire Hydrants, Vaults, Retention Ponds, etc.)
- Regional Labor Markets and the limited availability of skilled 'Allied Health Care' Subcontractors

Berardi+Partners Project Construction Costs:

Combined Site & Building(s)	
West Coast -	$225-250 / sf
East Coast -	$175-225 / sf
Midwest -	$150-170 / sf
Greeneville & Afton, Tn.	**$191 / sf**

Please contact me at your earliest convenience if you have any questions regarding this data.

Respectfully,

John Cochrane, Project Architect

cc. George Berardi

BERARDI + PARTNERS, INC.; ARCHITECTURE + INTERIOR DESIGN + ENGINEERING
1398 Goodale Blvd. Columbus, Ohio 43212 614-221-1110 fax 614-221-0831
www.berardipartners.co

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 12 (Section C (Economic Feasibility), Item 4 (Projected Data Chart))

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

PROJECTED DATA CHART (2619 Erwin)

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

	Year 2016 (Oct-Dec)	Year 2017
A. Utilization Data (Specify unit of measure)	368	1,460
B. Revenue from Services to Patients		
1. Inpatient Services	$ 248,212	$ 1,007,398
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	$ 248,212	$ 1,007,398
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	$	$
NET OPERATING REVENUE	$ 248,212	$ 1,007,398
D. Operating Expenses		
1. Salaries and Wages	$ 119,896	$ 485,169
2. Physician's Salaries and Wages		
3. Supplies	7,425	29,700
4. Taxes	14,170	57,421
5. Depreciation	3,750	15,000
6. Rent	16,944	68,454
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify)	86,027	351,654
Total Operating Expenses	$ 248,212	$ 1,007,398
E. Other Revenue (Expenses) -- Net (Specify)	$	$
NET OPERATING INCOME (LOSS)	$	$
F. Capital Expenditures		
1. Retirement of Principal	$	$
2. Interest		
Total Capital Expenditures	$	$
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$	$

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 14 (Section C (Economic Feasibility), Item 10).

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

D&S Residential Holdings, Inc.

Consolidated Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2014 and 2013

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors and Shareholders
D&S Residential Holdings, Inc.:

We have audited the accompanying consolidated financial statements of D&S Residential Holdings, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the 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.

Auditor's 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 auditor's 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 policies 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 consolidated financial position of D&S Residential Holdings, Inc. and its subsidiaries 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.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

Austin, Texas
March 31, 2015

5918 West Courtyard Drive, Suite 500 • Austin, TX 78730
tel (512) 258-9070 • fax (512) 258-5895
PMB HELIN DONOVAN, LLP A MEMBER OF RUSSELL BEDFORD INTERNATIONAL
WWW.PMBHD.COM
LOCATIONS IN ILLINOIS, CALIFORNIA, TEXAS & WASHINGTON

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 167,518	$ 1,004,438
Accounts receivable trade, net	11,597,275	10,063,009
Prepaid expenses and other current assets	760,503	447,365
Current assets	12,525,296	11,514,812
Property and equipment, net	3,246,410	3,097,954
Program costs, net	7,802,456	10,176,108
Loan costs, net	174,280	229,653
Goodwill	13,236,257	13,236,257
Other assets	212,402	201,811
TOTAL ASSETS	$ 37,197,101	$ 38,456,595
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 962,193	$ 1,153,418
Accrued payroll	2,222,163	3,630,944
Accrued interest payable	164,840	76,182
Accrued management fees	245,980	82,501
Property taxes payable	413,296	339,221
Other accrued expenses	3,478,802	2,580,618
Revolving line of credit	4,300,000	3,900,000
Current portion of notes payable	2,084,375	1,796,875
Current portion of capital lease obligations	791,195	872,232
Current liabilities	14,662,844	14,431,991
Capital lease obligations, less current portion	1,075,383	900,615
Notes payable	10,637,283	13,121,658
TOTAL LIABILITIES	26,375,510	28,454,264
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock, par value $0.01 per share, 250,000 shares authorized, 110,435 shares issued and outstanding	1,104	1,104
Additional paid in capital	1,218,921	1,175,723
Retained earnings	9,601,566	8,825,504
TOTAL STOCKHOLDERS' EQUITY	10,821,591	10,002,331
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 37,197,101	$ 38,456,595

See accompanying notes and independent auditors' report.

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Statements of Income
Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Residential care income	$ 94,121,719	$ 65,121,115
ICF income	11,593,051	9,170,589
Foster care income	11,254,305	10,914,450
Other revenues	45,503	56,779
Total revenues	117,014,578	85,262,933
Expenses		
Payroll and related expenses	77,648,151	54,268,407
Contract Labor	7,776,998	7,380,365
Food and housekeeping	1,900,878	1,617,217
Prevocational services	3,162,819	2,953,541
Provision for doubtful accounts	170,000	160,000
Quality assurance fee	438,453	476,278
Rental expense- homes	4,508,069	3,433,813
Rental expense- vehicles	237,755	179,618
Depreciation and amortization of property and equipment	1,427,728	1,137,906
Utilities	1,877,364	1,444,239
Fuel	2,150,445	1,736,893
Repairs and maintenance	1,225,819	994,329
Insurance	3,206,071	1,088,600
Interest	1,374,954	1,081,887
Amortization of debt issuance costs	55,117	24,166
Amortization of program costs	2,694,255	786,041
Professional fees	1,343,094	1,145,756
Management fee	625,523	449,097
Other expenses	3,993,382	3,146,325
Total expenses	115,816,875	83,504,478
Income before income tax expense	1,197,703	1,758,455
Income tax expense	45,833	22,068
NET INCOME	$ 1,151,870	$ 1,736,387

See accompanying notes and independent audtiors' report.

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2014 and 2013

	Common Stock				
	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
Balance at December 31, 2012	110,435	$ 1,104	$ 1,122,918	$ 7,560,830	$ 8,684,852
Stock-based compensation	-	-	52,805	-	52,805
Distribution to shareholders	-	-	-	(471,713)	(471,713)
Net income	-	-	-	1,736,387	1,736,387
Balance at December 31, 2013	110,435	1,104	1,175,723	8,825,504	10,002,331
Stock-based compensation	-	-	43,198	-	43,198
Distribution to shareholders	-	-	-	(375,808)	(375,808)
Net income	-	-	-	1,151,870	1,151,870
Balance at December 31, 2014	110,435	$ 1,104	$ 1,218,921	$ 9,601,566	$ 10,821,591

See accompanying notes and independent auditors' report.

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,151,870	$ 1,736,387
Adjustments to reconcile net income		
to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	1,427,728	1,137,906
Amortization of debt issuance costs	55,117	24,166
Amortization of program costs	2,694,255	786,041
Provision for doubtful accounts	170,000	160,000
Stock based compensation	43,198	52,805
(Gain) loss on sale of property and equipment	39,636	(19,506)
(Increase) decrease in:		
Accounts receivable	(1,704,266)	(4,505,126)
Prepaid expenses and other current assets	(313,138)	56,806
Other assets	(10,335)	(66,497)
Increase (decrease) in:		
Accounts payable	(191,225)	239,478
Accrued expenses	(184,385)	2,661,509
	2,026,585	527,582
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,178,455	2,263,969
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for acquisition of group homes	(320,603)	(8,082,312)
Acquisition of property and equipment	(622,657)	(649,976)
NET CASH USED IN INVESTING ACTIVITIES	(943,260)	(8,732,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) from revolving line of credit payable	400,000	3,400,000
Payment for loan fees	-	(253,819)
Payments on capital leases	(899,432)	(572,507)
Distribution to shareholders	(375,808)	(471,713)
Proceeds from notes payable	-	12,292,000
Repayment of notes payable, net of proceeds	(2,196,875)	(7,643,250)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(3,072,115)	6,750,711
NET INCREASE (DECREASE) IN CASH	(836,920)	282,392
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,004,438	722,046
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 167,518	$ 1,004,438
SUPPLEMENTAL DISCLOSURE		
Income taxes paid	$ 45,563	$ 10,469
Interest paid	$ 1,286,296	$ 1,062,244
NON CASH INVESTING AND FINANCING ACTIVITIES		
Capital lease obligations incurred	$ 993,163	$ 1,548,588

See accompanying notes and independent auditors' report.

