ORIGINAL

OPEN ARMS CARE CORPORATION NORTHWEST BISHOPS BRIDGE ROAD

CN1512-063

Open Arms Care Corporation d/b/a

Knox County #2 Bishops Bridge Road (Northwest)

Certificate of Need Application

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

December 2015

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 1/2) 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 staff's 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.

   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.

3. 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

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

1817 Bishops Bridge Road — Knox
Street or Route — County

Knoxville — Tennessee — 37922
City — State — Zip Code

2. Contact Person Available for Responses to Questions

Michael D. Brent — Attorney
Name — Title

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

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

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

3. Owner of the Facility, Agency or Institution

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

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

Brentwood — TN — 37027
City — State — Zip Code

4. Type of Ownership of Control (Check One)

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

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

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

Integra Resources, LLC
Name

144 Second Avenue North — Davidson
Street or Route — County

Nashville — TN — 37201
City — State — Zip Code

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

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

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

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

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

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

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

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

9. *Bed Complement Data*

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

Response: Not applicable.

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

*CON—Beds approved but not yet in service.

10. Medicare Provider Number N/A

Certification Type N/A

11. Medicaid Provider Number TBD

Certification Type _____

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

Response: **Yes**

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

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

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

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

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

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

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

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

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

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

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

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

SECTION B: PROJECT DESCRIPTION

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

Response:

Services

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

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

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

Need/Existing Resources

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

Response: Not Applicable.

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

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

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

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

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

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

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

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

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

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

Response: Not applicable.

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

Response: Not applicable.

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

Response: Not applicable.

B. III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. **Size of site *(in acres);***
2. **Location of structure on the site; and**
3. **Location of the proposed construction.**
4. **Names of streets, roads or highway that cross or border the site. Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Response: Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

NEED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Need

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

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

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

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

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

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

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

B. Service Area

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

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

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

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

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

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

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

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

C. Relationship to Existing Applicable Plans

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

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

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

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

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

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

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

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

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

D. Relationship to Existing Similar Services in the Area

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

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

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

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

ICF/IID Utilization, Knox County

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. ECONOMIC FEASIBILITY

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

Justify the cost of the project.

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

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

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

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

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

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

PROJECT COST CHART

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

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

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

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

2. Identify the funding sources for this project.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The components of development and construction costs are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Response: Not applicable.

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

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

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

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

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

Certification: TennCare.

Accreditation: Not applicable.

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

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

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

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

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

Response: None.

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

Response: None.

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

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

PROOF OF PUBLICATION

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

Attn:
To: BRADLEY ARANT BOULT CUMMINGS

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

P.O.#:

PUBLISHER'S AFFIDAVIT

State of Tennessee }
s.s
County of Knox }

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

(The Above-Referenced)

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

12/09/2015

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

Louise Watkins

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

Ashley Breeden
Notary Public

My commission expires _____ 20____

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

Notice Of Foreclosure

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

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

Tracts or parcels of land, lying and being in the Second Civil District of Cumberland County, Tennessee, bounded and described as follows: Parcel Number 1: Map 78 Parcel 76.00 Beginning at a stone in T.M. Hilbrey's line running 45 poles West to a stone in Dock Hutton's corner; thence 14 poles North to a stone in the County Road leading Wm Bowman's School; thence East 45 poles to a stone in the line of Laurence Wyatt's land; thence South to the beginning 39 poles, containing five acres, more or less. However, the following 1 tracts are expressly excluded from this conveyance: Tract Number 1: One acre, more or less. Beginning North East corner of L. B. Wyatt home tract, thence East about 40 yards to a stone in H. D. Woody North line of home tract; thence South straight line to Edward Bowman line of his Willie Bilbrey tract; thence North West to L. B. Wyatt South east corner; thence North to beginning containing one acre more or less. Tract Number 2: Beginning at a stone at Edward Bowman Northwest corner of two acre tract; thence North 75 yards to a stone in Co. Road Known as Bowman Road; thence East with said Road 92 yards to a stone; thence South 97 yards to a stone in Edward Bowman line; thence West with Edward Bowman line to beginning, containing 1 acre, more or less. Tract Number 3: Beginning on a stake, L. B. Wyatt's Northwest corner in the South right of way of the Bowman Road, thence with said right of way South 85 degrees 45 minutes West 304 feet to a fence corner Bullock's Northeast corner, thence with said Bullock's East boundary line South 0 degrees 45 minutes West 334 feet to a fence corner, Bullock's northeast corner, thence with said Bullock's east boundary line South 0 degrees 45 minutes West 228.5 feet to the beginning, containing one 1 acre, more or less.

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

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

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

ROBBIE WATTENBARGER

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

WBA No. 304242
DATED November 13, 2015
WILSON & ASSOCIATES, P.L.L.C.,
Successor Trustee

FOR SALE INFORMATION, VISIT WWW.MYTR.COM and WWW.REALTYTRAC.COM

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust dated July 25, 2005, and the Deed of Trust of even date securing the same, recorded August 3, 2005, in Book No. 1121, at Page 608, in Office of the Register of Deeds for Monroe County, Tennessee, executed by Joshua A. Fox and Tracey K. Fox and Faye Curtis Tennyson, conveying certain property therein described to Arnold M. Weiss, Esq. as Trustee for Wells Fargo Bank, N.A., and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by Wells Fargo Bank, N.A.

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

Lying and being in the First Civil District of Monroe County, Tennessee, and in the City of Sweetwater, Tennessee, and being more particularly described as follows: Being a house and two lots, Numbers 7 and 9, fronting 50' on the south side of Broad Street, and running back South between parallel lines 165.5' to an alley.

ALSO KNOWN AS: 703 Broad Street, Sweetwater, TN 37874-1417

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

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

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

WBA No. 304230
DATED November 13, 2015
WILSON & ASSOCIATES, P.L.L.C.,
Successor Trustee

FOR SALE INFORMATION, VISIT WWW.MYTR.COM and WWW.REALTYTRAC.COM

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust dated September 14, 2012, and the Deed of Trust of even date securing the same, recorded September 21, 2012, in Book No. 1140, at Page 872, in Office of the Register of Deeds for Roane County, Tennessee, executed by Andrea Horrell and Brad Jay Scott Horrell, conveying certain property therein described to Charles E. Tomlin, II as Trustee for Mortgage Electronic Registration Systems, Inc., as nominee for Mortgage Investors Group, its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by Wells Fargo

Notice Of Foreclosure

Bank, N.A.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee, by Wells Fargo Bank, N.A., will, on January 26, 2016 on or about 12:00 PM, at the County Courthouse, 6 East Race Street, Kingston, Tennessee, offer for sale certain property hereinafter described to the highest bidder FOR certified funds paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all exemptions, which are expressly waived in the Deed of Trust, said property being real estate situated in Roane County, Tennessee, and being more particularly described as follows:

Situated in the Second (2nd) Civil District of Roane County, Tennessee, within the corporate limits of the City of Oak Ridge, Tennessee, and being more particularly described as follows: Being designated as Lot 72, Block 1601, Southwood 7th Division, as shown by map of record in Map Cabinet C, Slide 74, in the Register's Office for Roane County, Tennessee, to which plat specific reference is hereby made for a more particular description of said Lot, according to survey by Lackey and Associates, Inc., 214 Main Street, Oliver Springs, TN 37840, bearing Job Number 03-616.

ALSO KNOWN AS: 215 Sweet Gum Lane, Oak Ridge, TN 37830

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

ANDREA HERRELL
BRADLEY SCOTT HERRELL

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

WBA No. 254180
DATED November 13, 2015
WILSON & ASSOCIATES, P.L.L.C.,
Successor Trustee

FOR SALE INFORMATION, VISIT WWW.MYTR.COM and WWW.REALTYTRAC.COM

SUCCESSOR TRUSTEE'S NOTICE OF SALE

WHEREAS, by Deed of Trust dated the 10th day of December, 2012, of record in Instrument No. 201301000001570 in the Register's Office for Knox County, Tennessee, **BETTY A. HARMON** (the "Grantor") conveyed to Amelia A. Sherer, Trustee, the hereinafter described real estate to secure the payment of Grantor's Promissory Note described therein owing; and

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

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

NOW, THEREFORE, by virtue of the authority vested in me by said Deed of Trust, I will offer to sell and take the following described property AT PUBLIC AUCTION on the **21st day of January, 2016, at 11:00 a.m.** at the City County Building in Knoxville, Tennessee, to the last, highest and best bidder FOR CASH for such interest as conveyed at sale, SUBJECT, HOWEVER, TO ALL PRIOR ENCUMBRANCES OF RECORD, including the Deed of Trust of record in Instrument No. 201201180035969 the following described real estate (the "Real Property"):

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

BEGINNING at a stake in the southerly line of Charles Street, which said stake is located 300 feet in a westerly direction from the westerly line of Hopkins City Heights Addition and being common corner to property now or formerly belonging to Hunt; thence along the line line South 35 deg. 40 min. East 200 feet to a stake corner to other property of Roy Glenn Foust; thence along the Foust line South 54 deg. 40 min. West 117.7 feet to the property now or formerly belonging to Gaddis; thence along the gaddis line North 35 deg. 40 min. West 200 feet to a stake in the southerly line of Charles Street; thence along the southerly line of Charles Street North 54 deg. 40 min. East 117.7 feet to the POINT OF BEGINNING.

BEING the same premises conveyed to Billy R. Harmon (since deceased) and wife, Betty A. Harmon from Roy Glenn Foust and wife, Georgia Mae Foust by Warranty Deed dated 2/20/1951, and recorded on 3/5/1951, of Book 456, Page 289, in Knox County, TN.

Tax Map No. 058OC006

Said property bears the street address of **1510 Charles Drive, Knoxville, TN 37918**, but the street address is not part of the legal description and in the event of a discrepancy between the street address and the legal description, the legal description of the deed of Trust shall control.

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

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

The Successor Trustee reserves the right to conduct the sale by or through his agents or attorneys at such place or at such place, including the site of an auctioneer.

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

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

s/ Gordon D. Foster
Gordon D. Foster, Successor Trustee
Winbourne, Sellers, Foster, Steele, P.C.
Suite 2000, First Tennessee Plaza
800 South Gay Street
Knoxville, Tennessee 37929
My File No. 1201.1127
Email gfoster@wsfs-law.com

PUBLICATION DATES: December 9, 2015; December 16, 2015; December 23, 2015

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Public Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1608 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 2.2 acres, the entire 7.2 acres currently being addressed as 1817 Bishops Bridge Road, Knoxville, Tennessee 37922, which is located south of the intersection of Bishops Bridge Road and Strathmore Road, and also described as Parcels 154QA00101, 154QA00107 and 154QA00110 in the records of the Knox County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is $1,370,000.00.

The anticipated filing date of the application is on or before December 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2363 and his e-mail address is mbrent@babc.com.

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

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

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

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Public Notices

NOTICE OF PUBLICATION

HEIRS OF AVA LEADOW AND UNKNOWN OWNERS OF AND INTERESTS IN 3.21 ACRE OF LAND LYING IN THE SEVENTH CIVIL DISTRICT OF KNOX COUNTY, LOCATED AT 2021 AUDELSON DRIVE, KNOXVILLE, TENNESSEE 37918.

Please take notice that on the 19th day of November, 2015 an Ex Parte Petition for Condemnation was filed in court you in the Circuit Court for Knox County, Tennessee, pursuant to Tennessee Code Annotated Section 23-17-101, et seq. to acquire the entire 3.21 acre property located at 2021 Audelson Drive, Tax Map and Parcel No. 069DC-057, in Knoxville, Tennessee. The owner of record was Ava Leadow. Leadow who died intestate and without a will. Therefore, some of the owners of the property are unknown. You must plead, answer or accept the Petition as provided by law within thirty (30) days of the last date of publication or a judgment will be taken as confessed against you and the matter proceeded with as provided by law before Judge Deborah C. Stevens of the Knox County Circuit Court, Division III, 400 Main Street, Knoxville, Tennessee 37902. Answers must be filed with the Clerk of the Circuit Court and a copy served on the State's attorney, Cynthia L. Pollock, and her address is 261 West Main Street, First Floor, Historic Post Office Building, Knoxville, Tennessee 37902 (865) 594-6322. This notice will be published in the Knoxville News Sentinel for four (4) consecutive weeks.

This the 18th day of November, 2015.

CATHERINE F. SHANKS
CIRCUIT COURT CLERK

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

Request for Bids

ADVERTISEMENT FOR BID

Walkers Cove Water Tank
Tuckaleechee Utility District
– Owner

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

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

Ivins, Ivins Engineering, Inc.
1 Dominion Circle
Knoxville, TN 37934

Knoxville Builders Exchange
300 Cline Street
Knoxville, TN 37912

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

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

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

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

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

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

December 9, 2015

LYNN VALENTINE, DISTRICT MANAGER
TUCKALEECHEE UTILITY DISTRICT

REQUEST FOR BIDS

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

Located in Oak Ridge, Tennessee, the club property includes a number of shooting ranges, a clubhouse, and other facilities. The main entrance gate to the property is located at 1655 Oak Ridge Turnpike. Two entry gates require intercom codes. For additional information, or to arrange for a guided viewing of the property, please contact Wayne Parker, (wayne@ccfast.net, or text to 865-240-1231 or Tobias Albrecht, tuxedoman@earthlink.net, or 865-805-1881.

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

Real Estate Sales

North

Credit Union Foreclosure

1700 Westchester Drive, Knoxville, TN 37918 $179,900 or best offer. Located in the Luttrell Area near Exit 112, 3 bdrm, 2 bath, 1,767 sq. ft., Hardwood floors, New Cabinets, Fireplace, Central Heat and Air, Fenced Back Yard with a Large Patio. Financing Available upon approved credit and 10% down. Payments as low as $492.34 per month, 2.99% annual percentage rate on a 5 year adjustable rate mortgage. Amortized over 10 years. Call 865.941.2360 for a showing appointment.

West

Farragut/Fox Run. Full brick ranchet. 4 BR suite, 3 full bath, 2 half bath, updated kit., 3 car gar., big deck, big level storage, irrigation syst., cent. vac., alarm syst., .625 SF. $384,000. 865-414-0337

Condos-Furn

Duplex/Multiplex-Unfurn

SEYMOUR ON PRIV. FARM
2 BR, mtn view, water/sd maint. furn. Great for elderly & others. Nice & quiet. Carport. Pad decks. Walk in. Serry (865)258-4111

Manufactured Homes

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

Real Estate Rentals

Apartments - Unfurn.

1 BR POWELL SPECIAL
no ss, no pet fee, water paid, All appls, $520/mo. Phone 865-938-8424 or 865-384-1069.

1 BR, FTH CITY/N. KNOX - Lg. quiet & safe. Wk/in lots of closets, priv. parking. No pets. $475. (865)803-1359

Apartments - Unfurn.

1,2,3 BR
$355 - $460/mo.
GREAT VALUE
RIVERSIDE MANOR
ALCOA HWY 970-2267

*Pools, Laundries, Appl.
*5 min. to UT & airport

www.riversidemanorapts.com

BEAR CREEK
2 BR townhome. West W/D conn. patio, $565 mo. 865-693-2979

BEST DEAL OUT WEST!
1BR from $525. 2BR $550-$695. No pets. Parking in front door. (865)420-8686

BRICK TOWNHOUSE - Turkey Creek area. 2 BR, 1.5 BA, appl, $575 mo. + $150 dep. No pets. No vouchers. Cr. ck. (865)584-0505

BROADWAY TOWERS
62 AND OLDER
Or Physically Mobility Impaired
1 & 2 BR, unf. incl. utilities on site. Immediate housing if qualified. Section 8 202
865-522-4082 for appt.
TDD 1-800-927-5275

COTTAGE TYPE APT. - all brick, 1BR, W/D hookup, non-smoking, 1 small pet. Maynardville. $435 mo. $200 DD. (865)910-1750

MORNINGSIDE GARDENS
1 BR Apt Now Available
ELDERLY OR DISABLED
COMPUTER
A/C, Heat, Water & Electric Incl.
On Site Laundry, Computer Center & Resident Services
Great Location! On the Bus Line! Close to everything!
Rent based on income. Some Restrictions Apply
Call 865-522-4115. TODAY!
For more information

NORTH KNOXVILLE 3 BD 2 BA - 4206 Pleasant Dr., 0A, North Knoxville 3bd/2a Townhome10 Minutes from Downtown/UT/MotiMart865-414-0143 (865)314-0142

OAK RIDGE, renovated 2 BD apt. C/H/A, New kit. appls, DW & bath. Lrg backyard, quiet neighborhood. Close to schools. Lease care incl. $575 mo. Call Sheila Morgan 865-250-1330 or 865-483-7253

Sequoyah Hills
1 BR, 2 BA, open floor plan, W/D conn., $954 mo. (865) 691-2979

WEST - 2 BR
Rosewood Apts. 1298 SF, close to West Town Mall, pool, deck, $650. 865-691-2979

WEST - 2 BR, 1 1/2 BA, close to Turkey Creek. 1000 SF, no pets, ref. req., $640 mo. (865)584-1756.

WEST - CREEKWOOD
1540 SF, 3 BR, 2.5 BA, big patio, W/D conn. $890 mo. (865)691-2979

Homes Furnished

2 BR HOUSE Trailer Completely furn. - 3208 Jacksboro Pike, Exit 5, 1325 Maynardville Hwy. (865)380-2744

Homes Unfurnished

4 BR W/POOL - 9012 Coburn Dr., Ofc., DR/LIV, REC. 3 1/2 BA. (New BA) LR, DR, DR/OFF, Fnc'd Yard, 2 car Gar. Cr. ck. $1195/mo. $1000 Sec. Dep. Call (865)522-3000

CEDAR LN/Highland, Cute 1 1/2 story 1BR, 2BA, deck, washer, gas, appls, no pets, lse. $950 o/b. 865-588-7410.

RENTAL/SALE/OWNER FINANCE
4/3/2 Office Village, Fairmont Lake View. Central $1295, (770)487-4158.

Condos Unfurnished

CONDO - WEST. Cabinets, Brick 2 BR, 1.5 BA, fnc'd yard, pool, tennis etc., grt view of Smoky Mtns. $765/mo + dep. Avail Now. (865) 216-4053

FTN. CITY, BEAUTIFUL CONDO.
2 BR / 2 1/2 BA. Patio, 1 car garage. 865-679-8105.

WILLIAMSBURG TOWNHOUSE, West Hills, 2 BR, newer appl, water furn., no entry gates require intercom codes. For additional information, or to arrange for a guided viewing of the property, please contact Wayne Parker, (wayne@ccfast.net, or text to 865-240-1231 or Tobias Albrecht, tuxedoman@earthlink.net, or 865-805-1881.

Townhouse/Villas Unfurn

Cedar Bluff T-house. Dec. lease possible. $595 mo. 2BR, 1.5BA, WD conn. TR. Mike 865-277-2742; Jess 865-257-6131

Manufactured Homes

RENT TO OWN 3 BR, 2 BA - in park. $750/mo. 149 Betty Cox Lane, Maynardville. (865)556-6344

Rooms Furn/Unfurn

ALL ROOMS have A/C, cable TV, and Wi-Fi. Maid service, laundries. Morris Motel. (865)687-9868.

Real Estate Commercial

Commercial Property/Sale

1.83 ACRES at Light #1 in Pigeon Forge w/current credit and 10% down. Payments as low as $492.34 per month, 2.99% annual percentage rate on a 5 year adjustable rate mortgage. Amortized over 10 years. Call 865.941.2360 for a showing appointment.

CARBON FIBER OAK RIDGE 65,000 sq. ft. state of the art technology/MFG facility on 21 acres. Access to Carbon Fiber Tech. Center in Oak Ridge. Expandable to 150,000 sq. ft. w/highway area, lake, a secure facility. For Sale or Lease. For video walk through, brochure, and contact info, go to www.bagproperties.net.

Commercial RE Lease

LOCATED 1 BLOCK OFF SUTHERLAND AVE. 550-2,000 sq. ft. Heat, gas heat, 3 ba. offices, reception area, break area & ba, storage, overhead door, ample parking, fenced outside storage avail. $750/mo. 865-265-1121 or (865)353-1145.

OAK RIDGE Top floor of bank building in Oak Ridge. 8,000 Sq. Ft. of office space. Excellent location, large secury space w/37 offices, large conference room, kitchen, break area & 2 vaults. For Lease or Sale. For info, email bamcontrol@aol.com

VACANT SPACES AVAILABLE
www.yourproperties.com
(865) 689-5560

Offices/Warehouses/Rent

2500 SF Retail/Warehouse. Covered loading dock, 2 large truck doors, fenced storage, on Hwy 25W. 2638 Clinton Hwy, Powell. TN 37849. $1200 mo. 865-945-3002

4000 SF Office/Warehouse with dock & drive in, prime location Middlebrook Pk. $1,300 mo.
2000 SF Office/Warehouse drive in bay, Papermill. $1,300 mo.
865-544-1717; 865-740-0990

DOWNTOWN OFFICE SUITE WITH PARKING - 110 W. Summit Hill Drive, convenient to I-40 & I-81. 1,000 sq. ft. office space w/ parking. Easy I-40 access. (865)637-6400

Retail Space/Rent

WHATZIT SOLUTION
Paper over the cracks

DEVELOPMENT SCHEDULE

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

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

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

PROJECT COMPLETION FORECAST CHART

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

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

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

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

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

Attachment A.3

Articles of Organization and Certificate of Existence

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

November 4, 2015

BRADLEY ARANT BOULT CUMMINGS LLP
1600 DIVISION STREET SUITE 700
NASHVILLE, TN 37203

Request Type: Certificate of Existence/Authorization
Request #: 0180278

Issuance Date: 11/04/2015
Copies Requested: 1

Document Receipt

Receipt # : 002298437

Filing Fee: $22.25

Payment-Credit Card - State Payment Center - CC #: 165682600 $22.25

Regarding: **OPEN ARMS CARE CORPORATION**
Filing Type: Nonprofit Corporation - Foreign
Formation/Qualification Date: 04/14/1989
Status: Active
Duration Term: Perpetual

Control # : 214758
Date Formed: 12/29/1986
Formation Locale: GEORGIA
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

OPEN ARMS CARE CORPORATION

* a Corporation formed 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 filed the most recent annual report required with this office;
* 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

Verification #: 014324123

Processed By: Cert Web User

Control Number : J704339

STATE OF GEORGIA

Secretary of State

Corporations Division
313 West Tower
2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

CERTIFICATE OF EXISTENCE

I, Brian P. Kemp, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

OPEN ARMS CARE CORPORATION

a **Domestic Nonprofit Corporation**

was formed in the jurisdiction stated below or was authorized to transact business in Georgia on the below date. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.

Docket Number	: 12199262
Date Inc/Auth/Filed	: 12/29/1986
Jurisdiction	: Georgia
Print Date	: 10/28/2015
Form Number	: 211

Brian P. Kemp
Secretary of State

J704339
33420756

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
OPEN ARMS CARE CORPORATION

1.

The name of the corporation is Open Arms Care Corporation (the "Corporation").

2.

Effective on the date of filing these Articles of Amendment, a new Article XII shall be deemed added to the Articles of Incorporation, which shall read as follows:

"XII.

No director of the Corporation shall have any liability to the Corporation or to its members, if any, for monetary damages for any action taken, or any failure to take any action, as a director, except liability:

(A) For any appropriation, in violation of his or her duties, of any business opportunity of the Corporation;
(B) For acts or omissions which involve intentional misconduct or a knowing violation of law;
(C) For the types of liability set forth in Sections 14-3-860 through 14-3-864 of the Official Code of Georgia Annotated; or
(D) For any transaction from which the director received an improper personal benefit.

Provided, however, that the provisions of this Article XII shall not be effective for any act or omission occurring prior to December 5, 2003."

3.

These Articles of Amendment were adopted by the Board of Directors of the Corporation on December 5, 2003.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed by its duly authorized officers this 5th day of December, 2003.

By: _____
Mr. Robert J. Taylor, IV, President

Attest: _____
Linda C. Rendtorff, Secretary

SECRETARY OF STATE
2003 DEC -8 P 1:27
CORPORATIONS DIVISION

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
REBOUND CARE CORPORATION

003130879
J704339
002840187 (WR)

1.

The name of the corporation is Rebound Care Corporation (the "**Corporation**").

2.

Effective the date of filing this Articles of Amendment, Article I of the Articles of Incorporation of the Corporation is amended by deleting the existing Article I in its entirety, and by substituting the following therefor:

I.

The name of the corporation is Open Arms Care Corporation (the "Corporation").

3.

This amendment was unanimously adopted by the board of directors of the Corporation as of November 2, 2000.

4.

Action by the members of the Corporation was not required for the adoption of this amendment.

5.

The undersigned hereby certifies that the request for publication of a notice of intent to file Articles of Amendment to change the name of Rebound Care Corporation to Open Arms Care Corporation and payment therefor have been made as required by Section 14-3-1005.1 of the Georgia Nonprofit Corporation Code.

IN WITNESS WHEREOF, the Corporation has caused this Articles of Amendment to be executed by its duly authorized officer as of November 2, 2000.

REBOUND CARE CORPORATION

By: [signature]
Name: ROBERT J. TAYLOR IV
Title: PRESIDENT

CORPORATIONS DIVISION
2000 NOV -6 PM 1:29
SECRETARY OF STATE

82060.1

CERTIFICATE

THIS DOCUMENT RECEIVED AND FILED IN THE OFFICE OF THE SECRETARY OF STATE

BY: Sarah Shaw

DATE: 3/27/89

TRANSACTION # 8908612

CHARTER # Y704339

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

REBOUND CARE CORPORATION

WE, the undersigned, James P. Kelly and Brynda J. Baker, being respectively the President and Secretary of REBOUND CARE CORPORATION, a corporation incorporated on December 29, 1986, under the laws of the State of Georgia and assigned Charter Number 8704339, do hereby certify as follows:

1. The name of the corporation is REBOUND CARE CORPORATION (the "Corporation").

2. The Corporation is organized pursuant to the Georgia Business Corporation Code.

3. These Amended and Restated Articles of Incorporation of the Corporation were authorized by the directors and shareholders of the Corporation by unanimous written consent dated January 3, 1989.

4. These Amended and Restated Articles of Incorporation restate and integrate and further amend the provisions of the original Articles of Incorporation, as heretofore amended, by providing for the conversion of the Corporation to a non-profit corporation organized pursuant to the provisions of the Georgia Nonprofit Corporation Code.

5. The text of the Articles of Incorporation, as restated and integrated and as further amended hereby, is restated to read as herein set forth in full:

I.

Name

The name of the Corporation shall be:

REBOUND CARE CORPORATION

II.

Nonprofit Corporation

The Corporation shall be a nonprofit corporation organized and operated under the Georgia Nonprofit Corporation Code.

III.

Perpetual Duration

The period of duration of the corporation shall be perpetual.

IV.

Charitable Purposes

The Corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The Corporation shall serve only such purposes and functions and shall engage only in such activities as are consonant with

the purposes set forth in this Article IV and as are exclusively charitable and are entitled to charitable status under Section 501(c)(3) of the Internal Revenue Code.

V.

Publicly Supported Tax-Exempt Nonprofit Corporation

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

It is intended that the Corporation shall have, and continue to have, the status of an organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and which is other than a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. All terms and provisions of these Articles of Incorporation and the Bylaws of the corporation and all authority and operations of the Corporation, shall be construed, applied and carried out in accordance with such intent.

VI.

Board of Directors

The Board of Directors shall have general charge of the affairs and any property and assets of the Corporation. It shall be the duty of the directors to carry out the purposes and functions of the Corporation. The directors shall be elected in accordance with the Bylaws of the Corporation and shall have the powers and duties set forth in these Articles of Incorporation and in the Bylaws, to the extent that such powers and duties are not inconsistent with the status of the Corporation as a nonprofit corporation which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and which is other than a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code.

The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code.

The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code.

The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code.

The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

VII.

Members

The Board of Directors of the Corporation shall have the power to admit members to the Corporation in such manner, subject to such qualifications, and upon such terms and conditions and with such rights and privileges as may be provided from time to time in the Bylaws of the Corporation and as are not inconsistent with any provision of these Articles of Incorporation. Members may be divided into one or more classes.

VIII.

Dissolution

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code, as the Boards of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Superior Court of Fulton County, Georgia exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

IX.

Powers

Except as limited and prescribed by the specific provisions of these Articles, the Corporation shall exercise all powers which now or hereafter may be conferred by law upon a nonprofit corporation organized for the purposes hereinabove set forth, including the power to enter into any

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contract of guaranty, suretyship, or endorsement where the corporation guaranteeing has no direct interest in the subject matter of the contract guaranteed as well as the power to make any purely accomodation guaranty, endorsement or contract of suretyship.

The Corporation shall have the power to indemnify its officers, directors, employees and agents and to purchase and maintain liability insurance on their behalf, to the extent provided in and subject to the limitations of the Georgia Nonprofit Corporation Code.

The Corporation shall have power to receive and accept donations, in money or in property, either without restriction, or restricted to such purposes as the donor may provide, provided such purpose is within the purpose of this Corporation, and any such restricted donations shall be used for the purposes to which restricted. Any such donation or contribution may be designated as a memorial and, in such case, the Director shall designate an appropriate memorial.

X.

Definitions

For purposes of these Articles of Incorporation, "charitable purposes" include charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, contributions for which are deductible under Section

170(c)(2) of the Internal Revenue Code. All references in these Articles of Incorporation to sections of the Internal Revenue Code shall be considered references to the Internal Revenue Code of 1986, as from time to time amended, and to the corresponding provisions of any applicable future United States Internal Revenue Law, and to all regulations issued under such sections and provisions.

XI.

Amendments

These Articles of Incorporation may be amended at any time and from time to time by the affirmative vote of a majority of all of the directors then in office.

