



October 15, 2025

Nevada Health Authority
Director's Office
4070 Silver Sage Drive
Carson City, NV 89701

RE: Response to Notice of Intent to Initiate Proceedings to Withdraw Letter of Approval dated September 16, 2025

Director Weeks:

We are in receipt of the Notice of Intent to Initiate Proceeding to Withdraw Letter of Approval dated September 16, 2025 (the "Notice") pursuant to which the Nevada Health Authority (the "Department")¹ states its intent to initiate proceedings pursuant to Nevada Administrative Code (NAC) 439A.505 to withdraw the Letter of Approval issued to Pahrump Community Health Center, LLC (the "Project") on September 22, 2021, for the reasons alleged in the Notice. This letter and accompanying materials (collectively, the "CHDP Response") are submitted to the Department by Community Health Development Partners, LLC ("CHDP") on behalf of the Project pursuant to NAC 439A.505(5).

I. INTRODUCTION

The CHDP response consists of four sections: (i) this introduction, (ii) a factual and procedural background outlining our understanding of the facts and circumstances occurring prior to the issuance of the Notice; (iii) an overview of the Department's reasons for the proposed withdraw contained in the Notice, along with CHDP responses; and (iv) a discussion of the intent of the Certificate of Need ("CON") program and a request for the Director to exercise her permitted discretion consistent with such intent.

Pursuant to NAC 439A.505(2), the Notice provides three reasons for the proposed withdraw of the Letter of Approval:

- (i) the Project failed to meet the approved timetable set forth in the Letter of Approval and subsequent extension requests granted by the Department;
- (ii) a transfer of interest in the Letter of Approval may have occurred without approval by the Director; and
- (iii) reports on progress have not been timely submitted by the Project and may not contain accurate information.

¹For ease of reference, the Nevada Health Authority ("NVHA") and the Nevada Department of Health and Human Services ("DHHS") are collectively referred to herein as the Department, and DHHS Director Whitley and NVHA Director Weeks are each referred to as the Director.

In response, CHDP submits for the Department's consideration that:

- (i) good and sufficient reasons existed for the delays and resulting extension requests, including (a) litigation; (b) the actions of a regulatory agency other than the Department; and (c) several significant events beyond the control of CHDP;
- (ii) CHDP formed Convergence Health, LLC as an affiliated company focused on healthcare facility operations and did not transfer an interest in the Letter of Approval or the Project; and
- (iii) CHDP's statement in its July 10, 2025 response to the Department regarding Project costs represented CHDP's estimated total investment in the Project and CHDP did not intend for that cost figure to represent total capital expenditures as defined in NAC 439A.070. Each of the responses outlined above are described in detail in Section III below.

II. FACTUAL AND PROCEDURAL BACKGROUND

CHDP is a healthcare development company with the mission of providing local healthcare options for the people and places that need them most. To date, CHDP has developed three rural healthcare facilities: (i) Elko Community Health Center in Elko, Nevada, (ii) Pahrump Community Health Center in Pahrump, Nevada, and (iii) Lake Havasu Community Health Center in Lake Havasu City, Arizona. To avoid confusion with the federal designation "community health center,"² CHDP recently rebranded its healthcare operations as Convergence Health (as discussed further below), and the Elko and Lake Havasu City facilities are currently operating under the Convergence Health name.

A. Letter of Approval Application

The Project submitted a Letter of Approval Application Form (the "Application") on July 12, 2021, to the Department for the development and construction of a multi-disciplinary surgical and health center in Pahrump, Nevada (the "Project"). The Application provided a comprehensive analysis of the need for the Project in the Pahrump community, including:

1. long-standing and well-documented gaps in healthcare access across Nye County, one of the most medically underserved regions in Nevada;
2. despite steady population growth and a large proportion of older adults, the community continues to face critical shortages in specialty medical services;

² 42 U.S.C. § 254b (Section 330 of the Public Health Service Act)

3. over three-quarters of Nye County residents—more than 77%—leave the county to receive care, particularly for specialty and surgical services; and
4. this consistent pattern of “healthcare outmigration” results in lost local revenue, delayed treatment, and poorer health outcomes.