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

NOTE 1 - ORGANIZATION AND BACKGROUND

Organization

D&S Residential Services, Inc., a Texas corporation, was formed in 1991. In 2005, D&S Residential Holdings, Inc. ("D&S Holdings") was formed along with its wholly-owned subsidiaries, D&S Residential Management, GP, LLC ("D&S GP"), a Texas limited liability company, and D&S Residential LIMPAR, LLC ("D&S LP"), a Nevada limited liability company. Effective March 1, 2005, D&S Holdings acquired 100% of the outstanding common stock of D&S Residential Services, Inc. through its subsidiaries D&S LP and D&S GP. Effective December 27, 2005, D&S Residential Services, Inc. converted to a Texas limited partnership and changed its name to D&S Residential Services, LP ("D&S RS"). D&S LP was dissolved effective December 17, 2007.

These consolidated financial statements include the accounts of D&S Holdings, D&S GP, D&S RS and Behavioral Solutions (collectively referred to as "the Company"). All significant intercompany balances and transactions have been eliminated upon consolidation.

Nature of Operations

The Company is headquartered in Austin, Texas and operates residential facilities in Texas, Kentucky, and Tennessee for individuals with special needs. Residents of these facilities are mostly supported by funding from various agencies of the states of Texas, Kentucky, and Tennessee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Company conform to United States of America generally accepted accounting principles (GAAP) and to general practices within the health care industry. The following summarizes the more significant of these policies.

Revenue Recognition

The Company generates revenues from providing residential facilities and care, as well as developmental programs. Residents have a variety of service levels, and each level has a contractual periodic fee. Additional fees have been established for developmental programs. These fees are recorded as revenue in the period in which the services or programs are provided.

Use of Estimates

The preparation of consolidated 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Goodwill and Program Costs

The Company has assigned its purchase price of group homes and other operations between identifiable intangible assets (program costs) and goodwill. Goodwill is not currently amortized. The program costs are split between the cost of the government contracts acquired and customer contracts acquired. Management believes that the life of the program costs associated with government contracts is considered indefinite. Management believes that the life of the program costs associated with customer contracts is approximately three years. Goodwill represents the excess of the cost paid over the fair value of the net assets acquired in a business combination.

Goodwill and identifiable intangibles with indefinite lives are initially recorded at fair value. Amortization is not recorded and impairment tests are performed on an annual basis. No impairment charges were recorded in 2014 or 2013.

Allowance for Losses on Receivables

Management reviews the carrying value of receivables regularly and any permanent impairment is included as an additional charge to the basis of receivables in the period discovered. The allowance for losses on receivables is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loss experience, and any known or inherent risks. The allowance for doubtful accounts was $260,458 and $304,062 as of December 31, 2014 and 2013, respectively.

Financial Instruments and Credit Risk

Financial instruments that potentially subject the Company to credit risk include cash and accounts receivable. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk. Accounts receivable are generally unsecured. The Company maintains reserves for potential credit losses on customer accounts when deemed necessary.

The amounts reported for cash equivalents, receivables, notes payable, accounts payable and accrued liabilities are considered to approximate their fair values based on comparable market information available at the respective balance sheet dates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. These financial instruments potentially subject the Company to concentrations of credit risk. The Company minimizes this risk by dealing with major financial institutions that have high credit ratings.

Income Taxes

D&S Holdings has elected to be taxed as an S corporation under the provisions of Subchapter S of the Internal Revenue Code. As a result, the shareholders of the Company pay all Federal income tax expense. Under this election, the Company passed through to its stockholders as individual taxpayers each item of the income, loss deduction, and credit. Accordingly, no federal income tax provision on current earnings is generally required for the Company since March 1, 2005. In addition to regular distributions, it is the Company's practice to make cash distributions to stockholders in amounts sufficient for them to meet their individual income tax obligations resulting from the Company's taxable income. The Company accrues for estimated tax liability related to the Texas franchise margin tax, which stipulates that 50% of Medicaid revenue earned in the State of Texas is exempt and wages paid on a contract basis are not deductible. The Company also accrues for estimated tax liability related to the States of Kentucky and Tennessee's franchise and excise taxes.

The Company's management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company's management believes it is no longer subject to income tax examinations for years prior to 2011.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided over the estimated useful life of each class of assets (generally 3 to 5 years) using the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred. Renewals and betterments are capitalized. When property is sold or retired, the cost and related accumulated depreciation are removed from the balance sheet and any gain or loss on the transaction is included in the statement of income.

The Company reviews long-lived assets for impairment, based on the estimated undiscounted future cash flows, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. No impairment charges were recorded in 2014 or 2013.

Stock-Based Compensation

Compensation cost related to stock-based payment transactions are recognized in the financial statements. The cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award).

Subsequent Events

The Company evaluates events that occur subsequent to the balance sheet date of periodic reports, but before financial statements are issued for periods ending on such balance sheet dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Company's financial statements are issued. For the financial statements as of and for the year ending December 31, 2014, this date was March 31, 2015.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 supersedes the revenue recognition requirements in Revenue Recognition (Topic 605), and requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. The Company is currently in the process of evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 3 - FUNDS HELD ON BEHALF OF RESIDENTS

In the course of the Company's regular business activities, funds held on behalf of residents are disbursed in order to provide for housing and care, as well as for small purchases for the residents. The funds are deposited in bank accounts separate from our corporate bank accounts and are generally disbursed by check at the request of the resident and approval of Company personnel. Funds held on behalf of residents totaled approximately $416,000 and $663,000 at December 31, 2014 and 2013, respectively, are not included in the cash balances of the balance sheet.

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NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2014 and 2013:

	2014	2013
Furniture and equipment	$ 1,665,051	$ 1,375,932
Building improvements	1,905,990	1,776,692
Software	288,430	256,573
Vehicles	4,748,723	3,891,577
	8,608,194	7,300,774
Less: accumulated depreciation	(5,361,784)	(4,202,820)
	$ 3,246,410	$ 3,097,954

Depreciation and amortization expense was $1,427,728 and $1,137,906 for the years ended December 31, 2014 and 2013, respectively.

NOTE 5 - EMPLOYEE BENEFITS

The Company has a partially self-funded health insurance plan and other employee benefit plans. As a part of the self-funded health insurance plan, the Company has a stop loss policy for individual claims in excess of $75,000. The Company funded approximately $3,206,000 and $2,550,000 for the years ended December 31, 2014 and 2013, respectively, of healthcare costs under this plan. The Company has accrued approximately $200,000 at December 31, 2014 and 2013 for health insurance claims payable. The Company has issued a letter of credit in the amount of $700,000 (Note 7) during 2014 to the insurance company.

NOTE 6 - INCOME TAXES

State franchise and excise tax expense totaled $45,833 and $22,068 for the years ended December 31, 2014 and 2013, respectively. A reconciliation of the U.S. statutory income tax rate to the effective rate for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Tax at Federal statutory rate of 34%	$ 376,469	$ 597,875
Impact of Sub S status	(376,469)	(597,875)
State franchise and excise tax expense	45,833	22,068
Income tax expense	$ 45,833	$ 22,068

NOTE 7 - REVOLVING LINE OF CREDIT

The Company has a revolving line of credit with Texas Capital Bank that allows the Company to borrow up to $7,000,000. The Texas Capital Bank line, which is secured by substantially all assets of the Company, has an amended maturity date of September 16, 2016, and bears interest at the greater of 5.25% or the prime rate plus 0.5% and requires monthly interest payments. Prepayments are allowed without penalty. The Company has issued a letter of credit to an insurance company (note 5) for $700,000. The letter of credit reduces the amount available under the line of credit to $6,300,000 at December 31, 2014.

There was an outstanding balance for the line of credit of $4,300,000 and $3,900,000 at December 31, 2014 and 2013, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company has entered into leases for certain administrative office space, vehicles, residential properties, and equipment. A summary of the future minimum lease payments under non-cancelable operating leases follows:

Year Ending December 31:	Equipment Leases	Real Estate Leases
2015	$ 192,787	$ 3,022,909
2016	135,181	2,609,979
2017	88,000	2,156,489
2018	19,368	1,424,224
2019	-	834,151
Thereafter	-	408,254
	$ 435,336	$ 10,456,006

Annual rental expense under equipment and real estate leases amounted to $4,745,824 and $3,613,431 during the years ended December 31, 2014 and 2013, respectively.

During the years ended December 31, 2014 and 2013, the Company entered into noncancelable capital lease agreements for vehicles. At December 31, 2014, the vehicles under capital leases had a gross value of $4,748,723 and related accumulated amortization of $2,707,791. Amortization expense related to capital leases is included in depreciation expense for property and equipment for the years ended December 31, 2014 and 2013.

