



The Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
Department of Public Health  
Bureau of Health Care Safety and Quality  
Determination of Need (DoN) Program  
99 Chauncy Street, Boston, MA 02111

CHARLES D. BAKER  
Governor

KARYN E. POLITO  
Lieutenant Governor

MARYLOU SUDDERS  
Secretary

MONICA BHAREL, MD, MPH  
Commissioner

July 29, 2016

VIA EMAIL

Matthew S. Bavolack  
Marcum LLP  
555 Long Wharf Drive  
New Haven, CT 06511  
Matthew.Bavolack@marcumllp.com

Re: VK Marlborough, LLC d/b/a/ The Reservoir  
Center for Health and Rehabilitation  
DoN Project No. 4-1584.1  
(Significant Change)

Dear Mr. Bavolack:

This letter is in response to your request dated March 23, 2016, submitted on behalf of VK Marlborough, LLC d/b/a/ The Reservoir Center for Health and Rehabilitation ("Applicant") request pursuant to 105 CMR 100.753 and 100.756, for significant change to approved Determination of Need ("DoN") Project Number 4-1584. The project as approved is for renovation of the skilled nursing facility to include a new generator, upgraded HVAC system and extensive electrical and plumbing work to the existing facility located at 400 Bolton Street, Marlborough, MA 01752. Per this request, the Holder seeks approval of an increase in maximum capital expenditure ("MCE") from \$5,571,038 (July 2014 dollars) to \$8,952,402 (April 2016 dollars).

Significant Change Amendment Request

The Amendment states that after Department Plan Review the Applicant determined further modifications were necessary to be in compliance, and unforeseen asbestos abatement increased the original approved MCE. Examples included remediating asbestos located in flooring, walls, and ceiling tiles; minimizing the impact on facility staff and residents; and, increasing the architectural costs related to slight changes after Department Plan Review. The renovation will be conducted in 12 phases and as such, an increase in the subcontractor costs, an extended timeline; and increased loan interest costs associated with a higher MCE is necessary.

The proposed change would include:

1. No changes to the original scope of the project other than the asbestos abatement.

Analysis

The changes to MCE are itemized below.

	<u>Approved Renovation MCE July 2014</u>	<u>Requested Renovation MCE Apr 2016</u>	<u>Difference</u>
Construction Contract (Renovation)	4,394,826	7,052,008	2,657,182
Fixed Equipment Not In Contract			
Architectural Cost	208,676	412,477	203,801
Pre- Filing Planning & Development	64,020	64,020	0
Post- Filing Planning & Development			
Costs	42,680	42,680	0
Net Interest Expense During Construction		375,250	375,250
Major Movable Equipment	<u>860,836</u>	<u>1,005,967</u>	<u>145,131</u>
Total	\$5,571,038	\$8,952,402	\$3,381,364

Staff finds that the change between the approved and requested MCE of \$8,952,402 MCE is reasonable.

Pursuant to 105 CMR 100.756(f), approval is hereby granted to your request for a significant change to Project #4-1589 based upon the following findings:

1. The request has been filed pursuant to 105 CMR 100.756 of the Determination of Need regulation.
2. No comments were submitted by other parties objecting to this significant change request.

The conditions accompanying this approval are as follows:

1. The amended MCE of the project shall be \$8,952,402 (April 2016 dollars).
2. The renovation gross square feet of the project will remain 49,935 GSF.
3. The facility will remain a 144 bed facility.
4. Provide a letter that project will be financed through the building owner (currently Care Capitol Properties, previously Ventas REIT).

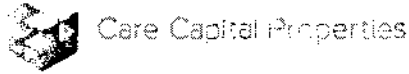
5. All other conditions attached to the original December 11, 2014, project shall remain in effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Darrell Villaruz". The signature is fluid and cursive, with a prominent "D" and "V".

Darrell Villaruz, Interim Manager  
Determination of Need Program

cc: Michael Sinacola, Bureau of Health Care Safety and Quality  
Rodman, Rebecca, Office of General Counsel  
Sherman Lohnes, Health Care Facility Licensure and Certification  
Daniel Gent, Health Care Facility Licensure and Certification  
Paul DiNatale, Health Care Facility Licensure and Certification  
Patty McCusker, Center for Health Information and Analysis  
Alice Bonner, Executive Office of Elder Affairs  
Kate Mills, Health Policy Commission



July 26, 2016

Darrell Villaruz, Manager of Health Policy  
Bureau of Health Care Safety and Quality, Determination of Need Program  
Massachusetts Department of Public Health  
99 Chauncy Street, 11<sup>th</sup> Floor  
Boston, MA 02111

RE: Master Lease dated as of February 14, 2013 (as modified or amended as of the date hereof, the "Lease"), by and between CCP Bolton Manor 0529 LLC and certain of its affiliates (each of which are successors-by-assignment to Ventas Realty, Limited Partnership), collectively, as ("Landlord") and VK Marlborough, LLC ("Tenant") for that certain real property and improvements located at 400 Bolton Street, Marlborough Massachusetts (the "Property").

To Whom it May Concern:

This letter is provided by the Landlord, as the owner of the Property, in connection with the Massachusetts Department of Public Health's review and approval of National Health Care's request to make certain renovations and improvements at the Property.

This letter serves as an indication of our interest in providing financing in the estimated amount of \$9,000,000 for certain alterations (the "Alterations"), pursuant to the terms and conditions of the Lease. The financing of the Alterations by Landlord under the Lease is non-binding and remains subject to the requirements set forth in the Lease, including, without limitation, Landlord's final review and approval of the Alterations upon receipt of the pertinent information. This letter should not be construed in any way as a commitment letter.

Should you have any questions, please do not hesitate to contact Natalie Moistner at 312-881-4710 or at [nmoistner@carecapitalproperties.com](mailto:nmoistner@carecapitalproperties.com).

Sincerely,

CCP Bolton Manor 0529 LLC, on behalf of  
itself and each of the other entities  
comprising Landlord

By:   
\_\_\_\_\_

Timothy A. Doman  
Vice President