The Department conducted a public hearing on August 25, 2021, to discuss the Application. Numerous representatives of Desert View Hospital in Pahrump (“DVH”) spoke in opposition to the Application. The minutes of the hearing (the “Minutes”) reflect that DVH primarily based its opposition to the Application on: (i) potential duplication of services; (ii) concerns that the Project could not find staff or specialists to operate the facility; and (iii) potential economic harms caused to DVH. DVH’s comments, as reflected in the Minutes, confirmed several of the primary statements of need contained in the Application, including: “[b]ecause of Pahrump’s vicinity to Las Vegas, many specialty providers elect to carry out their practice in Las Vegas and require Pahrump residents to commute,” and “[b]ecause of the significant lack of primary care in Nye County, patients much often choose between waiting months for appointments at clinics or skip specialty care all together.”

The Director approved the Application on September 22, 2021 (the “Approval”), and issued certain findings of fact in connection with the Approval (the “Findings of Fact”). The Findings of Fact incorporated the Application, demonstrating the Department’s agreement with the Application’s description of the significant need for the Project in Pahrump.

B. Project Construction Delays

The Project executed an AIA-102 guaranteed maximum price contract with KHI Construction (the “General Contractor”) on March 3, 2022, in the amount of \$12,012,915.45 with an initial projected construction timeline of 378 days. The contract amount subsequently increased to \$14,349,109 as a result of change orders. The Project received a building permit on April 26, 2022.

The Project’s construction was delayed by numerous unforeseen events outside the control of the Project, as described in detail below. During the entire course of construction, the Project diligently worked to overcome these obstacles and continually progressed towards project completion.

1. A Global Pandemic

Project construction began in the midst of a global pandemic, and the resulting supply shortages caused significant delays in the construction schedule. The lead times for equipment substantially increased during this time period, including components needed to construct the basic infrastructure of the Project. The prolonged construction period reflects documented, industry-wide force-majeure supply constraints, not project mismanagement.

2. Third-Party Disputes

As described in the Application, CHDP funded the Project in part with federal and Nevada new market tax credits (“NMTCs”). As part of the NMTC closing, the Project transferred all funds needed to complete construction of the Project to a controlled construction disbursement account (the “Disbursement Account”) held for the benefit of the NMTC parties. The Project requested release of the construction funds in the Disbursement Account during the course of construction based on pay applications submitted to the Project by the General Contractor. The NMTC parties engaged Nevada Construction Services (“NCS”) as the third-party disbursement agent to review all pay applications prior to releasing funds for payment to the General Contractor. CHDP did not control the release of funds in the Disbursement Account or the approval of pay applications.

From early in the construction process, the General Contractor was either unable or unwilling to provide NCS with the necessary documentation to allow NCS to authorize the release of funds for payment. Below is a summary of select communications among the various parties demonstrating these continuing issues.

Date	Communication	Detail
11/16/22	Email from NCS to KHI	“After repeated requests of the Contractor to provide copies of all executed subcontracts, we have received absolutely none.”
11/22/22	Email from NCS to KHI	“As a result of the inability to gather the information needed to even complete pay application #1 until the above is provided, we cannot move forward.”
12/15/22	Email from NCS to KHI	“I would also like to reiterate that in order to process a draw we require all previous draw backup documentation be provided; Since we are still working on finalizing draw #3 I will not be able to start reviewing draw #4 until all draw #3 backup documentation is provided and I can’t provide a list of the backup documentation until we get the backup documentation from draws #1 & 2 to finalize draw #3.”
1/4/23	Email from CHDP to KHI	“The lenders rely heavily on the disbursement agents review and recommendation for funding. As indicated on our previous calls with both the lenders and disbursement agent, the disbursement agent will not provide a recommendation for approval unless they receive all requested and required documentation and again the lenders rely on this to approve funding.”
1/13/23	Email from CHDP to NMTC parties and NCS	CHDP emails NCS and NMTC parties for a meeting to discuss ongoing disputes between NCS and KHI, emphasizing that payment delays are creating serious risk—subcontractors are threatening to stop work and file liens—which could jeopardize the entire project. CHDP believes the current administrative process for approving and funding pay applications is overly burdensome and shifts too much risk to the project, outlining three key problem areas and

