

MEMO:

Technical Assistance Meeting

Purpose: To discuss the determination of the Fair Market Value of the nursing care space for Smith Crossing Project #10-005

Date: June 3, 2010

Time: 2:00 pm -2:45 pm

Participants:

Frank Guajardo - Executive Director Smith Crossing
James A. Fitch - Special Projects Manager Smith Crossing
Charles Foley - CON Consultant
John Knierly - CON Consultant
George Roate- CON Project Reviewer
Mike Mill- CON Compliance Section
Mike Constantino - Project Reviewer

DISCUSSION:

We met with Smith Crossing and their representatives to discuss the determination of the Fair Market Value ("FMV") of the space at Smith Crossing to be used for nursing care beds. Smith Crossing is proposing the removal of the continuum care variance to the computed long term care bed need and add 16 long term care beds for a total of 46 long term care beds at Smith Crossing. These 46 beds would be located in existing space.

We explained the State Agency had determined the request for the removal of continuum variance to the computed long term care bed need would require the discontinuation of the facility and the reestablishment of the facility without the variance. The discontinuation and the reestablishment would require an estimate of the FMV of the nursing care space. We explained since the facility had been licensed in October 2005 (Permit #02-036) that it would be reasonable to estimate the FMV using the actual total project costs for Permit #02-036 and inflating the project costs by the Bureau of Labor Statistics producer price index. While normally an appraisal would be required, this estimate of the FMV appeared reasonable given the recent completion of Project #02-036. We also emphasized the State Agency would make the determination whether the FMV estimate is a reasonable estimate of the FMV of the space. This

modification would be considered a Type A Modification and would require an Notice of an Opportunity for a Public Hearing.

Smith Crossing stated they would be calling for a public hearing as part of the Type A Modification. We explained the logistics of the scheduling of the public hearing and noted given that a public hearing had not been called with the initial application submittal it was likely that a public hearing would not be called with the Type A Modification.