Future minimum payments under capital leases with initial or remaining terms of one year or more consisted of the following at December 31, 2014:

Year ended December 31,	
2015	$ 1,098,095
2016	678,781
2017	290,532
2018	30,159
Total minimum lease payments	2,097,567
Less: amount representing interest	(230,989)
Present value of minimum lease payments	1,886,578
Less: current portion of capital lease obligations	(791,195)
Long term portion of capital lease obligations	$ 1,075,383

Litigation

The Company is involved in various claims and legal actions arising in the ordinary course of business. The claims are typically covered by insurance coverage. The Company is a non-subscriber to the Texas workers' compensation program. The Company handles and pays its work related claims arising in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operation, and liquidity. The Company has accrued $80,000 and $160,000 at December 31, 2014 and 2013, respectively, for estimated litigation expenses.

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NOTE 9 - GOODWILL AND PROGRAM COSTS

Acquired program costs, customer contracts, and accumulated amortization at December 31, 2014 and 2013 are as follows:

	2014	2013
Program costs – indefinite life	$ 3,108,685	$ 3,108,685
Customer contracts	8,402,345	8,081,998
	11,511,030	11,190,683
Less: accumulated amortization	(3,708,574)	(1,014,575)
	$ 7,802,456	$ 10,176,108

The Company acquired a 6-bed ICF license for $215,000 from another provider in August 2010. The Company has recorded $13,107,608 in goodwill related to its acquisition of D&S Residential Services, Inc. in 2005 and additional group homes in 2006.

The Company acquired 5 new locations in Tennessee for $1,495,084 from another provider in June 2012. The asset purchase was accounted for using the acquisition method of accounting. The purchase price was allocated based on a determination of the value of the tangible and intangible assets acquired. The following represents the allocation of the purchase price to the acquired assets of the seller. This allocation was based on the fair value of the assets of the acquisition date as of June 29, 2012.

Furniture, fixtures, & equipment	$ 10,000
Automobiles	40,000
Total tangible assets	50,000
Program costs	1,316,435
Goodwill	128,649
Total purchase price	$ 1,495,084

During 2013, the Company acquired certain assets and the business of operating residential group homes in Kentucky and Tennessee for a purchase price of $7,600,000. The asset purchase was accounted for using the acquisition method of accounting. The purchase price was allocated based on a determination of the value of the tangible and intangible assets acquired. The following represents the allocation of the purchase price to the acquired assets of the seller. This allocation was based on the fair value of the assets of the acquisition date as of September 16, 2013.

Furniture, fixtures, & equipment	$ 96,312
Leasehold improvements	47,696
Total tangible assets	144,008
Customer contracts	8,081,998
Fair value of net assets acquired	8,226,006
Amount paid in cash	(7,600,000)
Gain on acquisition	626,006
Transaction costs incurred	
Legal fees	118,332
Staff expenses associated with acquisition	301,812
Travel costs	112,748
Consulting and other costs	93,114
Total transaction costs	626,006
Gain, net of transaction costs	$ -

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As part of this transaction the Company obtained non-compete agreements for 5 years, assumed certain property leases and other contracts, and the right to enter into new agreements of existing customers associated with the group homes. In addition, the Company also obtained the right to hire employees of the Seller associated with the acquired business.

During 2014, the Company acquired certain assets and the business of operating residential group homes in Tennessee for a purchase price of $124,000. The asset purchase was accounted for using the acquisition method of accounting. The purchase price was allocated based on a determination of the value of the tangible and intangible assets acquired. The following represents the allocation of the purchase price to the acquired assets of the seller. This allocation was based on the fair value of the assets of the acquisition date as of June 30, 2014.

Total tangible assets	$ -
Customer contracts	320,347
Fair value of net assets acquired	320,347
Amount paid in cash	(124,000)
Gain on acquisition	196,347
Transaction costs incurred	
Legal fees	13,420
Staff expenses associated with acquisition	73,833
Travel costs	26,443
Consulting and other costs	82,651
Total transaction costs	196,347
Gain, net of transaction costs	$ -

The prior acquisitions resulted in obtaining exclusive government contracts which provided the Company with rights to operate residential group homes with a set number of customer spots. The Company had determined that the amounts included in Program costs with those contracts had indefinite lives and as such are not being amortized. The 2014 and 2013 acquisitions did not provide for the assignment of government contracts. The Company had to apply for new government licenses and re-sign customers to the group homes. As such, the Company has determined that the cost to acquire represent the underlying customer contracts. The Company's management has elected to amortize these customer contracts using the straight line method over three years which the Company's management believes represents the useful life of those contracts.

The Company annually evaluates goodwill and program costs (intangible assets) for impairment. At December 31, 2014 and 2013, no impairment has been recorded. As goodwill and program costs are intangible assets with indefinite lives, no amortization expense has been recorded for the years ended December 31, 2014 and 2013, respectively.

NOTE 10 - NOTES PAYABLE

The Company's long term debt consisted of the following at December 31, 2014 and 2013:

	2014	2013
Texas Capital Bank term loan with interest at greater of 5.25% or the prime rate plus 0.5% due at maturity on September 16, 2018 (see further description below)	$ 8,871,875	$ 11,068,750
Junior subordinated debt with interest at 10% per annum, interest due quarterly with any unpaid balance due at maturity on December 31, 2018	3,849,783	3,849,783
Total Long Term Debt	12,721,658	14,918,533
Less – Current portion	2,084,375	1,796,875
Long Term Debt, less current portion	$ 10,637,283	$ 13,121,658

In March 2012, the Company entered into the First Amendment to the Texas Capital Bank Credit Agreement, in which Texas Capital Bank renewed the revolving line of credit for up to a maximum of $3,000,000 and obtained a $1,200,000 senior term loan. The senior term debt was paid in full in December 2012.

In February 2013, the Company entered into the Second Amendment to the Texas Capital Bank Credit Agreement, in which Texas Capital Bank renewed the revolving line of credit for up to a maximum of $3,000,000 and made a $6,420,000 senior term loan to provide the funds necessary to pay off outstanding mezzanine debt owed to Harbinger and Patriot Capital.

In September 2013, the Company entered into the Third Amendment to the Texas Capital Bank Credit Agreement, in which Texas Capital Bank renewed the revolving line of credit for up to a maximum of $6,000,000 and made a $11,500,000 senior term loan to provide the funds necessary to complete the 2013 Acquisition (note 9). The senior term loan matures on September 16, 2018, bears interest at a rate of the greater of 5.25% or the prime rate plus 0.5% and requires monthly principal payments of $143,750 plus accrued interest at December 31, 2013 increasing annually in October by approximately $24,000. The loan must be prepaid semi-annually beginning October 31, 2013 in an amount equal to 25% of excess cash flow (as defined) and annually, in an amount equal to 50% of excess cash flow less payments already made during the year. A 1% prepayment fee will be assessed for prepayments that are discretionary at any time through September 16, 2016. The payment of junior subordinated notes prior to August 21, 2018 is not allowed without the prior written consent of Texas Capital Bank.

In March 2014, the Company entered into the Fourth Amendment to the Texas Capital Bank Credit Agreement, in which Texas Capital Bank increased the revolving line of credit for up to a maximum of $7,000,000 at December 31, 2014.

The Texas Capital Bank senior term debt was secured by a joint first lien in substantially all assets of the Company. The remaining subordinated debt at December 31, 2014 and 2013 was all secured with junior liens to Texas Capital Bank on substantially all assets of the Company. The senior term debt had specific financial covenants which include a total leverage ratio, the total debt service coverage ratio, and the total senior debt services coverage ratio. The Company was in compliance with all financial covenants as of December 31, 2014.

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Aggregate maturities of long-term debt at December 31, 2014 are as follows:

		Amount
2015	$	2,084,375
2016		2,371,875
2017		2,659,375
2018		5,606,033
Total	$	12,721,658

NOTE 11 - EQUITY INSTRUMENTS

Authorized Shares

D&S Holdings has authorized 250,000 shares of common stock with a par value of $0.01 per share. A total of 110,435 common shares have been issued and 139,565 common shares are available for issuance. Of the available common stock for issuance, the following shares are outstanding or have been reserved for issuance for warrants and stock options at December 31, 2014:

Outstanding Items	Common Shares Reserved
$0.01 warrants	30,837
$73.79 warrants	25,068
$50.23 warrants	39,818
Contingently issuable warrants	973
Common stock options outstanding	20,809
Common stock options available for grant	191
Common stock outstanding	110,435
Total Common Stock Outstanding and Reserved	228,131

Equity Rights Agreement

The Company's shareholders (including warrant holders) entered into an equity rights agreement as part of the acquisition of D&S Residential Services, Inc. Among other terms the equity rights agreement provides for the following:

1. An incentive stock option plan was adopted by the Board of Directors reserving 15,055 shares of common stock for issuance to senior management and non Equity Partners, related directors and advisors.

