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Senior Healthcare Financial Analyst
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Certificate of Need Unit
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October 29, 2015

RE: Letter of Intent

Dear Phyllis and Larry:

The Cedars files this Letter of Intent with respect to proposed new construction on its 11-acre campus located in Portland, Maine (the "Project").

The Cedars is a nonprofit Maine corporation, located in Portland, Maine. The Cedars has been an integral part of the Portland community since 1929 and is fully licensed by the Maine Department of Health and Human Services (the "Department") to provide independent living, assisted living, rehabilitation and skilled nursing care to seniors in a residential setting.

Consistent with the Certificate of Need for Nursing Facility Level of Care Project rules, Section 71.05(A), The Cedars requests a ruling from the Department regarding the applicability of the Certificate of Need program to the Project.

In embarking on the Project, The Cedars focus is to transform its culture from the senior care institutional model to the resident centered approach of the Household Model. The Project includes:

- *Skilled Nursing*. Retrofit the existing Hoffman Building into three skilled nursing households of 20 residents.
- *New Long-Term Care Facility*. Construction of a new skilled nursing building for two long term care resident households of 21 residents each. The households will have all private rooms and private baths.

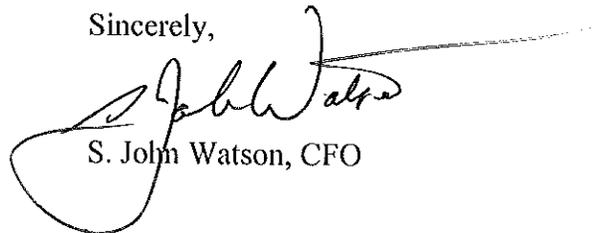
The estimated total project cost is \$16.6 million. The Project will not add any new nursing facility beds to the state's inventory.

- Construction of the Project is anticipated to commence April 2017. The anticipated dates of completion are May 2018 for the new construction and May 2019 for the renovation. Anticipated utilization is 91% occupancy – 93 out of 102 nursing beds.

We respectfully request an opportunity to arrange a technical assistance meeting. We intend to submit our CON application as soon as practicable following the technical assistance meeting. Mike Duddy and Julius Ciembroniewicz, counsel to The Cedars, will be contacting you shortly to coordinate scheduling.

Thank you for your assistance in this matter. We look forward to working with you.

Sincerely,



S. John Watson, CFO

cc: Mike Duddy, Esq.
Julius Ciembroniewicz, Esq.