

October 1, 2008

Deborah Carey Johnson, RN
President & CEO
Eastern Maine Medical Center
PO Box 404
Bangor, ME 04402-0404

RE: Eastern Maine Medical Center's (EMMC) Proposal to construct a new eight-story Inpatient Tower at their campus center on State Street in Bangor, ME.

Dear Ms. Johnson:

I am pleased to notify you that on this date I have decided to **grant with conditions** the Certificate of Need (CON) that authorizes EMMC to construct a new Inpatient Tower at EMMC's campus in Bangor, Maine. The approved capital expenditure associated with this project is \$231,805,928. Any costs exceeding \$249,620,828 (the approved capital expenditure plus approved contingency of \$17,814,900) will trigger a subsequent review.

My approval is conditioned on EMMC implementing the following:

- 1) Submit a revised description of the project to decrease the total net square feet of shell space by approximately 86,740 thereby eliminating excess capacity. This will require the applicant to submit revised capital expenditure estimates and third year operational costs for the reduced scope of the project to CONU;
- 2) Submit a plan to CONU that limits financing of this project through debt to 80% of total capital costs;
- 3) Submit quantifiable prevention outcomes specific to the reduction in service utilization, providing annual reports through 2016 on all outcomes and community impact measures including in the application, after first identifying the time period in which the current baseline was calculated;
- 4) State a commitment to employ green building methods (LEED) during construction;
- 5) Engage in value engineering specific to facility construction materials, using an independent consultant, and report the results to CONU prior to finalizing the project costs and to awarding contracts.

In order for this CON to remain valid, the project must be "commenced" within one year from the date of the original approval noted above. You must complete implementation reports on your activities as specified for this type of project (CON Procedures Manual, Chapter 11, Sec. 3). Limited extensions may be available, if requested in a timely manner and for good cause, as explained in the Manual, Chapter 9,

Sec. 3. Failure to commence a project within this 12-month period will result in expiration of the CON, unless an extension is obtained, as cited above.

I am granting this CON with conditions because I have determined that the project meets the criteria set forth in the CON Act Sec. 335(1) and the Department's regulations. The specific details of the project for which I have granted this CON are contained in an application found to be subject to review in accordance with the provisions of the Maine Certificate of Need Act, and was certified complete by the applicant on December 20, 2007. Please be aware that in accordance with Section 346 of the Maine Certificate of Need Act this Certificate, as modified herein, is valid only for the stated scope, premises and facility named in the above referenced application and is not transferable or assignable.

Furthermore, it should be clearly understood that our analysis and findings regarding the need for the proposed project as well as its financial and economic feasibility have been predicated on the application record as described in the Manual, Chapter 8, Subsection 5. Consequently, the proposal must be implemented consistent with the approval and conditions stated in this letter, as informed and clarified by the Department's analysis and findings as summarized in the following Department staff reports:

1. PRELIMINARY STAFF REPORT: Report from Steven Keaten, Health Care Financial Analyst, CONU and Larry Carbonneau, Health Care Financial Analyst, CONU to Phyllis Powell, Manager, CONU, Licensing and Regulatory Services, dated May 22, 2008.
2. FINAL REVIEW: Briefing memo to Brenda M. Harvey, Commissioner, DHHS, dated October 1, 2008.

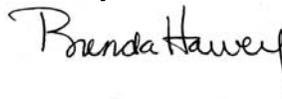
No significant changes to the project, no variations from the projected operating costs, no modifications of the terms of financing the project, and no increase in the capital expenditures to be made are permitted without the prior written approval of the Department. Any such variances may result in either the disallowance of related expenses, financial penalties or the immediate revocation of the CON.

Please work closely with my staff in the CONU to assure this project is implemented in accordance with the provisions of this Certificate and applicable rules and regulations. As part of this requirement, you are reminded that, prior to construction, the appropriate licensing and certification and State Fire Marshal officials must approve all working drawings and construction specifications.

The law requires that a holder of a CON make a written report at the end of each six-month period following its issuance. Details regarding this and related requirements will be made the subject of a separate letter from the CONU.

My staff in the CONU look forward to working with you to meet the conditions set out in this letter.

Sincerely,



Brenda M. Harvey
Commissioner, DHHS

PP/dap

cc: Catherine Cobb, Director of Licensing and Regulatory Services
Phyllis Powell, CONU Manager
Anne Flanagan, Assistant Director
Herb Downs, Audit
Janine Raquet, AAG