

September 23, 2021

**VIA EMAIL & U.S.P.S.**

Ms. Ruby Potter  
Health Facilities Coordination Officer  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215

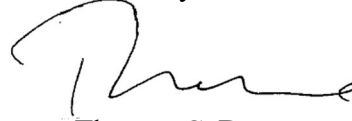
Re: Hygea Detox, Inc.  
Alcoholism and Drug Intermediate Care Facility (Matter 21-03-2450)

Dear Ms. Potter:

On behalf of applicant Hygea Detox, Inc., we are submitting four copies of its Response to Additional Information Questions Dated September 1, 2021. Word and Excel versions will be provided to Commission Staff under separate email.

I hereby certify that a copy of this submission has also been forwarded to the appropriate local health planning agencies as noted below.

Sincerely,



Thomas C. Dame



Ella R. Aiken

TCD/ERA:blr  
Enclosures

cc: Wynee Hawk, Chief, Certificate of Need, MHCC  
Paul Parker, Director, Center for Health Care Facilities Planning & Development, MHCC  
Suellen Wideman, Esq., Assistant Attorney General, MHCC  
Jeanne-Marie Gawel, Program Manager, MHCC  
Dr. Nilesh Kalyanaraman, Health Officer, Anne Arundel County Health Department  
Dr. Letitia Dzirasa, Health Commissioner, Baltimore City Health Department  
Dr. Gregory Wm. Branch Health Officer, Baltimore County Health Department  
Dr. David Bishai, Health Officer, Harford County Health Department  
Dr. Maura Rossman, Health Officer, Howard County Health Department  
Robby Stempler, Hygea Detox, Inc.

#757230  
014168-0001

**HYGEA DETOX, INC.**  
**Alcohol and Drug Intermediate Care Facility**  
**Matter No. 21-03-2450**

**Responses to Additional Information Questions Dated September 1, 2021**

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- 1. Please provide at least two years of actual revenue, expenses, and income for the Malibu Detox facilities in which you have been involved as an owner and/or operator, including the most recent calendar or fiscal year for which such revenue and expense information is available. Provide this financial information utilizing Table D Revenues and Expenses in the Tables package.**

*Applicant Response*

COMAR 10.24.01.08G(3)(d), Viability, provides as follows:

The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

As Applicant Hygea Detox, Inc. ("Applicant" or "Hygea Detox") stated in response to Additional Information Question 18, dated June 30, 2021, Malibu Detox, LLC will not provide any equity contribution to Applicant, or any owner or affiliate of Applicant. Moreover, Malibu Detox, LLC, is not a "related entity" of Applicant. Applicant is not a parent, subsidiary, or affiliate of Malibu Detox, LLC, and the information is confidential and proprietary. Applicant and Malibu Detox, LLC have a common owner.

Information concerning non-related entities is not required by the application or the applicable regulatory standards and review criteria, so the Application should be deemed complete without this information. However, as owner of Malibu Detox, LLC, Mr. Robby Stempler is willing to provide the information requested if it is protected from public disclosure and available to Commission staff only for purposes of this review pursuant to a confidentiality agreement. Also, in the event an interested party is recognized by the Commission in this review, Mr. Stempler will allow that party to access the information if the party also agrees to protect the information from disclosure pursuant to a confidentiality agreement.

- 2. Please submit a revised project budget estimate (Table B) that only includes the estimated expenditures required for the physical facilities and equipment that will be employed in providing alcoholism and drug abuse intermediate care facility services and, thus, are the expenditures that will be incurred by Hygea Detox, Inc.**

*Applicant Response*

Please see Exhibit 16, attached.

## Table of Exhibits

Exhibit	Description
16	Revised Table B

I hereby declare and affirm under the penalties of perjury that the facts stated in this September 23, 2021 Response to Additional Information Questions dated September 1, 2021, and its attachments are true and correct to the best of my knowledge, information, and belief.