2. Restrictions on transfers of any the Company's securities. A holder of the Company's securities may transfer securities with the prior written approval of the Board of Directors after compliance with the right of first refusal by the Company and certain other security holders.

3. Establishes the Board of Directors representation to consist of two representatives designated by the predecessor shareholders, five representatives designated by the Equity Partners shareholders, and one representative designated by the warrant holders.

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Warrants

$0.01 Warrants- As part of the acquisition financing and the AHS Program financing in 2005, the Company issued warrants for the purchase of up to 30,837 shares of common stock at $0.01 per share. The warrants expire on June 30, 2015. As of December 31, 2014, the holder had vested in all 30,837 shares per the warrant agreement.

$73.79 Warrant- As part of the initial acquisition financing and the program acquisition financing in 2005, the Company issued warrants for the purchase of 25,068 shares of common stock at an exercise price of $73.79 per share. The warrants expire on June 30, 2015. As of December 31, 2014, the holder had vested in all 25,068 shares per the warrant agreement.

$50.23 Warrant- As part of the 2006 acquisition financing, the Company issued warrants for the purchase of 39,818 shares of common stock at an exercise price of $50.23 per share (compared to the estimated fair value of $27 per share at the grant date). The warrants expire on June 1, 2016. As of December 31, 2014, the holder has vested in all 39,818 shares per the warrant agreement.

Contingently issuable warrants - As a result of the increase in the stock option pool from 15,055 shares to 21,000 shares, there are an additional 973 warrants that are contingently issuable as a result of an anti-dilution terms in other warrants outstanding.

Stock Option Plan

Effective March 1, 2005, the Board of Directors adopted the 2005 Stock Option Plan (the "Plan"), whereby employees, directors and consultants may be granted options to purchase shares of the Company's common stock or may be issued stock purchase rights. In January 2009, the incentive stock option plan was amended to reserve 15,055 shares of common stock for issuance under the Plan. In January 2009, the incentive stock option plan was amended to reserve 17,055 shares of common stock for issuance under the Plan. In November 2013, the incentive stock option plan was amended to reserve 21,000 shares of common stock for issuance under the Plan.

In March 2006, the Company's Board of Directors granted 5,420 shares at an exercise price of $52.80 per share. 2,710 shares vest over a four year vesting period and another 2,710 shares vest annually through March 20, 2010 (based on achieving certain performance targets).

In March 2008, the Company's Board of Directors granted 4,485 shares at an exercise price of $93.18 per share. 2,243 shares vest over a four year vesting period and another 2,242 shares vest annually through December 31, 2011 (based on achieving certain performance targets).

In February 2009, the Company's Board of Directors granted 2,200 shares at an exercise price of $113.18 per share. 1,100 shares vest over a four year vesting period and another 1,100 shares vest annually through December 31, 2012 (based on achieving certain performance targets)

In February 2010, the Company's Board of Directors granted 1,600 shares at an exercise price of $134.02 per share. 800 shares vest over a four year vesting period and another 800 shares vest annually through December 31, 2013 (based on achieving certain performance targets).

In September 2011, the Company's Board of Directors granted 1,000 shares at an exercise price of $121.64 per share. 500 shares vest over a four year vesting period and another 500 shares vest annually through December 31, 2015 (based on achieving certain performance targets).

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In August 2013, the Company's Board of Directors granted 2,000 shares at an exercise price of $111.26 per share. 1,000 shares vest over a four year vesting period and another 1,000 shares vest annually through December 31, 2017 (based on achieving certain performance targets).

In November 2013, the Company's Board of Directors granted 4,500 shares at an exercise price of $57.24 per share. 2,250 shares vest over a four year vesting period and another 2,250 shares vest annually through December 31, 2017 (based on achieving certain performance targets).

In December 2014, the Company's Board of Directors granted 2,500 shares at an exercise price of $134.04 per share. 1,250 shares vest over a five year vesting period and another 1,250 shares vest annually through December 31, 2018 (based on achieving certain performance targets).

The fair value for options issued during the year ended December 31, 2014 and 2013 was estimated at the date of grant using the Black-Scholes option pricing model, assuming no dividends and the following weighted average assumptions:

	2014	2013
Expected volatility	60%	60%
Expected life	4 years	4 years
Risk-free rate	1.10%	0.88%
Weighted average grant date fair value	$62.14	$33.00

The Company periodically reviews the assumptions and modifies the assumptions accordingly. The estimated fair value of options is amortized to expense on a straight-line basis over the vesting period of the grants.

A summary of the activity under the Plan for the year ended December 31, 2014 is as follows:

Options	Total Shares	Weighted average exercise price of total shares
Outstanding at December 31, 2013	18,809	$70.72
Granted	2,500	$134.04
Exercised	-	-
Forfeited	(500)	134.02
Outstanding at December 31, 2014	20,809	$85.30
Vested at December 31, 2013	14,021	$79.76

The following table summarizes information about outstanding stock options at December 31, 2014:

Options Outstanding			Options Vested	
Exercise Prices	Outstanding Shares	Weighted average remaining contractual life (years)	Vested Shares	Weighted average remaining contractual life (years)
$52.80	5,420	1	5,420	1
57.24	4,500	8	1,288	8
$93.18	3,364	5	3,364	5
$111.26	2,000	8	650	8
$113.18	1,650	3	1,650	3
$121.64	875	8	225	8
$134.02	500	6	500	6
$134.04	2,500	9	0	9
	20,809		14,021	

The Company recorded stock based compensation expense of $43,198 and $52,805 related to these options during 2014 and 2013, respectively.

Total compensation cost related to nonvested awards not yet recognized was approximately $325,000 as of December 31, 2014, and the weighted-average period over which it is expected to be recognized is 2.5 years. There were 1,522 and 1,130 options that became vested during 2014 and 2013, respectively, with the total fair value of these awards of $43,543 and $49,738, respectively. The weighted-average fair value of nonvested options was $44.41 and $36.33 as of December 31, 2014 and 2013, respectively. The weighted-average fair value of the 1,798 options that became vested during 2014 was $28.62.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Company is party to transactions with companies related through common ownership interest or management in the normal course of business. Some of the more significant related party transactions follow:

The Company leases a significant portion of its group residential homes from D&S Realty Investment, Ltd. for payments of approximately $620,000 and $747,000 (including property taxes) for the years ended December 31, 2014 and 2013, respectively.

The Company entered into a management agreement, amended in October 2009, with the Equity Partners formally affiliated with Transition Capital Partners, Ltd. which provides for a monthly management fee of the lesser of $16,667 or 0.8% times the trailing four quarters EBITDA with a maximum monthly fee of $28,000. In 2013, the management agreement was amended to a total management fee based on 8% of the year end EBITDA. The management fee was $625,523 and $449,097 in 2014 and 2013, respectively. Equity Partners are the control group for D&S Holdings.

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NOTE 13 - CONCENTRATIONS

The Company has customer concentrations (revenue in excess of 10% of total revenue) with certain customers for the years ended December 31, 2014 and 2013 as follows:

	2014		2013	
Customer	Percentage of Accounts Receivable	Percentage of Revenue	Percentage of Accounts Receivable	Percentage of Revenue
Texas Department of Aging and Disability Services	52%	53%	67%	52%
Tennessee Department of Intellectual and Developmental Disabilities	44%	43%	31%	42%
Kentucky Department of Intellectual and Developmental Disabilities	4%	4%	2%	6%

NOTE 14 - FAIR VALUE DISCLOSURES

The Company is required to disclose estimated fair values for its financial instruments. The fair value estimates presented herein are based on relevant information available to management as of December 31, 2014. Because the reporting requirements exclude certain financial instruments and all non-financial instruments, the aggregate fair value amounts presented herein do not represent management's estimate of the underlying value of the Company.

Cash and cash equivalents, accounts receivable, related party receivable, accounts payable, and accrued expenses are reflected in the accompanying financial statements at cost, which approximates fair value because of the short term maturity of these instruments.

The fair value of fixed-rate notes payable is estimated by discounting the future cash flows for each loan category using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The fair values of adjustable-rate notes payable are assumed to approximate their carrying amount. The fair value of notes payable at December 31, 2014 is $12,577,840 and the carrying value of the notes payable is $12,721,658.

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December 23, 2015
1:35 pm

2619 Erwin

Attachment 16 (Section C (Contribution to Orderly Development), Item 7(d))

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

Subject: FW: Survey Compliance

From: Sandra Owen [mailto:Sandra.Owen@tn.gov]
Sent: Monday, November 09, 2015 9:01 AM
To: Kaye Cooper
Cc: Bobbi Halgrim
Subject: Survey Compliance

Hello Kaye,

Re: **D&S – #44G106, 3432 Old Allen Rd. and #44G107, 3131 James Road**

Based on the findings of your annual recertification survey and revisit survey confirming completion of your plan of corrections of deficient practices, the above referenced facility has been found to be in compliance with all participation requirements of the ICF/IID program.

