



May 31, 2016

Larry Carbonneau, CPA, Senior Healthcare Financial Analyst
Division of Licensing and Regulatory Services
Department of Health and Human Services
11 State House Station
Augusta, Maine 04333-0011

Re: Hospital Administrative District No. 4 (d/b/a Mayo Regional Hospital)

Dear Mr. Carbonneau:

With this letter, Mayo Regional Hospital is seeking a determination that the second floor renovations and mechanical and electrical infrastructure projects, which will be undertaken simultaneously in different locations within the existing hospital structure, is non-reviewable under the Certificate of Need rules and regulations.

As you can see from the enclosed project budgets for these two projects, the total combined expected capital costs are \$5,525,000.00. Furthermore, as you can see from the project budget for the mechanical and electrical infrastructure work at the hospital, much of this work is being done for the purpose of making various mechanical and electrical systems within the existing hospital structure more energy-efficient in their operation.

These two projects are being conducted as a result of an internal and community-based study that Mayo Regional Hospital has performed to determine the needs that must be met in order to modernize and make the current hospital structure and operating systems more efficient and better capable of meeting the needs of our patients. Furthermore, the second floor renovation project is principally focused on the re-purposing of some of the space within the existing hospital structure in order to allow us to move our cancer treatment clinic into the principal structure of the hospital from the ancillary building (the old hospital building) where it is presently located. The second floor renovation project also will update a number of our acute care rooms and the bathrooms servicing those rooms.

Mayo Regional Hospital plans to begin construction on both of these projects in early July 2016. These projects are anticipated to take the better part of a year to complete because of the nature of the work and the fact that the work will have to be performed in areas of the hospital that are currently operational.

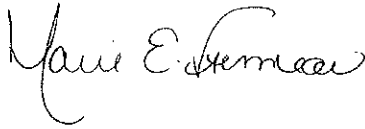
The cost of these projects are initially being financed through an interim bridge loan with Bangor Savings Bank, followed by a permanent financing through participation in the Maine Municipal Bond Bank Fall 2016 bond issue pool for which Mayo Regional Hospital is qualified since it is municipally owned and operated.

Mayo 
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Since we understand that, under the present applicable Certificate of Need threshold of \$11,058,137.00, even if these two projects described above in this letter are combined, they do not exceed that threshold, Mayo Regional Hospital is seeking confirmation from your office that these projects do not require Certificate of Need approval. Please advise us in writing of the CON applicability of this proposal as described above. Also, please contact me directly with any questions you might have concerning this request.

Thank you.

Sincerely,



Marie Vienneau, BSN, MHA, NE-BC, FACHE
President and Chief Executive Officer

TOTAL PROJECT BUDGET
 Mayo Regional Hospital
 Second Floor Renovations
 Dover-Foxcroft, ME
 February 26, 2016 (Modified March 2, 2016)
 DAI Project No. 153677.00

Categories of Cost	Area In sq. ft.	Cost per sq. ft.	Current Budget
A. Site Development			
Parking			\$33,000
			\$0
			\$0
B. Building Construction			
Base Project- Oncology, Corridors, Two Private Rooms, Ns Station/Meds	5,000	205	\$1,025,000
Add Alternate 1 - Nourishment, Toilet, Clean Supply			\$120,000
Add Alternate 2 - Private Bath Rooms (8)			\$195,000
Add Alternate 3 - S-3 AHU			\$135,000
Sub-total Area	N/A		
C. Sub-Total A & B			\$1,508,000
D. Design and Construction Contingency at 15%			\$228,200
E. CONSTRUCTION COST (Sum C & D)			\$1,734,200
F. Professional Fees			
Architecture, Engineering, Reimbursable expenses and miscellaneous consultants			\$208,104
G. Furniture/Furnishings			TBD*
H. Owner Furnished Equipment			TBD*
I. Telecommunications Systems			TBD*
J. Asbestos/Environmental Issues			N/A
K. Legal/Administrative			N/A
L. Preconstruction Services			Included in E
M. Permit/Impact Fees			Included in E
N. Escalation			**
O. Move-In			*
P. Financing (Construction Only) at 6% Construction only			\$86,710*
Q. Owner Contingency at 10% of Construction and Design			\$194,230*
R. TOTAL BUDGET & CASH FLOW			\$2,223,244

USE \$2,250,000

*Areas of cost to be determined by Owner.
 **Dependent upon start of construction date.