6. The vote of a majority of the shareholders entitled to vote thereon is required to amend the Articles of Incorporation. The foregoing Amended and Restated Articles of Incorporation of the Corporation were adopted by the unanimous written consent of the holders of all of the Corporation's six hundred (600) shares outstanding and entitled to vote thereon.

7. These Amended and Restated Articles of Incorporation supersede the original articles of incorporation as heretofore amended.

IN WITNESS WHEREOF, REBOUND CARE CORPORATION, has caused these Amended and Restated Articles of Incorporation to be executed and its corporate seal to be affixed and has caused same to be attested, all by its duly authorized officers, on the 22nd day of March, 1989.

REBOUND CARE CORPORATION

By James P. Kelly
James P. Kelly
President

ATTEST:

Brynda J. Baker
Brynda J. Baker
Secretary

(CORPORATE SEAL)

SECRETARY OF STATE
MAR 23 8 00 PM 1989

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Attachment A.4

Open Arms Tennessee Facilities

OPEN ARMS CARE CORPORATION TENNESSEE FACILITIES

Institutional Habilitation – MR Licensed Facilities						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
6850 Burkitt Road	Antioch	Davidson	37013	8	744-7059	L000000013139
6854 Burkitt Road	Antioch	Davidson	37013	8	744-7058	L000000013138
5821 Cane Ridge Road	Antioch	Davidson	37013	8	744-7063	L000000013140
5825 Cane Ridge Road	Antioch	Davidson	37013	8	744-7064	L000000013141
2411 Miller St	Nashville	Davidson	37211	8	744-7055	L000000013142
2415 Miller St	Nashville	Davidson	37211	8	744-7056	L000000013143
6120 Mt. Pisgah Road	Nashville	Davidson	37211	8	744-7057	L000000013137
13312 Old Hickory Blvd	Antioch	Davidson	37013	8	744-7065	L000000013136
10535 N. Hwy 58	Ooltewah	Hamilton	37363	8	744-7070	L000000013701
10539 N. Hwy 58	Ooltewah	Hamilton	37363	8	744-7071	L000000013702
11419 N. Hwy 58	Georgetown	Hamilton	37336	8	744-7062	L000000013703
11421 N. Hwy 58	Georgetown	Hamilton	37336	8	744-7060	L000000013704
7841 Sims Road	Harrison	Hamilton	37341	8	744-7069	L000000013705
7845 Sims Road	Harrison	Hamilton	37341	8	744-7068	L000000013706

Institutional Habilitation – MR Licensed Facilities						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
9253 Snow Hill Road	Ooltewah	Hamilton	37363	8	744-7066	L000000013707
9255 Snow Hill Road	Ooltewah	Hamilton	37363	8	744-7067	L000000013708
7812 Ball Camp Pike	Knoxville	Knox	37931	8	744-7052	L000000013746
7814 Ball Camp Pike	Knoxville	Knox	37931	8	744-7053	L000000013748
6010 Clayberry Dr	Knoxville	Knox	37931	8	744-7042	L000000013750
6011 Clayberry Dr	Knoxville	Knox	37931	8	744-7043	L000000013749
6505 Emory Road	Knoxville	Knox	37931	8	744-7050	L000000012989
6509 Emory Road	Knoxville	Knox	37931	8	744-7051	L000000012990
5407 Western Ave.	Knoxville	Knox	37921	8	744-7048	L000000013752
5411 Western Ave.	Knoxville	Knox	37921	8	744-7049	L000000013751
4695 Allendale Dr.	Memphis	Shelby	38128	8	744-7046	L000000013496
4707 Allendale Dr.	Memphis	Shelby	38128	8	744-7047	L000000013497
5350 Benjestown Road	Memphis	Shelby	38128	8	744-7037	L000000013495
5380 Benjestown Road	Memphis	Shelby	38128	8	744-7038	L000000013494

Institutional Habilitation – MR Licensed Facilities						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
1445 Greendale Ave.	Memphis	Shelby	38127	8	744-7039	L000000013498
1457 Greendale Ave.	Memphis	Shelby	38127	8	744-7040	L000000013499
4240 Raleigh-Millington Road	Memphis	Shelby	38128	8	744-7044	L000000013500
4254 Raleigh-Millington Road	Memphis	Shelby	38128	8	744-7045	L000000013501

Licensed Day Treatment Centers						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
6711 Mountain View Road	Ooltewah	Hamilton	37363	N/A	N/A	L000000012791
5731 Ooltewah-Ringgold Road	Ooltewah	Hamilton	37363	N/A	N/A	L000000012792
7810 Ball Camp Pike	Knoxville	Knox	37931	N/A	N/A	L000000013747
5120 Yale Road	Memphis	Shelby	38134	N/A	N/A	L000000013486
2020 Johnson Industrial Blvd.	Nolensville	Williamson	37135	N/A	N/A	L000000013144

Attachment A.5.1

Management Agreement

AGREEMENT TO PROVIDE MANAGEMENT SERVICES

*OPEN ARMS-_____ Bishops Bridge Road**

___ Bishops Bridge Road, Knoxville (Knox County), Tennessee 37922*

Integra Resources, LLC, Manager

and

Open Arms Care Corporation, doing business as OPEN ARMS--_____ *Bishops Bridge Road, Owner

* This site does not currently have a separate street address, but is approximately 0.25 acres located on the south side of Bishops Bridge Road in Knox County, Tennessee, near the intersection of Bishops Bridge Road and Strathmore Road (also described as Parcel 154DA00101 in the records of the Knox County Tax Assessor)

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MANAGEMENT AGREEMENT

OPEN ARMS--_____ Bishops Bridge Road

THIS MANAGEMENT AGREEMENT ("Agreement"), effective as of the 1st day of ____, 2016, between OPEN ARMS CARE CORPORATION, a Georgia nonprofit corporation, doing business as OPEN ARMS--_____ BISHOPS BRIDGE ROAD ("Open Arms"), and INTEGRA RESOURCES, LLC, a Tennessee limited liability company ("Integra").

RECITALS:

WHEREAS, Open Arms, desires to provide for management of a facility providing intermediate care services for individuals with intellectual disabilities ("ICF/IID") located at --_____ Bishops Bridge Road, Knoxville (Knox County), Tennessee 37922, commonly referred to as OPEN ARMS---_____ BISHOPS BRIDGE ROAD, with a TennCare provider number of _____ (the "Facility") by Integra; and

WHEREAS, Integra desires to be engaged by Open Arms to provide such services;

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

1. **Open Arms as Provider.** Open Arms, as the official provider of record for TennCare/Medicaid purposes, shall hold all authorizations and licenses necessary or incidental thereto with respect to the Facility. Notwithstanding any other provision to the contrary herein contained, Open Arms shall at all times exercise ultimate control over the assets and operation of the Facility. It is understood and agreed that the relationship between the parties hereto is that of independent contractors, and nothing herein contained shall be deemed to create or authorize the creation of the relationship of partnership or joint venture between said parties.

2. **Integra's Obligations.** In accordance with the provisions of this Agreement, Integra shall assume day to day operational responsibility for each Facility and shall manage and operate the Facility efficiently in accordance with the standards prevailing in the ICF/IID industry. Without limitation, during the term of Integra's management of the Facility hereunder, Integra shall perform the following specific management services for Open Arms with respect to the Facility:

(a) In general, manage the Facility so as to meet all requirements of state and federal licensing, and reimbursement certification (as well as to meet the prevailing standards for applicable quality assurance and accreditation groups pertaining to the Facility), all as applicable to an ICF/IID facility, and provide care for the Facility's residents, which care shall include but shall not be limited to the providing or monitoring of:

(i) the medical and psychological condition of the residents, including maintenance of medical records;

(ii) the activities, both personal and familial, of the residents;

(iii) the dietary requirements of the residents;

(iv) physical therapy and day services programs for the residents; and

(v) the quality of life of the residents.

(b) Provide care and treatment to all of the Facility's residents, protecting their rights pursuant to applicable state and federal law, including laws pertaining to safe-guarding and accounting for residents' personal funds.

(c) Maintain each Facility and its premises in a state of good operating condition and repair, reasonable wear and tear excepted, and in a manner that conforms to the obligations of Open Arms pursuant to a Lease Agreement dated as of _____, 2016 between Open Arms, as tenant, and WCO AL DP, LLC, as landlord ("Landlord") (the "Lease"), and the Omnibus Agreement for Leases, as amended, originally dated as of April 1, 2015, between Open Arms and WCO AL DP, LLC (the "Omnibus Agreement").

(d) Provide well-qualified Integra employees to serve as the Market Area Director for the area where the Facility is located, senior "home office" management staff and other staff, all as required to meet Integra's obligations under this Agreement, which employees will have overall authority for the day to day operation and management of the Facility. The remaining day-to-day staff of the Facility, including the Facility administrator or director, shall consist of employees of Open Arms, provided, however, that Integra shall have full authority within the scope of this Agreement and the applicable approved annual Budget, to manage, hire, train, determine compensation for and, at Integra's discretion, fire such staff and employees. Integra covenants that it shall not discriminate against any such employee or any member of such staff, or applicant therefor, because of race, religion, color, national origin, sex, handicap, military status, age, or any other basis protected by law, all in accordance with applicable law.

(e) Subject to the limitations of Section 5 hereof, purchase on commercially reasonable terms in Open Arms' name and behalf, all equipment, repairs, improvements, furniture and fixtures required for the efficient operation of the Facility and to maintain the Facility in a state of good operating condition and repair, commensurate with the standards and quality of other similar facilities.

(f) Subject to the limitations of Sections 4(b) and 5 hereof, contract with third parties, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the rendition of the following services to Open Arms and to clients of Open Arms: (i) therapy services, e.g. occupational, speech and physical; (ii) medical services, e.g. medical doctors, nurses, pharmacists, psychologists, dentists and dieticians; and (iii) services related to maintenance of heating, ventilation and air conditioning, plumbing, security and other building and equipment systems, alarms, telecommunication systems, vehicles and copiers, all such services to be rendered at the Facility in the ordinary course

of business (hereinafter referred to as "Routine Services"). Additionally, with the prior written consent of Open Arms, which shall not be unreasonably withheld, Integra may sub-contract its management duties in the areas of ancillary services, financial services, accounting services, human relations services, staff development services, governmental relations and policy and forms development to one or more sub-contractors reasonably chosen by Integra, and which may be related to Integra (with any costs associated with such sub-contracting to be the sole expense of Integra). Otherwise, with respect to its obligations hereunder, Integra shall not contract with any Affiliate of Integra or its officers or directors. For purposes of this Agreement, an Affiliate shall mean any other person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, Integra. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Integra, whether through the ownership of voting securities, by contract or otherwise ("Affiliate"). Integra's authority to contract under this Section 2(f) shall include the authority to amend, modify or terminate any such contract.

(g) Integra will on a regular basis direct and coordinate the development of operational policies and procedures for the Facility and submit such recommendations to Open Arms for its input, review and approval. Integra will annually review and, as appropriate, prepare recommendations as to changes in operational policies and procedures for the Facility and submit such recommendations to Open Arms for its review and approval. Said policies and procedures shall meet all applicable state and federal licensing and reimbursement certification requirements, as well as the requirements of such quality assurance and accreditation groups as may have jurisdiction over the Facility.

(h) Perform all accounting, bookkeeping, and record keeping functions to enable Open Arms to meet the financial reporting, record keeping, and budgetary requirements of (x) the Lease (and any lender to the Landlord, as may be required by the Lease) (y) all applicable statutes, rules or regulations of governmental agencies and (z) Open Arms as described in this Agreement. All such reporting and record keeping shall be maintained on a calendar year, accrual basis. Integra shall arrange for the timely annual audit of the financial statements of Open Arms, and the preparation of the cost reports for the Facility by a nationally recognized firm of independent certified public accountants selected by Open Arms. The accounting and other services to be performed by Integra hereunder or under Integra's supervision with respect to the Facility shall include, but not be limited to the following:

(i) The preparation of monthly financial statements of operations and statistical reports for the Facility and combined monthly statements of operations for the Facility to be submitted to Open Arms within twenty-five (25) days after the end of each month.

(ii) The maintenance of all records for resident billing, billing for all accounts receivable and (to the extent practicable without undue expenditure of funds) collection of same and recommendations to

Open Arms for write-offs of uncollectible accounts receivable or contracted adjustments and the reasons for such recommendations.

(iii) The maintenance of all records for accounts payable and the payment of the same.

(iv) The preparation of support schedules and analyses for TennCare/Medicaid cost reports and Federal Form 990 information returns; and the review of Federal Form 990 returns and TennCare/Medicaid cost reports as prepared by external auditors.

(v) The preparation of all necessary reports and returns for all sales, use, ad valorem (for both real and personal property) and occupancy taxes.

(vi) The maintenance of a complete general ledger recording and summarizing the transactions of the Facility.

(vii) The maintenance of any other records required by the Lease.

(viii) The maintenance of records relating to the budgeting, approval, purchase, payment and reimbursement for capital improvement items (whether paid from the Reserve, the Depreciation Reserve Fund, or from capital improvement term loan advances (all as defined and described in the Omnibus Agreement, collectively "Capital Expenditures"); the generation and distribution of monthly reports on activity, and the preparation of reimbursement requests.

(ix) By the 25th day of the month following each calendar quarter and by the 25th day after each change in the Budget (as defined in Section 2(i) hereof), the delivery to Open Arms of a written report and analyses showing calculations with respect to Open Arms' compliance with each rate and liquidity covenant in the Lease for the period(s) in question.

(x) No later than the 25th day following the end of each calendar quarter, Integra shall prepare and submit to Open Arms a proposed quarterly cash flow budget projecting cash receipts and disbursements for the fifteen (15) months that begin with that quarter, based on the proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of short-term operating requirements and/or as to the sources and amounts of additional cash flow that may be required to meet operating requirements and capital requirements. Integra shall revise the cash flow budget quarterly and submit said revised

cash flow budget to Open Arms in accordance with the schedule described above in this Section h(x).

(i) Attached hereto as Exhibit A is the Facility annual operating budget (the "Budget") for the calendar year 20__. For each subsequent calendar year, Integra shall prepare and submit to Open Arms, no later than sixty (60) days before the beginning of each subsequent calendar year (unless a written extension of no more than twenty (20) days is granted by Open Arms), a proposed Facility annual budget, in the same format as Exhibit A, covering the operation of the Facility as follows:

(i) An annual operating budget setting forth an estimate of consolidated operating revenues and expenses of the Facility for the next calendar year, together with an explanation of anticipated changes in Facility utilization, reimbursement rates, staffing plan, scheduled training plan, non-wage costs, and all other factors differing significantly from the current year.

(ii) A three-year cash flow budget projecting cash receipts and disbursements for the next twelve (12) calendar quarters based on proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of operating requirements and/or as to the sources and amounts of additional cash flow that may be required to meet operating requirements and capital requirements.

(iii) An annual capital needs budget setting forth an estimate of anticipated capital expenditures anticipated to be needed for the Facility for the next calendar year, to be presented to the Landlord pursuant to the Lease.

(iv) At any other time that Integra reasonably determines that a current budget is not feasible, Integra shall submit promptly a revised budget to Open Arms for approval, together with a written explanation of the basis for any modification from the budget previously approved by Open Arms. Open Arms shall not unreasonably withhold its approval of the budgets (including any revised budget) submitted by Integra. In the event Open Arms fails to approve a budget submitted by Integra for any subsequent year, the operating budget for such year will be the budget of the previous year plus a three percent (3%) escalation of the total amount thereof.

(j) Use its best efforts to operate the Facility in accordance with the provisions of the Budgets submitted to and approved in writing by Open Arms.

(k) Subject to the limitations of Section 16 hereof, act as Open Arms' agent and diligently and competently represent Open Arms in any matter involving operational

issues, management issues, governmental issues, legislative issues and administrative issues, after promptly notifying Open Arms in writing of any such matter (other than notification of such matters that are reasonably deemed immaterial by Integra in scope and occur in the ordinary course of business, which notification shall not be required), said matters to include but not be limited to (i) any actions or determinations of or before any governmental agencies, including but not limited to those related to licensure of Open Arms or the Facility and TennCare/Medicaid rate adjustments; (ii) ad valorem tax liabilities or valuation determinations; (iii) EEOC issues or complaints or (iv) contracts necessary to perform day to day operational responsibilities.

(l) Operate the Facility in accordance with Open Arms' obligations under the Lease and other third-party contracts related to the operation of the Facility, and properly and punctually will perform all of Integra's obligations under this Agreement, unless otherwise directed by Open Arms, in a manner to cause Open Arms' compliance with its obligations under the Lease and said third-party contracts. Except as otherwise set forth herein, including but not limited to Section 5 hereof, Integra shall have no obligation to be financially responsible for funding any Costs of Operation (as that term is defined in Section 4(b)) or for funding the cost of any repairs, renewals or replacements, or make any payments under the terms of the Lease except from Open Arms' funds unless the need for any such payment, repair, renewal or replacement arises as a result of the negligence, malfeasance or breach of this Agreement by Integra. Nothing herein shall constitute a guarantee by Integra that the Facility, whether individually or collectively, will be able to meet the covenants or requirements set forth in the Lease or any other level of financial performance.

(m) Cause its representatives reasonably requested by Open Arms to attend quarterly meetings of the Board of Directors of Open Arms (and such other meetings of such Board as Open Arms may reasonably request) for the purpose of providing information and advice concerning the management of and issues related to the Facility. The direct out-of-pocket costs and expenses of attending any such meetings shall be deemed a part of the Costs of Operation.

(n) Arrange for architectural, engineering, and construction services in connection with any and all subsequent capital improvements to the Facility, and diligently oversee on behalf of Open Arms the construction of such capital improvements.

(o) Manage the Facility in a manner consistent with the maintenance of Open Arms' section 501(c)(3) status. In particular, but without limitation, Integra shall not evict any resident from the Facility for inability to pay any fees or charges without the prior written consent of Open Arms.

(p) Engage in all governmental and community relations activities which are reasonably appropriate for the successful reputation and operation of the Facility, and maintain good communications with governmental and other organizations, in regard to the operation and management of the Facility.

(q) Subject to the limitations of Section 5 hereof and Open Arms' prior written approval, contract, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the following:

(i) Insurance, including commercial auto, general and professional liability, workers compensation, property, excess liability and fidelity;

(ii) Employee benefits, including medical/hospital and life insurance for the Open Arms employees. Integra will coordinate audits necessary to verify the accuracy of submissions estimates and will provide the necessary policy maintenance services as required by the insurance carrier and the provisions of the insurance contracts.

(r) In conjunction with each insurance policy renewal or change in insurance coverage, provide Open Arms with a written understandable explanation of the new coverage's insurance benefits, claims procedures, and other pertinent information related to the new coverage, as well as the cost and experience history for the immediately preceding insurance coverage provided to Open Arms' employees.

(s) No later than the 30th day following the end of each month, provide Open Arms' Board of Directors with a written review of current operations, including information concerning periodic service reviews performed by Integra, and such other operational reporting reasonably sufficient for Open Arms' oversight responsibilities, including reporting of surveys, response to surveys, abuse reports and other special concerns.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

Notwithstanding the foregoing, Integra may begin assisting with the transition of the Facility to the services to be provided pursuant to this Agreement up to fifteen (15) days in advance of the effective date of this Agreement.

3. **Open Arms' Rights and Obligations.** During the term of Integra's management of the Facility hereunder, the obligations of Open Arms with respect to the management of the Facility shall consist of the following:

(a) In writing during the second quarter of each calendar year, and orally at each meeting of Open Arms' Board of Directors, to furnish to Integra a report on the goals and general policies of Open Arms and their implementation, as well as procedural guidance and direction for the operation of the Facility. Additionally, Open Arms shall periodically appoint and replace, in the discretion of Open Arms, individuals to serve on any "joint operating committee" for the Facility or similar group to oversee and offer advice to Integra with respect to the day-to-day operations of the Facility.

(b) At any time and from time to time, to examine, observe, and inspect the Facility, and any and all records and reports applicable thereto and to the services and functions of Integra.

(c) To consider the approval of the Budgets and annual plans submitted by Integra for the operation of the Facility, which approval shall not be unreasonably withheld.

(d) With the recommendation and assistance of Integra, to establish operating policies, standards of operation, admission policies, standards of service and maintenance and resident rates and other charges for the Facility's residents. Further, Open Arms, as Lessee, agrees to use diligent good faith efforts to comply with all of its obligations set forth in the Lease, without limitation on Integra's contractual obligations to effect such compliance on Open Arms' behalf.

(e) To assist with the establishment of policies affecting the Facility or the operation thereof which are not inconsistent with the responsibilities assigned to Integra under the terms of this Agreement.

(f) To play an active role in promoting the good will and public image of the Facility, their residents and, to the extent appropriate, Integra.

(g) To cooperate with Integra in executing all forms and returns required pursuant to applicable taxing statutes, rules and regulations and applicable governmental reimbursement programs.

(h) To use diligent good faith efforts to maintain its status as a corporation which is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code") and which is not a private foundation.

(i) To maintain its status as provider of record within the State of Tennessee, including but not limited to maintaining records and Board of Directors minutes addressing goals and services actually received under this Agreement, and the continuing need and effectiveness of such services.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

4. Revenues, Costs of Operations and Management Fee.

(a) During the term of Integra's management of the Facility hereunder, all revenues payable to the Facility shall be deposited into and paid out of one or more bank accounts established by Integra on behalf of Open Arms at a financial institution selected by Integra and approved by Open Arms and Facility Mortgagee under the Lease, which

approval shall not be unreasonably withheld, all in accordance with the provisions of any "Deposit Account Control Agreement" ("DACA") or similar agreement required pursuant to the Lease. Such revenues and other amounts shall be utilized for the payment of the following items on a monthly basis in the following order of priority: (i) the Costs of Operation; (ii) payments of rent; (iii) any outstanding cash advances made by Integra (pursuant to Section 5 below); (iv) any Management Fee (as defined in Section 4(c) below) for any prior periods; and (v) the Management Fee for the current period. Notwithstanding any modification or termination of the Lease, Open Arms shall make, or cause to be made, the payments specified above to Integra in an order of priority at least as favorable to Integra as that order required by the Lease prior to any modification or termination of the Lease subsequent to the date hereof. If the Revenues (as defined in the Lease) shall be insufficient to pay all of the amounts described in clauses (i) through (iv) of this paragraph, then such amounts shall be paid from and out of any other available funds in accordance with and subject to the limitations as set forth in the Lease.

(b) The Costs of Operation shall consist of (i) all costs and expenses properly incurred in the operation and management of the Facility and day services programs in accordance with the provisions of this Agreement, including matters referred to herein as Integra's responsibility, including but not limited to any salary, compensation, expense reimbursement or payments to, or benefits for, employees of Open Arms or Integra who work at the Facility (including Market Area Directors formerly employed by Open Arms and now employed by Integra) and the costs of repairs to, and maintenance of, the Facility (but not the cost of Capital Expenditures), (ii) all premiums or charges for insurance coverage as described herein with respect to the operations of the Facility or the employees described above, (iii) direct expenses and costs incurred in connection with the purchase of necessary supplies for the Facility, the furnishing of utilities to the Facility and other necessary services furnished by independent contractors for the Facility, (iv) any audit adjustments or payments required in connection with or as a consequence of any proceeding or appeal related to reports or the returns described in Sections 2(h)(iv) and or matters arising out of issues addressed in Section 2(k) hereof; (v) any ad valorem taxes payable with respect to the Facility and (vi) reasonable costs or expenses properly incurred by Integra on behalf of Open Arms, including costs incurred due to any change in the rules and regulations of any governmental authority with jurisdiction over the Facility which costs are required to be incurred to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility (the "Costs of Operation"). Prior written approval by Open Arms is required for each reimbursement. If it is reasonably deemed necessary by Integra for Integra to provide or arrange for direct care, supervisory support or consulting services on a temporary basis to the Facility, unless otherwise provided for herein, the reasonable expenses for providing these services will be charged to Open Arms and included in the Cost of Operations. Such expenses will include items such as employee or subcontractor wages, federal and state income taxes, benefits, travel and other direct charges, all of which shall be reasonable. If the temporarily assigned employee undertakes a work assignment for Open Arms that encompasses the period after a holiday and works at the Facility the day prior to the holiday but not on the holiday, the compensation paid to the employee for

that holiday will be charged to the Facility. Vacation expenses for the temporarily assigned employee will be included as a part of the benefit cost on a prorated basis.

(c) (i) The Management Fee shall be paid to Integra in accordance with the terms of this Section 4(c) (the "Management Fee").

(ii) Subject to adjustment as provided in this paragraph, the Management Fee payable to Integra shall be $50,530 per year. The Management Fee shall be increased annually during the term hereof by a percentage proportionate to any adjustment for inflation or cost of living applied by the Tennessee TennCare/Medicaid program (or successor program) with respect to costs utilized for purposes of determining applicable TennCare/Medicaid rates for such year, to be effective at the time of the adjustment in the TennCare/Medicaid rates received by Open Arms. In the event the Facility, or any replacement facility, shall no longer be operated under this Agreement, the Management Fee payable under this Agreement shall no longer accrue, commencing with the date following the cessation of such operation. Notwithstanding anything to the contrary contained herein, if an event of default has occurred pursuant to the Lease due to a the failure of Integra to comply with the requirements of this Agreement, and such Lease default has not been cured within sixty (60) days after the occurrence thereof, the Management Fee shall continue to accrue but payment thereof shall be suspended until such Lease default has been cured.

(iii) The Management Fee shall accrue beginning with the date of this Agreement, and each month's fee as accrued shall be (a) submitted for payment by Open Arms to the agent under any "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease within ten (10) days after Open Arms' receipt of Integra's invoice therefor; and (b) paid in accordance with the terms of such Deposit Account Control Agreement or similar agreement.

(d) To the extent amounts available for such purpose under the "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease in any month are not sufficient to pay the Management Fee or other amounts owed to Integra ("Other Amounts"), after giving effect for the last sentence of Section 4(a) hereof, any unpaid Management Fee and Other Amounts shall accumulate interest at a simple interest rate equal to one percent (1%) per annum commencing as of the payment due date(s) of the Management Fee and Other Amounts, and such past due Management Fee and Other Amounts plus accumulated interest thereon shall be paid promptly when revenues are sufficient to do so or other funds become available to Open Arms with which to make such payments. Such rate payable as determined in the preceding sentence shall be hereinafter referred to as the "Advance Rate."

(e) This Agreement is subject to that certain Subordination Of Management Agreements of even date herewith by and among Open Arms, Integra and Landlord (the "Subordination"), pursuant to which all Management Fees have been subordinated to the Lease and all payments of rent due thereunder, and all other amounts from time to time payable by Open Arms to Landlord, except as otherwise allowed pursuant to the Subordination.

5. **Capital Improvements and Working Capital.** To the extent not prohibited by law or the Lease, Open Arms shall have the obligation of advancing funds for all capital expenditures required by the rules and regulations of any governmental authority, and required to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility. Subject to Open Arms' prior written consent, which shall not be unreasonably withheld, and subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to advance funds, or require the Landlord to advance funds, for such capital expenditures required for the efficient operation of the Facility and to maintain the Facility in good condition, commensurate with the standards and quality of other similar facilities.

Integra is hereby authorized to incur expenses and liabilities in the ordinary course of rendering the services described herein in accordance with the Budget and to purchase individual capital assets necessary for each Facility but which are not set forth in the Budget which do not have an individual cost in excess of Five Thousand Dollars ($5,000) and a calendar year aggregate cost in excess of Fifty Thousand Dollars ($50,000), subject to the total amount approved in the annual expense budget for Cost of Operations. The determination of whether an expenditure constitutes a Capital Expenditure shall be made pursuant to Section 2(iii) and in accordance with generally accepted accounting principles.

Subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to provide all capital required to pay timely all Costs of Operation, the Management Fee, Capital Expenditures, and all obligations of Open Arms hereunder. Integra shall not be obligated to provide any working capital for the operation of the Facility, except that Integra shall be required to furnish working capital required to perform its obligations hereunder that are not to be underwritten by Open Arms.

6. **Term.** This Agreement shall commence at 12:01 a.m. on _____, 2016 ***[insert date of completion]*** (the "Commencement Date") and unless earlier terminated in accordance with Section 7 hereof, shall expire on _____, 2023 ***[insert date which is 7 years from date of completion]*** (the "Original Term"); provided, however, that this Agreement shall automatically renew for one (1) successive additional seven (7) year period unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Original Term (the "Initial Extension Term"). Additionally, this Agreement shall automatically renew for successive one (1) year periods after the end of the Initial Extension Term, unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Initial Extension Term or any successive one (1) year period pursuant to the automatic renewal provisions or any agreed extensions. Except as otherwise set forth herein, the term of this Agreement shall not end on less than one hundred eighty (180) days prior notice

to allow Open Arms or a successor manager of the Facility ample time to transition operations and continue care and services so as not to harm the residents of the Facility.

7. **Default, Right to Cure and Termination.**

(a) Each of the following shall be deemed to be an "Event of Default" hereunder:

(i) If Integra fails to maintain and operate the Facility according to the standards established or imposed hereunder or by any applicable laws or regulations or governmental agencies having jurisdiction or authority over the Facility, other than solely by reason of the failure of Open Arms (unless the failure of Open Arms is due to any acts or omissions of Integra) to comply with its obligations thereunder or hereunder.

(ii) If the certificates and authorizations for the Facility to participate under the TennCare/Medicaid program (or successor program) are suspended, canceled or revoked because either party has failed to perform its obligations hereunder and such party is not, in good faith, diligently pursuing the reinstatement of such certificates and authorizations as set forth in paragraph (b) of this Section 7.