		recommendations. Following the meeting, the disbursement process gets back on track for a number of months.
1/24/24	Email from KHI Outside Counsel to NCS	“for the entire time of NCS’ involvement in the project, NCS has caused payment to be delayed over trivial issues that are not allowed under the NPPA and has wholly failed to approve payment so that payment could be timely made under the NPPA. This exposes the owner to KHI’s rights to stop work on the Project. We understand that currently payment still has not been made on the November 2023 invoices, and they are substantially past due. This is not acceptable and must change immediately”
8/26/24	Email from NCS to KHI	NCS responds to pay app submission requesting all subcontractors' final retention billing and associated backup documentation
9/11/24	Email from NCS to KHI	NCS follows-up to 8/26/24 email again requesting all subcontractors' final retention billing and associated backup documentation
9/25/24	Email from NCS to KHI	NSC emails KHI a list of 17 questions/requests with regard to the most recent pay app. Including a reminder that the this is a cost plus contract and that we need backup for what is being billed.
11/4/24	Email from KHI to NCS	Kevin Kelly emails NCS to request status update on payment. States that KHI is preparing to protect rights with a lien.
11/4/24	Email from NCS to KHI	NCS responds to Kevin Kelly noting that there are still items that are due from KHI.
11/4/24	Email from NCS to KHI	NCS resends the e-mail from 9/25 which requested additional documentation and clarification from KHI. NCS notes that it has not received the prior backup which would be the UPs for the prior draw.
2/11/25	Email from NCS to KHI	E-mail from NCS to KHI noting that the originally submitted pay app continued to be inconsistent and incomplete; requests corrected pay app, including the previously discussed over-billing in the amount of \$101,109.90 that needed correction.

Although the disputes were primarily between the General Contractor and NCS, the delays in payment caused by these disputes continued for years and directly impacted the Project’s ability to make continuing progress on project construction. Simply put, the Project was caught in the middle of a dispute between two third parties. For example, after substantial completion, KHI even

refused to give the Project the keys to its own facility.

The failure of KHI and NCS to resolve disputes and the resulting payment delays eventually resulted in KHI filing a lien enforcement action against the Project in January 2025. CHDP disputed the basis for the lien action, but NCS ultimately approved the disputed pay application in September 2025 (based on correct information finally submitted by the General Contractor to NCS) and the General Contractor reduced the lien amount to correspond with the amount of the final pay application.

3. Regulatory Obstacles

As part of the Nevada facility licensing process, the Department reviews the plans and specifications for the facility to ensure compliance with applicable regulations. The Project's Architect, DWL Architects ("DWL"), was responsible for submitting the plans to PSWC Architects ("PSWC"), the reviewing architect engaged on the Department's behalf, but failed to do so in a timely manner.

DWL did not submit architectural plans to the State until April 27, 2024. By the time DWL submitted the plans, the Nevada Bureau of Health Care Quality and Compliance had adopted updated versions of the applicable Codes, Standards and Guidelines, requiring a more comprehensive revision to fully address PSWC's comments. The plan review was recently completed and approved on September 4, 2025. Below is a timeline for the significant events during the plan review process.

Date	Event
4/27/24	Plans submitted for State review
5/27/24	PSWC Finished First Plan Review
11/21/24	DWL responds to PSWC, stating DWL is working on incorporating the comments, meeting requested
11/27/24	DWL and PSWC meet to discuss first plan review comments
3/25/25	DWL responds to PSWC, stating that DWL has addressed the first plan review comments, meeting requested
4/2/25	DWL and PSWC meet to discuss first plan review comments
6/27/25	DWL submits revised plans addressing first plan review comments
8/13/25	PSWC Finished Second Review
9/4/25	Plans approved

CHDP did not anticipate the significant delays in the plan review process, which were partly caused by the regulatory action adopting new Codes, Standards and Guidelines, and partly caused by DWL's late plan submission and slow revisionary process. As noted in the above timeline, from the time DWL received the first set of plan review comments, DWL did submit revised plans to PSWC for over 12 months.