September 22, 2021

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Date



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Robby Stempler  
Chief Executive Officer  
Hygea Detox

# **EXHIBIT 16**

**TABLE B. PROJECT BUDGET - Revised 9/23/21**

**INSTRUCTION:** Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. If the project involves services other than level III.7 and III.7D explain the allocation of costs between the levels. NOTE: Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds

	III.7 and III.7D	RESIDENTIAL	TOTAL	Tenant Paid Costs
<b>A. USE OF FUNDS</b>				
<b>1. CAPITAL COSTS</b>				
<b>a. New Construction</b>				
(1) Building Costs (hard costs) includes builders profit	\$6,882,237		\$6,882,237	
(2) Closing Costs/Due Diligence	\$228,500		\$228,500	
(3) Site and Infrastructure/Remediation (site work)	\$1,151,289		\$1,151,289	
(4) Architect/Engineering Fees (soft costs)	\$248,396		\$248,396	
(5) Permits (Building, Utilities, Etc.) included in Building Costs	\$117,684		\$117,684	
<b>SUBTOTAL</b>	<b>\$8,628,106</b>	<b>\$0</b>	<b>\$8,628,106</b>	
<b>b. Renovations</b>				
(1) Hard Costs to Construct			\$0	
(2) Fixed Equipment (not included in construction) Kitchen/FFE			\$0	
(3) Architect/Engineering Fees			\$0	
(4) Permits (Building, Utilities, Etc.)			\$0	
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>c. Other Capital Costs</b>				
(1) Movable Equipment	\$0		\$0	\$ 372,840.00
(2) Contingency Allowance included in Hard Costs/Site Costs	\$807,504		\$807,504	
(3) Debt Service Reserve Fund - interest carry for 1st/2nd Lender	\$420,000		\$420,000	
(4) Other (Specify/add rows if needed) FF&E/Kitchen			\$0	
<b>SUBTOTAL</b>	<b>\$1,227,504</b>	<b>\$0</b>	<b>\$1,227,504</b>	
<b>TOTAL CURRENT CAPITAL COSTS</b>	<b>\$9,855,610</b>	<b>\$0</b>	<b>\$9,855,610</b>	
<b>d. Land Purchase</b>	<b>\$475,000</b>		<b>\$475,000</b>	
<b>e. Inflation Allowance</b>			<b>\$0</b>	
<b>TOTAL CAPITAL COSTS</b>	<b>\$10,330,610</b>	<b>\$0</b>	<b>\$10,330,610</b>	
<b>2. Financing Cost and Other Cash Requirements</b>				
a. Loan Placement Fees 1st and 2nd Lender	\$120,000		\$120,000	
b. Bond Discount			\$0	
c. CON Application Assistance			\$0	\$ 60,000
c1. Legal Fees			\$0	
c2. Other Working Capital			\$0	\$ 50,000
d. Non-CON Consulting Fees	\$0		\$0	
d1. Legal Fees	\$83,012		\$83,012	
d2. Other (Specify/add rows if needed) Developer Fee	\$375,000		\$375,000	
e. Other - 3rd Party Leasing Fees	\$323,204		\$323,204	
i. Other - Taxes and Insurance During Const	\$123,094		\$123,094	
<b>SUBTOTAL</b>	<b>\$1,024,310</b>	<b>\$0</b>	<b>\$1,024,310</b>	
<b>3. Working Capital Startup Costs</b>			<b>\$0</b>	
<b>TOTAL USES OF FUNDS</b>	<b>\$11,354,920</b>	<b>\$0</b>	<b>\$11,354,920</b>	
<b>B. Sources of Funds</b>				
1. Cash	\$1,219,993		\$1,219,993	
2. Philanthropy (to date and expected)			\$0	
3. Authorized Bonds			\$0	
4. Interest Income from bond proceeds listed in #3			\$0	
5. Mortgage	\$9,761,839		\$9,761,839	
6. Working Capital Loans			\$0	
7. Grants or Appropriations			\$0	
a. Federal			\$0	
b. State			\$0	
c. Local			\$0	
8. Business Loan obtained by Tenant	\$482,840		\$482,840	\$ 482,840
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$11,464,672</b>		<b>\$11,464,672</b>	
	<b>III.7 and III.7D</b>	<b>RESIDENTIAL</b>	<b>TOTAL</b>	
<b>Annual Lease Costs (if applicable)</b>				
1. Land			\$0	
2. Building			\$0	
3. Major Movable Equipment			\$0	
4. Minor Movable Equipment			\$0	
5. Other (Specify/add rows if needed)			\$0	

\* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease. Applicant Response: Hygea Detox's Lease Option is attached as Exhibit 4.

Notes: Applicant Hygea Detox, LLC, anticipates contributing \$482,840 to the project, via a business loan. The remainder of the project will be funded by the site owner, via mortgage of \$9,761,839 and cash contribution of \$1,219,993. In an effort to demonstrate the complete costs associated with the proposed project, Applicant discloses the full project budget for purchase of the site and construction of the proposed building.

Owner Contribution of Funds	\$1,219,993
Tenant Contribution of Funds	\$482,840
Owner's Mortgage	\$9,761,839
Tenant's Loan	\$482,840