(iii) If either party is or becomes insolvent or makes an assignment for the benefit of creditors or commits an act of bankruptcy or files a voluntary petition under the provisions of the United States Bankruptcy Code, including without limitation, a petition for reorganization or arrangement or consents to an involuntary petition or is adjudicated a bankrupt.

(iv) If either party violates, or is in breach of, any material term or condition of this Agreement. For purposes of this paragraph (iv), without limitation, (y) the failure of either Integra or Open Arms to operate the Facility in accordance with the provisions of the Budgets submitted to and approved by Open Arms or (z) the non-payment of any Management Fee or Other Amounts (as defined in Section 4(d) for a period of sixty (60) days, shall be considered a breach of a material term of this Agreement

(b) Upon the occurrence of an Event of Default, the party not responsible for the Event of Default (the "Non-Defaulting Party") may declare this Agreement terminated; provided, however, that with respect to subsections 7(a)(i) - 7(a)(iv), this Agreement may be terminated by the Non-Defaulting Party only in the event the other party (the "Defaulting Party") fails to cure the Event of Default within thirty (30) days after written notice from the Non-Defaulting Party, which notice shall specify in sufficient detail all material information known by the Non-Defaulting Party concerning the specific circumstances of the Event of Default so as to give the Defaulting Party

adequate notice and the opportunity to cure same; provided further the Non-Defaulting Party shall not have the right to terminate this Agreement if at the end of such thirty (30) day period, cure of the Event of Default is reasonably foreseeable, the Defaulting Party has taken reasonable steps to cure the Event of Default within said period, and the Defaulting Party proceeds diligently thereafter to cure the Event of Default. Notwithstanding anything to the contrary contained herein, upon an event of default under the Lease, which default continues after the giving of any required notices and the expiration of any cure periods provided for in the Lease and which has not been waived or cured as provided in the Lease, Open Arms shall have the right to terminate this Agreement upon written notice given to Integra.

(c) (i) Upon termination of this Agreement for any reason other than (A) by reason of Integra being responsible for an Event of Default, or (B) Integra's election not to extend this Agreement at the end of the original term or any renewal term, any outstanding accrued Management Fee, Other Amounts, and advances by Integra to Open Arms pursuant to Section 5 hereof (collectively, "Open Arms Obligations") shall become immediately due and payable.

(ii) Subject to the terms and conditions of the Lease, upon termination of this Agreement by reason of Integra's election not to extend this Agreement at the end of the original term or any renewal term, any Open Arms Obligations shall be payable by Open Arms to Integra in twelve (12) equal monthly installments, commencing thirty (30) days after the effective date of such termination, together with simple interest accruing from such effective date at the Advance Rate, payable monthly in arrears.

(iii) Notwithstanding any other provision to the contrary contained in this Section 7(c), any payments to Integra upon termination of this Agreement for any reason shall be made only in accordance with and as limited by the restrictions set forth in the Lease.

8. **Insurance.** On behalf of, and at the expense of Open Arms, Integra shall use its best efforts to procure and maintain in full force and effect on a cost-effective basis all insurance coverage required by the Lease, or by any lender to the Landlord, or by any governmental authority with jurisdiction over the Facility, to the extent such insurance coverage requirements are stricter than any specific insurance requirements contained herein. Integra shall provide Open Arms with written evidence of such coverage at the time of inception of coverage, on an annual basis thereafter, and at any other time as requested by Open Arms, which insurance may be provided on a multi-facility basis with other facilities operated by Open Arms.

All such insurance to the extent appropriate will name Integra, Open Arms, and to the extent required by the Lease, the Landlord and any lender to the Landlord, as co-insured parties or additional insured parties. The premiums for all insurance coverage which directly insures the risks of the Facility shall be paid by Open Arms as part of the Costs of Operation. Open Arms and Integra hereby each waive any right of recovery against the other party for any

claims that may be brought for any loss which is covered by fire and extended coverage insurance upon or relating to the Facility and the furnishings and equipment thereon to the extent such claims are paid by said coverage. This waiver of subrogation shall be valid and binding only in the event it is recognized and accepted by the fire and hazard insurance companies under policies obtained hereunder.

(a) Integra shall use its best efforts to (i) secure certificates of insurance for Open Arms, (ii) maintain the original of such policies at the office of Integra, (iii) deliver duplicate copies of the policies to Open Arms and the Landlord, and (iv) procure endorsements thereto prohibiting any termination or cancellation thereof until the expiration of thirty (30) days' after written notice of cancellation to all named insureds.

(b) In addition, Integra shall procure and maintain in full force and effect during the term hereof, to cover acts and omissions during the term of its services hereunder (i) $1,000,000 each occurrence/$1,000,000 aggregate general and professional liability insurance coverage, (ii) $1,000,000 each occurrence/$1,000,000 aggregate bodily injury and property damage insurance, as supplemented by general liability coverage under a $5,000,000 umbrella policy and (iii) workers' compensation insurance coverage with limits not less than those limits carried by Open Arms respect to the Facility during the one year period prior to the date hereof, in order to insure itself against normal business risks inherent in its operation and management of the Facility and shall, to the extent possible without increases in premiums unless said increases are paid by Open Arms after Integra gives reasonable notice to Open Arms thereof, cause Open Arms to be named as an additional insured thereunder, to the extent its interests appear, on the policies evidencing such insurance. As reasonably requested by Open Arms from time to time, Integra shall provide Open Arms with written evidence that such insurance coverage remains in full force and effect.

(c) In addition, Integra shall procure and maintain in full force and effect fidelity insurance coverage on a loss discovered basis (including crime, employee dishonesty, including third party coverage) to insure against damages resulting from such acts or omissions by Integra or any of its contractors or agents which take place during the term of this Agreement. All such insurance coverage shall have a limit of not less than $1,000,000, with a deductible of not more than $10,000, shall name Open Arms as an additional named insured, and shall contractually require the carrier to inform Open Arms immediately in the event of any pending lapse in coverage for any reason. Simultaneously with the execution of this Agreement, Integra shall furnish Open Arms with a Certificate from said carrier evidencing the effectiveness of such insurance coverage.

9. **Use of Premises.** Integra shall not, without the prior written consent of Open Arms, at any time use the Facility or any portion thereof, or permit the Facility or any portion thereof to be used for purposes other than an ICF/IID facility in compliance with all applicable rules and regulations of the United States and the State of Tennessee.

10. **Right to Inspect.** At any time during regular business hours, and at any time outside regular business hours if prior telephonic notice during regular business hours is given to

the designated official of Integra having on-site management responsibility for the Facility, Open Arms or its representatives shall have the right to inspect the financial and other records in the actual or constructive control of Integra (and to make copies of documents as appropriate and at their expense) related to the Facility, including but not limited to books, records, data files and reports (electronic or otherwise) prepared by Integra or any other person or entity by or on behalf of Integra and maintained by Integra or such other person or entity at or in connection with the Facility with respect to in the performance of its services hereunder and the condition of the Facility.

11. **Books and Records.** All books, records, data files and reports prepared by Integra for or in connection with the management of the Facility and maintained by Integra at the Facility or at any location other than the Facility shall be available for inspection and copying by Open Arms or its representatives or the Landlord at their own expense and during normal business hours with prior written notice to Integra. It is agreed and understood that computer software and the users manuals for such software developed or acquired by Integra or used by Integra employees in connection with the management of the Facility shall not be considered "books, records, data files and reports" as those terms are used in this Section 11, provided that printouts of data generated by use of such software shall be considered such "books, records, data files and reports". Furthermore, it is agreed by the parties hereto that any computer software and the user manuals for such software developed by Open Arms employees shall remain the property of Open Arms.

12. **Cooperation at Termination.** Upon the expiration or earlier termination of term of Integra's management of the Facility hereunder, each of the parties hereto shall cooperate fully with the other in effecting an orderly transition to avoid any interruption in the rendering of the above-described services and, in that connection, Integra shall promptly surrender to Open Arms all keys, contracts, books, records, data files and reports (as such terms are defined in Section 11 hereof) maintained by Integra in connection with the management of the Facility. Furthermore, the parties hereby agree that any information received by a party or its attorneys, accountants or agents about the other party in the performance of such party's obligations hereunder, which concerns the financial or other affairs of such party, will be treated in full confidence and will not be revealed to any other persons, firms or organization.

13. **Covenant Not to Employ Personnel.** The parties acknowledge that Integra, in the performance of its obligations hereunder, utilizes certain of its employees. Open Arms recognizes that Integra has incurred and will incur considerable time and expense in developing Integra employees. For this reason, Open Arms covenants with Integra that Open Arms shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an Integra employee or encourage any successor to Integra's duties hereunder to solicit the employment of any such person who is at that time an Integra employee for services to be rendered at or in connection with the Facility or at any other facility offering services to persons with developmental disabilities owned or operated by Open Arms unless this covenant has been waived in writing by Integra. It is understood and agreed, however, that this covenant shall not apply to persons who were employees of Open Arms as of September 30, 2014 and were subsequently employed by Integra.

Recognizing that Integra would not have an adequate remedy at law in the event of any breach of this covenant, Open Arms agrees that the covenants set forth herein may be enforced by Integra by an appropriate restraining order or other injunctive relief.

Furthermore, Integra recognizes that Open Arms has incurred and will incur considerable time and expense in developing Open Arms employees. For this reason, Integra covenants with Open Arms that Integra shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an employee of Open Arms, except with the prior written consent of Open Arms, not to be unreasonably withheld. In furtherance of the foregoing, it is anticipated that employees working in certain positions within Open Arms may from time-to-time have limited opportunities for advancement within Open Arms, and as such employees reach the limits of advancement opportunities at Open Arms, it may be reasonable for Integra to request the consent of Open Arms for the employment by Integra by such an individual who is advancing in his/her career path and has reached the limits of advancement within Open Arms.

Recognizing that Open Arms would not have an adequate remedy at law in the event of any breach of this covenant, Integra agrees that the covenant set forth herein may be enforced by Open Arms by an appropriate restraining order or other injunctive relief.

14. **Indemnification.** Any Defaulting Party shall release and indemnify and hold the Non-Defaulting Party and the Non-Defaulting Party's shareholders, directors, officers and employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from an Event of Default by the Defaulting Party and Integra shall release and indemnify and hold Open Arms and its shareholders, directors, officers, employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from actions taken by Integra outside the scope of the authority specifically granted to Integra herein. Furthermore, Open Arms shall indemnify Integra with regard to any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) with regard to any action, suit or proceeding brought by a person or entity that managed the Facility prior to the date hereof; provided, however, that such indemnification by Open Arms shall extend only to such amounts as may be reimbursable costs under the TennCare/Medicaid system.

15. **Litigation or Proceedings on Behalf of Open Arms.** If any claim or cause of action of Open Arms arises during the term of this Agreement, or if any third party claim, action, or other legal or administrative proceeding arising from or related to the management of the Facility is filed against Open Arms, upon receiving notice of any such claim, cause of action or proceeding, the party receiving such notice shall promptly give notice thereof to the other party, and Integra shall have the option, exercisable in its reasonable discretion, by giving written notice thereof to Open Arms, to institute or defend such claim, action or other legal or administrative proceeding in Integra's name or Open Arms' name, as their respective interests may appear to be claimed, provided that Integra uses good faith best efforts to proceed in such action in a manner that is in Open Arms' best interests. The reasonable costs and expenses of prosecuting and defending any such claim, action, or legal or administrative proceeding shall be

reimbursed to Integra by Open Arms as Costs of Operation, except as they relate to Events of Default by Integra or the independent acts of Integra taken outside the scope of the performance of its duties hereunder or the negligence, willful misconduct or breach by Integra of its obligations hereunder, which costs and expenses shall be borne exclusively by Integra notwithstanding any other provision to the contrary herein contained. Open Arms agrees to provide reasonable assistance to Integra in the prosecution and defense of any such action upon request by Integra and upon Integra's agreement to pay all of Open Arms' expenses related thereto, except for expenses for which Open Arms is otherwise obligated hereunder. Open Arms further agrees that Integra shall have the right to recommend legal counsel for Open Arms' approval to represent the interests of Open Arms in any such claim, action or legal or administrative proceeding. Integra shall provide Open Arms with timely and periodic written reports regarding the progress of each such claim, action or proceeding. If Integra decides, in its reasonable discretion, not to institute or defend such claim, action or other legal or administrative proceeding, Integra shall notify Open Arms in writing promptly of its decision, providing Open Arms, sufficient time to take appropriate action, and in such event, Open Arms shall be fully responsible for the prosecution or defense of each such claim, action, and legal and administrative proceeding, including then prospective costs and attorneys' fees, except when the claim, action or proceeding relates to Events of Default by Integra, or the independent acts of Integra taken outside the scope of the performance of its duties hereunder, or the negligence , willful misconduct or breach by Integra of its obligations hereunder, except that Integra agrees to provide reasonable assistance to Open Arms with respect to such matters upon request by Open Arms.

16. <u>Compliance with Public Law 96-499</u>.

(a) Pursuant to regulations promulgated by the Federal Health Care Financing Administration, an agency of the Department of Health and Human Services, implementing Section 952 of the Omnibus Reconciliation Act of 1980 (P.L. 96-499) or any subsequent legislation conditioning reimbursement on the cost of services performed, insofar as this Agreement covers services valued at or costing $10,000 or more over a twelve (12) month period, the parties agree to provide the Secretary of Health and Human Resources, upon written request, or the Comptroller General, or their duly authorized representatives, access to this Agreement and the parties' books, documents and records necessary to verify the nature and extent of the cost of the services provided by the parties. Such access shall be provided until the expiration of four (4) years after the services are furnished under this Agreement.

(b) If Integra carries out any duties of this Agreement through a subcontract with an aggregate value or cost of $10,000 or more over a twelve month period with an Affiliate, Integra shall require in writing that the Affiliate shall make available, upon written request, to the Secretary of Health and Human Resources, or the Comptroller General, or their duly authorized representatives, the said subcontract and the books, documents and records of the Affiliate that are necessary to verify the nature and extent of the costs of the services provided under the said subcontract. The subcontract shall require that such access shall be provided until the expiration of four (4) years after the services are furnished under the contract.

17. **Amendment or Termination as a Result of Governmental Regulation.** The parties acknowledge and agree that this Agreement is intended to comply with all state and federal laws and regulations regarding Medicare and Medicaid fraud and abuse, Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Open Arms shall have the right to terminate or amend this Agreement, if on the advice of its counsel it determines, in its reasonable judgment, that the terms of this Agreement more likely than not would be interpreted to violate any laws or regulations applicable to it, which, if violated, would jeopardize Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Notwithstanding such right to terminate, Open Arms shall first use reasonable efforts to amend this Agreement only to the extent necessary to conform the potentially violative terms to the applicable law or regulation, and will only terminate this Agreement pursuant to this Section if it determines, in its reasonable judgment, that an amendment cannot be obtained or will not result in compliance.

18. **Parties Bound.** The provisions of this Agreement shall be binding upon the parties hereto and their respective successors and assigns. Except as specifically provided herein, neither party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other party. No assignment of rights or delegation of duties shall relieve either party, as the case may be, of its obligations hereunder. Notwithstanding the foregoing, however, in respect to transfers after an event of default under the Lease, any person claiming through the deed of trust trustee or a transferee under a deed in lieu of foreclosure (the foregoing collectively referred to as the "Transferee"), the Transferee shall, at its option and without further action by Open Arms, succeed to Open Arms' rights hereunder, with or without the assumption of the obligations of Open Arms hereunder, which assumption shall be at the sole discretion of such Transferee, but in no event shall any of the foregoing be deemed a release of any of the obligations of Open Arms hereunder.

19. **Severability.** In the event any provision hereof shall be modified or held ineffective by any court in any respect, such adjudication shall not invalidate or render ineffective the balance of the provisions of this Agreement.

20. **Entire Agreement; Modification; Waiver.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and completely supersedes any prior oral or written agreements between the parties. Any other agreements with respect to the subject matter hereof between the parties, whether written or oral, are merged herein. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed, or will constitute a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

21. **Notices.** All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been given (i) on the date of delivery by courier or personally, (ii) three (3) business days after deposit in the United States mail, postage prepaid by registered or certified mail, return-

receipt requested to the appropriate party at the following addresses.(or at such other address as shall hereafter be designated by any party to the other party by notice given in accordance with this Section):

To Open Arms:

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

With a copy to:

Thomas V. Chorey, Jr.
Barnes & Thornburg LLP
3475 Piedmont Rd., NE, Suite 1700
Atlanta, GA 30305-3327
Fax: 800-753-5139
Phone: 404-846-1693
Email: tchorey@btlaw.com

To Integra:

Integra Resources, LLC
144 Second Avenue, North, Suite 300
Nashville, TN 37201

With a copy to:

Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
Attention: Michael D. Brent, Esq.
Fax: 615-252-6361
Phone: 615-252-2361
Email: mbrent@babc.com

22. **Execution in Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

23. **Further Assurances.** The parties each hereby agree to execute and deliver all of the agreements, documents, and instruments required to be executed and delivered by them in this Agreement and to execute and deliver such additional instruments and documents and to take such additional actions as may reasonably be required from time-to-time in order to effectuate the transaction contemplated by this Agreement.

24. **Exhibits.** Any Exhibits attached hereto constitute a part of this Agreement and are incorporated herein by reference in their entirety as if fully set forth in this Agreement at the point where mentioned herein.

25. **Tense, Captions.** In construing this Agreement, whenever appropriate, the singular tense shall also be deemed .to mean the plural, and vice-versa, and the captions contained in this Agreement shall be ignored.

26. **Party Rights No Third.** Except as otherwise expressly provided herein or in the Lease, the provisions of this Agreement shall not entitle any person not a signatory hereto to any rights or reliance hereunder or in respect hereof, as a third party beneficiary or otherwise, it being the specific intention of the parties herein to preclude any and all such persons non-signatory hereto from such rights.

27. **Survival.** Any rights or obligations accrued under this Agreement at the expiration or termination of this Agreement shall survive such termination.

28. **Replacement Facility.** In the event a new replacement facility should be substituted for the Facility, whether on the same site or at a different location within the market area, all rights or obligations of the parties, including the remaining term, pursuant to this Agreement shall apply with respect to the new replacement Facility.

29. **Public Statements.** Unless otherwise required by law or court order, prior to the Commencement Date, neither Open Arms or Integra shall, without the prior written consent of the other party hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement. Provided, however, that Integra and Open Arms may announce the execution of this Agreement to their respective employees.

30. **Arbitration**. The parties hereto agree and stipulate that all claims, disputes and other matters in question or at issue between them arising out of or relating to this Agreement or the breach thereof, including, without limitation, any dispute or question concerning the scope of this arbitration clause, will be decided by arbitration in Nashville, Tennessee, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this Section 30. This covenant to arbitrate will be specifically enforceable under the prevailing law of any court having jurisdiction. The parties hereto agree that one arbitrator shall arbitrate all disputes. Notice of a demand for arbitration shall be filed in writing by either party hereto with the other party hereto and with the American Arbitration Association. The demand for arbitration shall be made no later than the date when institution of legal or equitable proceedings based on the claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrator will be final, judgment may be entered upon it in any court having jurisdiction thereof, and the award will not be subject to vacation, modification or appeal, except to the extent permitted by Sections 10 and 11 of the Federal Arbitration Act, the terms of which Sections the parties hereto agree shall apply. Each of the parties hereto submits to the jurisdiction of the state courts of Davidson County, Tennessee for purposes of the entry of any judgment arising out of the award of the arbitrator. All costs and expenses of each of the parties hereto with respect to the arbitration (including reasonable attorneys' fees) and the expenses of the arbitrators shall be paid by the party hereto against whom

a determination by the arbitrator is made or, in the absence of a determination against one party hereto, as such arbitrator directs.

31. Overriding Provisions.

(a) Notwithstanding the execution date hereof, it is agreed and understood by the parties hereto that this Agreement shall be considered the agreement pursuant to which the "Manager," as such term is defined under the Lease, manages the Facility.

(b) Notwithstanding anything to the contrary contained herein, it is the intent of the parties hereto that this Agreement in all respects shall conform to the terms and conditions of the Lease. Accordingly, to the extent that any term or condition contained herein or hereunder shall conflict with any such terms or conditions contained in the Lease, then the provisions of the Lease shall control in all respects, and the terms of this Agreement shall be automatically deemed amended in an agreeable manner in order to bring this Agreement into compliance with the Lease.

(c) Notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of the default by either party hereto pursuant to the terms of any other ICF/IID Facilities Management Agreement, or the terms of the Global Management Agreement of even date herewith, the result of which default entitles the non-defaulting party thereunder to terminate such agreement, by giving notice thereof to the defaulting party, said non-defaulting party shall have an identical right to terminate this Agreement, just as if there had been an Event of Default hereunder by said defaulting party for which there was no cure within any applicable cure period.

(d) Further notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of a conflict between the provisions of this Agreement and the provisions of that certain Global Agreement to Provide Management Services, as amended, between the parties hereto executed simultaneously with the execution hereof (the "Global Agreement," by reference made an integral part hereof), the provisions of this Agreement shall govern and control over the provisions of the Global Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year set forth below, effective as of the Commencement Date first above written.

OPEN ARMS CARE CORPORATION

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

INTEGRA RESOURCES, LLC

By:_____
Name: George Stevens
Title: President

EXHIBIT A

FACILITY ANNUAL BUDGET

Attachment A.5.2

Integra Resources, LLC Principals

INTEGRA PRINCIPALS

George Stevens

George Stevens is Integra's Chief Executive Officer, overseeing the management of the company. George has more than thirty years' experience in medical delivery system development and mergers and acquisitions of health care and related businesses.

Joseph Torrence

Joe Torrence assists with the financial structuring of matters for Integra's clients. Joe has more than forty years of experience in the affordable housing field, beginning with a role in the Tennessee Housing Development Agency, which he followed up with an investment banking role related to affordable housing. Joe also has significant experience owning and operating affordable housing.

Richard Brown

Dick Brown oversees development and strategic planning for Integra. Former general counsel to the Tennessee Department of Mental Health and Retardation (now known as DIDD), Dick also has extensive experience in capital facilities financing and is also a former investment banker. Dick founded Oak Hill Advisors, a Nashville-based financial advisory firm providing services for capital market transactions, public / private partnerships and strategic development initiatives for clients in the government, health care, housing and real estate sectors and non-profit organizations.

Jeff Mastroleo

Jeff Mastroleo oversees financial planning and structuring for Integra and its clients. Managing Director of Healthcare Banking at Hancock Bank, Jeff has a record of profitability and prudent growth. He has been successful in establishing deep internal/external relationships; developing and managing to appropriate financial metrics; and, passionately pursuing excellence. Expertise includes commercial healthcare, municipal finance, and treasury/cash management. Previously he served as Senior Vice President of Healthcare for Community Bank, and before that was Senior Vice President, Healthcare Banking Group, of First Tennessee Bank.

ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY (ss-4270)

Division of Business Services
Tre Hargett, Secretary of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: $50 per member
(minimum fee = $300, maximum fee = $3,000)

For Office Use Only

Control # 000766670
SUBMISSION PENDING

FILED

Amount Due: $300.00
Please file before 08/31/2014

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.

1. The name of the Limited Liability Company is: Integra Resources, LLC
(Note: Pursuant to the provisions of T.C.A. §48-249-106, each Limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. Name Consent: (Written Consent for Use of Indistinguishable Name)
☐ This entity name already exists in Tennessee and has received name consent from the existing entity.

3. This company has the additional designation of:

4. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:
RICHARD L BROWN
STE 400
144 2ND AVE N
NASHVILLE, TN 37201-1937
DAVIDSON COUNTY

5. Fiscal Year Close Month: December

6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:
(none) (Not to exceed 90 days)

7. The Limited Liability Company will be:
☑ Member Managed ☐ Manager Managed ☐ Director Managed

8. Number of Members at the date of filing: 4

9. Period of Duration: Perpetual

10. The complete address of the Limited Liability Company's principal executive office is:
STE 400
144 2ND AVE N
NASHVILLE, TN 37201-1937
DAVIDSON COUNTY

ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY (ss-4270)

Division of Business Services
Tre Hargett, Secretary of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: $50 per member
(minimum fee = $300, maximum fee = $3,000)

For Office Use Only

Control # 000766670
SUBMISSION PENDING

Amount Due: $300.00
Please file before 08/31/2014

The name of the Limited Liability Company is: Integra Resources, LLC

11. The complete mailing address of the entity (if different from the principal office) is:

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

☐ I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

☐ I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.

Licensed Profession:

14. Series LLC (optional)

☐ I certify that this entity meets the requirements of T.C.A. §48-249-309(a) & (b)

15. Obligated Member Entity (list of obligated members and signatures must be attached)

☑ This entity will be registered as an Obligated Member Entity (OME) Effective Date: 08/01/2014

☑ I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES OF THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT YOUR ATTORNEY.

16. This entity is prohibited from doing business in Tennessee:

☐ This entity, while being formed under Tennessee law, is prohibited from engaging in business in Tennessee.

17. Other Provisions:

Aug 1, 2014 11:42AM
Signature Date

Richard L Brown
Signature

member
Signer's Capacity (if other than individual capacity)

Richard L Brown
Name (printed or typed)

Integra Resources, LLC

Obligated Members

Member	Signature
Joseph H. Torrence	
George Stevens	
Jeffery Mastroleo	
Richard L. Brown	

7373.11113, 08/21/2014, 18:37:02, Received by Tennessee Secretary of State The Hartsett

Attachment A.6.1

Development Agreement and Option to Lease

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement"), effective as of November 20, 2015 (the "Effective Date"), by and between **WCO AL DP, LLC**, a nonprofit limited liability company organized and existing under the laws of the State of Tennessee with its principal place of business at 643 Spence Lane, Nashville, Tennessee 37217 ("WCO DP") and **FACILITIES DEVELOPMENT GROUP, LLC**, a limited liability company organized and existing under the laws of the State of Tennessee with a place of business at 144 Second Avenue North, Suite 400, Nashville, Tennessee 37201 ("FDG").

WITNESSETH:

WHEREAS, WCO DP is the owner of numerous facilities (individually an "Existing Facility" or collectively the "Existing Facilities"), which are leased to Open Arms Care Corporation, a Georgia nonprofit corporation ("OACC") pursuant to numerous similar Lease Agreements, each dated as of April 1, 2015 (individually a "Lease" or collectively the "Leases");

WHEREAS, OACC is providing intermediate care services for individuals with intellectual disabilities ("ICF/IID") at the Existing Facilities, and as such provider OACC is the licensed operator of each Existing Facility and holds all authorizations and licenses necessary or incidental thereto with respect to each Existing Facility, including but not limited to licenses from the Tennessee Department of Developmental and Intellectual Disabilities ("DIDDs"), provider agreements with the Tennessee Bureau of TennCare ("TennCare"), and all Certificate of Need ("CON") rights related to each Facility, as may be subject to the jurisdiction of the Tennessee Health Services and Development Agency ("HSDA");

WHEREAS, in preparation for the anticipated closure in 2016 of the developmental center operated by the State of Tennessee, known as Greene Valley Developmental Center ("GVDC"), DIDDs has approved OACC for the development of nine (9) four (4) person ICF/IID facilities in East Tennessee, as set forth on Exhibit A attached hereto, in order to effectuate the transition of residents from GVDC to smaller four (4) person ICF/IID facilities (individually a "New Facility" or collectively the "New Facilities"), all subject to the approval by the HSDA of CON applications OACC intends to file with the HSDA for the New Facilities;

WHEREAS, OACC and WCO DP desire to collaborate in the development of the New Facilities, with each New Facility to be owned by WCO DP and leased to OACC, and as the provider OACC will be the licensed operator of each New Facility and hold all authorizations and licenses necessary or incidental thereto with respect to each New Facility, including but not limited to licenses from DIDDs, provider agreements with TennCare, and all CON rights related to each New Facility;

WHEREAS, as a part of such collaboration WCO DP desires to engage FDG to assist in development of the New Facilities, including the contracting by FDG to purchase the unimproved properties listed on Exhibit B attached hereto (individually a "Property" or collectively the "Properties"), and then cause the New Facilities to be developed and constructed on the Properties, with each Property to be sold to WCO DP by FDG, and simultaneously leased to OACC by WCO DP, upon the completion of construction and the final approval by DIDDs and TennCare for licensure and certification of the New Facilities;

NOW, THEREFORE, for good and valuable consideration, WCO DP hereby engages FDG as its sole and exclusive development agent for the services described below with respect to the Facilities, as follows:

1. Development.

1.01 At the beginning of the development process for each New Facility, FDG and WCO DP, with the input of OACC, shall negotiate in good faith to develop a budget for the items described below, including an estimate for the total price of the completed New Facility as a "turn key" project. The budget shall include the costs and expenses incurred by WCO DP and its affiliates involving the New Facility.

1.02 The parties, with the consent of OACC as set forth in the Lease, will cooperate in selecting a site for each New Facility, to be designed by FDG, with assistance from OACC, and in the process of procuring the approval of the HSDA as to the CON required to be obtained from the HSDA.

1.03 Upon approval of the HSDA of any CON, FDG shall cause the construction of the New Facility, which New Facility will be owned by FDG during the development and construction process, and then sold from FDG to WCO DP, on a nonrecourse basis, and simultaneously leased to OACC, with such construction, financing and leasing arrangements to be coordinated by FDG, upon terms similar to those in the Lease and related financing of the Facilities (subject to adjustment for market rates and conditions at the time of such financing and leasing), all as further described below.

1.04 Upon the completion of development and construction of each New Facility, FDG shall assist WCO DP and OACC in the licensure and certification of the New Facility by DIDDs and TennCare.