C. Timetable Extensions & Reporting

As a result of the delays described above, the Project submitted multiple timeline extension requests (“Extension Requests”) to the Department pursuant to NRS 439A.475. CHDP timely filed all Extension Requests except for the extension request included as part of the quarterly report submitted on May 22, 2025 (the “Final Extension Request”).

The Department approved the October Extension on October 28, 2024, with a June 1, 2025, completion date. At the time, CHDP did not notice that the October Extension contained a new sentence, different from the form of prior extension approvals: “Additionally, if the facility is not operational and serving patients by 6/1/2025, CHDP will be required to initiate a new Certificate of Need Application.” At the time of the October Extension, the Project was confident in the June 1, 2025 completion date because (i) PSWC had finished its first plan review; (ii) the certificate of occupancy for the Project was imminent; and (iii) the Project intended to initiate the licensing process immediately upon receipt of the plan review approval. Unfortunately, following the receipt of the October Extension, DWL did not submit plan revisions to PSWC for an additional eight months and the General Contractor filed a lien action, both of which significantly impacted the Project’s ability to achieve the June 1, 2025 completion date.

On May 21, 2025, CHDP received communication from Department staff stating again that the Project would need to submit a new letter of approval application if the Project did not fully complete the Project by June 1, 2025. Following receipt of the May 21, 2025 e-mail from the Department, CHDP executives immediately requested a meeting with Department staff and the meeting was held on May 28, 2025. The tone of the meeting made clear the Department’s frustration by CHDP’s perceived lack of communication and responsiveness. At the time of the meeting, we were confused by the Department’s frustration and bright-line approach, given that CHDP continued to work diligently on completing the Project. During the course of construction, the Department has worked in a collaborative manner with CHDP, including assistance with reporting, even if late, and CHDP always worked in good faith to file the reports in a timely fashion, and, if late, expeditiously corrected the error. When we noticed the additional sentence from the October Extension while preparing the CHDP Response, we understood the Department’s perception that CHDP was simply ignoring the June 1, 2025 deadline. That was not our intent.

On June 12, 2025, the Department denied the Final Extension Request and issued a notice entitled “Pahrump Community Health Center, LLC, Failure to meet approved timeline on recent extension”. CHDP understood this action to signify the Department’s intent to withdraw the prior approval, and at the time, we were genuinely surprised and confused by the Department’s unwillingness to consider an additional short extension given the Project’s advanced stage of completion. In hindsight, that reaction stemmed from our failure to recognize the specific June 1, 2025 condition included in the October Extension. Our subsequent response, submitted on July 10, 2025 was therefore framed from a mistaken understanding of the Department’s position. We now recognize that the Department was acting based on language we had simply overlooked, and we regret that our earlier response may have come across as unnecessarily defensive or adversarial.

D. Current Project Status

CHDP's intention has always been to work constructively with the Department to bring this much-needed facility into operation for the Pahrump community. CHDP is proud to have overcome significant obstacles during the course of construction. The Project received its certificate of occupancy on January 28, 2025, received State plan review approval from the Department on September 5, 2025, and is ready to complete the full licensing process to become fully operational and serve the Pahrump community.



