

BEFORE THE ARKANSAS HEALTH SERVICES PERMIT AGENCY

In the Matter of:

Ridgecrest Retirement and Assisted Living

File # HSPA (1272)-10

**FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDER**

Findings of Fact

The applicant, **Family Solutions, Inc.**, is seeking a Permit of Approval (POA) for the purpose of constructing a new 75 bed Assisted Living Level II Facility to be called **Ridgecrest Retirement and Assisted Living** located at #6 Ridgecrest Drive, Camden, AR (Ouachita County). The projected capital expenditure is \$4,821,579. The Agency makes the following Findings of Fact:

NEED: The net need in Ouachita County is **164** beds. There are no other approved or licensed facilities in the county.

STAFFING: The Agency has no objective reason to believe the proposed facility could not be adequately staffed. The applicant supplied a staff listing, which meets or exceeds the Arkansas Office of Long Term Care requirements. The applicant will use local newspaper advertisement, local employment agencies and other local resources in recruiting staff. The applicant has a staff retention plan that includes fair and competitive wages for the area, and employee benefits to include AFLAC supplemental health and life insurance, employer contributed vacation time, flex work hours and a work environment that promotes employee morale.

ECONOMIC FEASIBILITY: The applicant provided a construction budget that reflects a 75 bed facility. The overall project amounts to approximately \$4.82 million based on 39,874 sq/ft at \$97 sq/ft construction cost, which is below the national average. The applicant provided a letter from *Farmer's Bank and Trust* for \$4.82 million, The Bank Officer indicated that the bank has financed the applicant's current facility several years, now, and has the highest regard for the applicants as

operators of the facility, business managers, and responsible borrowers. The bank is also familiar with the proposed partner in this venture. While the bank has not been involved in any of the partner's previous assisted living projects, the bank has been the lender for several of the hotel projects for which his company has been the general contractor. Bank Officer indicated that the bank has discussed his professional qualifications, as contractor and businessman with the owners of these hotel projects. Based on these discussions and the bank's own experience with him, the bank found nothing but support for his character and professionalism. The bank has reviewed the cash equity of both parties and is satisfied that they can both meet the equity requirements of the project. The Bank Officer indicated that in addition to all of the aforementioned, the final commitment letter will be issued dependent on completion of due diligence, terms and rates mutually agreed upon, acceptable appraisal, normal underwriting requirements, and the awarding of a POA from the Agency. The bank added that it was "not in a position at this time to provide a commitment letter for the financing of this project, based on what we have seen, Farmers Bank & Trust remains very interested in providing the necessary financing. I sincerely hope that our inability to provide the commitment you request does not prevent these very qualified applicants from obtaining their permit."

The applicant provided a new pro forma budget that reflects a 75 bed facility with increasing census from year one through year three.

COST CONTAINMENT: Assisted living is nationally recognized as a less costly form of care for seniors compared to nursing home care. There are no other ALFs or RCFs in Ouachita County. The proposed project is modeled after Dudneywood Retirement and Assisted Living. The applicant will allow the use of the Living Choice Medicaid Waiver, which will allow the facility to supplement lower income seniors at a cost less than that of a nursing home.

Conclusions of Law

The application **DOES SATISFY** the statutory and regulatory requirements for the issuance of a Permit of Approval for the purpose of constructing a new 75 bed Assisted Living Level II Facility to be called **Ridgecrest Retirement and Assisted Living**. There was no opposition to the application.

ORDER

Based on the above Findings of Fact and Conclusions of Law, the Agency hereby orders that the Applicant be **GRANTED** a Permit of Approval (POA). A Permit of Approval will be issued to: **Family Solutions, Inc.**, for the purpose of constructing a new 75 bed Assisted Living Level II Facility to be called **Ridgecrest Retirement and Assisted Living** located at #6 Ridgecrest Drive, Camden, AR (Ouachita County). Projected capital expenditure is \$4,821,579.

IT IS SO ORDERED THIS 19st DAY OF APRIL 2010

DIRECTOR, HEALTH SERVICES PERMIT AGENCY