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March 15, 2010

BY U.S. MAIL

Mr. Alva Lambert
Executive Director
State Health Planning and Development Agency
P.O. Box 30325
Montgomery AL 36130-3025

RECEIVED
MAR 16 2010
STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

**RE: CON 2283-ESRD (Project Number AL 2009-027) – Relocation of
Prichard Facility**

Dear Mr. Lambert:

This letter requests Project Modification #1 to CON 2283-ESRD. The CON Review Board approved CON 2283-ESRD on July 30, 2009, for a relocation within 10 (ten) miles of the existing facility and for the addition of one (1) separation room. The CON was approved for a total estimated cost of \$285,000.00. However, since the time of the Board's approval, the method by which the project will be funded has changed. When originally submitted, the construction costs were not included in the estimated costs of the project because the arrangement was to be a complete "turn-key" operation and the costs of construction were to be borne by a third party landlord. However, this project modification is now being requested because the Applicant, not a third party landlord, will fund the construction costs of the project. Please note, the scope of the project has not changed, but only the funding mechanism.

For the reasons stated above, this Project Modification requests a \$1,615,000.00 increase in construction costs for a total project cost of \$1,900,000.00. The Project Modification Request is shown in Exhibit One with comparison to the approved CON.

CON 2283-ESRD qualifies for a project modification per CON Rules and Regulations 410-1-10-.03, project modifications after issuance of CON. We believe that the Project Modification can be approved by the Executive Director because: (1) the requested modification does not exceed any of the CON cost thresholds; (2) there will be no change in location from that designated in the original CON; (3) no changes in services or new services are being proposed; (4) no change in the number and/or types of dialysis stations are being proposed; and (5) no other modification is proposed that would otherwise exceed or trigger another CON threshold.

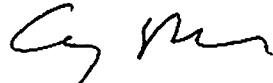
There was no opposition to the approved CON. As such, there are no parties of record in the underlying administrative proceeding that must be notified regarding this proposed Project Modification.

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Thank you for your attention regarding this matter. If you have any questions or concerns, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Carey Bennett McRae". The signature is fluid and cursive, with the first name "Carey" being the most prominent.

Carey Bennett McRae

CBM:sms
Enclosures

**EXHIBIT ONE
CON 2283-ESRD
REQUEST FOR PROJECT MODIFICATION #1**

	<u>Approved</u>	<u>Requested Project Modification</u>
IV. Cost		
A. Construction (includes modernization expansion)		
1. Predevelopment		
2. Site Acquisition		
3. Site Development		
4. Construction		\$1,515,000.00
5. Architect and Engineering Fees	\$70,000.00	\$70,000.00
6. Renovation		
7. Interest during time period of construction		
8. Attorney and consultant fees		
9. Bond Issuance Costs		
10. Other		
11. Other		
12. Other Construction Contingency		\$100,000.00
TOTAL COST OF CONSTRUCTION	<u>\$70,000.00</u>	<u>\$1,685,000.00</u>
B. Purchase		
1. Facility	N/A	
2. Major Medical Equipment	\$195,000.00	\$195,000.00
3. Other Equipment(with contingency)	\$ 20,000.00	\$ 20,000.00
TOTAL COST OF PURCHASE	<u>\$215,000.00</u>	<u>\$215,000.00</u>
C. Lease		
1. Facility Cost Per Year __x 1 Years=		
2. Equipment Cost per Month ___ x ___ Months =		
3. Land-only Lease Cost per Year ___ x _____ Years		
TOTAL COST OF LEASE(s)	\$ _____	\$ _____
(compute according to generally accepted accounting principles)		

Cost if Purchased

- D. Services
1. New Service
 2. Expansion/Relocation
 3. Reduction or Termination
 4. Other

FIRST YEAR ANNUAL OPERATING COST* \$ 0.00*

E. Total Cost of this Project (Total A through D)
(should equal V-C on page A-4) \$285,000.00 \$1,900,000.00

F. Proposed Finance Charges

1. Total Amount to Be Financed
2. Anticipated Interest Rates
3. Term of Loan
4. Method of Calculating Interest on Principal Payment

V. ANTICIPATED SOURCE OF FUNDING

A. Federal

	<u>Amount/Source</u>	
1. Grants	<u>\$ N/A</u>	\$ _____
2. Loans	<u>\$ N/A</u>	\$ _____

B. Non-Federal

1. Commercial Loan
2. Tax-exempt Revenue Bonds
3. General Obligation Bonds
4. New Earning and Revenues
5. Charitable Fund Raising
6. Cash on Hand
7. Other: Reserves Fresenius Medical Care \$285,000.00 \$1,900,000.00

C. TOTAL (should equal IV-E on page A-3) \$285,000.00 \$1,900,000.00

VI. TIMETABLE

A. Projected Start/Purchase Date 3 months post CON Issuance no change

B. Projected Completion Date 1 year post CON Issuance no change

* Because this is a relocation of a currently existing project, no significant new annual operating costs are anticipated.