E. CHDP Track Record

Although not directly related to the Letter of Approval, CHDP's track record in Elko provides clear evidence of our commitment to rural Nevada and our ability to deliver high-quality healthcare facilities that directly address documented community needs. In partnership with local leaders and Nevada Gold Mines, CHDP expanded its service offerings to include cancer treatment in late 2024, providing oncology, hematology, and infusion services that now allow Elko residents to receive critical care locally. In 2025, we expanded our service lines to include Neurosurgery and Spine, a highly specialized program rarely available in rural regions, and launched a comprehensive Women's Health service line developed through extensive community engagement. Since the beginning of 2025, we have seen a more than 400-fold increase in colonoscopy procedures, dramatically improving access to life-saving preventive care. The Elko center currently maintains a 94% CAHPS patient satisfaction rate—among the highest in the nation. Building on this success, our ongoing partnership with Nevada Gold Mines will bring additional cardiac care, a sleep study lab, expanded women's health, and orthopedic urgent care services online in November 2025. These outcomes reflect CHDP's proven capacity to plan, deliver, and sustain high-impact healthcare projects in Nevada's underserved communities.

III. STATED REASONS FOR REVOCATION AND CHDP RESPONSES

Pursuant to NAC 439A.505(2), the Notice provides three reasons for the proposed withdraw of the Letter of Approval: (i) the Project failed to meet the approved timetable set forth in the Letter of Approval and subsequent extension requests granted by the Department; (ii) a transfer of interest in the Letter of Approval may have occurred without approval by the Director; and (iii) reports on progress have not been timely submitted by the Project and may not contain accurate information.

A. Approved Timetable

Pursuant to NRS 439A.475, a request for an extension of the timetable required to complete a project must be submitted to the Department as part of the quarterly progress report required by NAC 439A.465 at least 90 days before the required date of completion of the project. An extension will be granted only if the applicant manifests an intention to complete the project and demonstrates that good and sufficient reasons exist for its failure to meet the timetable. Good and sufficient reasons include delays caused by: (i) litigation; (ii) the actions of a regulatory agency other than the Department; or (iii) an event determined by the Department to be beyond the control of the holder of the letter of approval. A request for an extension of a letter of approval which is submitted less than 90 days before the required date of completion of the project will not be accepted unless the applicant can demonstrate to the satisfaction of the Department that unforeseen occurrences prevented a timely submission.

The Department's position is that the "facility was intended to be operational by December 1, 2025, however, the request was not timely submitted pursuant to NAC 439A.475(3) and was denied." The Response also notes that "PCHC failed to meet the approved timetable set forth in the Letter of Approval and all subsequent extensions granted."

As discussed above, we recognize that the October Extension included an additional sentence stating that "if the facility is not operational and serving patients by June 1, 2025, CHDP will be required to initiate a new Certificate of Need Application." We also recognize that our reporting efforts fell short during this exact same time period. During the October 2024 – March 2025 timeframe, we had multiple circumstances that disrupted internal continuity and diverted management attention: (i) the new CEO of Convergence Health started and was actively transitioning into his role; (ii) we had a new employee in charge of compliance that ultimately did not meet our expectations; (iii) the General Contractor commenced a lien action; and (iv) CHDP was urgently working to make up for lost time caused by DWL's failure to timely submit plans to the State for review. Although these factors do not absolve CHDP of responsibility, the confluence of circumstances during this period unfortunately coincided with the critical time period covered by the October Extension, exacerbated by our failure to understand the bright-line nature of the June 1, 2025 completion deadline.

In our view, there are valid reasons to grant an extension. Pursuant to NRS 439A.475, a timetable extension will be granted only if the applicant manifests an intention to complete the project and demonstrates that good and sufficient reasons exist for its failure to meet the timetable. Good and sufficient reasons include delays caused by: (i) litigation; (ii) the actions of a regulatory agency other than the Department; or (iii) an event determined by the Department to be beyond the control of the holder of the letter of approval.

As discussed in Section II above, all of the stated reasons exist in the case of the Project. A global pandemic, continuous disputes between the General Contractor and NCS (which culminated in the January 2025 lien action), and the significant delays in submitting plans to the Department review caused by the Project's architect, all contributed to the Extension Requests. As stated above, CHDP had all of the necessary funds in a controlled bank account during the entire construction process, but these outside factors resulted in the mounting delays. We have

always intended to complete the Project and are proud of the beautiful, state of the art facility that sits ready to serve the Pahrump community.

