HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: 14-07 (To be assigned by Agency) Date of Receipt:

APPLICANT PROFILE

Project Title: Establishment of 40 SNF/ICF bed facility

Project Address: Ninau Street Lot 4 and Lot 13-B-2-B-4
Kihei, HI 96753

Applicant Facility/Organization: Regency Namakua, LLC, a Hawaii limited liability company

Name of CEO or equivalent: Andre Hurst

Title: Managing Member of Regency Namakua, LLC

Address: 810 Richards Street, Suite 810, Honolulu, HI 96813

Phone Number: 888-808-5055 Fax Number: 808-545-3800

Contact Person for this Application: Andre Hurst

Title: Managing Member of Regency Namakua, LLC

Address: 91 Avenida Del Mar, Third Floor, San Clemente, CA 92672

Phone Number: 760-889-6074 Fax Number: 949-542-8781

CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Signature

May 13, 2014
Date

Andre Hurst
Name (please type or print)

Managing Member of Regency Namakua, LLC
Title (please type or print)

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1. **TYPE OR ORGANIZATION:** (Please check all applicable)

Public	
Private	X
Non-profit	
For-profit	X
Individual	
Corporation	
Partnership	
Limited Liability Corporation (LLC)	X
Limited Liability Partnership (LLP)	
Other: ____________	

2. **PROJECT LOCATION INFORMATION:**

A. Primary Service Area(s) of Project: (Please check all applicable)

Statewide:	
O'ahu-wide:	
Honolulu:	
Windward O'ahu:	
West O'ahu:	
Maui County:	X
Kaua'i County:	
Hawai'i County:	

3. **DOCUMENTATION** (Please attach the following to your application form):

A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)
Deed attached as Attachment 4

B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.) See Attachment 5

C. Your governing body: list by names, titles and address/phone numbers
See Attachment 5

D. If you have filed a Certification of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:

- Articles of Incorporation
- By-Laws
- Partnership Agreements
- Tax Key Number (project's location)

The following documents are attached collectively as Attachment 6:

1. Articles of Organization for Koa Real Estate, LLC
2. Articles of Amendment changing name to Regency Namakua, LLC
3. Limited Liability Operating Agreement for Regency Namakua, LLC
4. Domestic Limited Liability Company Annual Report for Regency Namakua, LLC as of January 1, 2014

The Tax Key Nos. are (2)2-2-024-004 and (2)2-2-024-040 (See Attachment 4)

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4. **TYPE OF PROJECT.** This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

	Used Medical Equipment (over $400,000)	New/Upgraded Medical Equip. (over $1 million)	Other Capital Project (over $4 million)	Change in ownership	Change in service/ establish new service/facility	Change in Beds
Inpatient Facility					X	
Outpatient Facility						
Private Practice						

5. **TOTAL CAPITAL COST:** $7,797,760

6. **BED CHANGES.** Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
Skilled Nursing (SNF)	0	40	40
TOTAL	0	40	40

7. **CHANGE IN SERVICE.** If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please consult Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

Establishment of 40 SNF beds.

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8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)

A. **List All Project Costs:**

		AMOUNT:
1.	Land Acquisition	$3,788,000
2.	Construction Contract	$2,347,760
3.	Fixed Equipment	$200,000
4.	Movable Equipment	$310,000
5.	Financing Costs	$400,000
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	$0
7.	Other: Developer Fees, Permits, and Drawings	$752,000
	TOTAL PROJECT COST:	$7,797,760

B. **Source and Method of Estimation**

Describe how the cost estimates in Item "A" were made, including information and methods used:

Estimates in Item "A" were made using trend analysis of similar construction projects.

C. **Source of Funds**

		AMOUNT:
1.	Cash	$1,559,552
2.	State Appropriations	$0
3.	Other Grants	$0
4.	Fund Drive	$0
5.	Debt	$6,238,208
6.	Other:	
	TOTAL SOURCE OF FUNDS:	$7,797,760

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9. **IMPLEMENTATION SCHEDULE:** Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project: See Attachment 7

a) Date of site control for the proposed project,
b) Dates by which other government approvals/permits will be applied for and received,
c) Dates by which financing is assured for the project,
d) Date construction will commence,
e) Length of construction period,
f) Date of completion of the project, and
g) Date of commencement of operation.

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the Certificate of Need.

10. **EXECUTIVE SUMMARY:** Please present a brief summary of your project. In addition, provide a description of how your project meets each of the Certificate of Need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site.

a) Relationship to the State of Hawai'i Health Services and Facilities Plan
b) Need and Accessibility
c) Quality of Service/Care
d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
e) Relationship to the Existing Health Care System
f) Availability of Resources

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EXECUTIVE SUMMARY

The proposed Project is the establishment of 40 SNF/ICF beds in Kihei on the Island of Maui. The Project is being developed by Regency Namakua, LLC, a Hawaii limited liability company.

a) Relationship to the State of Hawaii Health Services and Facilities Plan

Of primary concern to the State of Hawaii Health Services and Facilities Plan ("HSFP") is the shortage of long-term care beds statewide (and in Maui County specifically). The Project fits squarely within the HSFP by adding 40 SNF/ICF beds to Maui County. As set forth in this application, the addition of 40 SNF/ICF beds in Maui County is adequately supported by the current needs of the healthcare system.

b) Need and Accessibility

An independent market analysis (Attachment 1) concludes that the 75+ population on the island of Maui is increasing rapidly. The analysis projects a need for up to 60 additional skilled nursing beds on the island in 2013, increasing rapidly to up to 130 to 150 additional skilled nursing beds by 2018. These numbers take into consideration the 40-bed West Maui Hospital skilled nursing facility approved for Lahaina, which as of the date of this application, has not been constructed.

The project is located in a geographically-desirable area that is readily accessible by the elderly population to be served.

c) Quality of Service/Care

The Project will be fully-licensed and managed by Regency Pacific Management, LLC, a highly-experienced manager with facilities throughout the western United States and Hawaii.

d) Cost and Finances

The Project site is already owned (*i.e.* controlled) by Regency Namakua, LLC and financing for the construction of the Project has been secured. Complete projections of revenues and expenses have been prepared and provided in support of this application.

e) Relationship to the Existing Health Plan

The HSFP cites an acute shortage of long term care beds for the elderly as one of the State's primary health concerns. This Project helps alleviate this problem and is supported by an independent market analysis (Attachment 1).

f) Availability of Resources

Regency Namakua, LLC has financing in place sufficient to construct and open the Project.

Regency Pacific Management, LLC has experience in operating and managing 50 facilities in five states, including Hawaii. It has a plan in place to recruit, train, and retain sufficient numbers of employees for the Project.

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