A copy of Form CMS – 1539 (C&T) is attached for your records.

Sandy

Sandra Owen | Administrative Service Assistant
Quality Management
Citizens Plaza, 9th Floor
400 Deaderick St., Nashville, TN 37243
p. 615-741-3069
Sandra.Owen@tn.gov
http://tn.gov/didd

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Our Mission: D&S promotes optimal independence and quality of life by providing exceptional person-centered services.

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

Subject: FW: Certification and Transmittal Forms
Attachments: DS certificates.pdf

From: Bobbi Halgrim [mailto:Bobbi.Halgrim@tn.gov]
Sent: Monday, December 21, 2015 2:19 PM
To: Robn Traugott <RTraugott@dscommunity.com>
Subject: Certification and Transmittal Forms

Good Afternoon Robn;

The attached Certification and Transmittal Forms are verification that the Darolyn and Egypt Central Homes were surveyed and the plans of correction were approved. The Forms also verify these two homes are ICF/IID certified from the date 2/1/15 through 4/30/16.

If I can help with anything else, please let me know.

Bobbi Halgrim

Bobbi Halgrim |Director, ICF/IID Survey Operations
Division of Quality Management
Citizens Plaza, 9th Floor,
400 Deaderick Street, Nashville, TN, 37243
p. 615-741-9223 c. 615-306-8537
bobbi.halgrim@tn.gov
tn.gov/didd

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This message contains confidential information and is intended only for the individual named. This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify us immediately. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify Natalie McKenna at tel. (512) 628-1546, E-mail: nmckenna@dscommunity.com, immediately if you have received this e-mail by

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

DEPARTMENT OF HEALTH AND HUMA. RVICES CENTER R MEDICARE & MEDICAID SERVICES

MEDICARE/MEDICAID CERTIFICATION AND TRANSMITTAL ID: M9U8

PART I - TO BE COMPLETED BY THE STATE SURVEY AGENCY Facility ID: TNP53894

1. MEDICARE/MEDICAID PROVIDER NO. (L1) 44G116
2. STATE VENDOR OR MEDICAID NO. (L2) 7447122

3. NAME AND ADDRESS OF FACILITY
(L3) EGYPT CENTRAL
(L4) 3783 EGYPT CENTRAL ROAD
(L5) MEMPHIS, TN (L6) 38128

4. TYPE OF ACTION: 2 (L8)
1. Initial 2. Recertification
3. Termination 4. CHOW
5. Validation 6. Complaint
7. On-Site Visit 9. Other
8. Full Survey After Complaint

5. EFFECTIVE DATE CHANGE OF OWNERSHIP (L9)
6. DATE OF SURVEY 02/12/2015 (L34)
8. ACCREDITATION STATUS: ___ (L10)
0 Unaccredited 1 TJC
2 AOA 3 Other

7. PROVIDER/SUPPLIER CATEGORY 11 (L7)

01 Hospital	05 RHA	09 ESRD	13 PTIP	22 CLIA
02 SNF/NF/Dual	06 PRTF	10 NF	14 CORF	
03 SNF/NF/Distinct	07 X-Ray	11 ICF/IID	15 ASC	
04 SNF	08 OPT/SP	12 RHC	16 HOSPICE	

FISCAL YEAR ENDING DATE: (L35)

11. LTC PERIOD OF CERTIFICATION
From (a): 02/01/2015
To (b): 04/30/2016
12. Total Facility Beds 4 (L18)
13. Total Certified Beds 4 (L17)

10. THE FACILITY IS CERTIFIED AS:
X A. In Compliance With Program Requirements Compliance Based On:
___ 1. Acceptable POC
B. Not in Compliance with Program Requirements and/or Applied Waivers: * Code: A* (L12)

And/Or Approved Waivers Of The Following Requirements:
___ 2. Technical Personnel ___ 6. Scope of Services Limit
___ 3. 24 Hour RN ___ 7. Medical Director
___ 4. 7-Day RN (Rural SNF) ___ 8. Patient Room Size
___ 5. Life Safety Code ___ 9. Beds/Room

14. LTC CERTIFIED BED BREAKDOWN

18 SNF	18/19 SNF	19 SNF	ICF	IID
				4
(L37)	(L38)	(L39)	(L42)	(L43)

15. FACILITY MEETS
1861 (e) (1) or 1861 (j) (1): (L15)

16. STATE SURVEY AGENCY REMARKS (IF APPLICABLE SHOW LTC CANCELLATION DATE):

17. SURVEYOR SIGNATURE Date: 04/08/2015 (L19)
Shelley Maness \ B Halgin

18. STATE SURVEY AGENCY APPROVAL Date: 04/27/2015 (L20)
Bobbi Haley

PART II - TO BE COMPLETED BY HCFA REGIONAL OFFICE OR SINGLE STATE AGENCY

19. DETERMINATION OF ELIGIBILITY
X 1. Facility is Eligible to Participate
___ 2. Facility is not Eligible (L21)

20. COMPLIANCE WITH CIVIL RIGHTS ACT:

21. 1. Statement of Financial Solvency (HCFA-2572)
2. Ownership/Control Interest Disclosure Stmt (HCFA-1513)
3. Both of the Above:

22. ORIGINAL DATE OF PARTICIPATION 10/16/2009 (L24)
23. LTC AGREEMENT BEGINNING DATE 02/01/2015 (L41)
24. LTC AGREEMENT ENDING DATE 04/30/2016 (L25)

25. LTC EXTENSION DATE: (L27)
27. ALTERNATIVE SANCTIONS
A. Suspension of Admissions: (L44)
B. Rescind Suspension Date: (L45)

26. TERMINATION ACTION: (L30)
VOLUNTARY 00
01-Merger, Closure
02-Dissatisfaction W/ Reimbursement
03-Risk of Involuntary Termination
04-Other Reason for Withdrawal
INVOLUNTARY
05-Fail to Meet Health/Safety
06-Fail to Meet Agreement
OTHER
07-Provider Status Change
00-Active

28. TERMINATION DATE: (L28)
29. INTERMEDIARY/CARRIER NO. (L31)

30. REMARKS

31. RO RECEIPT OF CMS-1539 (L32)
32. DETERMINATION OF APPROVAL DATE 04/27/2015 (L33)

DETERMINATION APPROVAL

FORM CMS-1539 (7-84) (Destroy Prior Editions)

020499

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

DEPARTMENT OF HEALTH AND HUMAN SERVICES — CENTERS FOR MEDICARE & MEDICAID SERVICES

MEDICARE/MEDICAID CERTIFICATION AND TRANSMITTAL

PART I - TO BE COMPLETED BY THE STATE SURVEY AGENCY

ID: DPXW
Facility ID: TNP538121

1. MEDICARE/MEDICAID PROVIDER NO. (L1) 44G127
2. STATE VENDOR OR MEDICAID NO. (L2) 7447142

3. NAME AND ADDRESS OF FACILITY
(L3) DAROLYN STREET
(L4) 2803 DAROLYN STREET
(L5) BARTLETT, TN (L6) 38134

4. TYPE OF ACTION: 2 (L8)
1. Initial 2. Recertification
3. Termination 4. CHOW
5. Validation 6. Complaint
7. On-Site Visit 9. Other
8. Full Survey After Complaint

5. EFFECTIVE DATE CHANGE OF OWNERSHIP (L9)
6. DATE OF SURVEY 02/12/2015 (L34)
8. ACCREDITATION STATUS: ___ (L10)
0 Unaccredited 1 TJC
2 AOA 3 Other

7. PROVIDER/SUPPLIER CATEGORY 11 (L7)

01 Hospital	05 HHA	09 ESRD	13 PTIP	22 CLIA
02 SNF/NF/Dual	06 PRTF	10 NF	14 CORF	
03 SNF/NF/Distinct	07 X-Ray	11 ICF/IID	15 ASC	
04 SNF	08 OPT/SP	12 RHC	16 HOSPICE	

FISCAL YEAR ENDING DATE: (L35)

11. LTC PERIOD OF CERTIFICATION
From (a): 02/01/2015
To (b): 04/30/2016
12. Total Facility Beds 4 (L18)
13. Total Certified Beds 4 (L17)

10. THE FACILITY IS CERTIFIED AS:
X A. In Compliance With Program Requirements Compliance Based On:
___ 1. Acceptable POC
B. Not in Compliance with Program Requirements and/or Applied Waivers:

And/Or Approved Waivers Of The Following Requirements:
___ 2. Technical Personnel
___ 3. 24 Hour RN
___ 4. 7-Day RN (Rural SNF)
___ 5. Life Safety Code
___ 6. Scope of Services Limit
___ 7. Medical Director
___ 8. Patient Room Size
___ 9. Beds/Room

* Code: A* (L12)

14. LTC CERTIFIED BED BREAKDOWN

18 SNF	18/19 SNF	19 SNF	ICF	IID
				4
(L37)	(L38)	(L39)	(L42)	(L43)

15. FACILITY MEETS
1861 (e) (1) or 1861 (j) (1): (L15)

16. STATE SURVEY AGENCY REMARKS (IF APPLICABLE SHOW LTC CANCELLATION DATE):

17. SURVEYOR SIGNATURE Date: 04/07/2015 (L19)

18. STATE SURVEY AGENCY APPROVAL Date: 04/27/2015 (L20)

PART II - TO BE COMPLETED BY HCFA REGIONAL OFFICE OR SINGLE STATE AGENCY

19. DETERMINATION OF ELIGIBILITY
X 1. Facility is Eligible to Participate
___ 2. Facility is not Eligible
(L21)

20. COMPLIANCE WITH CIVIL RIGHTS ACT:

21. 1. Statement of Financial Solvency (HCFA-2572)
2. Ownership/Control Interest Disclosure Stmt (HCFA-1513)
3. Both of the Above :

22. ORIGINAL DATE OF PARTICIPATION 11/30/2010 (L24)
23. LTC AGREEMENT BEGINNING DATE 02/01/2015 (L41)
24. LTC AGREEMENT ENDING DATE 04/30/2016 (L25)
25. LTC EXTENSION DATE: (L27)
27. ALTERNATIVE SANCTIONS
A. Suspension of Admissions: (L44)
B. Rescind Suspension Date. (L45)

26. TERMINATION ACTION: (L30)
VOLUNTARY 00
01-Merger, Closure
02-Dissatisfaction W/ Reimbursement
03-Risk of Involuntary Termination
04-Other Reason for Withdrawal
INVOLUNTARY
05-Fail to Meet Health/Safety
06-Fail to Meet Agreement
OTHER
07-Provider Status Change
00-Active

28. TERMINATION DATE. (L28)
29. INTERMEDIARY/CARRIER NO. (L31)
30. REMARKS

31. RO RECEIPT OF CMS-1539 (L32)
32. DETERMINATION OF APPROVAL DATE 04/27/2015 (L33)

DETERMINATION APPROVAL

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 17 (Proof of Publication)

CN 1512-061
Page 68

SUPPLEMENTAL #1

PROOF OF PUBLICATION

December 23, 2015
1:35 pm

Acct. Name:

D&S COMMUNITY SERVIC

Acct. # 259025

COST OF PUBLICATION

Total $292.31

STATE OF TENNESSEE

COUNTY OF GREENE

PERSONALLY appeared before me _____

_____ of Greene County, Tennessee.

who being duly sworn, made oath that he/she is a representative of the Publisher of THE GREENEVILLE SUN, a newspaper of general circulation, published in the City of Greeneville, County of Greene and State of Tennessee and that the hereto attached publication appeared in the same on the following dates:

NOTIFICATION OF INTENT T

12/09/2015

The Greeneville Sun

P.O. BOX 1630, GREENEVILLE, TN 37744

(423) 638-4181

_____

Subscribed and sworn to before me on this 14th day of December, 2015

JANET L. MEDCALF STATE OF TENNESSEE NOTARY PUBLIC GREENE COUNTY

Newspaper Representative: _____

Notary Public: _____

My Commission Expires: 6/26/16

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

SUPPLEMENTAL #1

December 23, 2015
1:35 pm

THE GREENEVILLE SUN
THE GREENEVILLE NEIGHBOR-TMC
P.O. BOX 1630
GREENEVILLE TN 37744
(423) 638-4181

Fax(423) 639-9701

Advertising Memo Bill

1] Memo Bill Period	2] Advertiser/Client Name
12/2015	D&S COMMUNITY SERVICES

23] Total Amount Due	*Unapplied Amount	3] Terms of Payment
292.31		net 10

21] Current Net Amount Due	22] 30 Days	60 Days	Over 90 Days
.00	.00	.00	.00

4] Page Number	5] Memo Bill Date	6] Billed Account Number	7] Advertiser/Client Number
1	12/18/15	259025	259025

8] Billed Account Name and Address

D&S COMMUNITY SERVICES
ROBN TRAUGOTT
STE 1300
8911 N CAPITOL OF TEXAS HWY.
AUSTIN TX 78759

Amount Paid:

Comments:

Ad #: 1733609

Please Return Upper Portion With Payment

10] Date	11] Newspaper Reference	12]13]14] Description-Other Comments/Charges	15] SAU Size 16] Billed Units	17] Times Run 18] Rate	19] Gross Amount	20] Net Amount
12/09/15	1733609 LEG	NOTIFICATION OF INTENT 12/09 GS	4X 22.00 88.00	1 3.17	292.31	292.31

STACY SLAGLE STATE OF TENNESSEE NOTARY PUBLIC WASHINGTON COUNTY

Sandy H (Classified A...
... of THE GREENEVILLE SUN
... published in the Town of ...
... County, Tennessee, do solemn...
...lowing Notice was published in said ne...
Sandy H
Classified Advertising ...
Sworn to before me, this 18 day of Dec. 2015
Stacy Slagle
Notary Public
My commission expires 5/1/19

Salesperson:

Statement of Account - Aging of Past Due Amounts

21] Current Net Amount Due	22] 30 Days	60 Days	Over 90 Days	*Unapplied Amount	23] Total Amount Due
0.00	0.00	0.00	0.00		292.31

THE GREENEVILLE SUN
(423) 638-4181

* UNAPPLIED AMOUNTS ARE INCLUDED IN TOTAL AMOUNT DUE

24] Invoice	25] Advertiser Information 1] Billing Period	6] Billed Account Number	7] Advertiser/Client Number	2] Advertiser/Client Name
1733609	12/2015	259025	259025	D&S COMMUNITY SERVICES

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

2619 Erwin

Attachment 18 (Project Completion Forecast Chart)

SUPPLEMENTAL #1
December 23, 2015
1:35 pm

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	completed	10/12/2015
2. Construction documents approved by the Tennessee Department of Health	NA	1/2016
3. Construction contract signed	NA	1/2016
4. Building permit secured	NA	1/2016
5. Site preparation completed	60 days	5/2016
6. Building construction commenced	60 days	5/2016
7. Construction 40% complete	120 days	7/2016
8. Construction 80% complete	180 days	9/2016
9. Construction 100% complete (approved for occupancy	210 days	10/2016
10. *Issuance of license	210 days	10/2016
11. *Initiation of service	210 days	10/2016
12. Final Architectural Certification of Payment	210 days	10/2016
13. Final Project Report Form (HF0055)	210 days	10/2016

* **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.**

Supplemental #2
-Original-

D&S Residential Services, LP (2619 Erwin Hwy)

CN1512-061

SUPPLEMENTAL #2
December 30, 2015
8:21 am

8911 N. Capital of TX Hwy., Bldg. 1, Ste. 1300
Austin, TX 78759
Telephone: (512) 327-2325
Fax: (512) 327-5355
www.dscommunity.com

December 29, 2015

VIA FEDERAL EXPRESS

Mark A. Farber
Deputy Director
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: D&S Residential Services, LP / Certificate of Need Application CN 1512-061
(2619 Erwin Highway, Afton, TN)

Dear Mr. Farber:

Enclosed please find responses to your second supplemental questions and the requested affidavit relating to CON Application CN 1512-061. The responses are filed in triplicate (one original and two copies).

Thank you for your assistance in this matter and please do not hesitate to contact me at 512-628-1518 or Robn Traugott at (210) 373-7450 / RTraugott@dscommunity.com if you have any questions or need any additional information.

Sincerely,

Mickey Atkins
President/CEO
D&S Residential Services, LP

Please note that this response is being delivered by Fed Ex twice: one for first morning delivery (by 8 AM) and the second for priority overnight (by 10:30 AM) in order to meet the filing deadline of 12 PM. These packages are exactly the same. We apologize for the duplicate filings and any confusion caused by the duplicate filings . Both are being filed in triplicate (one original, two copies) and are exactly the same.