B. Alleged Transfer of Interest in the Letter of Approval may have occurred without approval by the Director

We understand and respect the Department's responsibility to ensure that CON approvals are not transferred or reassigned without oversight. That safeguard exists for a valid reason—to prevent speculative transfers, protect the integrity of the approval process, and ensure that the entity developing and operating a facility remains accountable to both the community and the State. Those are important and legitimate objectives that CHDP fully supports. Our position is simply that those concerns do not apply here, as no change in ownership, control, or operational accountability has occurred with respect to the Pahrump Project.

In the Notice, the Department alleges that the Project transferred an interest in the Letter of Approval without consent, specifically noting that “[a]t this time, NVHA has reason to suspect a transfer of interest in the Letter of Approval has occurred without the Director’s express written approval.” The stated rationale for this allegation appears to be based primarily on the use of a Convergence Health email address by a CHDP team member and a cursory review of Nevada Secretary of State filings. The Department’s concern appears to conflate a change in branding and internal operational structure with a transfer of ownership. There has been no change in ownership, control, or governance of the Project or of the entity holding the Letter of Approval. All entities involved—CHDP, Convergence Health, and Pahrump Community Health Center, LLC—remain under common ownership and management. The Project has at all times been under CHDP’s sole control and financial responsibility. The rebranding to “Convergence Health” was a strategic communications decision designed to improve public understanding of the facility’s services and does not reflect any corporate or ownership change.

As described above, CHDP is a healthcare development company. CHDP initially intended to serve as both the development company and the operating company for its healthcare facilities, but over time it became clear that the public’s perception of the term “community health center” created confusion. The term is closely associated with the federal designation of a community health center under 42 U.S.C. § 254b (Section 330 of the Public Health Service Act), which led to misunderstandings about the nature of the facility and the availability of services. To address that, CHDP established an affiliated entity—Convergence Health—to serve as the operational arm for its healthcare facilities while retaining full ownership and management control through CHDP.

The Department’s inference appears to stem solely from the use of “@convergencehealth.com” email addresses by CHDP personnel and from Secretary of State filings showing affiliated entities under the same ownership umbrella. Neither of these facts indicates a transfer of ownership or interest. They simply reflect a corporate structure organized for operational efficiency and public clarity—one that maintains full common ownership, unified management, and the same financial and legal accountability to CHDP.

As evidence of the current ownership of the Project and Convergence Health, we submit the following:

- the Operating Agreement for Convergence Health, LLC, reflecting CHDP as the 100% owner of Convergence Health, LLC³;
- a Manager's Certificate of the Project executed in connection with a recent transaction, showing the current ownership of Pahrump Community Health Center, LLC;
- an excerpt from CHDP's most recent audited financial statements, confirming that CHDP is the 100% owner of Convergence Health and the reason CHDP formed Convergence Health; and
- a past Facebook post announcing the Convergence Health rebranding.

At no point has CHDP attempted to conceal or transfer any ownership interest in the Project. To the contrary, all filings, contracts, and communications with the Department have been transparent and made in good faith. CHDP welcomes any review or confirmation process the Department deems appropriate to verify ownership continuity and compliance with the Letter of Approval.

- C. Reports on progress have not been timely submitted by the Project and may not contain accurate information

We understand the Department's concern regarding the accuracy and consistency of project cost reporting. Transparency in reporting is essential to maintaining confidence in the CON process, and CHDP shares that commitment. Any discrepancies between the Department's understanding of reported costs and CHDP's submitted figures stem not from an attempt to mislead, but from differences in terminology and accounting treatment of project costs—specifically, the distinction between capital expenditures and total project costs.

The Notice references the maximum amount of capital expenditures for the Project set forth in the Letter of Approval, which established an approved cap of \$16,410,927. Importantly, this figure represents only capital expenditures as defined by NAC 439A.070, which excludes expenses that, under generally accepted accounting principles, are not properly chargeable as capital—such as operating, maintenance, financing, and administrative costs.