2. Actions to be taken by FDG.

2.01 Subject to the terms hereof, FDG shall take all necessary actions related to the development of each New Facility (collectively, the "Development Items"), including without limitation, the following:

(a) timely obtaining all needed regulatory approvals for the development and construction of the each New Facility, including (1) working with WCO DP and OACC, and their advisors and counsel, in order to prepare and submit to the HSDA a CON application (the "CON Application"), and all other required documentation for the New Facility; (2) procurement of all building permits needed to construct a New Facility, and (3) confirmation of conformity of a New Facility with all applicable laws, and regulations, including but not limited to zoning and similar requirements;

(b) coordinating with OACC and WCO DP to cause the preparation of an architectural design for each New Facility, the sizing, layout and decorating of all New Facilities, the selection of all finishes, fixtures, furnishings and equipment throughout each

New Facility, including security, monitoring, communications and access systems; and in furtherance of this Section, FDG shall engage an architect licensed to do business in the state of Tennessee before the filing of the CON Application, to prepare the preliminary drawings of site-plans and floor-plans which will be required to be attached to the CON Application, and within thirty days of the approval of the CON, on behalf of WCO DP engage an architect licensed to do business in the state of Tennessee to prepare all plans and specifications which may be required by DIDDs and/or other governmental authorities with jurisdiction over the development and construction of the New Facilities;

(c) coordinating with OACC and WCO DP in the selection of a site for each New Facility, and then obtaining "control" (as then defined in the applicable rules, regulations and policies of the HSDA) of such site, and the preparation of such documents as may be required by the HSDA to demonstrate the contractual relationships among the parties which will allow OACC to utilize such New Facility for the purposes anticipated by the CON Application;

(d) obtaining construction financing required for the development and construction of each New Facility (which may be obtained from, or with the assistance of, Facilities Funding Group, LLC, which is an affiliate of FDG);

(e) coordinating and facilitating, on behalf of WCO DP and with WCO DP approval, the permanent nonrecourse financing required for each New Facility, which may be similar to the financing of the Existing Facilities, with no requirement of guaranties from any affiliate of WCO DP (which may be obtained from, or with the assistance of, Facilities Funding Group, LLC, which is an affiliate of FDG);

(f) coordinating and facilitating a lease between WCO DP and OACC for each New Facility, upon terms similar to those in the Lease;

(g) entering into a construction contract, in the name of FDG, with a contractor licensed to do business in the state of Tennessee, to construct the New Facility;

(h) overseeing the construction of each New Facility and obtaining the certificate of occupancy, and such other certificates, licenses and permits as may be necessary for the operation of each New Facility by OACC, including but not limited to licensure by DIDDs and certification by TennCare (with the assistance of WCO DP and OACC as necessary for such certificates, licenses and permits).

2.02 Upon the completion of all the foregoing items, FDG shall transfer ownership of the New Facility to WCO DP, as a completed "turn key" project, in accordance with the pricing and the specific terms as have been negotiated in good faith, at the beginning of the development process for each New Facility. The budget shall include the costs and expenses incurred by WCO DP and its affiliates involving the New Facility

2.03 In performing the Development Items, FDG shall utilize qualified personnel and professionals, and perform its services hereunder in accordance with the usual and customary

practice in the industry for facilities similar to the New Facilities. FDG and or its affiliates shall provide all required guaranties for financing.

2.04 FDG shall comply with all applicable laws, ordinances, statutes, rules and regulations relating to the development and construction of each New Facility.

3. Term and Termination.

3.01 This Agreement shall commence as of the date hereof and continue until the earlier of (i) the date which is one year after the licensure and certification of the last of the New Facilities, or (ii) two (2) years from the date of this Agreement.

3.02 This Agreement may be terminated (i) at any date as may be mutually agreed upon in writing between WCO DP and FDG, or (ii) by the non-breaching party, if one party breaches a material provision of this Agreement and such breach has not been cured within thirty (30) days of written notice thereof.

4. Miscellaneous.

4.01 In the event any provision of this Agreement is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Agreement, which shall remain in full force and effect and enforceable in accordance with its terms.

4.02 Both parties shall promptly and duly execute and deliver to the other such further documents and assurances and take such actions as such party may reasonably request in order to more fully carry out the intent and purposes of this Agreement.

4.03 WCO DP may have one or more affiliated entities acquire and own the New Facilities and lease the New Facilities to OACC (and for purposes of this Agreement "WCO DP" shall include any such affiliated entities).

4.04 This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, applicable to contracts entered into and to be performed wholly within the State of Tennessee.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

WCO AL DP, LLC

By: _____
Name: Catherine L. Dodd
Title: Executive Director

FACILITIES DEVELOPMENT GROUP, LLC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

WCO AL DP, LLC

By:_____
Name:
Title:

FACILITIES DEVELOPMENT GROUP, LLC

By:_____
Name: RICHARD BROWN
Title: PRINCIPAL

Exhibit A
Description of New Facilities

A one-story, fully accessible family home of approximately 2,800 square feet with four bedrooms, combination living/dining room, kitchen, laundry, office, and associated storage areas. The home will also have two large, fully accessible bathrooms, one half bath, and a residential sprinkler system. It will be constructed of brick and siding with a pitched asphalt shingle roof.

Exhibit B
Description of Properties

1. ____ Chuckey Pike, Greeneville, Tennessee 37641 (This site does not currently have a separate street address, but is approximately 2.72 acres located on the east side of Chuckey Pike in Greene County, Tennessee, approximately 0.05 mile north of the intersection of Chuckey Pike and Earnest Road (also described as Parcel 089 069.00 in the records of the Greene County Tax Assessor)

2. ___ East Church Street, Greeneville, Tennessee 37743. This site does not currently have a separate street address, but is approximately 1.37 acres in the west half of a 2.72-acre parcel located on the south side of East Church Street in Greene County, Tennessee, approximately 0.05 mile east of the intersection of East Church Street and Edgewood Drive (also described as portion of Parcel 099 050.04 in the records of the Greene County Tax Assessor)

3. ____ East Church Street, Greeneville, Tennessee 37743. This site does not currently have a separate street address, but is approximately 1.37 acres in the east half of a 2.72-acre parcel located on the south side of East Church Street in Greene County, Tennessee, approximately 0.05 mile east of the intersection of East Church Street and Edgewood Drive (also described as portion of Parcel 099 050.04 in the records of the Greene County Tax Assessor)

4. ____ Gamble Road, Georgetown, Tennessee 37336. This site does not currently have a separate street address, but is approximately 1.5 acres in the southeast quadrant of an approximately 15.5-acre parcel, the entire 15.5 acres currently being addressed as 7817 Gamble Road in Hamilton County, Tennessee, approximately 0.1 mile east of the intersection of Gamble Road and Tennessee Highway 58 (also described as Parcel 061 045 in the records of the Hamilton County Tax Assessor)

5. ____ Gamble Road, Chattanooga, Tennessee 37336. This site does not currently have a separate street address, but is approximately 1.5 acres in the southwest quadrant of an approximately 15.5-acre parcel, the entire 15.5 acres currently being addressed as 7817 Gamble Road in Hamilton County, Tennessee, approximately 0.1 mile east of the intersection of Gamble Road and Tennessee Highway 58 (also described as Parcel 061 045 in the records of the Hamilton County Tax Assessor)

6. ____ Bishops Bridge Road, Knoxville, Tennessee 37922. This site does not currently have a separate street address, but it is approximately 0.25 acres in the northeast quadrant of an approximately 7.2-acre parcel, the entire 7.2 acres currently being addressed as 1817 Bishops Bridge Road in Knox County, Tennessee, south of the intersection of Bishops Bridge Road and Strathmore Road (also described as Parcels 154DA00101, 154DA00102, and 154DA00103 in the records of the Knox County Tax Assessor)

7. ____ Bishops Bridge Road, Knoxville, Tennessee 37922. . This site does not currently have a separate street address, but it is approximately 0.25 acres in the northwest quadrant of an approximately 7.2-acre parcel, the entire 7.2 acres currently being addressed as 1817

Bishops Bridge Road in Knox County, Tennessee, south of the intersection of Bishops Bridge Road and Strathmore Road (also described as Parcels 154DA00101, 154DA00102, and 154DA00103 in the records of the Knox County Tax Assessor)

8. _____South Northshore Drive, Knoxville, Tennessee 37922, This site does not currently have a separate street address, but it is the northwest half of an approximately 1.91-acre parcel of land currently being addressed as 12629 South Northshore Drive inKnox County, Tennessee, approximately 1/4 mile southwest of the intersection of South Northshore Drive and Holder Lane (also described as Parcel 169 01601 in the records of the Knox County Tax Assessor)

9. _____South Northshore Drive, Knoxville, Tennessee 37922, This site does not currently have a separate street address, but it is the southeast half of an approximately 1.91-acre parcel of land currently being addressed as 12629 South Northshore Drive inKnox County, Tennessee, approximately 1/4 mile southwest of the intersection of South Northshore Drive and Holder Lane (also described as Parcel 169 01601 in the records of the Knox County Tax Assessor)

December 1, 2015

Ladies and Gentlemen:

We are pleased to present this option ("Option") to you for the lease ("Lease") of the real property and building described below, on the following terms and conditions:

Lessor:	WCO AL DP, LLC
Lessee:	OPEN ARMS CARE CORPORATION
Premises:	____ Bishops Bridge Road, Knoxville, Tennessee 37922 (This site does not currently have a separate street address, but is approximately 0.25 acres located on the south side of Bishops Bridge Road in Knox County, Tennessee, near the intersection of Bishops Bridge Road and Strathmore Road (also described as Parcel 154DA00103 in the records of the Knox County Tax Assessor).
Intended Use:	One (1) four-person ICF/IID facility (the "Facility").
Effective Date and Term:	The Effective Date of the Lease shall be the first day of the month after the exercise of this Option (as determined below), and the term of the Lease shall commence on the Effective Date and shall terminate and expire at 11:59 p.m. on the date which is fifteen (15) years after the date of the later of (i) licensure of the Facility by the Tennessee Department of Developmental and Intellectual Disabilities or (ii) certification of the Facility by the Bureau of TennCare (the "Certification Date").
Rent:	One Dollar ($1) per year from the Effective Date until the Certification Date for the Facility, and thereafter the rent shall be an amount consistent with then-prevailing fair market value rental rates and other lease terms and conditions for similar properties, the annual rent not to exceed Eighty-Eight Thousand Five Hundred Dollars ($88,500) per year, the exact amount to be set forth in the Lease, payable to Lessor in equal monthly installments in advance.
Other Lease Terms:	Other terms of the Lease shall be established by the parties at the effective date of the Lease, in the same format and general terms and conditions as the leases for other facilities concurrently being leased from Lessor to Lessee, subject to all such terms, conditions and amounts being consistent with

fair market values and other then-prevailing market terms and conditions.

In consideration of $10.00 cash in hand paid, the receipt and sufficiency of which are hereby acknowledged, Lessor grants to Lessee the option described above, which must be exercised within thirty (30) days of the final approval of the Certificate of Need application with regard to the Facility, as is currently pending before the Tennessee Health Services and Development Agency ("HSDA"), to allow the development and construction of the Facility as a four (4) person ICF/IID facility (the "CON"). Upon exercise of the option, the Lessor and Lessee shall in good faith negotiate the definitive terms of a lease agreement for the long-term lease of the Facility, all as described above. If such option is not exercised by such date, this Option shall terminate and be of no further force and effect.

Lessor and Lessee acknowledge that Lessor cannot obtain financing for the Facility until after the CON for the Facility has been approved by the HSDA. If for any reason financing acceptable to Lessor has not been obtained with sixty (60) days of the final approval of the CON, this Option shall terminate, with no further rights or obligations of either party to the other.

Sincerely,

WCO AL DP, LLC

By: _____

Title: _____

Accepted:

OPEN ARMS CARE CORPORATION

By: ROBERT J. TAYLOR IV

Title: PRESIDENT

fair market values and other then-prevailing market terms and conditions.

In consideration of $10.00 cash in hand paid, the receipt and sufficiency of which are hereby acknowledged, Lessor grants to Lessee the option described above, which must be exercised within thirty (30) days of the final approval of the Certificate of Need application with regard to the Facility, as is currently pending before the Tennessee Health Services and Development Agency ("HSDA"), to allow the development and construction of the Facility as a four (4) person ICF/IID facility (the "CON"). Upon exercise of the option, the Lessor and Lessee shall in good faith negotiate the definitive terms of a lease agreement for the long-term lease of the Facility, all as described above. If such option is not exercised by such date, this Option shall terminate and be of no further force and effect.

Lessor and Lessee acknowledge that Lessor cannot obtain financing for the Facility until after the CON for the Facility has been approved by the HSDA. If for any reason financing acceptable to Lessor has not been obtained with sixty (60) days of the final approval of the CON, this Option shall terminate, with no further rights or obligations of either party to the other.

Sincerely,

WCO AL DP, LLC

By: _____

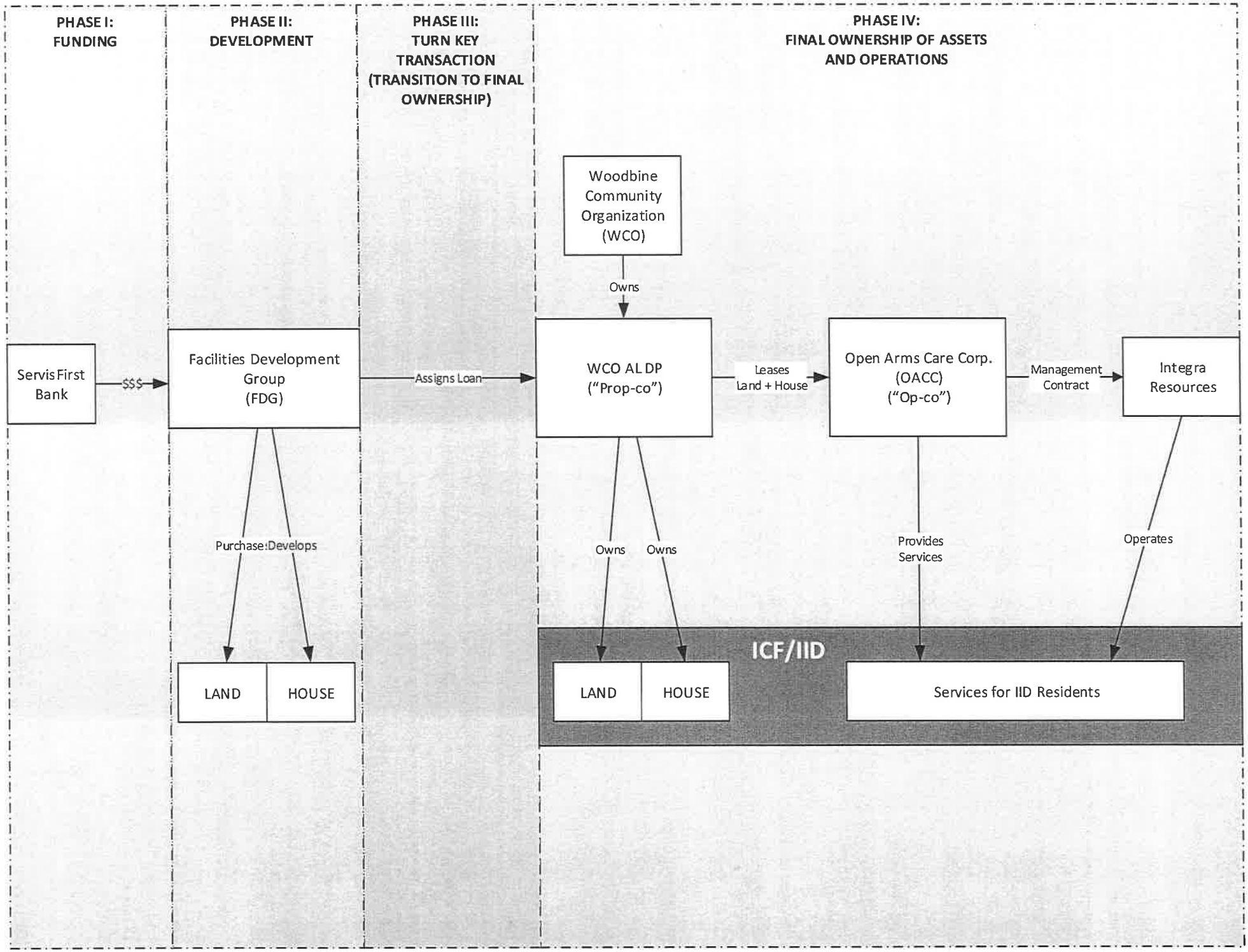
Title: President

Accepted:

OPEN ARMS CARE CORPORATION

By: _____

Title: _____


PHASE I:
FUNDING
PHASE II:
DEVELOPMENT
PHASE III:
TURN KEY
TRANSACTION
(TRANSITION TO FINAL
OWNERSHIP)
PHASE IV:
FINAL OWNERSHIP OF ASSETS
AND OPERATIONS
Woodbine
Community
Organization
(WCO)
Owns
Servis First
Bank
$$$
Facilities Development
Group
(FDG)
Assigns Loan
WCO AL DP
("Prop-co")
Leases
Land + House
Open Arms Care Corp.
(OACC)
("Op-co")
Management
Contract
Integra
Resources
Purchase:Develops
Owns
Owns
Provides
Services
Operates
ICF/IID
LAND
HOUSE
LAND
HOUSE
Services for IID Residents

Attachment A.6.2

Deed and Purchase Contract

Southern PROFILES Realty

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 Facilities Development Group, LLC and or assigns ("Buyer") agrees to buy and the undersigned seller Saad Al-Mafrachi ("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: 1817 Bishops Bridge Rd (Address) Knoxville (City), Tennessee, 37922 (Zip), as recorded in Knox County Register of Deeds Office, 65S deed book(s), 50 page(s), and/or _____ instrument number and as further described as: Quit Claim Deed 201407290005932 together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property."

   A. **INCLUDED** as part of the Property (if present): all attached light fixtures and bulbs including ceiling fans; permanently attached plate glass mirrors; heating, cooling, and plumbing fixtures and equipment; all doors, storm doors and windows; all window treatments (e.g., shutters, blinds, shades, curtains, draperies) and hardware; all wall-to-wall carpet; range; all built-in kitchen appliances; all bathroom fixtures and bathroom mirrors; all gas logs, fireplace doors and attached screens; all security system components and controls; garage door opener and all (at least na) remote controls; an entry key; swimming pool and its equipment; awnings; permanently installed outdoor cooking grills; all landscaping and all outdoor lighting; mailbox(es); attached basketball goals and backboards; TV mounting brackets (but excluding flat screen TVs); antennae and satellite dishes (excluding components); and central vacuum systems and attachments.

   B. Other items that **REMAIN** with the Property at no additional cost to Buyer: 3 separate lots, purchase as a whole or 7.2 acres, total of $120k for all 3 lots

   C. Items that **WILL NOT REMAIN** with the Property: na

   D. **LEASED ITEMS:** Leased items that remain with the Property: (e.g., security systems, water softener systems, fuel tank, etc.): na. 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 na; therefore, Seller shall have said lease cancelled and leased items removed from Property prior to Closing.

   E. **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 Purchase and Sale Agreement (hereinafter "Agreement"). The purchase price to be paid is: $ 120,000.00, One Hundred Twenty Thousand U.S. Dollars, ("Purchase Price") which shall be disbursed at Buyer's expense and paid to Seller or Seller's Closing Agency in immediately available funds 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.

   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

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Instant forms

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 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 the appraised value is equal to or exceeds Purchase Price, this contingency is satisfied. If the appraised value of the Property does not equal or exceed the Purchase Price, 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 and/or liens 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; insured Closing Protection Letter; association fees as stated within paragraph 4.E.; 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:
   customary charges to Buyer and Seller.
   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: Title Associates of Knoxville

Closing Agency for Seller: _____

Title Company: _____

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 na % 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**):

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☐ Conventional Loan ☐ FHA Loan; attach addendum

☐ VA Loan; attach addendum ☒ Other _____

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 section 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.

☒ **Financing Contingency Waived (THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT.)** (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: Lenders commitment letter (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 5 days after the Binding Agreement Date to Southern Profiles Realty (name of Holder) ("Holder") located at 18180 Beals Chapel Road, Lenoir City, TN 37772 (address of Holder), a Trust Money deposit of $ 1,500 by check (OR na) ("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 Trust Money paragraph or as specified in the Special Stipulations paragraph contained at paragraph 19 herein. Holder shall disburse Trust Money only as follows:

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

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

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(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 Warranties Transfer.**

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 31 day of January, 2016 ("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 the Seller at or prior to Closing unless otherwise agreed as follows:
not applicable per MLS.

D. **Warranties Transfer.** Seller, at the option of Buyer and at Buyer's cost, agrees to transfer Seller's interest in any manufacturer's warranties, service contracts, termite bond or treatment guarantee and/or similar warranties which by their terms may be transferable to Buyer.

E. **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 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 Closing Date, Buyer and Seller 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 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 is to be made in the name of Facilities Development Group, LLC and or assigns. The manner in which Buyer takes title determines ownership and survivorship rights. It is the Buyer's responsibility to consult the closing agency or attorney prior to Closing.

6. **Seller's Property Disclosure.** Pursuant to the requirements of the Tennessee Residential Property Condition Disclosure Act at Tenn. Code Ann. § 66-5-201, et seq. as amended, a Property Condition Disclosure Statement, Exemption, or if Buyer waives Disclosure, a Disclaimer, has been or will be provided prior to the Binding Agreement Date.

7. **Lead-Based Paint Disclosure (Select the appropriate box. Items not selected are not part of this Agreement).**
☒ does not apply. ☐ does apply (Property built prior to 1978 – see attached Lead-Based Paint Disclosure).

8. **Inspections.**

A. Buyer's Right to Make Inspection(s). All inspections/reports, including but not limited to the home inspection report, those required/recommended in the home inspection report, Wood Destroying Insect Infestation Inspection Report, septic inspection and well water test, are to be made at Buyer's expense, unless otherwise stipulated in this Agreement. The parties hereto agree that in the event Buyer shall elect to contract with a third party inspector to obtain a "Home Inspection" as defined by Tennessee law, said inspection shall be conducted by a licensed Home Inspector. However, nothing in this paragraph shall preclude Buyer from conducting any inspections on his/her own behalf, nor shall it preclude Buyer from retaining a qualified (and if required by law, licensed) professional to conduct inspections of particular systems or issues within such professional's expertise or licensure, including but not limited to inspection of the heating/cooling systems, electrical systems, foundation, etc., so long as said professional is not in violation of Tenn. Code Ann. § 62-6-301, et seq. as may be amended. **Seller shall cause all utility services and any pool, spa, and similar items to be operational so that Buyer may complete all inspections and tests under this Agreement.** Buyer agrees to indemnify Seller from the acts of himself, his inspectors and/or representatives in exercising his rights under this Purchase and Sale Agreement. Buyer's obligations to indemnify Seller shall also survive the termination of this Agreement by either party, which shall remain enforceable. **Buyer waives any objections to matters of purely cosmetic nature (e.g. decorative, color or finish items) disclosed by inspection. Buyer has no right to require repairs or alterations purely to meet current building codes, unless required to do so by governmental authorities.** ***In the event Buyer fails to timely make such inspections and respond within said timeframe as described herein, the Buyer shall have forfeited any rights provided under this Paragraph 8, and in such case shall accept the Property in its current condition, normal wear and tear excepted.***

B. Initial Inspections. Buyer and/or his inspectors/representatives shall have the right and responsibility to enter the Property during normal business hours, for the purpose of making inspections and/or tests of the Property. Buyer and/or his inspectors/representatives shall have the right to perform a visual analysis of the condition of the Property, any reasonably accessible installed components, the operation of the Property's systems, including any controls normally operated by Seller including the following components: heating systems, cooling systems, electrical systems, plumbing systems, structural components, foundations, roof coverings, exterior and interior components, any other site aspects that affect the Property, and environmental issues.

C. Wood Destroying Insect Infestation Inspection Report. If desired by Buyer or required by Buyer's Lender, it shall be Buyer's responsibility to obtain ***at Buyer's expense*** a Wood Destroying Insect Infestation Inspection Report (the "Report"), which shall be made by a Tennessee licensed and chartered pest control operator.

The foregoing expense may be subject to governmental guidelines relating to VA Loans (See VA/FHA Loan Addendum if applicable).

The inspection shall include each dwelling, garage, and other permanent structure on the Property excluding na for evidence of active infestation and/or damage. Buyer shall cause such Report to be delivered to Seller simultaneously with any repairs requested by the Buyer or the end of the Inspection Period, whichever is earlier. If the Report indicates evidence of active infestation, Seller agrees to treat infestation at Seller's expense and provide documentation of the treatment to Buyer prior to Closing.

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Requests for repair of damage, if any, should be addressed in the Buyer's request for repairs pursuant to Subparagraph 8.D., Buyer's Inspection and Resolution below.

D. Buyer's Inspection and Resolution. Within 30 days after the Binding Agreement Date ("Inspection Period"), Buyer shall cause to be conducted any inspection provided for herein, including but not limited to the Wood Destroying Insect Infestation Inspection Report AND shall provide written notice of such to Seller as described below. **In said notice Buyer shall either:**

(1) furnish Seller with a list of written specified objections and immediately terminate this Agreement via the Notification form or equivalent written notice, provided Buyer has conducted a Home Inspection or other inspection(s) as allowed herein, and in good faith discovers matters objectionable to Buyer within the scope of such inspection(s). As additional consideration for Buyer's right to terminate, Buyer shall deliver to Seller or Seller's representative, upon Seller's request, a copy of all inspection reports. All Trust Money shall be returned to Buyer upon termination.

OR

(2) accept the Property in its present "AS IS" condition with any and all faults and no warranties expressed or implied via the Notification form or equivalent written notice. Seller has no obligation to make repairs.

OR

(3) furnish Seller a written list of items which Buyer requires to be repaired and/or replaced with like quality or value in a professional and workmanlike manner. Seller shall have the right to request any supporting documentation that substantiates any item listed.

a. Resolution Period. Seller and Buyer shall then have a period of 60 days following receipt of the above stated written list ("Resolution Period") to reach a mutual agreement as to the items to be repaired or replaced with like quality or value by Seller, which shall be evidenced by the Repair / Replacement Amendment or written equivalent(s). ***The parties agree to negotiate repairs in good faith during the Resolution Period.*** In the event Seller and Buyer do not reach a mutual written resolution during such Resolution Period –a mutually agreeable written extension thereof as evidenced in an Amendment to this Agreement signed by both parties within said period of time, this Agreement is hereby terminated. If terminated, Buyer is entitled to a refund of the Trust Money.

☐ **E. Waiver of All Inspections. THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT. Buyer, having been advised of the benefits of inspections, waives any and all Inspection Rights under this Paragraph 8 (including but not limited to the Wood Destroying Insect Infestation Inspection Report).**

9. **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 3 day(s) prior to the 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 agreed to during the Resolution Period, if any, have been completed. Property shall remain in such condition until Closing 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.

10. **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 Mortgage Inspection 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,

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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.

11. **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 any geological issues present on the Property; for any issues arising out of the failure to physically inspect 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 Property; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for square footage or acreage 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/or 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 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.

12. **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.

13. **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.

14. **Home Protection Plan.** This is not a substitution for Home Inspection. Exclusions to coverage may apply. **(Select the appropriate box below. Items not selected are not part of this Agreement).**

☐ **Home Protection Plan.** _____ to pay $_____ for the purchase of a limited home protection plan to be funded at Closing. Plan Provider: _____.
Ordered by: _____ (Real Estate Company)

☒ **Home Protection Plan waived.**

15. **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

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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 governed by and 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), Completion of Repair Deadline (as defined in the Repair/Replacement Amendment), and Offer Expiration Date (as defined in paragraph 20 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 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 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 their 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 Property shall be borne by the 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. **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.

L. **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, 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 additional consideration being acknowledged. Any such supporting documents shall be provided for Seller's benefit only and Seller shall not disseminate the same

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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.

16. **Seller's Additional Obligations.** If Seller has any knowledge of an exterior injection well, a sinkhole as defined pursuant to Tenn. Code Ann. § 66-5-212(c), and/or a percolation test or soil absorption rate on the Property, Seller shall be obligated to counter this offer by disclosure of the existence of the above including any tests and reports unless disclosure has already been received and acknowledged in writing by Buyer. Seller shall also disclose in the same manner whether any single family residence located on the Property has been moved from an existing foundation to another foundation where such information is known to the Seller. Seller shall also be obligated to counter this offer to disclose if the Property is located in a Planned Unit Development (PUD) as defined pursuant to Tenn. Code Ann. § 66-5-213 unless said disclosure has already been received in writing and acknowledged by Buyer. If the Property is in a PUD, Seller agrees to make available copies of the development's restrictive covenants, homeowner bylaws, and master deed to Buyer upon request.

17. **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 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.

18. **Exhibits and Addenda.** All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement:
Agency Agreement, Disclaimer, Exclusive Representation Agreement

19. **Special Stipulations.** The following Special Stipulations, if conflicting with any preceding paragraph, shall control:
Buyer shall have right to conduct feasibility study.

Buyer shall be able to acquire all required licenses and permits from appropriate government agencies to make specific improvements to property.

Contingent upon Buyer receiving approval by the applicable State and local agencies for site use and site plans as required by Buyer for development of group home(s).

Buyer shall pursue approvals in a timely fashion to facilitate closing by January 31, 2016.

Seller shall grant a thirty day extension of the projected close date to meet deadlines imposed by delays in state and local agency approval, not under control of Buyer.

Seller shall provide Warranty Deed at closing.

20. **Time Limit of Offer.** This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not countered or accepted by 6:00 o'clock ☐ a.m./ ☐ p.m.; on the 5 day of Nov, 2015.

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.

