



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of
Health and Social Services

Certificate of Need Program

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January 22, 2019

Mr. Donald W. McClintock
Ashburn & Mason, P.C.
1227 West 9th Avenue, Suite 200
Anchorage, AK 99501

RE: Request for Determination dated 11-29-2018-Additional Information Requested

Dear Mr. McClintock,

I am in receipt of your response to the department's December 26, 2018 letter requesting additional information regarding your November 29, 2018 Request for Determination ("RFD") whether a Certificate of Need ("CON") is necessary for a diagnostic imaging center that your client, Diagnostic Imaging of Alaska, is proposing. The project facility, located at 2110 East Northern Lights Boulevard in Anchorage, Alaska encompasses 7,085 rentable square feet and will include the following radiological modalities: MRI, CT, C-Arm, Ultrasound and X-Ray. You estimate the cost of the project to be \$1,380,661 and construction to take approximately 90 days post notice to proceed from the department.

Your response letter, dated January 2, 2019, addressed the department's initial questions regarding the RFD submittal. I have identified an additional item that requires clarification regarding the Building Lease for the proposed facility; specifically the Option to Purchase the building during the term of the lease.

In the previous request for additional information regarding your proposed project, the department sought confirmation regarding the Option to Purchase "terms" that were incorporated into the building lease, specifically the dates which Diagnostic Imaging of Alaska could exercise their right to purchase the facility located at 2110 East Northern Lights Boulevard. You responded:

"As set out in Section 3.2(i) of the Lease (Exhibit B page 1), the option can be exercised at any time from the Rent Commencement date to October 14, 2020. That is the Option Term as it is separately set out in Section 3.2 (iii). The Option must be exercised 120 days prior to the expiration of the Option Term. So the exercise of the right would occur on or before June 16, 2020."

While your response further clarified the terms (dates) in which Diagnostic Imaging of Alaska may exercise their right or option to purchase the building, it remains unclear what the intent of Diagnostic Imaging of Alaska is regarding the option to purchase.

Is the department to understand that Diagnostic Imaging of Alaska will seek to address the option to purchase the property before June 16, 2020? Meaning, Diagnostic Imaging of Alaska would purchase the building before the two year

lease term expires. Please clarify the intent of your client regarding the option to purchase as it pertains to their proposed building lease.

Please provide your response within thirty days from the date of this letter.

Please do not hesitate to contact me with any questions.

Regards,

Alexandria Hicks

Alexandria Hicks, CON Program Coordinator