CHDP's prior statements regarding overall project cost were based on its estimated all-in development cost, which includes a range of necessary expenditures beyond those categorized as capital under NAC 439A.070. These include predevelopment expenses, financing costs, site preparation, equipment, professional services, and other soft costs that, while integral to the total investment, are not capitalized for CON reporting purposes. CHDP did not intend to imply or

³ Note that CHDP originally intended to own Convergence Health through an affiliated holding company, VCC Healthcare Holdings, LLC, in connection with a larger anticipated corporate restructuring. The restructuring has yet to occur, so VCC Healthcare Holdings, LLC is reflected as the withdrawing member in the Convergence Health, LLC Operating Agreement. The annual report of members Convergence Health is not due until January 2026, which is why the Nevada Secretary of State website is still showing VCC Healthcare Holdings as the member.

represent that the previously referenced \$20,000,000 estimate related solely to capital expenditures; rather, it reflected a comprehensive project budget.

To clarify, the following table provides the full record of payment applications submitted by the General Contractor to date pursuant to the general contract reflecting verified progress and disbursements toward completion of the facility:

Pay App	Date Submitted	Pay App Amount	Softs Costs	Total Draw	Aggregate Amount
1	3/15/22	\$ 1,364,096	\$ 762,222	\$ 2,126,318	\$ 2,126,318
2	8/15/22	\$ 316,303	\$ -	\$ 316,303	\$ 2,442,621
3	9/15/22	\$ 536,182	\$ 73,573	\$ 609,755	\$ 3,052,375
4	10/17/22	\$ 724,470	\$ -	\$ 724,470	\$ 3,776,845
5	11/15/22	\$ 905,904	\$ 18,358	\$ 924,262	\$ 4,701,107
6	12/15/22	\$ 565,792	\$ -	\$ 565,792	\$ 5,266,899
7	1/17/23	\$ 599,515	\$ -	\$ 599,515	\$ 5,866,414
8	2/15/23	\$ 1,450,815	\$ 52,316	\$ 1,503,131	\$ 7,369,545
9	3/15/23	\$ 117,021	\$ 18,479	\$ 135,500	\$ 7,505,045
10	4/15/23	\$ 498,780	\$ 18,256	\$ 517,036	\$ 8,022,081
11	5/15/23	\$ 335,166	\$ -	\$ 335,166	\$ 8,357,247
12	6/15/23	\$ 695,060	\$ 18,241	\$ 713,300	\$ 9,070,547
13	8/15/23	\$ 680,733	\$ -	\$ 680,733	\$ 9,751,280
14	10/16/23	\$ 1,358,887	\$ -	\$ 1,358,887	\$11,110,167
15	3/29/24	\$ 768,221	\$ 53,078	\$ 821,299	\$11,931,466
16		\$ 101,362	\$ 101,110	\$ 202,472	\$12,133,938
17	8/26/24	\$ 1,027,338	\$ 28,486	\$ 1,055,824	\$13,189,763
18	6/30/25	\$ 697,234	\$ -	\$ 697,234	\$13,886,997

The Project is in the process of reconciling the final pay application with the General Contractor and NCS and any savings relative to the guaranteed maximum price stated in the contract will be used for other Project-related expenses. In addition to the amounts paid to the General Contractor for Project construction, the Project also purchased major medical equipment in the amount of \$1,970,031.29, for total capital expenditures of \$15,857,028.29.

As reflected above, total contractor payments and verified progress remain within the approved capital expenditure cap of \$16,410,927, confirming that CHDP has not exceeded or misrepresented its capital spending authority. The variation between capital costs and total estimated investment is an accounting distinction, not a compliance issue, and CHDP remains committed to full transparency and to providing any supplemental documentation the Department may request to confirm these figures.