SUPPLEMENTAL #2
December 30, 2015
8:21 am

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 29, 2015

Robn Traugott
Director of Training and Development
D & S Residential Services, LP
8911 N. Capital of Texas Hwy, Building One, Suite 1300
Austin, Texas 78759

RE: Certificate of Need Application CN1512-061
D & S Services (2619 Erwin Highway, Afton, TN)

Dear Ms. Traugott:

This will acknowledge our December 23, 2015 receipt of your supplemental response for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located at 2619 Erwin Highway, Afton (Greene County), Tennessee 37616.

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 12:00 p.m., Wednesday, December 30, 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.

---

1. **Section C. (Economic Feasibility) Item 1. (Project Cost Chart)**

   The referenced revised letter from the architect indicates that "The estimated maximum cost of each facility including site development work is $670,000.00. ($191.43/SF) The estimated maximum cost of each structure is $151.00/SF." On page 11 of the supplemental response it has been noted that the cost per square foot for the building will be $170.65. Please explain this discrepancy and/or submit a revised letter from the architect.

   RESPONSE: The discrepancies are based on the different methods and assumptions used to calculate cost per square foot:

   - $191.43 / SF: This calculation is based on the expected maximum costs for site work and building, which are currently projected around $72,500 for site work and $594,685 for building, for a total of $667,185, which calculates to $191/SF. The construction and site work are still under

SUPPLEMENTAL #2
December 30, 2015
8:21 am

negotiation. Requested changes from the Department of Health will also drive costs.

- $151 / SF: This calculation is based what the architect expects the building to actually cost. Construction bids are still under negotiation and the $151 / SF is where the developers and architects believe the final price will be, which is approximately $528,500 for construction only. This calculation does not include site work, land or other expenses. Requested changes from the Department of Health will drive cost.

- $170.65 / SF: This calculation is based on the current construction bids, as of the date of the submission of the supplemental responses and is based on building costs of $594,685 plus GeoTech ($1225) and survey ($1700). These bids are still under negotiation and the developer, Scioto Properties, expects the actual cost will be less (which is reflected in the architect's estimate of cost per square foot for construction to be around $151 / SF).

The addition of $25,981 in home furnishings for the ICF/IID home in the Project Costs Chart is noted. Please submit replacement pages where in the narrative the project cost ($827,655) does not reflect the revised Project Cost provided in your supplemental response ($874,857.92). For example the project cost is referenced on pages 12-14 of the original application.

RESPONSE: Replacement Pages are attached as **Attachment 1.**

2. **Section C. (Economic Feasibility) Item 3.**

Please revise Replacement Page 35 to reflect the revised project construction costs.

RESPONSE: Replacement Page 35 is attached as **Attachment 2.**

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

Please submit the Projected Data Chart for 2 complete years following the completion of the project and revise your responses to Projected Data Chart Questions as needed.

RESPONSE: Revised Project Data Chart is attached as **Attachment 3.** Please note the following other expenses for 2016, 2017, and 2018.

OTHER EXPENSES CATEGORIES	Year 2016 (Oct-Dec)	Year 2017 (Jan-Dec)	Year 2018 (Jan-Dec)
1. Allocated Corporate Overhead Expenses (Payroll, Processing, Insurance)	$27,500	$104,040	$104,040
2. Allocated Regional Overhead Expenses (Administrative Support)	48,840	208,768	219,318
3. Repairs & Maintenance	3,350	13,400	13,400
4. Transportation Expenses	2,297	9,186	9,186
5. Utilities	3,230	13,020	13,020

SUPPLEMENTAL #2
December 30, 2015
8:21 am

6.	Other Operating Expenses	810.50	3,240	3,240
	Total Other Expenses	**$86,027**	**$351,654**	**$362,204**

Please complete the Net Operating Income (loss) and Net Operating Income (loss) less Capital Expenditures lines and submit, even if Retirement of Principal and Interest are $0.

RESPONSE: Revised Project Data Chart is attached as **Attachment 3.**

4. Project Completion Chart

Please confirm that the applicant plans to have architectural and engineering contract signed, construction documents approved by the Tennessee Department of Health, the construction contract signed, and building permits secured prior to receiving a CON for the proposed project.

RESPONSE: D&S and Scioto Properties are operating on the following timeline: The contract with the architect was executed on October 14, 2015 and the contract with the civil engineer was executed on October 22, 2015. DOH approval for building and site documents is in process and final approval is expected in January 2016. Scioto Properties will sign the construction contract immediately following CON approval. Building permits will be secured once plans are approved by DOH, the CON is issued, and a final contract with builder is executed following issuance of the CON. Building permits will be applied for within three days of receiving CON approval. See **Attachment 4** for revised Project Completion Chart.

5. Affidavit

There is no Travis County in Tennessee. Please submit a revised affidavit for your first supplemental response.

RESPONSE: This affidavit was notarized in Texas, The attached affidavit has been revised to reflect "Travis County" in "Texas."

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

SUPPLEMENTAL #2
December 30, 2015
8:21 am

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. э 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,

SUPPLEMENTAL #2
December 30, 2015
8:21 am

Mark A. Farber
Deputy Director

Enclosure

SUPPLEMENTAL #2
December 30, 2015
8:21 am

Attachment 1

SUPPLEMENTAL #2
December 30, 2015
8:21 am

Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (License #L000000015533, 7417 Kingston Pike, Knoxville, TN; License #L000000015532 / 269 Cusick Street, Alcoa, TN) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (#PSS0000000203).

(1) Proposed Services and Equipment: The home will have one-story with 4 bedrooms and 2 bathrooms for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents. The home will also provide laundry and kitchen/dining facilities and will have living room areas and two covered porches. The home will be approximately 3,480 square feet. Total costs of the project will be approximately $874,857.95, as described in the Project Costs Chart provided in this application. Services that D&S will provide to residents include: life care support, dressing, personal hygiene, nutrition education, meal preparation, household chores, budget management, scheduling/appointments, social skill building, community integration, life skills development, and medication administration (as permitted). Other services available to residents include, as appropriate, physical therapy, occupational therapy, behavior support, nursing services, and supported employment. No major medical equipment is be acquired for these services.

(2) Ownership Structure: The home will be constructed and owned by Scioto Properties and leased to D&S. Attached are the development agreement, Letter of Intent, and draft lease between the parties. Under the lease, D&S will be fully responsible for operation of the home and for the care provided to its residents. D&S Residential, LP (the applicant) is a limited partnership formed in Texas and qualified to do business in Tennessee. D&S Residential Management GP, LLC, a Texas limited liability company, is the general partner with 0.1% ownership interest in D&S Residential, LP. D&S Residential Holdings, LLC, a Texas limited liability company, is the limited partner and holds 99.9% ownership interest in D&S Residential Services, LP. D&S Residential Holdings, LLC is owned by two investment funds: Comvest Investment Partners V, LP (54.42%) and Comvest Investment Partners V-A, LP (45.58%). These investment funds are private investment funds providing equity and debt capital to middle market companies across the United States. Both of these investment funds are managed by Roger Marrero, Cecilio Rodriguez, and Lee Bryan. These individuals, along with D&S CEO and President Mickey Atkins, are responsible for the management of D&S.

(3) Service Area: The new 4-bed ICF/IID group home is being constructed to serve residents who will be transferred out of Greene Valley Development Center and wish to remain in Greene County. The home will be located at 2619 Erwin Hwy, Afton, TN 37616.

(4) Need: GVDC is scheduled to close on or around June 30, 2016. According to email correspondence and supporting documentation from Terry Jordan-Henley, DIDD Deputy Regional Director, East Tennessee Regional Office: (a) as of November 27, 2015, there were 68 individuals supported at GVDC; (b) 65 of the 68 residents at GVDC have selected ICF/IID services (over the other option of HCBS services) upon exit from GVDC; (c) approximately 45 of these residents wish to receive ICF/IID services in Greene County; (d) all current ICF/IID beds in Greene County are at capacity and additional ICF/IID beds are needed to meet the needs of individuals leaving GVDC.

(5) Existing Resources: D&S Residential Services, LP has entered into a Letter of Intent and Development Agreement with Scioto Properties to construct the home and lease it to D&S. D&S has the financial resources to lease, staff, maintain, and operate this home, as shown in the D&S financial information attached. D&S will bill TennCare for care and services provided to the residents. As discussed above, D&S has experience with operating ICF/IID homes in Tennessee.