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

485 Buyer hereby makes this offer.

486

487 **BUYER** Facilities Development Group | **BUYER**

488 11/03/2015 at 3 o'clock □ am/ ☒ pm | _____ at _____ o'clock □ am/ □ pm
489 **Offer Date** | **Offer Date**

490 Seller hereby:

491 ☒ **ACCEPTS** – accepts this offer.

492 □ **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).

493 □ **REJECTS** this offer and makes no counter offer.

494

495 **SELLER** Saad Al-Hafrachi | **SELLER**

496 11/5/15 at 1 o'clock □ am/ ☒ pm | _____ at _____ o'clock ☒ am/ □ pm
497 **Date** | **Date**

498 **Binding Agreement Date.** This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date")
499 the last offeror, or licensee of the offeror, receives notice of offeree's acceptance.
500 Notice of acceptance of the final offer was received on the 6 day of NOV, 2015 at 9:10 ☒ am/ □ pm
501 by Nick Alvaro (Name).

For Information Purposes Only:

Listing Company:	RE/MAX Preferred Properties, Inc.	Selling Company:	Southern Profiles Realty
Listing Firm Address:	5315 N. Broadway	Selling Firm Address:	18180 Beals Chapel Road
Firm License No.:		Firm License No.:	262333
Firm Telephone No.:	(865) 689-8100	Firm Telephone No.:	865-988-9191
Listing Licensee:	Alan Cottrell	Selling Licensee:	Nick Alvaro
Licensee License Number:		Licensee License Number:	318502
Licensee Email:	alancottrell12@gmail.com	Licensee Email:	nick@nickalvaro.com

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

HOA / COA Phone: _____ HOA/COA Email: _____
Property Management Company: _____
Phone: _____ Email: _____

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CLOSING DATE / POSSESSION DATE AMENDMENT # 1

Buyer: George Stevens

Seller: Saad Al-Mafrachi

Property: 1817 Bishops Bridge Rd Knoxville TN 37922

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 11/06/15 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:

The section not marked is not part of this Amendment.

☒ A. Closing Date: This transaction shall be Closed (evidenced by delivery of warranty deed and payment of purchase price), and this Agreement shall expire, at 11:59 p.m., local time, on the 31st day of March, 2016, 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.

☒ B. Possession: Possession of the Property is to be given:

- ☒ with delivery of deed and payment of purchase price; OR
- ☐ on _____ at _____ o'clock ☐ am/ ☐ pm, local time; OR
  - ☐ Occupancy Agreement attached.
- ☐ no later than _____ o'clock ☐ am/ ☐ pm, local time, on the _____ day after Closing.
  - ☐ Occupancy Agreement attached.

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 George Stevens	BUYER
11/24/15 at 11 o'clock ☒ am/ ☐ pm	_____ at _____ o'clock ☐ am/ ☐ pm
Date	Date

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

Saad Al-Mafrachi	
SELLER Saad Al-Mafrachi	SELLER
12/01/2015 at 2 o'clock ☐ am/ ☒ pm	_____ at _____ o'clock ☐ am/ ☐ pm
Date	Date

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Instanet forms

Sherry Witt
Register of Deeds
Knox County

154DA001

This instrument prepared by:
Daniel A. Sanders, BPR# 027514
Deputy Knox County Law Director
400 Main St., Ste. 612
Knoxville, Tennessee 37902

CLT NUMBER
154DA-001

OWNER/RESPONSIBLE TAXPAYER:
Saad Al-Mafrachi

Saad Al Mafrachi
9909 Misty Grove Lane
Knoxville,TN 37922

I certify that $31,531.50 is the consideration for this transfer, or the value of the property, whichever is greater.

Saad Al Mafrachi by p.
Affiant

Sworn and subscribed before me a Notary Public

CAROLINE E. H. SUDLOW
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. 3-6-2018
KNOX COUNTY

QUIT CLAIM DEED

KNOW ALL MEN BY THESE PRESENTS, KNOX COUNTY, TENNESSEE (hereinafter "Grantor") for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration received, herby bargains and sells, and does hereby grant, release, and forever quitclaim unto **SAAD AL-MAFRACHI**, his successors and assigns, Grantor's entire right, title, and interest in and to a certain real property in Knox County, Tennessee, described as follows:

DESCRIPTION

SEE EXHIBIT A, ATTACHED

This interest hereby quit claimed is subject to such limitations, restrictions and encumbrances as may affect the premises.

The Knox County Commission approved this transfer by Resolution R-14-6-802 on June 23, 2014.

The preparer of this deed did not conduct a title search or examination in connection with this instrument; therefore, the preparer does not warrant title. The preparer expresses no opinion as to the title the grantee will receive. The preparer of this deed makes no representation as to the status of title, property use, zoning regulations, or any matter except the validity of the form of this instrument.

IN WITNESS WHEREOF, Knox County, Tennessee, has caused its corporate name to be signed by its duly authorized officer on this 24th day of July, 2014

KNOX COUNTY, TENNESSEE

By: _____
TIM BURCHETT,
Knox County Mayor

STATE OF TENNESSEE)
COUNTY OF KNOX)

PERSONALLY appeared before me, the undersigned Notary Public in and for said County and State, Tim Burchett, and upon oath, acknowledged himself to be the Mayor of Knox County, Tennessee, and that he as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal at office this 24th day of July, 2014.

Notary Public

My Commission Expires: 3-6-15

COUNTERSIGNED
KNOX COUNTY PROPERTY ASSESSOR
JUL 29 2014
PHIL GALLARD
BY

KELLY R. MORGAN
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

Knox County Page: 1 of 2
REC'D FOR REC 07/29/2014 2:23:16PM
RECORD FEE: $13.00
M. TAX: $0.00 T. TAX: $116.67
201407290005932

EXHIBIT A

TAX SALE # 18B OWNER & ADDRESS	PARCEL # 364 DESCRIPTION
Testerman Construction Co., Inc. 7212 Kingston Pike Knoxville, TN 37919 **CLT #: 154DA-001**	**PROPERTY ADDRESS:** 1817 Bishops Bridge Rd 1100M x 1075M x IRR

LEGAL DESCRIPTION:

SITUATED in District Number Six (6) of Knox County, Tennessee, and without the corporate limits of the City of Knoxville, Tennessee and being known as all of that portion of property noted as "(not included)" and more specifically referred to as the "Pond Property" of the Farmington Subdivision, Unit 1, as the same appears of record in Map Cabinet E, Slide 246C, in the Register's Office for Knox County, Tennessee, to which specific reference is hereby made for a more particular description. Property is designated as Map 154DE A Parcel 001.

Being a part of the same property conveyed to Testerman Construction Company, Inc. by Paul P. Wilson, Trustee, by Warranty Deed dated August 10, 1976 of record in Warranty Book 1587, page 1134, in the Register's Office of Knox County, Tennessee.

ENCUMBRANCES:

1. Subject to the terms and conditions of the water agreement made between Cumberland Mountain Farms, Inc. and Thomas M. Schriver and wife, Patricia O. Schriver, said instrument dated July 23, 1959 and recorded in Deed Book 1117, page 163. Said agreement is a license and contains terms permitting it to be cancelled on 90 days written notice.
2. Subject to the easement conveyed to the First Utility District of Knox County, Tennessee, 15 feet in width, for the construction and maintenance of water lines, together with ingress, egress, and regress. Said instrument dated April 5, 1966, of record in Deed Book 1329, page 750, in the Knox County Register's Office.
3. Subject to the TVA flowage easements granted in Deed Book 738 page 219, Deed Book 723, page 9, and Deed Book 650, page 48, all of record in the Register's Office for Knox County, Tennessee.
4. Restrictions as shown by Map of record in Instrument No. 197709070032565 in the Register's Office of Knox County, Tennessee.
5. Easement - Including Generators and Fuel Supply System dated April 27, 2001 recorded by Instrument No. 200104270073428 in the Register's Office of Knox County, Tennessee.

BANKRUPTCY PROCEEDINGS: N/A as of November 3, 2009.

PROBATE PROCEEDINGS: N/A as of November 3, 2009.

TOTAL TAXES, INTEREST, PENALTY FEES AND COSTS THROUGH 2008, DUE TO KNOX COUNTY TENNESSEE AS OF SEPTEMBER 2011:

PLUS ADDITIONAL ADVERTISING AND MAILING COSTS.

Attachment B.1

DIDD Support Letter

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

August 11, 2015

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

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

Dear Director Hill:

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

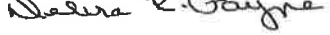
The need for these facilities has resulted from the national trend away from caring for persons with intellectual disabilities in large, congregate institutional settings to more integrated, smaller homes in the community. In 2006, Tennessee, believing this to be best practice, passed legislation which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

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

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

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

Sincerely,



Debra K. Payne
Commissioner

DKP:ts

Attachment B.2

November 4, 2015 DIDD Memo

Intellectual &
Developmental Disabilities

East Tennessee
Regional Office

November 4, 2015

RE ICF/IID Expansions and CON Development:

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

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

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

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

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

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

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

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

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

Respectfully,

Terry Jordan-Henley
Deputy Regional Director, East

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

Attachment B.3

Letter from DIDD Regarding Anticipated Residents

Intellectual &
Developmental Disabilities

September 1, 2015

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

Dear Mr. Schnell:

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

[redacted]

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

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

Respectfully,

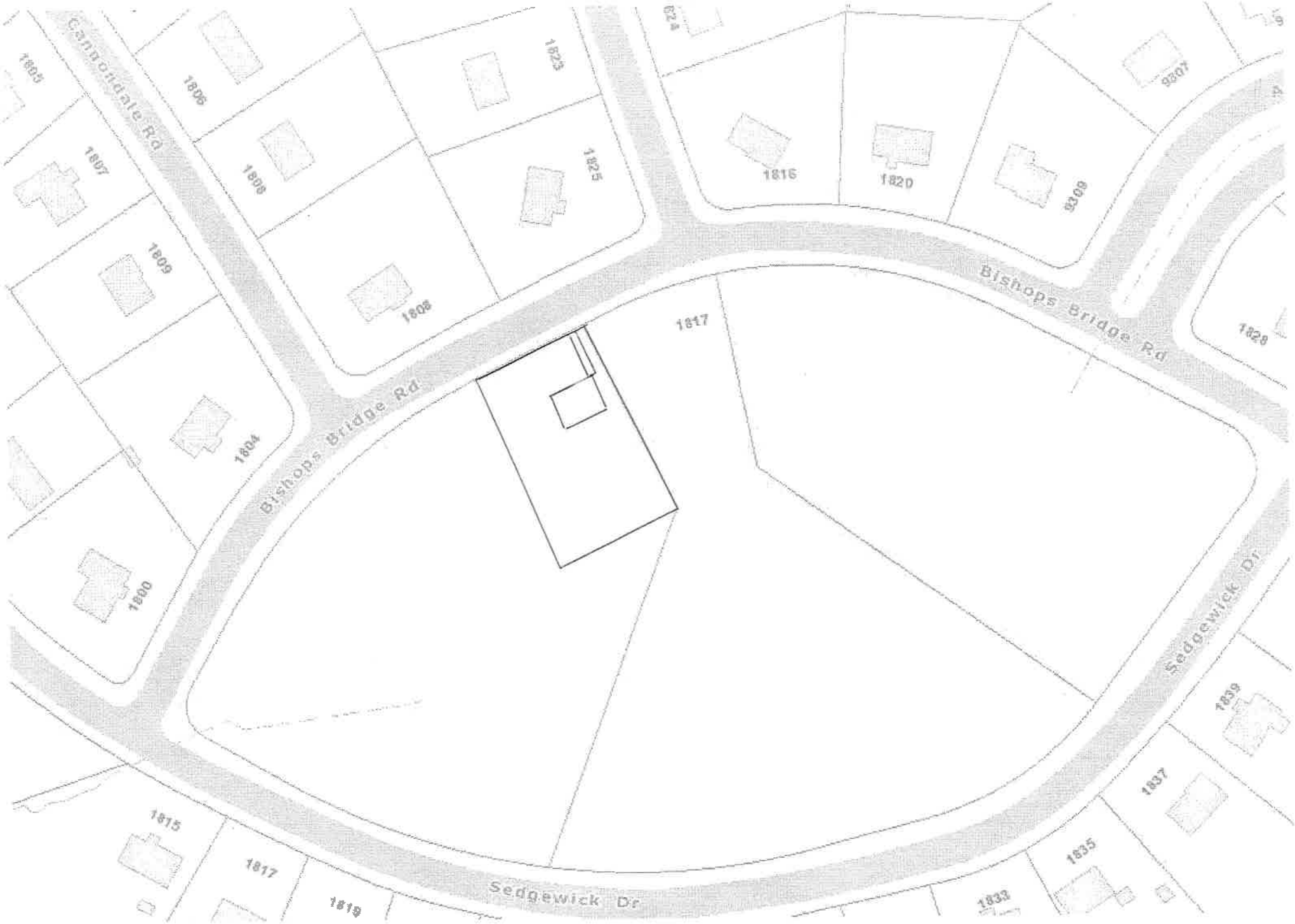
John Craven
Regional Director, East

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

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

Attachment B.III.A

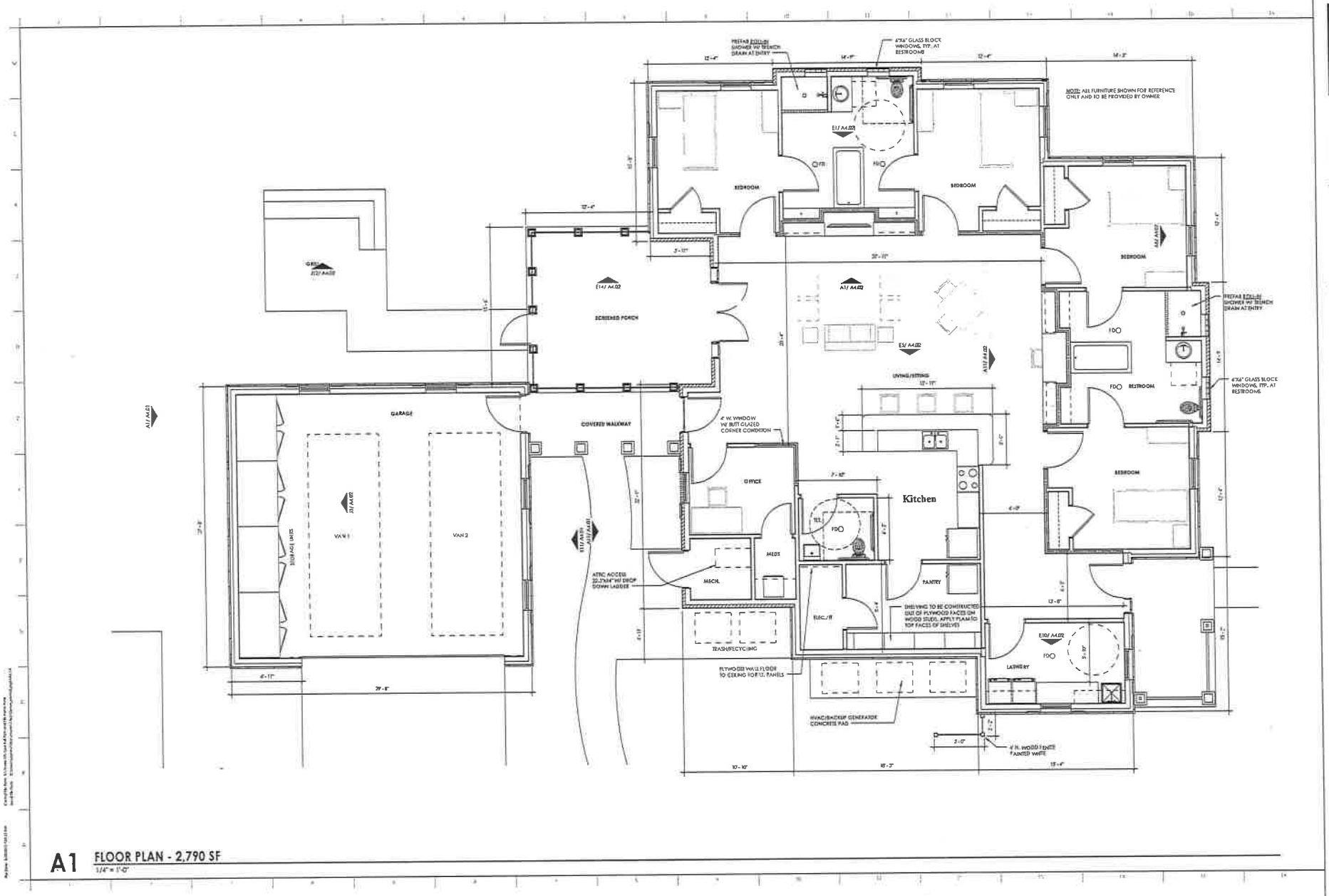
Plot Plan


Cannondale Rd
Bishops Bridge Rd
Bishops Bridge Rd
Sedgewick Dr
Sedgewick Dr
1805
1806
1807
1808
1809
1804
1800
1823
1825
1824
1816
1820
9307
9309
1817
1828
1839
1837
1835
1833
1815
1817
1819

Penwood Dr
(1800 - 1899) Cannondale Rd
(1801 - 1899) Strathmore Rd
Eighton Cir
Ebenezer Rd
(9201 - 9399) Ashmeade Rd
(9300 - 9399)
Bishops Bridge Rd
(1900 - 1999) Sedgewick Dr
Bishops Bridge Rd
Oakshire Cir
Penwood Dr
Sedgewick Dr
Sedgewick Dr (1815 - 1999)
(1900 - 1999)
(1900 - 1998)
Collingwood Rd (9300 - 9398)
Collingwood Rd
(9300 - 9398)
(1900 - 1998)

Attachment B.IV

Floor Plans



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

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211 Union
Nashville, TN 37201
615.248.4400

Open Arms 4 Bed House
Enter Address
Under Manage
Project Information

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

PLAN NORTH

PITCH NORTH

PRICING SET 06.18.12

ISSUE

Project Number 21.1220.00

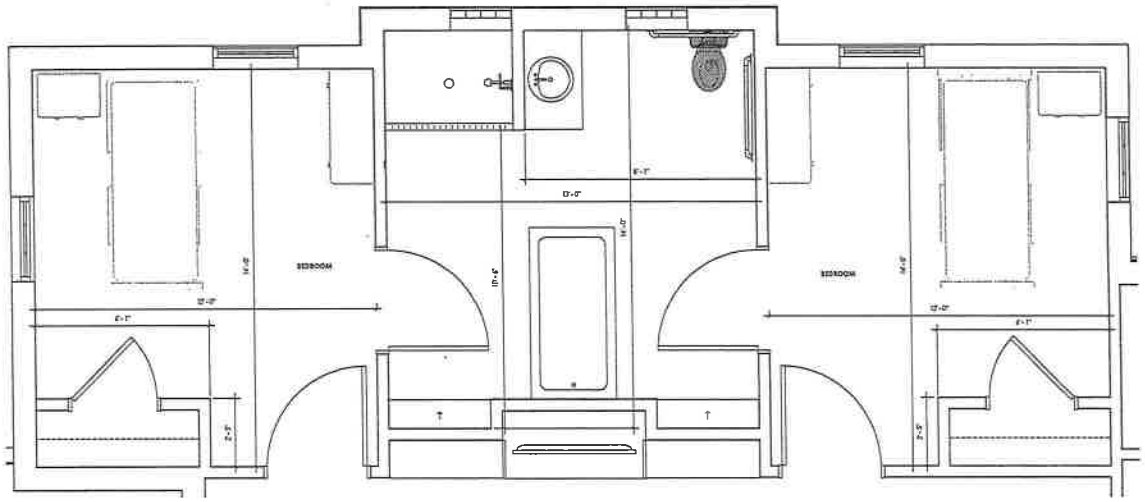
Project Director

Quality Assurance

Drawn By PO

4 BED FLOOR PLAN

A2.01



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

PRICING NOTES

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

2. PARTITION TYPES
A. PROVIDE 3/8" HIGH ABUSE GYP. BOARD UP TO 48" AFF., TYP., AT ALL INTERIORS. CONTINUE TYPE X GYP. BOARD FROM 48" AFF. TO CEILING
B. 1 HR. RATED WALLS HOISED ON FLOOR PLAN. NOTE: ALL RESIDENT BEDROOM/BATHROOM CEILINGS MUST BE 1 HR. RATED, PROVIDE DAMPERS/FIRE CAULKING AS NECESSARY

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

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

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

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

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

8. FLOORING
A. PROVIDE SHAWHAVARD SURFACE - MAHOGANY WOOD B - HETEROGENEOUS SHEET VINYL FLOORING THROUGHOUT, U.N.O.
*AS AN ADD ALTERNATE, PROVIDE SHAW HARD SURFACE - UNCOMMON GROUND 4 - HIGH PERFORMANCE LUXURY VINYL PLANK FLOORING
B. PROVIDE EPOXY FLOORING W/ 4" COVE AT ALL (2) RESTROOMS
C. PROVIDE SEALED CONCRETE FLOORING AT MECHANICAL AND ELEC/LL CLOSETS
D. PROVIDE POLISHED CONCRETE FLOOR AT GARAGE
E. PROVIDE BROOMED FINISH CONCRETE AT ALL SIDEWALKS AND GRILL AREA

9. WALL FINISH MATERIALS
A. APPLY C/S ACROVYN HIGH IMPACT WALL PROTECTION FINISH; ACROVYN SOLID COLORS, UP TO 36" AFF. AT ALL INTERIOR LOCATIONS. SEAMS TO BE 1/16" CAULK JOINT W/ STANDARD CLEAR CAULK
B. ALLOW FOR 4" H. PAINT GRADE CHAIR RAIL TO BE CONTINUOUS THROUGHOUT INTERIORS STARTING AT 36" AFF., PAINTED
C. ALLOW FOR 6" H. PAINT GRADE WOOD BASE TO BE CONTINUOUS THROUGHOUT INTERIORS, PAINTED
*AS AN ADD ALTERNATE, PRICE 4" PAINT GRADE WOOD BASE IN LIEU OF 6", PAINTED
D. ALLOW FOR 4" PAINT GRADE WOOD CROWN MOLDING AT ALL COMMON AREAS (LIVING/KITCHEN), PAINTED
E. PROVIDE BUILDING STANDARD, LOW VOC PAINT THROUGHOUT SUITE ABOVE CHAIR RAIL TO MATCH ACROVYN WALL PROTECTION COLOR
F. ALLOW FOR ACROVYN CORNER GUARDS (MAIN BIDDE ABSORBING CORNER GUARD AT ALL PROTRUDING CORNERS THROUGHOUT INTERIOR, FINISH: ACROVYN SOLID COLOR)
I. ALL FIRE ALARMS, SIRENS AND ALL WALL MOUNTED ASSETS TO BE LOCATED 12"-18" FROM CORNER OF ROOM, NO SENSORS LOCATED AT CENTER OF WALL AT ROOM.

10. CEILINGS/LIGHTING
A. PROVIDE PAINTED GYPSUM BOARD CEILINGS THROUGHOUT, U.N.O.
B. PROVIDE 6" RECESSED CAN CFL LIGHT FIXTURES THROUGHOUT, U.N.O.
C. PROVIDE T8X FLUORESCENT FIXTURES IN MECHANICAL, ELEC/LL, PANTRY, AND GARAGE.
D. PROVIDE (5) DECORATIVE PENDANT LIGHT FIXTURES, BUDGET $300/EA
E. RECESSED CAN LIGHTS IN RESTROOMS TO BE DAMP PROOF
F. PROVIDE VENTED METAL SOFFIT AS SHOWN ON RCP. COLOR: WHITE
G. PROVIDE (1) VANITY LIGHT OVER EACH SINK IN ALL THREE RESTROOMS. ALLOWANCE $300/EA
H. ALLOW FOR EXTERIOR SCONCES. ALLOWANCE $300/EA, REF. ELEVATIONS FOR LOCATIONS

11. ELECTRICAL & LOW VOLTAGE
A. ALL MIRROR OUTLETS TO BE SAFETY OUTLETS, FINISH: WHITE
B. ALLOW FOR CABLE/LAN/POWER OUTLETS AT (1) LOCATION IN EACH RESIDENT ROOM, BEHIND TV IN LIVING SPACE, AT COMPUTER WORK STATION, AND OFFICE
C. ALLOW FOR USB/DATA OUTLETS THROUGHOUT LIVING SPACE, KITCHEN, AND LL ROOM
D. ALLOW FOR NETWORKED ENERGY MANAGEMENT SYSTEM TO BE INSTALLED
E. ALLOW FOR 8 KW WHOLE BACKUP GENERATOR W/ AUTOMATIC TRANSFER SWITCH
F. ALLOW FOR (2) QUAD OUTLETS IN ELEC/LL ROOM
G. OUTDOOR LIGHTS IN LANDSCAPING TO BE SOLAR POWERED
H. ALLOW FOR (1) 3 TON 14 SEER UNIT TO CONDITION THE RESIDENT BEDROOM AND BATHS
I. ALLOW FOR (1) 4 TON 14 SEER UNIT TO CONDITION THE COMMON SPACES (EVERYTHING EXCEPT RESIDENT BED/BATH AREAS)

12. PLUMBING AND HARDWARE
A. ALL TOILETS TO BE ADA ACCESSIBLE
B. PROVIDE (1) ADA MIRROR ABOVE EACH RESTROOM SINK INCLUDING RESTROOM IN COMMON SPACE, BUDGET $300/EA
C. IN TENANT RESTROOMS, PROVIDE ADA COMPLIANT INTEGRAL VANITY SINK W/ BACKSPLASH AND APRON, FAUCET TO BE BRUSHED ALUMINUM ADA COMPLIANT, ALLOW FOR INSULATION OF TRAP
D. PROVIDE PRICING ALLOWANCE OF $200 FOR EACH RESIDENT RESTROOMS HARDWARE ACCESSORIES (TOWEL HOOK, TOILET PAPER HOLDER, TOWEL BAR X 2, GRAB BARS) ALLOWANCE DOES NOT INCLUDE FAUCETS
E. PROVIDE PRICING ALLOWANCE OF $200 FOR HARDWARE IN COMMON SPACE RESTROOM. ALLOWANCE DOES NOT INCLUDE FAUCET
F. IN COMMON SPACE RESTROOM, PROVIDE ADA COMPLIANT WALL HUNG SINK W/ SHROUD. ALLOW FOR BRUSHED ALUMINUM ADA COMPLIANT FAUCET
G. AT KITCHEN, ALLOW FOR COMMERCIAL FAUCET AND DOUBLE SINK, FINISHED BRUSHED ALUMINUM.
H. ALLOW FOR WATER LINE CONNECTION AT KITCHEN REFRIGERATOR
I. FLOOR DRAINS TO HAVE BRUSHED METAL COVERS. NOTE: PROVIDE TRAP PRIMERS AT FLOOR DRAINS
J. ALLOW FOR BACKFLOW PREVENTOR IN MECHANICAL ROOM
K. AUTOMATIC FIRE SPRINKLER SYSTEM REQUIRED NFPA 13D WITH QUICK RESPONSE HEADS. SMOKE ALARMS REQUIRED IN EACH RESIDENT ROOM
L. ALLOW FOR (1) AMERICAN STANDARD EVERCLEAN 72" X 36" WHIRLPOOL ACRYLIC TUB, MODEL: 7234. IN EACH RESIDENT BATHROOM.
M. ALLOW FOR RETROFIT FIRE ANSUL SYSTEM TO BE INSTALLED IN RANGE VENT HOOD
N. ALLOW FOR SEPTIC SYSTEM TO BE INSTALLED WITH 1,250 GALLON TANK AND LEACH FIELD

13. ADDITIONAL NOTES
A. ALLOW FOR GAS WATER HEATER
*AS AN ADD ALTERNATE, PRICE ELECTRIC WATER HEATER
B. ALLOW FOR DAMPERS IN CEILING THROUGHOUT TO ALLOW FOR ATTIC AIR CIRCULATION
C. PROVIDE SPRAY FOAM IN ATTIC W/ VENTILATION TRAYS UNDER ROOF SHEATHING FOR AIR CIRCULATION
D. ALLOW FOR $20,000 LANDSCAPING ALLOWANCE
E. ALLOW FOR $5,000 IRRIGATION ALLOWANCE FOR LANDSCAPING ONLY
F. ALLOW FOR GUTTERS AND DOWNSPOUTS AT ALL ROOF EAVES. CONNECT DOWNSPOUTS TO UNDERGROUND DRAINAGE, TAKE AWAY FROM BUILDING AND DAYLIGHT INTO LAWN
G. ALLOW FOR ICE/WATER SHIELDS AT APPLICABLE ROOF CONDITIONS
H. ALLOW FOR FIRE DAMPERS WHERE NECESSARY
I. ALLOW FOR 10'-0" X 20'-0" WHITE GARAGE DOOR W/ WINDOWS
J. ALLOW FOR SL/M-38 FOR EACH OVERHEAD TRACK. (2) TOTAL TRACKS
K. ALL APPLIANCES TO BE SUPPLIED BY OWNER
L. ALLOW FOR (4) INDOOR CEILING MOUNTED OBSERVATION CAMERAS W/ 8 CHANNEL RECEIVER
M. ALLOW FOR ACCESS PANEL TO EACH SPA TUB FROM LIVING ROOM SIDE OF WALL. (1) UNDER COMPUTER STATION LAMINATED WITH ACROVYN WALL PROTECTION, (1) UNDER TV IN CABINETS
N. REFER TO EXTERIOR ELEVATIONS FOR ALL EXTERIOR MATERIALS, COLORS TBD
O. ALLOW FOR (2) NETWORKED DUAL ZONE THERMOSTATS

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

PLOT PLAN | SITE PLAN

9 PRICING SET 08.28.12
△ Notes

Project Number 31.XXXXXX

Project Director
Quality Assurance
Drawn By PC

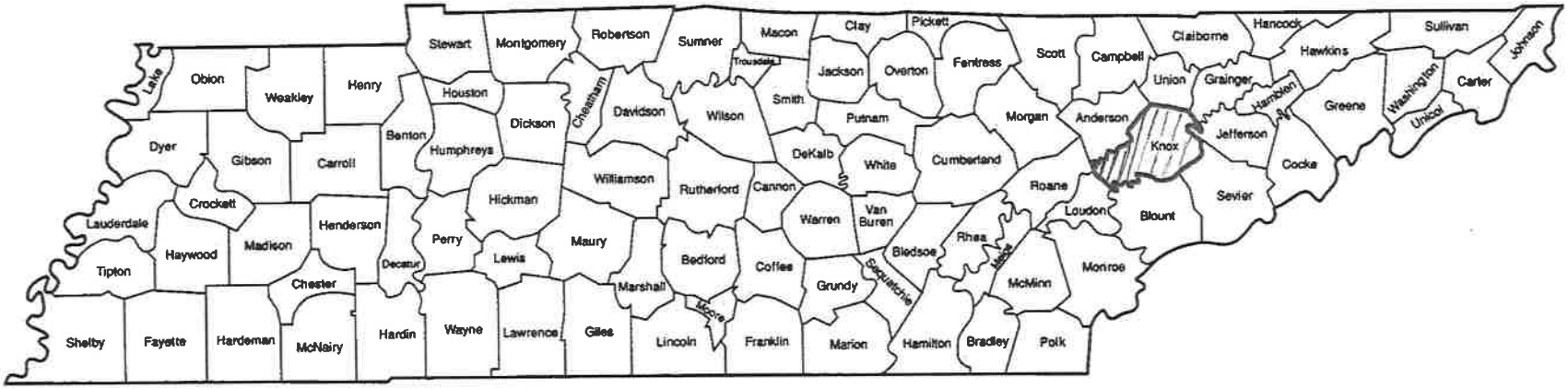
PRICING NOTES AND BATHROOM SUITE

A2.11

Attachment Need.3

Service Area Map

Knox County, Tennessee



Attachment C. Economic Feasibility – 1

Letter Supporting Estimated Construction Costs

November 17, 2015

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

Re: New Homes

Dear Freddie:

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

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

Sincerely,

Dave Johnston AIA
Principal

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HOUSTON
NASHVILLE

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

www.slgdesign.com

Attachment C. Economic Feasibility - 2

Documentation from Lender

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

November 20, 2015

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

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

Dear Ms. Hill :

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

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

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

Sincerely,

Bill Berrell
Senior Vice President
Director, Healthcare Banking

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

November 24, 2015

Servis 1st Bank

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

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

Dear Ms. Hill :

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

Sincerely,

Bill Berrell
Senior Vice President
Director, Healthcare Banking

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

November 24, 2015

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

RE: Open Arms Care Group Homes

Dear Ms. Hill:

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

Please let me know if you have any further questions.

