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February 5, 2010

RECEIVED

FEB 05 2010

**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**

BY HAND DELIVERY

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

RE: CON 2240-ESRD

AL 2008-015

Dear Mr. Lambert:

This letter requests Project Modification#1 to CON 2240-ESRD. CON 2240-ESRD was approved for the renovation and expansion of an eight (8) station ESRD facility by adding four (4) hemodialysis stations to the existing NNA of Alabama, Inc., RCG Oneonta location. The approved CON was not anticipated to exceed \$157,900.00. NNA of Alabama, Inc. d/b/a RCG Oneonta owns and operates the RCG Oneonta location located in Blount County. Please note that this Project Modification is primarily a result of a change from a landlord financing project to a Company financing project.

The Project Modification is requested because of an anticipated cost increase which may exceed ten percent (\$15,790.00). This Project Modification requests a \$950,000.00 increase in renovation costs for a total project cost project of \$1,107,900.00. The Project Modification Request is shown in Exhibit One with comparison to the approved CON. Please note, the scope of the project did not change, but rather how the project was to be paid for is what changed. Fresenius Medical Care now anticipates funding the renovation and expansion.

CON 224-ESRD qualified 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: the requested modification does not exceed the dollar thresholds above which a CON must be obtained; no change in location from that designated in the CON is proposed; no change in or new serves are proposed; no change in the number and types of dialysis stations is proposed; and 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 the Project Modification.

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Mr. Alva Lambert
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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 that reads "Colin H. Luke". The signature is written in a cursive style with a large initial "C".

Colin H. Luke

CHL:sms
Enclosures

**EXHIBIT ONE
CON 2240-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		\$425,000.00
5. Architect and Engineering Fees		\$ 40,000.00
6. Renovation		
7. Interest during time period of construction		
8. Attorney and consultant fees		
9. Bond Issuance Costs		
10. Other		
11. Other		
12. Other <u>Contingency</u>		\$ 75,000.00
TOTAL COST OF CONSTRUCTION		<u>\$540,000.00</u>
B. Purchase		
1. Facility		
2. Major Medical Equipment	\$55,000.00	\$55,000.00
3. Other Equipment		
TOTAL COST OF PURCHASE		<u>\$55,000.00</u>
C. Lease		
1. Facility Cost Per Year <u>42,420</u> x <u>1</u> Years=	\$42,420.00	*\$ 0.00
2. Equipment Cost per Month <u>840</u> x <u>72</u> Months =	\$60,480.00	*\$ 0.00
3. Land-only Lease Cost per Year ___ x ___ Years		
TOTAL COST OF LEASE(s)		\$ <u>102,900.00</u>
(compute according to generally accepted accounting principles)		
Cost if Purchased	\$ _____	

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

FIRST YEAR ANNUAL OPERATING COST \$0.00 \$402,900.00

E. Total Cost of this Project (Total A through D)
(should equal V-C on page A-4)

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 Amount/Source

- 1. Grants
- 2. Loans

B. Non-Federal

- 1. Commercial Loan
- 2. Tax-exempt Revenue Bonds
- 3. General Obligation Bonds
- 4. New Earning and Revenues \$157,900.00/Applicant \$595,000.00/Applicant
- 5. Charitable Fund Raising
- 6. Cash on Hand
- 7. Other

C. TOTAL (should equal IV-E on page A-3) \$157,900.00 \$997,900.00

VI. TIMETABLE

- A. Projected Start/Purchase Date
- B. Projected Completion Date