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(6) Project Cost: D&S has entered into a Letter of Intent and Development Agreement with Scioto Properties whereby Scioto Properties will acquire the land, handle construction of the home, and enter into a triple-net lease with D&S for an initial term of 10 years (with an automatic renewal term of 5 years). The estimated Project Cost for the proposed 4-bed ICF/IID home is $874,857.92. Monthly rent will be approximately $5648 / month for the first year. There shall be an annual rent increase of two percent (2%) over the monthly rent for the preceding year. D&S will be responsible for utilities, all maintenance and repairs, property taxes (through a monthly escrow) and property insurance (including business interruption insurance rider) on the home. D&S will also pay Scioto Properties a development fee of $35,635. As shown in the Development Agreement provided, Scioto Properties will contract with the architectural firm, Berardi Partners, to provide architectural services necessary for the project. Spectrum Contracting Services, Inc. will be engaged by Scioto Properties as the general contractor for the project.

(7) Funding and Financial Feasibility: D&S has the financial resources to operate and lease, staff, maintain, and operate this home, as shown in the D&S financial information attached. D&S will bill TennCare for care and services provided to the residents of the proposed ICF/IID home. The attached letter from Scioto Properties, dated November 23, 2015, discusses Scioto Properties' cash reserves for construction.

(8) Staffing: The home will have a dedicated House Manager that works closely with the local office staff to provide a comfortable living environment, work on the goals and objectives of each resident daily, and integrate the residents in their local communities. The ICF/IID home is also expected to employ approximately 7 Direct Support Professionals and 6 LPNs. As needed, D&S employs nurses to provide care and contracts with therapy personnel needed to support individuals in physical, occupational, speech, and nutrition therapy. Local resources are also available to support individual choice. Staffing of the home will come from nurses and direct support professionals in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual, and behavioral needs.

Attachment B.I: (1) Executed Letter of Intent between D&S and Scioto Properties; (2) Executed Development Agreement between D&S and Scioto Properties; (3) draft lease; (4) DIDD letter of support and expression of need; (5) proposed floor plan for the home; (6) D&S formation and qualification documents; (7) D&S partnership agreement; (8) D&S financial information; (9) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County; (10) correspondence from Scioto Properties (November 23, 2015) discussing project.

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

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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:

(1) Construction of the Facility: The home will be located at 2619 Erwin Hwy, Afton, TN 37616 on a 4.16 acre lot, as shown in the attached plat. A second ICF/IID home will be built on this lot as well. D&S is submitting a separate CON application for this second home, which will be located at 2609 Erwin Highway, Afton, TN 37616. Scioto Properties will be responsible for building the home. Total Project Cost for this home is $874,857.92. This cost was calculated by dividing the total proposed cost of the two homes that will be built on this property between the home that will be located at 2619 Erwin Hwy, Afton, TN 37616 and the home that will be located at 2609 Erwin Hwy, Afton, TN 37616. The home will be a slab-on grade and wood framed structure with brick veneer/vinyl siding, pitched wood trusses, and asphalt shingle roofing. The home will have an R13 Fire Protection System. Site development will include rough and finish grading, storm water management, site utilities, driveways, some concrete paving, concrete sidewalks, and landscaping. Scioto Properties is contracting with the architectural firm, Berardi Partners, to provide architectural services necessary for the project. Spectrum Contracting Services, Inc. will be the general contractor. Spectrum Contracting Services will build the home based on working plans developed by Scioto, and approved by D&S, and will provide construction services, including supervision and oversight of subcontractors necessary for the project.

Scioto Properties has significant experience in locating and constructing disability housing, with 1,000 homes in 37 states, serving over 3,500 individuals with developmental disabilities. The attached letter from Scioto Properties, dated November 23, 2015, describes the project team in more detail.

(2) Square Footage: The home will be approximately 3,480 square feet.

(3) Major Operational Areas and Room Configurations: The home will have one-story with 4 bedrooms and 2 baths for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents, including large doorways for easy access and bathrooms with walk-in showers and/or shower trollies. The home will also provide laundry and kitchen/dining facilities, two living room areas, and two covered porches. For the staff, the home will include office, storage, medical storage, and staff bathroom. The home will have an R13 Fire Protection System.

(4) Square Footage and Cost Per Square Footage Charts: Total square footage for the home will be approximately 3,480 square feet at a cost of approximately $195 per square foot. This cost is based upon the site plans and building plans for the project developed by Scioto Properties, as follows:

Arch	$ 13,333
Civil Engineering	$ 5,020
Survey	$ 1,700
GeoTech	$ 1,225
Builders Risk	$ 1,750
Land	$ 22,500 (based on half the cost of the 4.16 acre lot)

Attachment 2

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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.)

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. **Attachment C (Economic Feasibility-2)**: Information regarding D&S' line of credit.

2. 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:

Based on review of CON applications relating to development of ICF/IID homes to meet the needs of DIDD's Exit Plan relating to GVDC and that have already been deemed complete by the Health Services and Development Agency, the cost of this project, including the estimated cost per square foot, is consistent with similar ICF/IID projects being developed in the area. D&S estimated cost per square foot is based on:

Arch	13,333
Civil Engineering	5,020
Survey	1,700
GeoTech	1,225
Builders Risk	1,750
Land	22,500
Site Work	72,500
Building	594, 685
Project Total	712,713
Price Per SQFT – based on Project Total (3500 SF)	203.63
Price Per SQFT – based on Building Costs, which include survey and GeoTech (3500 SF)	170.75

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Attachment 3

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PROJECTED DATA CHART (2619 Erwin)

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

	Year 2016 (Oct. - Dec.)	Year 2017
A. Utilization Data (Specify unit of measure)	368	1,460
B. Revenue from Services to Patients		
1. Inpatient Services	$ 248,212	$ 1,007,398
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	$ 248,212	$ 1,007,398
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	$	$
NET OPERATING REVENUE	$ 248,212	$ 1,007,398
D. Operating Expenses		
1. Salaries and Wages	$ 119,896	$ 485,169
2. Physician's Salaries and Wages		
3. Supplies	7,425	29,700
4. Taxes	14,170	57,421
5. Depreciation	3,750	15,000
6. Rent	16,944	68,454
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) See detailed description in response	86,027	351,654
Total Operating Expenses	$ 248,212	$ 1,007,398
E. Other Revenue (Expenses) -- Net (Specify)	$ 0	$ 0
NET OPERATING INCOME (LOSS)	$ 0	$ 0
F. Capital Expenditures		
1. Retirement of Principal	$ 0	$ 0
2. Interest	0	0
Total Capital Expenditures	$ 0	$ 0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$ 0	$ 0

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PROJECTED DATA CHART (2619 Erwin)

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

	Year 2017	Year 2018
A. Utilization Data (Specify unit of measure)	1,460	1,460
B. Revenue from Services to Patients		
1. Inpatient Services	$ 1,007,398	$ 1,033,872
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	$ 1,007,398	$ 1,033,872
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	$	$
NET OPERATING REVENUE	$ 1,007,398	$ 1,033,872
D. Operating Expenses		
1. Salaries and Wages	$ 485,169	$ 499,724
2. Physician's Salaries and Wages		
3. Supplies	29,700	29,700
4. Taxes	57,421	57,421
5. Depreciation	15,000	15,000
6. Rent	68,454	69,823
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) See detailed description in response	351,654	362,204
Total Operating Expenses	$ 1,007,398	$ 1,033,872
E. Other Revenue (Expenses) -- Net (Specify)	$ 0	$ 0
NET OPERATING INCOME (LOSS)	$ 0	$ 0
F. Capital Expenditures		
1. Retirement of Principal	$ 0	$ 0
2. Interest	0	0
Total Capital Expenditures	$ 0	$ 0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$ 0	$ 0

Attachment 4

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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	completed	10/12/2015
2. Construction documents approved by the Tennessee Department of Health	NA	1/2016
3. Construction contract signed	NA	3/2016
4. Building permit secured	15 days	4/2016
5. Site preparation completed	60 days	5/2016
6. Building construction commenced	60 days	5/2016
7. Construction 40% complete	120 days	7/2016
8. Construction 80% complete	180 days	9/2016
9. Construction 100% complete (approved for occupancy	210 days	10/2016
10. *Issuance of license	210 days	10/2016
11. *Initiation of service	210 days	10/2016
12. Final Architectural Certification of Payment	210 days	10/2016
13. Final Project Report Form (HF0055)	210 days	10/2016

* **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.**

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AFFIDAVIT

STATE OF TEXAS

COUNTY OF Travis

NAME OF FACILITY: DES Residential Services

I, Mickey Atkins, after first being duly sworn, state under oath that I am 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.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of December, 2015, witness my hand at office in the County of Travis, State of Texas.

Mary D. Fuchs
NOTARY PUBLIC

My commission expires 4/10, 2016.

HF-0043

Revised 7/02

MARY D FUCHS
My Commission Expires
April 10, 2016