Very truly yours,

FACILITIES DEVELOPMENT GROUP, LLC

By: Richard Brown

AGREED AND ACKNOWLEDGED:

WCO AL DP, LLC

By: Catherine L. Dodd

Attachment C. Economic Feasibility – 4 – Projected Data Chart

PROJECTED DATA CHART

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

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

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

Attachment C. Economic Feasibility - 10

Balance Sheet, Income Statement and Audited Financial Statement

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

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

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Consolidating Information

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

Lattimore Black Morgan & Cain, PC

Brentwood, Tennessee
May 26, 2015

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Balance Sheets

December 31, 2014 and 2013

Assets

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

Liabilities and Net Assets

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

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2014 and 2013

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

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

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

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(1) Organization

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

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

(2) Summary of significant accounting policies

(a) Principles of consolidation

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

(b) Cash and cash equivalents

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

(c) Investments and trusteed funds

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

(d) Property and equipment

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

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

(e) Bond issue costs and discount

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

(f) Performance indicator

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

(g) Federal income taxes

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

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

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

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

(h) Revenue recognition

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

(i) Use of estimates

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

(j) Events occurring after reporting date

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

(3) Credit risk

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

(4) Medicaid program

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

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

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

(5) Fair value measurements

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

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

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

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

(6) Trusteed funds

Trusteed funds consist of the following:

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

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

(7) Long-term debt

Long-term debt consists of the following:

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

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

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

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

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

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

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

(8) Investment income

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

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

(9) Commitments and Contingencies

Operating Lease Commitments

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

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

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

Healthcare Regulation

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

Healthcare Reform

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

Insurance

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

Litigation

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

(10) Related party transactions

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

(11) Functional expenses

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

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

(12) Retirement plan

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

(13) Subsequent events

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

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

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

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Balance Sheet

December 31, 2014

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

See accompanying independent auditors' report

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Balance Sheet (continued)

December 31, 2014

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

See accompanying independent auditors' report

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

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

For the year ended December 31, 2014

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

See accompanying independent auditors' report

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

10/12/2015

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

UNAUDITED

10/12/2015

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

	June ACTUAL	July ACTUAL	August ACTUAL	September ACTUAL	September BUDGET	September Var	YTD ACTUAL	YTD BUDGET	YTD Var
REVENUE									
Medicaid	$3,130,679	$3,221,959	$3,228,407	$3,126,748	$3,265,699	($138,951)	$28,265,601	$29,337,421	($1,071,820)
Resident Liability	109,395	105,600	106,126	106,126		106,126	962,884		962,884
Unrealized Gains (Losses)							(149,897)		(149,897)
Miscellaneous Income	15	70,769	848				71,707		71,707
Investment Income	728	595	594	576		576	178,322		178,322
Gain/ Loss-Asset Disposal	2,550						5,325		5,325
Donations	200	1,350	6				1,563		1,563
United Way Designations			145				196		196
Corporate Gifts & Grants							2,720		2,720
Support from OACF							1,829		1,829
Total Revenue	3,243,567	3,400,273	3,336,126	3,233,450	3,265,699	(32,249)	29,340,250	29,337,421	2,829
Capacity	256	256	256	256	0	(256)	256	0	(256)
Occupied Beds	255	253	254	255	0	(255)	255	0	(255)
Occupancy %	99.6%	98.8%	99.2%	99.6%	0.0%	(99.6%)	99.6%	0.0%	(99.6%)
Lost Revenue Days	25	91	73	32		(32)	333		(333)
WAGES									
Salary Wages	370,791	367,994	366,523	308,962	329,376	20,414	3,529,380	3,306,195	(223,185)
Regular Hourly Wages	1,124,275	1,171,711	1,188,009	1,152,262	1,143,671	(8,591)	10,180,340	10,358,541	178,201
Overtime Wages	61,211	70,580	93,314	83,598	49,498	(34,100)	568,893	445,498	(123,395)
Sick Wages	21,072	21,039	23,334	26,602	25,156	(1,446)	215,661	226,403	10,742
Incentive/Bonus Wages	200	2,882	(427)	2,050	2,922	872	14,165	26,308	12,143
Holiday Wages	6,646	63,671	6,177	65,341	38,685	(26,656)	319,973	348,173	28,200
Vacation Wages	77,240	73,434	71,760	61,678	67,165	5,487	572,012	604,496	32,484
Training Wages	3,461	3,775	2,962	3,845	3,320	(525)	32,123	29,880	(2,243)
Temporary Labor Services	6,982	16,059	17,224	24,427	6,802	(17,625)	125,271	61,218	(64,053)
Payroll Taxes	122,429	132,176	128,439	127,157	122,795	(4,362)	1,158,527	1,136,746	(21,781)
TOTAL	1,794,307	1,923,321	1,897,315	1,855,922	1,789,390	(66,532)	16,716,345	16,543,458	(172,887)
EMPLOYEE BENEFITS									
Medical/Hospital Benefits	260,018	229,558	265,978	247,877	260,272	12,395	2,339,367	2,397,712	58,345
Dental Insurance Benefits	4,703	4,971	4,967	4,709	5,184	475	44,020	46,802	2,782
Life Ins AD&D Benefits	13,856	14,568	13,969	13,702	14,285	583	128,671	130,283	1,612
403B Contributions	10,634	15,897	10,451	10,771	11,364	593	106,735	105,203	(1,532)
Workers Compensation	38,336	68,299	54,248	55,023	62,266	7,243	504,307	560,394	56,087
Staff Education-Tuition Reimb	2,588	588	3,983		2,774	2,774	22,120	24,966	2,846
Other Benefits	62	277	161	72	91	19	1,192	818	(374)
TOTAL	330,197	334,158	353,757	332,154	356,236	24,082	3,146,412	3,266,178	119,766
OPERATING EXPENSE									
Awards & Incentives	950	354	3,036	25,247	3,765	(21,482)	43,262	33,885	(9,377)
Bad Debt					807	807		7,263	7,263
Bank Charges	1,202	1,217	766	661	2,002	1,341	16,464	18,018	1,554

UNAUDITED

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

10/12/2015

	June ACTUAL	July ACTUAL	August ACTUAL	September ACTUAL	September BUDGET	September Var	YTD ACTUAL	YTD BUDGET	YTD Var
Client Lodging					44	44		396	396
Community Awareness	(170)				776	776	872	6,984	6,112
Consult/Contract-Ambulance		20					20		(20)
Consult/Contract-Audiology		305			75	75	325	675	350
Consult/Contract-Behav Spec	152	76	76	152	502	350	1,900	4,518	2,618
Consult/Contract-Dental	21,724	18,564	43,536	38,285	23,756	(14,529)	254,705	213,804	(40,901)
Consult/Contract-Dietary	5,745	7,324	7,874	8,120	5,789	(2,331)	72,475	52,101	(20,374)
Consult/Contract-O.T.	15,404	11,700	17,209	13,757	14,324	567	126,542	128,916	2,374
Consult/Contract-P.T.	9,659	9,923	10,335	8,861	9,146	285	84,436	82,314	(2,122)
Consult/Contract-Psychiatry	2,235	1,500	2,200	1,950	2,467	517	18,642	22,203	3,561
Consult/Contract-Psychology	10,127	4,009	7,561	3,839	5,346	1,507	55,304	48,114	(7,190)
Consult/Contract-Social Services	5,232	819	6,573	6,105	5,568	(537)	37,920	50,112	12,192
Consult/Contract-Speech	6,932	8,592	13,644	7,652	10,245	2,593	91,934	92,205	271
Consult/Contract-IT					125	125	165	1,125	960
Consult/Contract-Lab Fees	4	127	345	(341)	350	691	254	3,150	2,896
Consult/Contract-Hotline		231			78	78	463	702	239
Consult/Contract-Pharmacy	1,414	434	1,295	560	1,139	579	12,767	10,251	(2,516)
Consult/Contract-Physicians	14,300	14,643	14,197	14,202	13,600	(602)	128,241	122,400	(5,841)
Consult/Contract-RN	2,100		2,100	1,050		(1,050)	6,300		(6,300)
Consult/Contract-Vision	2,102	932	1,594	616	1,272	656	11,978	11,448	(530)
Directors' Fees & Expenses	12,910	5,833	5,833	7,083	8,333	1,250	61,953	74,997	13,044
Dues & Subscriptions	4,731	2,157	1,729	3,389	6,129	2,740	37,842	55,161	17,319
Equipment-Non Capital	14,388	9,047	32,085	32,639	12,296	(20,343)	133,420	110,655	(22,765)
Improvements-Non-Capital					646	646	2,982	5,814	2,832
Insurance	43,302	43,302	43,302	43,302	43,414	112	390,597	390,747	150
IT Support - PC/Laptop Support	8,502	10,088	10,016	9,415	7,999	(1,416)	79,438	71,991	(7,447)
IT Support - Network/Server	15,837	15,425	15,066	14,589	17,142	2,553	138,020	152,274	14,254
IT Support - Minor Equipment		3,041	10	5,423	1,115	(4,308)	57,420	10,029	(47,391)
IT Support - Shipping					44	44		396	396
IT Support - Special Projects			4,350		2,933	2,933	23,092	26,397	3,305
IT Support - Other					235	235		2,115	2,115
Janitorial Services	7,656	7,905	10,623	8,351	8,007	(344)	71,736	72,063	327
Late Fees/ Finance Charges	38	705	128	(51)		51	1,865		(1,865)
Leased Building & Storage	32,479	30,536	31,576	32,392	34,650	2,258	289,550	311,850	22,300
Leased Equipment	12,433	13,188	12,560	10,296	12,475	2,179	116,783	112,269	(4,514)
Leased Transportation Vehicles	28,234	28,042	29,431	29,526	39,236	9,710	251,852	374,924	123,072
Maintenance & Repair-Building	15,446	22,711	52,522	14,823	18,415	3,592	180,648	165,735	(14,913)
Maintenance & Repair-Equip	6,221	5,906	8,136	8,856	9,671	815	65,958	87,039	21,081
Maintenance & Repair-Grounds	9,898	9,036	15,199	9,052	8,759	(293)	78,901	78,831	(70)
Maintenance & Repair-Vehicles	14,379	6,665	14,323	9,499	10,034	535	86,388	90,646	4,258
Medical Equipment	1,792	480	79	1,402	1,520	118	10,514	13,680	3,166
Meetings	6,104	3,570	3,210	4,047	3,185	(862)	27,082	28,665	1,583
Miscellaneous - Unallowable				20		(20)	5,220		(5,220)
Network Expense	7,995	7,802	7,808	8,306	9,614	1,308	70,151	86,526	16,375
Payroll Expenses	14,285	19,644	15,277	15,250	16,733	1,483	152,715	150,597	(2,118)
Pest Control	2,743	664	3,723	1,500	2,159	659	20,657	19,431	(1,226)
Postage and Courier Services	1,585	951	2,313	1,364	1,604	240	13,609	14,436	827

UNAUDITED

10/12/2015

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

	June ACTUAL	July ACTUAL	August ACTUAL	September ACTUAL	September BUDGET	September Var	YTD ACTUAL	YTD BUDGET	YTD Var
Printing	74	321		2,258	499	(1,759)	4,936	4,491	(445)
Professional Fees-Audit	4,379	6,000	1,750	2,200	3,770	1,570	54,329	33,930	(20,399)
Professional Fees-Legal	11,248	1,491	348	(5,857)	11,759	17,616	42,232	105,831	63,599
Professional Fees-Other	4,300	4,420	14,275	13,750	2,111	(11,639)	67,851	18,999	(48,852)
Recreation - Clients	7,524	5,668	3,072	6,195	8,231	2,036	55,801	74,079	18,278
Security Services	1,726	260	780	7,773	2,357	(5,416)	21,777	21,213	(564)
Staff Education, Seminars	2,046	7,637	4,980	28	2,573	2,545	27,226	23,157	(4,069)
Staff Recruitment-Advertising	703	204	1,345	68	1,027	959	8,975	9,243	268
Staff Recruitment-PreEmploy	6,265	4,418	6,361	7,388	4,952	(2,436)	50,250	44,568	(5,682)
Staff Training Materials	2,140	3,423	3,348	599	2,533	1,934	20,910	22,797	1,887
Supplies-Cleaning and Laundry	9,564	8,111	11,926	10,409	9,755	(654)	89,327	87,795	(1,532)
Supplies-Client	7,577	6,861	7,588	8,323	6,332	(1,991)	66,346	56,988	(9,358)
Supplies-Clothing	1,380	305	788	728	1,292	564	8,975	11,628	2,653
Supplies-Food	76,125	73,045	71,059	74,541	71,949	(2,592)	637,732	647,541	9,809
Supplies-Food Supplements	4,634	6,161	4,946	8,819	5,693	(3,126)	48,382	51,237	2,855
Supplies-Non-food	6,492	5,188	7,306	7,352	5,647	(1,705)	53,390	50,828	(2,562)
Supplies-Medical	23,319	20,613	26,508	20,745	23,425	2,680	195,511	210,825	15,314
Supplies-Office	6,977	3,606	8,345	9,103	6,733	(2,370)	54,489	60,595	6,106
Supplies-Pharmacy-OTC	10,966	(1,633)	13,891	4,715	5,222	507	58,247	46,998	(11,249)
Supplies-Pharmacy-Rx	12,439	(1,901)	18,534	10,857	8,012	(2,845)	96,820	72,108	(24,712)
Supplies-Program	4,749	4,458	6,420	4,199	5,485	1,286	41,443	49,365	7,922
Supplies-Resident Decor/Linens	3,371	1,296	1,726	2,079	2,252	173	13,360	20,268	6,908
Taxes & Licenses-Business	12,010	2,425	800		3	3	49,973	39,447	(10,526)
Taxes & Licenses-Other	1,097	1,200	(800)	1,659	194	(1,465)	5,494	1,746	(3,748)
Taxes & Licenses-Provider	184,203	179,414	182,087	188,260	201,642	13,382	1,620,579	1,616,536	(4,043)
Taxes & Licenses-Transport	1,269	9	117		264	264	2,548	2,388	(160)
Telephone-Cell Phones	6,441	5,571	6,381	5,996	7,864	1,868	53,195	71,592	18,397
Telephone-Regular & Pagers	7,053	6,176	8,514	5,851	6,204	353	60,369	55,836	(4,533)
Telephone-Long Distance	448	310	237	387	531	144	2,814	4,779	1,965
Transportation-Gas, Oil, Detail	17,618	17,014	13,987	12,779	21,201	8,422	126,343	193,153	66,810
Travel-Airfare		1,144			256	256	1,144	2,304	1,160
Travel-Lodging	4,307	2,083	4,633	5,512	4,156	(1,356)	21,999	37,404	15,405
Travel-Meals & Entertainment	305	1,434	3,165	1,200	1,285	85	8,868	11,565	2,697
Travel-Mileage	4,140	3,679	4,242	3,992	4,176	184	32,315	37,586	5,271
Travel-Parking, Tolls, Auto	451	135	284	135	280	145	1,628	2,520	892
Utilities-Cable	3,236	2,954	3,841	3,406	3,216	(190)	29,690	28,944	(746)
Utilities-Electric	36,311	40,008	45,502	33,153	40,692	7,539	366,385	366,228	(157)
Utilities-Gas	1,170	555	1,809	820	2,514	1,694	20,176	22,626	2,450
Utilities-Propane					498	498	3,854	4,482	628
Utilities-Septic	1,100		2,200	1,100	1,257	157	9,900	11,313	1,413
Utilities-Water & Sewer	10,337	11,253	12,990	9,598	11,208	1,610	100,828	100,872	44
Integra - Cost of Operations	47,688	49,975	45,221	38,822	44,870	6,048	277,627	314,090	36,463
Integra - Management Fee	199,360	199,360	199,360	199,360	200,000	640	1,196,160	1,400,000	203,840
TOTAL	1,106,612	1,012,119	1,201,506	1,109,491	1,121,444	11,953	9,043,560	9,467,747	424,187
ALLOCATIONS									
Central Support Services	1	(1)			(1)	(1)	(1)	5	6

UNAUDITED

10/12/2015

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

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

UNAUDITED

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

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

March 26, 2015

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

Dear Ms. Teresa Coy :

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

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

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

Sincerely,

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

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

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

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

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

SIGNATURE OF DIDD REVIEWER OF P.O.C.	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
Kit R. Bellmine	3-26-15	Teresa Coy QAD	3.20.15

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

Reference Rule Number	Summary Of The Findings Of Non- Compliance With The Rules Referenced	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
	6010 Clayberry Rd: Cont-			
5-.02(1)	Closet doors marred by wheel chairs. Room #4 chest of drawers is blocking door from closing completely.	A	Chest of drawers has been moved to the other side of the room. Door is able to be closed completely.	03.11.15
2-.16	License not posted for public view.	A	License has been moved to the side foyer to enable public viewing.	03.15.15
	6011 Clayberry-			
4-.03(2)a	Flammables were stored in hot water heater room.	A	Items have been removed from the hot water heater room.	03.15.15
5-.02(1)	Bedroom #2 has missing tiles on baseboard and wall needs painting in immediate area.	A	Tiles will be replaced and painting will be completed.	05.08.15
5-.02(1)	Bedroom #1 needs painting at bottom of wall.	A	Damage was due to wheelchairs. Area will be patched and painted.	05.08.15
5-.02(13)	First Aid kit missing band aids and gauze pads.	A	First aid kit has been restocked.	03.15.15
6-.02(1)	Emergency procedures not on site.		Emergency books are being updated and will be placed in the group home.	05.08.15
2-.16	License not posted for public view.	A	License has been moved to the side foyer to enable public viewing.	03.14.15
	6505 Emory Rd-			
4-.03(2)a	Combustibles were found in furnace room and Hot water heater room.	A	Items were removed from the furnace room and hot water heater room.	03.15.15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATUR
Ken R. Bellhein	3-26-15	Teresa Coy QAD	3.20.15

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Reference Rule Number	Summary Of The Findings Of Non- Compliance With The Rules Referenced	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
	6505 Emory Rd- Cont-			
5-.05(13)	No lid on kitchen trash can at time of survey.	A	Trash can has been replaced.	03.12.15
2-.16	License needs to be posted for public view.	A	License has been moved to the side foyer to enable public viewing.	03.15.15
5-.02(1)	Bath room #2 has sharp edge where toilet paper holder had been located.	A	New toilet paper holder will be installed.	04.10.15
5-.02(16)	Bedroom #1 has light out in bathroom fixture.	A	Bulb has been replaced.	03.12.15
5-.02(1)	Bath room #3 has sharp edge where toilet paper holder had been located.	A	New toilet paper holder will be installed.	04.10.15
4-.06(2)a(4)	Emergency light near kitchen not working.	A	Maintenance will assess; then replace bulb or battery as needed.	04.10.15
	6509 Emory Rd-			
5-.03(1)	Two handles missing in Bedroom #3 Chest of drawers	A	Four decorative knobs will be purchased to the replace the drawer handles.	04.10.15
5-.02(16)	Bath room #4 has 1 light out in Bath room fixture.	A	Bulb will be replaced by maintenance	04.10.15
5-.05(13)	Garbage can lid missing in kitchen.	A	Garbage can replaced.	03.12.15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATUR
Kim R. Bellflower	3-26-15	Teresa Coy QAD	3.20.15

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Reference Rule Number	Summary Of The Findings Of Non- Compliance With The Rules Referenced	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
	6509 Emory Rd- Cont-			
5-02(2)	Range hood filter is dirty.	A	Range hood filter will be replaced.	04.10.15
5-.05(10)	The thermometer in the refrigerator was broken.	A	New thermometer purchased.	03.12.15
2-.16	License needs posting for public view.	A	License has been moved to the front foyer to enable public viewing.	03.12.15
	5407 Western #2-			04.15.15
5-02(16)	Bath room #1 has light out.	A	Light fixture will be replaced.	
5-.02(16)	Bath room #2 has light out.	A	Light bulbs were replaced.	03.14.15
5-.02(2)	Range hood filter is appears to be dirty/grease build up.	A	Range hood filter will be replaced.	04.10.15
5-.02(2)	Oven needs cleaning.	A	Oven was cleaned.	03.12.15
4-.03(2)a	Hot Water Heater Room has combustibles stored in room.	A	Paint has been removed from the hot water heater room.	03.14.15
5-.02(1)	Electrical panel is blocked in office area, needs 36'' of clearance.	A	Items will be removed / rearranged in the office to ensure 36" of clearance from the electrical panel.	04.10.15
2-.16	License needs posting for public view.	A	License has been moved to the side foyer to enable public view.	03.15.15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATUR
Ms. R. Bellwood	3-26-15	Teresa Coy QAD	3-20-15

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

SIGNATURE OF DIDD REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATUR
Ka R. Bellem	3-26-15	Teresa Op QAS	3.20.15

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

SIGNATURE OF DIDD REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATUR
Ken R. Bellingier	3-26-15	Teresa Coy RAD	3.26.15

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Reference Rule Number	Summary Of The Findings Of Non- Compliance With The Rules Referenced	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
2-.16	License needs posting for public view.	A	License is posted in a frame hanging in the front entrance to the Day Program. Immediately inside the front doors	03.15.15
	7812 Ball Camp Pike-			
5-.03(1)	First aid kit needs Band aids, Gauze pads, and Gauze bandages.	A	First aid kit has been restocked.	03.15.15
5-.02(1)	Bed Room #3 has chest of drawers missing handles.	A	New handles will be purchased and installed.	04.10.15
5-.02(1)	One Full oxygen tank not in stand for storage, in storage closet.	A	Oxygen tank has been removed.	03.15.15
4-.06(2)a	Bed room #2 has a broken toilet seat.	A	Toilet seat will be replaced.	04.10.15
4-.03(2)a	There are two Fire Extinguishers missing covers.	A	Fire extinguisher covers have been replaced.	03.15.15
5-.02(1)	Flammable items exist in the Furnace room as well as the Water heater Room.	A	Item will be removed from the furnace room and hot water heater room.	04.10.15
5-.02(1)	Electrical panel is blocked in office area, needs	A	Items will be removed / rearranged in the office to ensure 36" of clearance from the electrical panel.	04.10.15

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

SIGNATURE OF DIDD REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE
Hei R. Bellfie	3-26-15	Teresa Cup QAD	3.20.15

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Affidavit

DEC 11 '15 pm2:00

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

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

OPEN ARMS CARE CORPORATION

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

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

Judy Hoffman
NOTARY PUBLIC

My commission expires 10-16, 2016.

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

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

Michael Brent, Esq.
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application -- Open Arms Corporation d/b/a Knoxville County #2 Bishops Bridge (Northwest), CN1512-063
To establish a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on an unaddressed lot approximately 0.25 acres, in the northwest quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishops Bridge Road in Knoxville (Knox County), Tennessee 37922. The estimated project cost is $1,370,000.

