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VIDELL HEALTHCARE MERCER ISLAND, L.L.C. CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH
3815 South Othello; Ste. 100-323
Seattle, WA 98118

April 14, 2015

Ms. Janis R. Sigman
Department of Health
Certificate of Need Program
P.O. Box 47852
Olympia, WA 98504-7852

Re: Letter of Intent to Unbank Mercer Island Beds and Develop a 100-bed Nursing Home in Renton, WA

Dear Ms. Sigman:

Pursuant to WAC 246-310-080, please treat this as a letter of intent to propose a replacement nursing home based upon 100 beds banked on full facility closure by the undersigned. Pursuant to the regulation, Videll Healthcare Mercer Island, L.L.C. states:

a) Description of the services proposed: Videll Healthcare Mercer Island, L.L.C. proposes to reopen 100 nursing home beds that it banked on July 21, 2014. Following approval from the Department, the bed rights will be relocated and placed into an operation at a new facility to be built on presently vacant land located at approximately 4800 Talbot Rd., Renton, WA. Videll Healthcare Mercer Island, L.L.C. will be the licensee, and the beds will be operated under a management services agreement with Regency Pacific Management, LLC. Videll Healthcare Mercer Island, L.L.C. and the lessee of the proposed project, BD Renton I, LLC ("Lessee"), have entered into a purchase and sale agreement whereby ownership of the beds would be assigned to Lessee, as allowable under licensing laws following their relocation, and initial licensure to and operation by Videll Healthcare Mercer Island, L.L.C. MidCap Funding IV, LLC, a Delaware limited liability company, has a security interest in the bed rights and has consented to their transfer pursuant to the Agreement.

b) Estimated costs of the proposed project: The estimated construction costs for the new facility when completed is presently estimated to be \$14,343,217, plus land and soft costs related to the development of the new facility.

c) Identification of service area: The service area for Videll Healthcare Mercer Island, L.L.C. and for the new project is King County.

I request that you contact the attorney for Regency Pacific Management, LLC and Lessee, Thomas H. Grimm, if you have any questions or require any information in addition to the above.

Sincerely,

VIDELL HEALTHCARE MERCER ISLAND, L.L.C.

By: VIDELL HEALTHCARE, L.L.C.
Its: Manager

By  _____
Steve LaForte, Its Manager

cc: M. Bart Beddoe
Thomas H. Grimm