Dear Mr. Brent:

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
Open Arms Corporation d/b/a Knoxville County #2 Bishops Bridge (Northwest), CN1512-063

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: Michael Brent

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

LETTER OF INTENT

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

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

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

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

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

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

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

Supplemental #1
-ORIGINAL-

Open Arms Corporation (Northwest Bishops Bridge Rd)

CN1512-063

SUPPLEMENTAL #1

December 22, 2015
3:53 pm

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

December 22, 2015

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

Dear Mr. Brent:

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

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

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

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

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

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

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

SUPPLEMENTAL #1
December 22, 2015
3:53 pm

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENTAL #1
December 22, 2015
3:53 pm

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

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

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

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

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

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

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

How far will the home be from the roadway?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

communities in which they live.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. ɔ 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

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

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

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

Sincerely,

Phillip Earhart
HSD Examiner

Enclosure

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Supplemental Attachment – Replacement Attachment B.III.A

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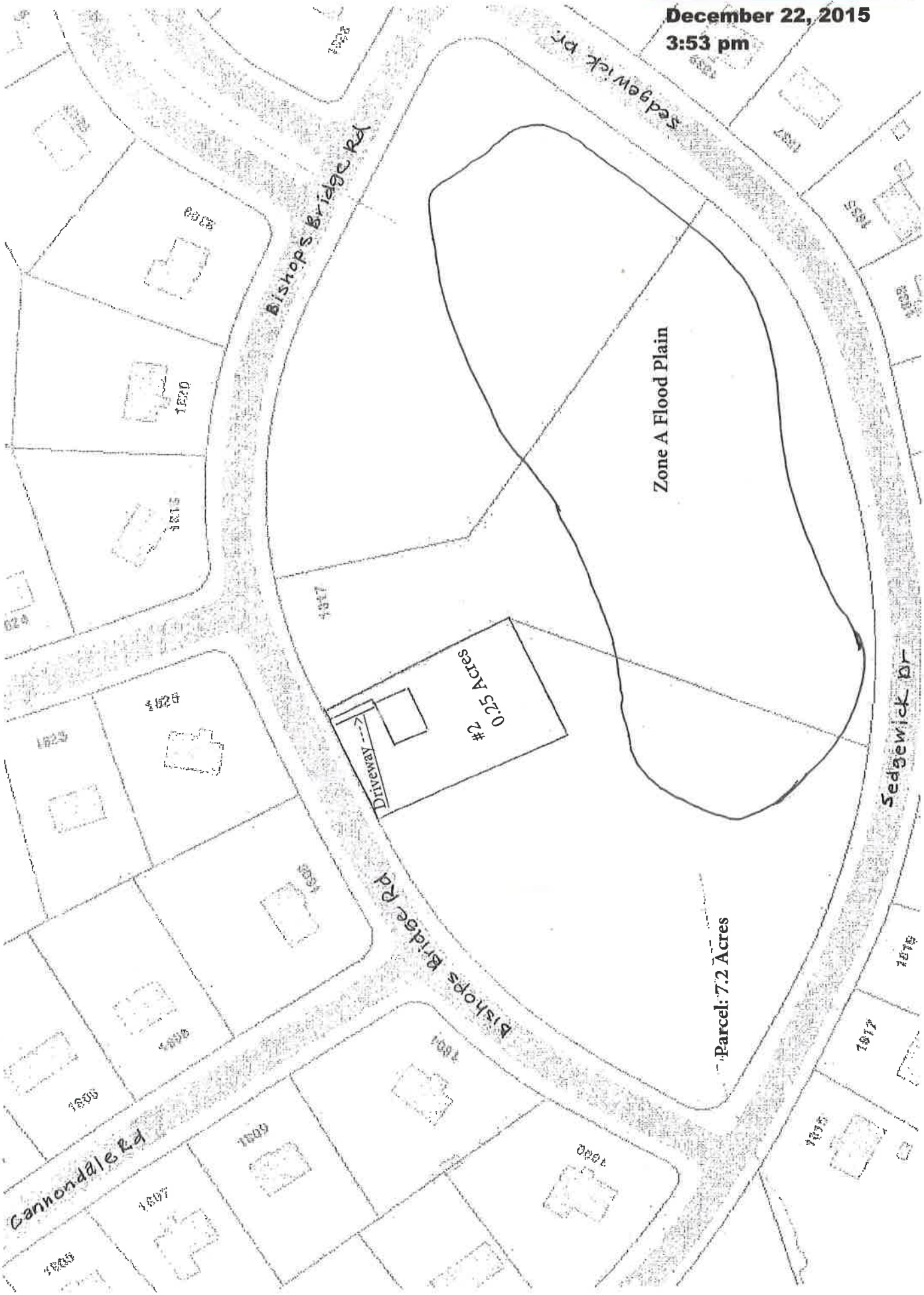

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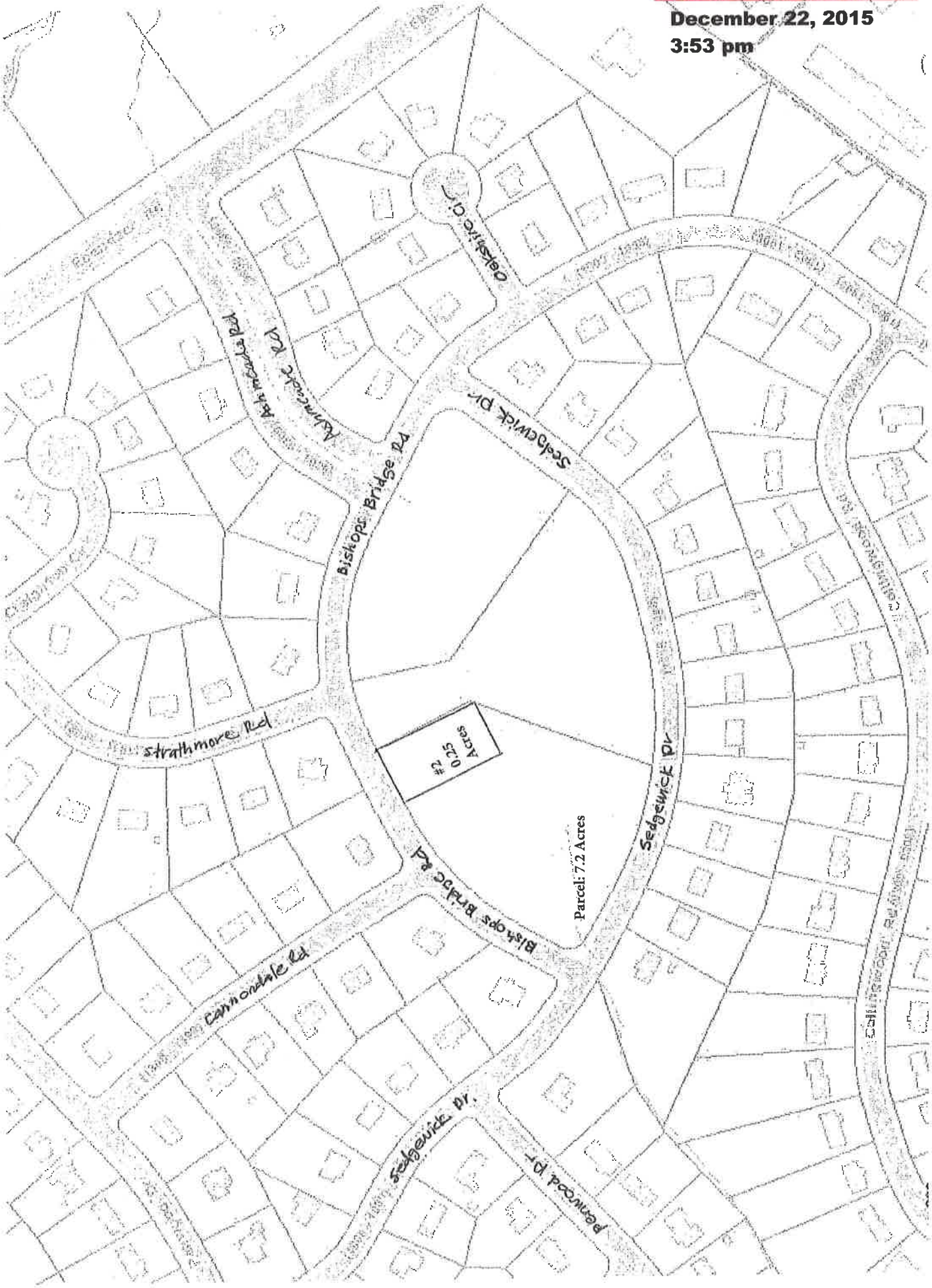

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FEMA's National Flood Hazard Layer (Official)

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

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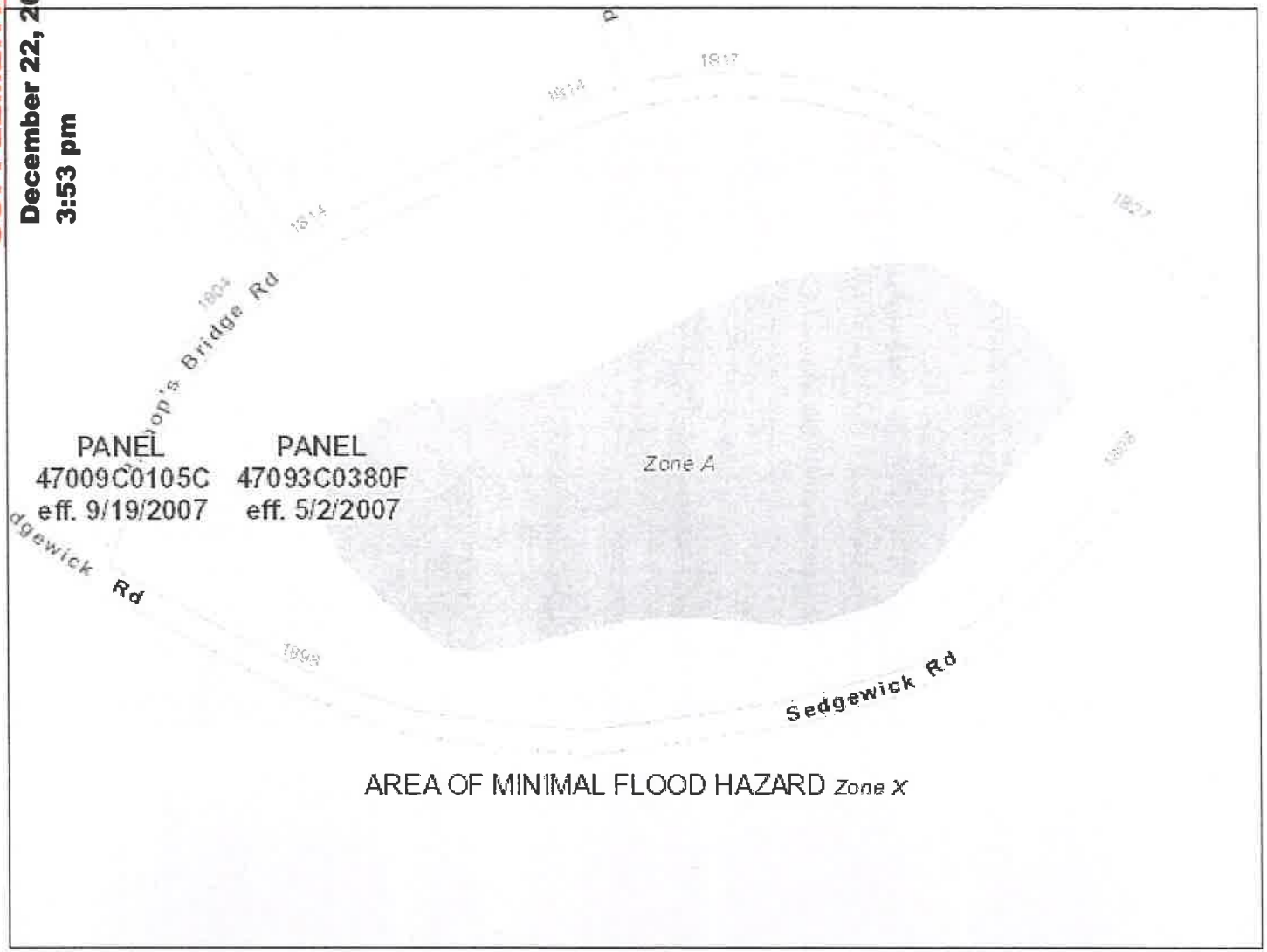

National Geospatial-Intelligence Agency (NGA); Delta State University; Esri | scott.mcafee@fema.dhs.gov | State of North Carolina DOT, Esri, HERE, DeLorme, INCREMENT P, NGA, USGS

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Supplemental Attachment – Replacement Attachment A.5.1

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AGREEMENT TO PROVIDE MANAGEMENT SERVICES

*OPEN ARMS-_____ Bishops Bridge Road**

___ Bishops Bridge Road, Knoxville (Knox County), Tennessee 37922*

Integra Resources, LLC, Manager

and

Open Arms Care Corporation, doing business as OPEN ARMS--_____ *Bishops Bridge Road, Owner

* This site does not currently have a separate street address, but is approximately 0.25 acres located on the south side of Bishops Bridge Road in Knox County, Tennessee, near the intersection of Bishops Bridge Road and Strathmore Road (also described as Parcel 154DA00101 in the records of the Knox County Tax Assessor)

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MANAGEMENT AGREEMENT

OPEN ARMS--_____ Bishops Bridge Road

THIS MANAGEMENT AGREEMENT ("Agreement"), effective as of the 1st day of ____, 2016, between OPEN ARMS CARE CORPORATION, a Georgia nonprofit corporation, doing business as OPEN ARMS--_____ BISHOPS BRIDGE ROAD ("Open Arms"), and INTEGRA RESOURCES, LLC, a Tennessee limited liability company ("Integra").

RECITALS:

WHEREAS, Open Arms, desires to provide for management of a facility providing intermediate care services for individuals with intellectual disabilities ("ICF/IID") located at --_____ Bishops Bridge Road, Knoxville (Knox County), Tennessee 37922, commonly referred to as OPEN ARMS---_____ BISHOPS BRIDGE ROAD, with a TennCare provider number of _____ (the "Facility") by Integra; and

WHEREAS, Integra desires to be engaged by Open Arms to provide such services;

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

1. **Open Arms as Provider.** Open Arms, as the official provider of record for TennCare/Medicaid purposes, shall hold all authorizations and licenses necessary or incidental thereto with respect to the Facility. Notwithstanding any other provision to the contrary herein contained, Open Arms shall at all times exercise ultimate control over the assets and operation of the Facility. It is understood and agreed that the relationship between the parties hereto is that of independent contractors, and nothing herein contained shall be deemed to create or authorize the creation of the relationship of partnership or joint venture between said parties.

2. **Integra's Obligations.** In accordance with the provisions of this Agreement, Integra shall assume day to day operational responsibility for each Facility and shall manage and operate the Facility efficiently in accordance with the standards prevailing in the ICF/IID industry. Without limitation, during the term of Integra's management of the Facility hereunder, Integra shall perform the following specific management services for Open Arms with respect to the Facility:

(a) In general, manage the Facility so as to meet all requirements of state and federal licensing, and reimbursement certification (as well as to meet the prevailing standards for applicable quality assurance and accreditation groups pertaining to the Facility), all as applicable to an ICF/IID facility, and provide care for the Facility's residents, which care shall include but shall not be limited to the providing or monitoring of:

(i) the medical and psychological condition of the residents, including maintenance of medical records;

(ii) the activities, both personal and familial, of the residents;

(iii) the dietary requirements of the residents;

(iv) physical therapy and day services programs for the residents; and

(v) the quality of life of the residents.

(b) Provide care and treatment to all of the Facility's residents, protecting their rights pursuant to applicable state and federal law, including laws pertaining to safe-guarding and accounting for residents' personal funds.

(c) Maintain each Facility and its premises in a state of good operating condition and repair, reasonable wear and tear excepted, and in a manner that conforms to the obligations of Open Arms pursuant to a Lease Agreement dated as of _____, 2016 between Open Arms, as tenant, and WCO AL DP, LLC, as landlord ("Landlord") (the "Lease"), and the Omnibus Agreement for Leases, as amended, originally dated as of April 1, 2015, between Open Arms and WCO AL DP, LLC (the "Omnibus Agreement").

(d) Provide well-qualified Integra employees to serve as the Market Area Director for the area where the Facility is located, senior "home office" management staff and other staff, all as required to meet Integra's obligations under this Agreement, which employees will have overall authority for the day to day operation and management of the Facility. The remaining day-to-day staff of the Facility, including the Facility administrator or director, shall consist of employees of Open Arms, provided, however, that Integra shall have full authority within the scope of this Agreement and the applicable approved annual Budget, to manage, hire, train, determine compensation for and, at Integra's discretion, fire such staff and employees. Integra covenants that it shall not discriminate against any such employee or any member of such staff, or applicant therefor, because of race, religion, color, national origin, sex, handicap, military status, age, or any other basis protected by law, all in accordance with applicable law.

(e) Subject to the limitations of Section 5 hereof, purchase on commercially reasonable terms in Open Arms' name and behalf, all equipment, repairs, improvements, furniture and fixtures required for the efficient operation of the Facility and to maintain the Facility in a state of good operating condition and repair, commensurate with the standards and quality of other similar facilities.

(f) Subject to the limitations of Sections 4(b) and 5 hereof, contract with third parties, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the rendition of the following services to Open Arms and to clients of Open Arms: (i) therapy services, e.g. occupational, speech and physical; (ii) medical services, e.g. medical doctors, nurses, pharmacists, psychologists, dentists and dieticians; and (iii) services related to maintenance of heating, ventilation and air conditioning, plumbing, security and other building and equipment systems, alarms, telecommunication systems, vehicles and copiers, all such services to be rendered at the Facility in the ordinary course

of business (hereinafter referred to as "Routine Services"). Additionally, with the prior written consent of Open Arms, which shall not be unreasonably withheld, Integra may sub-contract its management duties in the areas of ancillary services, financial services, accounting services, human relations services, staff development services, governmental relations and policy and forms development to one or more sub-contractors reasonably chosen by Integra, and which may be related to Integra (with any costs associated with such sub-contracting to be the sole expense of Integra). Otherwise, with respect to its obligations hereunder, Integra shall not contract with any Affiliate of Integra or its officers or directors. For purposes of this Agreement, an Affiliate shall mean any other person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, Integra. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Integra, whether through the ownership of voting securities, by contract or otherwise ("Affiliate"). Integra's authority to contract under this Section 2(f) shall include the authority to amend, modify or terminate any such contract.

(g) Integra will on a regular basis direct and coordinate the development of operational policies and procedures for the Facility and submit such recommendations to Open Arms for its input, review and approval. Integra will annually review and, as appropriate, prepare recommendations as to changes in operational policies and procedures for the Facility and submit such recommendations to Open Arms for its review and approval. Said policies and procedures shall meet all applicable state and federal licensing and reimbursement certification requirements, as well as the requirements of such quality assurance and accreditation groups as may have jurisdiction over the Facility.

(h) Perform all accounting, bookkeeping, and record keeping functions to enable Open Arms to meet the financial reporting, record keeping, and budgetary requirements of (x) the Lease (and any lender to the Landlord, as may be required by the Lease) (y) all applicable statutes, rules or regulations of governmental agencies and (z) Open Arms as described in this Agreement. All such reporting and record keeping shall be maintained on a calendar year, accrual basis. Integra shall arrange for the timely annual audit of the financial statements of Open Arms, and the preparation of the cost reports for the Facility by a nationally recognized firm of independent certified public accountants selected by Open Arms. The accounting and other services to be performed by Integra hereunder or under Integra's supervision with respect to the Facility shall include, but not be limited to the following:

(i) The preparation of monthly financial statements of operations and statistical reports for the Facility and combined monthly statements of operations for the Facility to be submitted to Open Arms within twenty-five (25) days after the end of each month.

(ii) The maintenance of all records for resident billing, billing for all accounts receivable and (to the extent practicable without undue expenditure of funds) collection of same and recommendations to

Open Arms for write-offs of uncollectible accounts receivable or contracted adjustments and the reasons for such recommendations.

(iii) The maintenance of all records for accounts payable and the payment of the same.

(iv) The preparation of support schedules and analyses for TennCare/Medicaid cost reports and Federal Form 990 information returns; and the review of Federal Form 990 returns and TennCare/Medicaid cost reports as prepared by external auditors.

(v) The preparation of all necessary reports and returns for all sales, use, ad valorem (for both real and personal property) and occupancy taxes.

(vi) The maintenance of a complete general ledger recording and summarizing the transactions of the Facility.

(vii) The maintenance of any other records required by the Lease.

(viii) The maintenance of records relating to the budgeting, approval, purchase, payment and reimbursement for capital improvement items (whether paid from the Reserve, the Depreciation Reserve Fund, or from capital improvement term loan advances (all as defined and described in the Omnibus Agreement, collectively "Capital Expenditures"); the generation and distribution of monthly reports on activity, and the preparation of reimbursement requests.

(ix) By the 25th day of the month following each calendar quarter and by the 25th day after each change in the Budget (as defined in Section 2(i) hereof), the delivery to Open Arms of a written report and analyses showing calculations with respect to Open Arms' compliance with each rate and liquidity covenant in the Lease for the period(s) in question.

(x) No later than the 25th day following the end of each calendar quarter, Integra shall prepare and submit to Open Arms a proposed quarterly cash flow budget projecting cash receipts and disbursements for the fifteen (15) months that begin with that quarter, based on the proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of short-term operating requirements and/or as to the sources and amounts of additional cash flow that may be required to meet operating requirements and capital requirements. Integra shall revise the cash flow budget quarterly and submit said revised

cash flow budget to Open Arms in accordance with the schedule described above in this Section h(x).

(i) Attached hereto as Exhibit A is the Facility annual operating budget (the "Budget") for the calendar year 20__. For each subsequent calendar year, Integra shall prepare and submit to Open Arms, no later than sixty (60) days before the beginning of each subsequent calendar year (unless a written extension of no more than twenty (20) days is granted by Open Arms), a proposed Facility annual budget, in the same format as Exhibit A, covering the operation of the Facility as follows:

(i) An annual operating budget setting forth an estimate of consolidated operating revenues and expenses of the Facility for the next calendar year, together with an explanation of anticipated changes in Facility utilization, reimbursement rates, staffing plan, scheduled training plan, non-wage costs, and all other factors differing significantly from the current year.

(ii) A three-year cash flow budget projecting cash receipts and disbursements for the next twelve (12) calendar quarters based on proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of operating requirements and/or as to the sources and amounts of additional cash flow that may be required to meet operating requirements and capital requirements.

(iii) An annual capital needs budget setting forth an estimate of anticipated capital expenditures anticipated to be needed for the Facility for the next calendar year, to be presented to the Landlord pursuant to the Lease.

(iv) At any other time that Integra reasonably determines that a current budget is not feasible, Integra shall submit promptly a revised budget to Open Arms for approval, together with a written explanation of the basis for any modification from the budget previously approved by Open Arms. Open Arms shall not unreasonably withhold its approval of the budgets (including any revised budget) submitted by Integra. In the event Open Arms fails to approve a budget submitted by Integra for any subsequent year, the operating budget for such year will be the budget of the previous year plus a three percent (3%) escalation of the total amount thereof.

(j) Use its best efforts to operate the Facility in accordance with the provisions of the Budgets submitted to and approved in writing by Open Arms.

(k) Subject to the limitations of Section 16 hereof, act as Open Arms' agent and diligently and competently represent Open Arms in any matter involving operational

issues, management issues, governmental issues, legislative issues and administrative issues, after promptly notifying Open Arms in writing of any such matter (other than notification of such matters that are reasonably deemed immaterial by Integra in scope and occur in the ordinary course of business, which notification shall not be required), said matters to include but not be limited to (i) any actions or determinations of or before any governmental agencies, including but not limited to those related to licensure of Open Arms or the Facility and TennCare/Medicaid rate adjustments; (ii) ad valorem tax liabilities or valuation determinations; (iii) EEOC issues or complaints or (iv) contracts necessary to perform day to day operational responsibilities.

(l) Operate the Facility in accordance with Open Arms' obligations under the Lease and other third-party contracts related to the operation of the Facility, and properly and punctually will perform all of Integra's obligations under this Agreement, unless otherwise directed by Open Arms, in a manner to cause Open Arms' compliance with its obligations under the Lease and said third-party contracts. Except as otherwise set forth herein, including but not limited to Section 5 hereof, Integra shall have no obligation to be financially responsible for funding any Costs of Operation (as that term is defined in Section 4(b)) or for funding the cost of any repairs, renewals or replacements, or make any payments under the terms of the Lease except from Open Arms' funds unless the need for any such payment, repair, renewal or replacement arises as a result of the negligence, malfeasance or breach of this Agreement by Integra. Nothing herein shall constitute a guarantee by Integra that the Facility, whether individually or collectively, will be able to meet the covenants or requirements set forth in the Lease or any other level of financial performance.

(m) Cause its representatives reasonably requested by Open Arms to attend quarterly meetings of the Board of Directors of Open Arms (and such other meetings of such Board as Open Arms may reasonably request) for the purpose of providing information and advice concerning the management of and issues related to the Facility. The direct out-of-pocket costs and expenses of attending any such meetings shall be deemed a part of the Costs of Operation.

(n) Arrange for architectural, engineering, and construction services in connection with any and all subsequent capital improvements to the Facility, and diligently oversee on behalf of Open Arms the construction of such capital improvements.

(o) Manage the Facility in a manner consistent with the maintenance of Open Arms' section 501(c)(3) status. In particular, but without limitation, Integra shall not evict any resident from the Facility for inability to pay any fees or charges without the prior written consent of Open Arms.

(p) Engage in all governmental and community relations activities which are reasonably appropriate for the successful reputation and operation of the Facility, and maintain good communications with governmental and other organizations, in regard to the operation and management of the Facility.

(q) Subject to the limitations of Section 5 hereof and Open Arms' prior written approval, contract, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the following:

(i) Insurance, including commercial auto, general and professional liability, workers compensation, property, excess liability and fidelity;

(ii) Employee benefits, including medical/hospital and life insurance for the Open Arms employees. Integra will coordinate audits necessary to verify the accuracy of submissions estimates and will provide the necessary policy maintenance services as required by the insurance carrier and the provisions of the insurance contracts.

(r) In conjunction with each insurance policy renewal or change in insurance coverage, provide Open Arms with a written understandable explanation of the new coverage's insurance benefits, claims procedures, and other pertinent information related to the new coverage, as well as the cost and experience history for the immediately preceding insurance coverage provided to Open Arms' employees.

(s) No later than the 30th day following the end of each month, provide Open Arms' Board of Directors with a written review of current operations, including information concerning periodic service reviews performed by Integra, and such other operational reporting reasonably sufficient for Open Arms' oversight responsibilities, including reporting of surveys, response to surveys, abuse reports and other special concerns.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

Notwithstanding the foregoing, Integra may begin assisting with the transition of the Facility to the services to be provided pursuant to this Agreement up to fifteen (15) days in advance of the effective date of this Agreement.

3. **Open Arms' Rights and Obligations.** During the term of Integra's management of the Facility hereunder, the obligations of Open Arms with respect to the management of the Facility shall consist of the following:

(a) In writing during the second quarter of each calendar year, and orally at each meeting of Open Arms' Board of Directors, to furnish to Integra a report on the goals and general policies of Open Arms and their implementation, as well as procedural guidance and direction for the operation of the Facility. Additionally, Open Arms shall periodically appoint and replace, in the discretion of Open Arms, individuals to serve on any "joint operating committee" for the Facility or similar group to oversee and offer advice to Integra with respect to the day-to-day operations of the Facility.

(b) At any time and from time to time, to examine, observe, and inspect the Facility, and any and all records and reports applicable thereto and to the services and functions of Integra.

(c) To consider the approval of the Budgets and annual plans submitted by Integra for the operation of the Facility, which approval shall not be unreasonably withheld.

(d) With the recommendation and assistance of Integra, to establish operating policies, standards of operation, admission policies, standards of service and maintenance and resident rates and other charges for the Facility's residents. Further, Open Arms, as Lessee, agrees to use diligent good faith efforts to comply with all of its obligations set forth in the Lease, without limitation on Integra's contractual obligations to effect such compliance on Open Arms' behalf.

(e) To assist with the establishment of policies affecting the Facility or the operation thereof which are not inconsistent with the responsibilities assigned to Integra under the terms of this Agreement.

(f) To play an active role in promoting the good will and public image of the Facility, their residents and, to the extent appropriate, Integra.

(g) To cooperate with Integra in executing all forms and returns required pursuant to applicable taxing statutes, rules and regulations and applicable governmental reimbursement programs.

(h) To use diligent good faith efforts to maintain its status as a corporation which is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code") and which is not a private foundation.

(i) To maintain its status as provider of record within the State of Tennessee, including but not limited to maintaining records and Board of Directors minutes addressing goals and services actually received under this Agreement, and the continuing need and effectiveness of such services.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

4. Revenues, Costs of Operations and Management Fee.

(a) During the term of Integra's management of the Facility hereunder, all revenues payable to the Facility shall be deposited into and paid out of one or more bank accounts established by Integra on behalf of Open Arms at a financial institution selected by Integra and approved by Open Arms and Facility Mortgagee under the Lease, which

approval shall not be unreasonably withheld, all in accordance with the provisions of any "Deposit Account Control Agreement" ("DACA") or similar agreement required pursuant to the Lease. Such revenues and other amounts shall be utilized for the payment of the following items on a monthly basis in the following order of priority: (i) the Costs of Operation; (ii) payments of rent; (iii) any outstanding cash advances made by Integra (pursuant to Section 5 below); (iv) any Management Fee (as defined in Section 4(c) below) for any prior periods; and (v) the Management Fee for the current period. Notwithstanding any modification or termination of the Lease, Open Arms shall make, or cause to be made, the payments specified above to Integra in an order of priority at least as favorable to Integra as that order required by the Lease prior to any modification or termination of the Lease subsequent to the date hereof. If the Revenues (as defined in the Lease) shall be insufficient to pay all of the amounts described in clauses (i) through (iv) of this paragraph, then such amounts shall be paid from and out of any other available funds in accordance with and subject to the limitations as set forth in the Lease.

(b) The Costs of Operation shall consist of (i) all costs and expenses properly incurred in the operation and management of the Facility and day services programs in accordance with the provisions of this Agreement, including matters referred to herein as Integra's responsibility, including but not limited to any salary, compensation, expense reimbursement or payments to, or benefits for, employees of Open Arms or Integra who work at the Facility (including Market Area Directors formerly employed by Open Arms and now employed by Integra) and the costs of repairs to, and maintenance of, the Facility (but not the cost of Capital Expenditures), (ii) all premiums or charges for insurance coverage as described herein with respect to the operations of the Facility or the employees described above, (iii) direct expenses and costs incurred in connection with the purchase of necessary supplies for the Facility, the furnishing of utilities to the Facility and other necessary services furnished by independent contractors for the Facility, (iv) any audit adjustments or payments required in connection with or as a consequence of any proceeding or appeal related to reports or the returns described in Sections 2(h)(iv) and or matters arising out of issues addressed in Section 2(k) hereof; (v) any ad valorem taxes payable with respect to the Facility and (vi) reasonable costs or expenses properly incurred by Integra on behalf of Open Arms, including costs incurred due to any change in the rules and regulations of any governmental authority with jurisdiction over the Facility which costs are required to be incurred to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility (the "Costs of Operation"). Prior written approval by Open Arms is required for each reimbursement. If it is reasonably deemed necessary by Integra for Integra to provide or arrange for direct care, supervisory support or consulting services on a temporary basis to the Facility, unless otherwise provided for herein, the reasonable expenses for providing these services will be charged to Open Arms and included in the Cost of Operations. Such expenses will include items such as employee or subcontractor wages, federal and state income taxes, benefits, travel and other direct charges, all of which shall be reasonable. If the temporarily assigned employee undertakes a work assignment for Open Arms that encompasses the period after a holiday and works at the Facility the day prior to the holiday but not on the holiday, the compensation paid to the employee for

that holiday will be charged to the Facility. Vacation expenses for the temporarily assigned employee will be included as a part of the benefit cost on a prorated basis.

(c) (i) The Management Fee shall be paid to Integra in accordance with the terms of this Section 4(c) (the "Management Fee").

(ii) Subject to adjustment as provided in this paragraph, the Management Fee payable to Integra shall be $50,530 per year. The Management Fee shall be increased annually during the term hereof by a percentage proportionate to any adjustment for inflation or cost of living applied by the Tennessee TennCare/Medicaid program (or successor program) with respect to costs utilized for purposes of determining applicable TennCare/Medicaid rates for such year, to be effective at the time of the adjustment in the TennCare/Medicaid rates received by Open Arms. In the event the Facility, or any replacement facility, shall no longer be operated under this Agreement, the Management Fee payable under this Agreement shall no longer accrue, commencing with the date following the cessation of such operation. Notwithstanding anything to the contrary contained herein, if an event of default has occurred pursuant to the Lease due to a the failure of Integra to comply with the requirements of this Agreement, and such Lease default has not been cured within sixty (60) days after the occurrence thereof, the Management Fee shall continue to accrue but payment thereof shall be suspended until such Lease default has been cured.

(iii) The Management Fee shall accrue beginning with the date of this Agreement, and each month's fee as accrued shall be (a) submitted for payment by Open Arms to the agent under any "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease within ten (10) days after Open Arms' receipt of Integra's invoice therefor; and (b) paid in accordance with the terms of such Deposit Account Control Agreement or similar agreement.

(d) To the extent amounts available for such purpose under the "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease in any month are not sufficient to pay the Management Fee or other amounts owed to Integra ("Other Amounts"), after giving effect for the last sentence of Section 4(a) hereof, any unpaid Management Fee and Other Amounts shall accumulate interest at a simple interest rate equal to one percent (1%) per annum commencing as of the payment due date(s) of the Management Fee and Other Amounts, and such past due Management Fee and Other Amounts plus accumulated interest thereon shall be paid promptly when revenues are sufficient to do so or other funds become available to Open Arms with which to make such payments. Such rate payable as determined in the preceding sentence shall be hereinafter referred to as the "Advance Rate."

(e) This Agreement is subject to that certain Subordination Of Management Agreements of even date herewith by and among Open Arms, Integra and Landlord (the "Subordination"), pursuant to which all Management Fees have been subordinated to the Lease and all payments of rent due thereunder, and all other amounts from time to time payable by Open Arms to Landlord, except as otherwise allowed pursuant to the Subordination.

5. **Capital Improvements and Working Capital.** To the extent not prohibited by law or the Lease, Open Arms shall have the obligation of advancing funds for all capital expenditures required by the rules and regulations of any governmental authority, and required to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility. Subject to Open Arms' prior written consent, which shall not be unreasonably withheld, and subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to advance funds, or require the Landlord to advance funds, for such capital expenditures required for the efficient operation of the Facility and to maintain the Facility in good condition, commensurate with the standards and quality of other similar facilities.

Integra is hereby authorized to incur expenses and liabilities in the ordinary course of rendering the services described herein in accordance with the Budget and to purchase individual capital assets necessary for each Facility but which are not set forth in the Budget which do not have an individual cost in excess of Five Thousand Dollars ($5,000) and a calendar year aggregate cost in excess of Fifty Thousand Dollars ($50,000), subject to the total amount approved in the annual expense budget for Cost of Operations. The determination of whether an expenditure constitutes a Capital Expenditure shall be made pursuant to Section 2(iii) and in accordance with generally accepted accounting principles.

Subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to provide all capital required to pay timely all Costs of Operation, the Management Fee, Capital Expenditures, and all obligations of Open Arms hereunder. Integra shall not be obligated to provide any working capital for the operation of the Facility, except that Integra shall be required to furnish working capital required to perform its obligations hereunder that are not to be underwritten by Open Arms.

6. **Term.** This Agreement shall commence at 12:01 a.m. on _____, 2016 ***[insert date of completion]*** (the "Commencement Date") and unless earlier terminated in accordance with Section 7 hereof, shall expire on _____, 2023 ***[insert date which is 7 years from date of completion]*** (the "Original Term"); provided, however, that this Agreement shall automatically renew for one (1) successive additional seven (7) year period unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Original Term (the "Initial Extension Term"). Additionally, this Agreement shall automatically renew for successive one (1) year periods after the end of the Initial Extension Term, unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Initial Extension Term or any successive one (1) year period pursuant to the automatic renewal provisions or any agreed extensions. Except as otherwise set forth herein, the term of this Agreement shall not end on less than one hundred eighty (180) days prior notice

to allow Open Arms or a successor manager of the Facility ample time to transition operations and continue care and services so as not to harm the residents of the Facility.

7. **Default, Right to Cure and Termination.**

(a) Each of the following shall be deemed to be an "Event of Default" hereunder:

(i) If Integra fails to maintain and operate the Facility according to the standards established or imposed hereunder or by any applicable laws or regulations or governmental agencies having jurisdiction or authority over the Facility, other than solely by reason of the failure of Open Arms (unless the failure of Open Arms is due to any acts or omissions of Integra) to comply with its obligations thereunder or hereunder.

(ii) If the certificates and authorizations for the Facility to participate under the TennCare/Medicaid program (or successor program) are suspended, canceled or revoked because either party has failed to perform its obligations hereunder and such party is not, in good faith, diligently pursuing the reinstatement of such certificates and authorizations as set forth in paragraph (b) of this Section 7.

(iii) If either party is or becomes insolvent or makes an assignment for the benefit of creditors or commits an act of bankruptcy or files a voluntary petition under the provisions of the United States Bankruptcy Code, including without limitation, a petition for reorganization or arrangement or consents to an involuntary petition or is adjudicated a bankrupt.

(iv) If either party violates, or is in breach of, any material term or condition of this Agreement. For purposes of this paragraph (iv), without limitation, (y) the failure of either Integra or Open Arms to operate the Facility in accordance with the provisions of the Budgets submitted to and approved by Open Arms or (z) the non-payment of any Management Fee or Other Amounts (as defined in Section 4(d) for a period of sixty (60) days, shall be considered a breach of a material term of this Agreement

(b) Upon the occurrence of an Event of Default, the party not responsible for the Event of Default (the "Non-Defaulting Party") may declare this Agreement terminated; provided, however, that with respect to subsections 7(a)(i) - 7(a)(iv), this Agreement may be terminated by the Non-Defaulting Party only in the event the other party (the "Defaulting Party") fails to cure the Event of Default within thirty (30) days after written notice from the Non-Defaulting Party, which notice shall specify in sufficient detail all material information known by the Non-Defaulting Party concerning the specific circumstances of the Event of Default so as to give the Defaulting Party

adequate notice and the opportunity to cure same; provided further the Non-Defaulting Party shall not have the right to terminate this Agreement if at the end of such thirty (30) day period, cure of the Event of Default is reasonably foreseeable, the Defaulting Party has taken reasonable steps to cure the Event of Default within said period, and the Defaulting Party proceeds diligently thereafter to cure the Event of Default. Notwithstanding anything to the contrary contained herein, upon an event of default under the Lease, which default continues after the giving of any required notices and the expiration of any cure periods provided for in the Lease and which has not been waived or cured as provided in the Lease, Open Arms shall have the right to terminate this Agreement upon written notice given to Integra.

(c) (i) Upon termination of this Agreement for any reason other than (A) by reason of Integra being responsible for an Event of Default, or (B) Integra's election not to extend this Agreement at the end of the original term or any renewal term, any outstanding accrued Management Fee, Other Amounts, and advances by Integra to Open Arms pursuant to Section 5 hereof (collectively, "Open Arms Obligations") shall become immediately due and payable.

(ii) Subject to the terms and conditions of the Lease, upon termination of this Agreement by reason of Integra's election not to extend this Agreement at the end of the original term or any renewal term, any Open Arms Obligations shall be payable by Open Arms to Integra in twelve (12) equal monthly installments, commencing thirty (30) days after the effective date of such termination, together with simple interest accruing from such effective date at the Advance Rate, payable monthly in arrears.

(iii) Notwithstanding any other provision to the contrary contained in this Section 7(c), any payments to Integra upon termination of this Agreement for any reason shall be made only in accordance with and as limited by the restrictions set forth in the Lease.

8. **Insurance.** On behalf of, and at the expense of Open Arms, Integra shall use its best efforts to procure and maintain in full force and effect on a cost-effective basis all insurance coverage required by the Lease, or by any lender to the Landlord, or by any governmental authority with jurisdiction over the Facility, to the extent such insurance coverage requirements are stricter than any specific insurance requirements contained herein. Integra shall provide Open Arms with written evidence of such coverage at the time of inception of coverage, on an annual basis thereafter, and at any other time as requested by Open Arms, which insurance may be provided on a multi-facility basis with other facilities operated by Open Arms.

All such insurance to the extent appropriate will name Integra, Open Arms, and to the extent required by the Lease, the Landlord and any lender to the Landlord, as co-insured parties or additional insured parties. The premiums for all insurance coverage which directly insures the risks of the Facility shall be paid by Open Arms as part of the Costs of Operation. Open Arms and Integra hereby each waive any right of recovery against the other party for any

claims that may be brought for any loss which is covered by fire and extended coverage insurance upon or relating to the Facility and the furnishings and equipment thereon to the extent such claims are paid by said coverage. This waiver of subrogation shall be valid and binding only in the event it is recognized and accepted by the fire and hazard insurance companies under policies obtained hereunder.

(a) Integra shall use its best efforts to (i) secure certificates of insurance for Open Arms, (ii) maintain the original of such policies at the office of Integra, (iii) deliver duplicate copies of the policies to Open Arms and the Landlord, and (iv) procure endorsements thereto prohibiting any termination or cancellation thereof until the expiration of thirty (30) days' after written notice of cancellation to all named insureds.

(b) In addition, Integra shall procure and maintain in full force and effect during the term hereof, to cover acts and omissions during the term of its services hereunder (i) $1,000,000 each occurrence/$1,000,000 aggregate general and professional liability insurance coverage, (ii) $1,000,000 each occurrence/$1,000,000 aggregate bodily injury and property damage insurance, as supplemented by general liability coverage under a $5,000,000 umbrella policy and (iii) workers' compensation insurance coverage with limits not less than those limits carried by Open Arms respect to the Facility during the one year period prior to the date hereof, in order to insure itself against normal business risks inherent in its operation and management of the Facility and shall, to the extent possible without increases in premiums unless said increases are paid by Open Arms after Integra gives reasonable notice to Open Arms thereof, cause Open Arms to be named as an additional insured thereunder, to the extent its interests appear, on the policies evidencing such insurance. As reasonably requested by Open Arms from time to time, Integra shall provide Open Arms with written evidence that such insurance coverage remains in full force and effect.

(c) In addition, Integra shall procure and maintain in full force and effect fidelity insurance coverage on a loss discovered basis (including crime, employee dishonesty, including third party coverage) to insure against damages resulting from such acts or omissions by Integra or any of its contractors or agents which take place during the term of this Agreement. All such insurance coverage shall have a limit of not less than $1,000,000, with a deductible of not more than $10,000, shall name Open Arms as an additional named insured, and shall contractually require the carrier to inform Open Arms immediately in the event of any pending lapse in coverage for any reason. Simultaneously with the execution of this Agreement, Integra shall furnish Open Arms with a Certificate from said carrier evidencing the effectiveness of such insurance coverage.

9. **Use of Premises.** Integra shall not, without the prior written consent of Open Arms, at any time use the Facility or any portion thereof, or permit the Facility or any portion thereof to be used for purposes other than an ICF/IID facility in compliance with all applicable rules and regulations of the United States and the State of Tennessee.

10. **Right to Inspect.** At any time during regular business hours, and at any time outside regular business hours if prior telephonic notice during regular business hours is given to

the designated official of Integra having on-site management responsibility for the Facility, Open Arms or its representatives shall have the right to inspect the financial and other records in the actual or constructive control of Integra (and to make copies of documents as appropriate and at their expense) related to the Facility, including but not limited to books, records, data files and reports (electronic or otherwise) prepared by Integra or any other person or entity by or on behalf of Integra and maintained by Integra or such other person or entity at or in connection with the Facility with respect to in the performance of its services hereunder and the condition of the Facility.

11. **Books and Records.** All books, records, data files and reports prepared by Integra for or in connection with the management of the Facility and maintained by Integra at the Facility or at any location other than the Facility shall be available for inspection and copying by Open Arms or its representatives or the Landlord at their own expense and during normal business hours with prior written notice to Integra. It is agreed and understood that computer software and the users manuals for such software developed or acquired by Integra or used by Integra employees in connection with the management of the Facility shall not be considered "books, records, data files and reports" as those terms are used in this Section 11, provided that printouts of data generated by use of such software shall be considered such "books, records, data files and reports". Furthermore, it is agreed by the parties hereto that any computer software and the user manuals for such software developed by Open Arms employees shall remain the property of Open Arms.

12. **Cooperation at Termination.** Upon the expiration or earlier termination of term of Integra's management of the Facility hereunder, each of the parties hereto shall cooperate fully with the other in effecting an orderly transition to avoid any interruption in the rendering of the above-described services and, in that connection, Integra shall promptly surrender to Open Arms all keys, contracts, books, records, data files and reports (as such terms are defined in Section 11 hereof) maintained by Integra in connection with the management of the Facility. Furthermore, the parties hereby agree that any information received by a party or its attorneys, accountants or agents about the other party in the performance of such party's obligations hereunder, which concerns the financial or other affairs of such party, will be treated in full confidence and will not be revealed to any other persons, firms or organization.

13. **Covenant Not to Employ Personnel.** The parties acknowledge that Integra, in the performance of its obligations hereunder, utilizes certain of its employees. Open Arms recognizes that Integra has incurred and will incur considerable time and expense in developing Integra employees. For this reason, Open Arms covenants with Integra that Open Arms shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an Integra employee or encourage any successor to Integra's duties hereunder to solicit the employment of any such person who is at that time an Integra employee for services to be rendered at or in connection with the Facility or at any other facility offering services to persons with developmental disabilities owned or operated by Open Arms unless this covenant has been waived in writing by Integra. It is understood and agreed, however, that this covenant shall not apply to persons who were employees of Open Arms as of September 30, 2014 and were subsequently employed by Integra.

Recognizing that Integra would not have an adequate remedy at law in the event of any breach of this covenant, Open Arms agrees that the covenants set forth herein may be enforced by Integra by an appropriate restraining order or other injunctive relief.

Furthermore, Integra recognizes that Open Arms has incurred and will incur considerable time and expense in developing Open Arms employees. For this reason, Integra covenants with Open Arms that Integra shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an employee of Open Arms, except with the prior written consent of Open Arms, not to be unreasonably withheld. In furtherance of the foregoing, it is anticipated that employees working in certain positions within Open Arms may from time-to-time have limited opportunities for advancement within Open Arms, and as such employees reach the limits of advancement opportunities at Open Arms, it may be reasonable for Integra to request the consent of Open Arms for the employment by Integra by such an individual who is advancing in his/her career path and has reached the limits of advancement within Open Arms.

Recognizing that Open Arms would not have an adequate remedy at law in the event of any breach of this covenant, Integra agrees that the covenant set forth herein may be enforced by Open Arms by an appropriate restraining order or other injunctive relief.

14. **Indemnification.** Any Defaulting Party shall release and indemnify and hold the Non-Defaulting Party and the Non-Defaulting Party's shareholders, directors, officers and employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from an Event of Default by the Defaulting Party and Integra shall release and indemnify and hold Open Arms and its shareholders, directors, officers, employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from actions taken by Integra outside the scope of the authority specifically granted to Integra herein. Furthermore, Open Arms shall indemnify Integra with regard to any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) with regard to any action, suit or proceeding brought by a person or entity that managed the Facility prior to the date hereof; provided, however, that such indemnification by Open Arms shall extend only to such amounts as may be reimbursable costs under the TennCare/Medicaid system.

15. **Litigation or Proceedings on Behalf of Open Arms.** If any claim or cause of action of Open Arms arises during the term of this Agreement, or if any third party claim, action, or other legal or administrative proceeding arising from or related to the management of the Facility is filed against Open Arms, upon receiving notice of any such claim, cause of action or proceeding, the party receiving such notice shall promptly give notice thereof to the other party, and Integra shall have the option, exercisable in its reasonable discretion, by giving written notice thereof to Open Arms, to institute or defend such claim, action or other legal or administrative proceeding in Integra's name or Open Arms' name, as their respective interests may appear to be claimed, provided that Integra uses good faith best efforts to proceed in such action in a manner that is in Open Arms' best interests. The reasonable costs and expenses of prosecuting and defending any such claim, action, or legal or administrative proceeding shall be

reimbursed to Integra by Open Arms as Costs of Operation, except as they relate to Events of Default by Integra or the independent acts of Integra taken outside the scope of the performance of its duties hereunder or the negligence, willful misconduct or breach by Integra of its obligations hereunder, which costs and expenses shall be borne exclusively by Integra notwithstanding any other provision to the contrary herein contained. Open Arms agrees to provide reasonable assistance to Integra in the prosecution and defense of any such action upon request by Integra and upon Integra's agreement to pay all of Open Arms' expenses related thereto, except for expenses for which Open Arms is otherwise obligated hereunder. Open Arms further agrees that Integra shall have the right to recommend legal counsel for Open Arms' approval to represent the interests of Open Arms in any such claim, action or legal or administrative proceeding. Integra shall provide Open Arms with timely and periodic written reports regarding the progress of each such claim, action or proceeding. If Integra decides, in its reasonable discretion, not to institute or defend such claim, action or other legal or administrative proceeding, Integra shall notify Open Arms in writing promptly of its decision, providing Open Arms, sufficient time to take appropriate action, and in such event, Open Arms shall be fully responsible for the prosecution or defense of each such claim, action, and legal and administrative proceeding, including then prospective costs and attorneys' fees, except when the claim, action or proceeding relates to Events of Default by Integra, or the independent acts of Integra taken outside the scope of the performance of its duties hereunder, or the negligence , willful misconduct or breach by Integra of its obligations hereunder, except that Integra agrees to provide reasonable assistance to Open Arms with respect to such matters upon request by Open Arms.

16. <u>Compliance with Public Law 96-499</u>.

(a) Pursuant to regulations promulgated by the Federal Health Care Financing Administration, an agency of the Department of Health and Human Services, implementing Section 952 of the Omnibus Reconciliation Act of 1980 (P.L. 96-499) or any subsequent legislation conditioning reimbursement on the cost of services performed, insofar as this Agreement covers services valued at or costing $10,000 or more over a twelve (12) month period, the parties agree to provide the Secretary of Health and Human Resources, upon written request, or the Comptroller General, or their duly authorized representatives, access to this Agreement and the parties' books, documents and records necessary to verify the nature and extent of the cost of the services provided by the parties. Such access shall be provided until the expiration of four (4) years after the services are furnished under this Agreement.

(b) If Integra carries out any duties of this Agreement through a subcontract with an aggregate value or cost of $10,000 or more over a twelve month period with an Affiliate, Integra shall require in writing that the Affiliate shall make available, upon written request, to the Secretary of Health and Human Resources, or the Comptroller General, or their duly authorized representatives, the said subcontract and the books, documents and records of the Affiliate that are necessary to verify the nature and extent of the costs of the services provided under the said subcontract. The subcontract shall require that such access shall be provided until the expiration of four (4) years after the services are furnished under the contract.

17. **Amendment or Termination as a Result of Governmental Regulation.** The parties acknowledge and agree that this Agreement is intended to comply with all state and federal laws and regulations regarding Medicare and Medicaid fraud and abuse, Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Open Arms shall have the right to terminate or amend this Agreement, if on the advice of its counsel it determines, in its reasonable judgment, that the terms of this Agreement more likely than not would be interpreted to violate any laws or regulations applicable to it, which, if violated, would jeopardize Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Notwithstanding such right to terminate, Open Arms shall first use reasonable efforts to amend this Agreement only to the extent necessary to conform the potentially violative terms to the applicable law or regulation, and will only terminate this Agreement pursuant to this Section if it determines, in its reasonable judgment, that an amendment cannot be obtained or will not result in compliance.

18. **Parties Bound.** The provisions of this Agreement shall be binding upon the parties hereto and their respective successors and assigns. Except as specifically provided herein, neither party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other party. No assignment of rights or delegation of duties shall relieve either party, as the case may be, of its obligations hereunder. Notwithstanding the foregoing, however, in respect to transfers after an event of default under the Lease, any person claiming through the deed of trust trustee or a transferee under a deed in lieu of foreclosure (the foregoing collectively referred to as the "Transferee"), the Transferee shall, at its option and without further action by Open Arms, succeed to Open Arms' rights hereunder, with or without the assumption of the obligations of Open Arms hereunder, which assumption shall be at the sole discretion of such Transferee, but in no event shall any of the foregoing be deemed a release of any of the obligations of Open Arms hereunder.

19. **Severability.** In the event any provision hereof shall be modified or held ineffective by any court in any respect, such adjudication shall not invalidate or render ineffective the balance of the provisions of this Agreement.

20. **Entire Agreement; Modification; Waiver.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and completely supersedes any prior oral or written agreements between the parties. Any other agreements with respect to the subject matter hereof between the parties, whether written or oral, are merged herein. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed, or will constitute a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

21. **Notices.** All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been given (i) on the date of delivery by courier or personally, (ii) three (3) business days after deposit in the United States mail, postage prepaid by registered or certified mail, return-

receipt requested to the appropriate party at the following addresses.(or at such other address as shall hereafter be designated by any party to the other party by notice given in accordance with this Section):

To Open Arms:

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

With a copy to:

Thomas V. Chorey, Jr.
Barnes & Thornburg LLP
3475 Piedmont Rd., NE, Suite 1700
Atlanta, GA 30305-3327
Fax: 800-753-5139
Phone: 404-846-1693
Email: tchorey@btlaw.com

To Integra:

Integra Resources, LLC
144 Second Avenue, North, Suite 300
Nashville, TN 37201

With a copy to:

Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
Attention: Michael D. Brent, Esq.
Fax: 615-252-6361
Phone: 615-252-2361
Email: mbrent@babc.com

22. **Execution in Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

23. **Further Assurances.** The parties each hereby agree to execute and deliver all of the agreements, documents, and instruments required to be executed and delivered by them in this Agreement and to execute and deliver such additional instruments and documents and to take such additional actions as may reasonably be required from time-to-time in order to effectuate the transaction contemplated by this Agreement.

24. **Exhibits.** Any Exhibits attached hereto constitute a part of this Agreement and are incorporated herein by reference in their entirety as if fully set forth in this Agreement at the point where mentioned herein.

25. **Tense, Captions.** In construing this Agreement, whenever appropriate, the singular tense shall also be deemed .to mean the plural, and vice-versa, and the captions contained in this Agreement shall be ignored.

26. **Party Rights No Third.** Except as otherwise expressly provided herein or in the Lease, the provisions of this Agreement shall not entitle any person not a signatory hereto to any rights or reliance hereunder or in respect hereof, as a third party beneficiary or otherwise, it being the specific intention of the parties herein to preclude any and all such persons non-signatory hereto from such rights.

27. **Survival.** Any rights or obligations accrued under this Agreement at the expiration or termination of this Agreement shall survive such termination.

28. **Replacement Facility.** In the event a new replacement facility should be substituted for the Facility, whether on the same site or at a different location within the market area, all rights or obligations of the parties, including the remaining term, pursuant to this Agreement shall apply with respect to the new replacement Facility.

29. **Public Statements.** Unless otherwise required by law or court order, prior to the Commencement Date, neither Open Arms or Integra shall, without the prior written consent of the other party hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement. Provided, however, that Integra and Open Arms may announce the execution of this Agreement to their respective employees.

30. **Arbitration**. The parties hereto agree and stipulate that all claims, disputes and other matters in question or at issue between them arising out of or relating to this Agreement or the breach thereof, including, without limitation, any dispute or question concerning the scope of this arbitration clause, will be decided by arbitration in Nashville, Tennessee, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this Section 30. This covenant to arbitrate will be specifically enforceable under the prevailing law of any court having jurisdiction. The parties hereto agree that one arbitrator shall arbitrate all disputes. Notice of a demand for arbitration shall be filed in writing by either party hereto with the other party hereto and with the American Arbitration Association. The demand for arbitration shall be made no later than the date when institution of legal or equitable proceedings based on the claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrator will be final, judgment may be entered upon it in any court having jurisdiction thereof, and the award will not be subject to vacation, modification or appeal, except to the extent permitted by Sections 10 and 11 of the Federal Arbitration Act, the terms of which Sections the parties hereto agree shall apply. Each of the parties hereto submits to the jurisdiction of the state courts of Davidson County, Tennessee for purposes of the entry of any judgment arising out of the award of the arbitrator. All costs and expenses of each of the parties hereto with respect to the arbitration (including reasonable attorneys' fees) and the expenses of the arbitrators shall be paid by the party hereto against whom

a determination by the arbitrator is made or, in the absence of a determination against one party hereto, as such arbitrator directs.

31. Overriding Provisions.

(a) Notwithstanding the execution date hereof, it is agreed and understood by the parties hereto that this Agreement shall be considered the agreement pursuant to which the "Manager," as such term is defined under the Lease, manages the Facility.

(b) Notwithstanding anything to the contrary contained herein, it is the intent of the parties hereto that this Agreement in all respects shall conform to the terms and conditions of the Lease. Accordingly, to the extent that any term or condition contained herein or hereunder shall conflict with any such terms or conditions contained in the Lease, then the provisions of the Lease shall control in all respects, and the terms of this Agreement shall be automatically deemed amended in an agreeable manner in order to bring this Agreement into compliance with the Lease.

(c) Notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of the default by either party hereto pursuant to the terms of any other ICF/IID Facilities Management Agreement, or the terms of the Global Management Agreement of even date herewith, the result of which default entitles the non-defaulting party thereunder to terminate such agreement, by giving notice thereof to the defaulting party, said non-defaulting party shall have an identical right to terminate this Agreement, just as if there had been an Event of Default hereunder by said defaulting party for which there was no cure within any applicable cure period.

(d) Further notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of a conflict between the provisions of this Agreement and the provisions of that certain Global Agreement to Provide Management Services, as amended, between the parties hereto executed simultaneously with the execution hereof (the "Global Agreement," by reference made an integral part hereof), the provisions of this Agreement shall govern and control over the provisions of the Global Agreement.

SUPPLEMENTAL #1
December 22, 2015
3:53 pm

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year set forth below, effective as of the Commencement Date first above written.

OPEN ARMS CARE CORPORATION

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

INTEGRA RESOURCES, LLC

By:_____
Name: George Stevens
Title: President

SUPPLEMENTAL #1
December 22, 2015
3:53 pm

EXHIBIT A

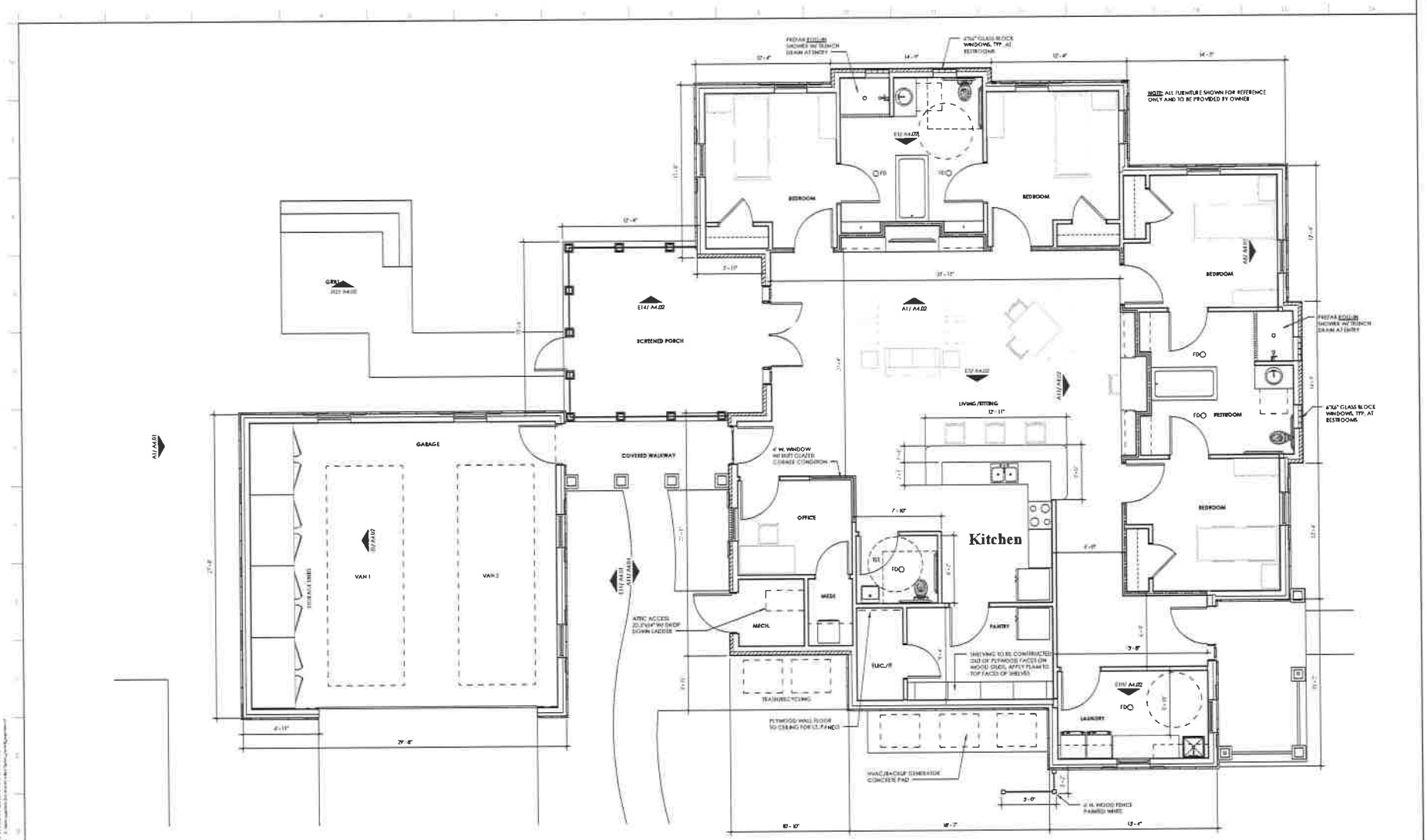
FACILITY ANNUAL BUDGET

SUPPLEMENTAL #1

December 22, 2015

3:53 pm

Supplemental Attachment – Revised Floor Plan



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

STG DESIGN

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

Open Arms 4 Bed House
Enter Address
Under Manage
Project Information

SUPPLEMENTAL #1
December 22, 2021
3:53 pm

4 BED FLOOR PLAN

A2.01

SUPPLEMENTAL #1

December 22, 2015
3:53 pm

Supplemental Attachment – Revised Project Data Chart

SUPPLEMENTAL #1

December 22, 2015
3:53 pm

PROJECTED DATA CHART

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

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

SUPPLEMENTAL #1

December 22, 2015
3:53 pm

Affidavit

SUPPLEMENTAL #1
December 22, 2015
3:53 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

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

Michael D. Brent, Attorney

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

CYNTHIA A. EVANS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires SEPT. 11, 2017

My commission expires: September 11, 2017