IV. REQUEST TO EXERCISE DISCRETION CONSISTENT WITH CON INTENT

The Department has the discretion—and indeed the statutory responsibility—to administer the CON program in a manner that advances its underlying purpose: ensuring that Nevada’s residents have timely and equitable access to essential healthcare services. In this case, strict application of procedural rules would frustrate rather than fulfill that purpose. The Project represents a significant and long-standing investment in community health infrastructure – an investment that is supported by other Nevada executive departments, such as the Nevada Department of Business and Industry, and the Federal government through the NMTC program. In our view, this investment and broad support aligns squarely with the goals of Nevada’s CON framework and the Governor’s statewide priorities. In asking the Department to exercise its discretion, CHDP respectfully submits that doing so would not undermine the integrity of the CON program, but would instead reinforce its fundamental intent—to expand access, promote efficiency, and meet the real and continuing healthcare needs of Nevada’s rural communities.

A. Health Care Priorities and CON Intent

Governor Lombardo’s policy agenda emphasizes closing the geographic gap between patients and essential services. For example, the Nevada Healthcare Access Act calls for strategic investment in facilities serving medically underserved communities and for removing administrative obstacles that slow expansion. The Project exemplifies that vision. The Project delivers precisely the kind of locally anchored, multi-specialty facility that the Governor and the NVHA have prioritized—one that reduces patient travel, supports workforce recruitment, and strengthens healthcare resilience in underserved regions. The community’s needs in Pahrump have not changed. As noted in the March 28, 2025 article in the Pahrump Valley Times, “Pahrump Community Health Center will serve residents of the surrounding areas with something that locals desperately want, surgical services,” also noting that “[i]n the town of Pahrump, one of the things in which community members find common ground is their desire to see more health services available locally, particularly when it comes to specialty care.”

We fully appreciate the Department’s obligation to uphold the integrity of the CON process and the policy interests it serves. The procedural standards governing CON approvals are not mere technicalities—they exist to ensure fairness among applicants, prevent speculative or dormant projects, and maintain public trust that approved facilities will be developed responsibly and in alignment with current community needs. CHDP shares and supports those objectives. Our request for continued consideration is not intended to diminish the importance of these safeguards, but rather to recognize that the underlying purposes of the CON program—timely access to essential healthcare services, equitable allocation of resources, and the protection of community interests—can still be fully realized through completion of this Project. We respectfully submit that the progress made to date, and our continued commitment to bringing the Project to fruition, reflect the very diligence and accountability the CON framework is designed to promote.

CHDP acknowledges and regrets the oversight in failing to identify the June 1, 2025, condition earlier, and for any lapses in the timeliness of our reporting. We accept full responsibility for these mistakes. However, we respectfully submit that the outcome of this proceeding should

reflect the overarching purpose of Nevada's CON statute: to ensure that healthcare resources are available, accessible, and efficiently utilized for the benefit of Nevada communities. The Project is complete and ready to serve patients in one of the State's most medically underserved areas. Revoking its approval based on procedural errors would harm the very public the CON process was designed to protect.

B. Request to Exercise Discretion Pursuant to NAC 439A.670

NAC 439A.670 provides the Department with broad discretion to waive or alter any procedural provision of NAC 439A.295 to 439A.675, inclusive, if the intent of the relevant provision would not be carried out by its strict application. NRS 439A provides that the intent of the project approval requirements is based on the following priorities: (i) providing for the effective use of methods for controlling increases in the cost of health care; (ii) providing for the adequate supply and distribution of health resources; (iii) providing for equal access to health care of good quality at a reasonable cost; and (iv) providing education to the public regarding proper personal health care and methods for the effective use of available health services. NAC 439A.670 represents the legislative intent for the Director to utilize appropriate discretion to balance the legitimate healthcare needs of the communities it serves and the strict enforcement of applicable regulations which may lead to excessively punitive results.

As described above, (i) DHHS issued the Approval based on the clearly identified need for the Project, a need that DHHS established as a factual finding in the Finding of Facts; (ii) the Project is complete and received its Certificate of Occupancy on January 28, 2025; (iii) the Department notified the Project of its architectural plan approval on September 4, 2025 and set forth the next steps in the state licensing process; and (iv) CHDP has clearly stated its intent, desire and ability to open the Project to serve the Pahrump community.

We therefore respectfully request the Department to (i) exercise its discretion under NAC 439A.670 to waive or modify the procedural provisions at issue, allowing the Project to proceed to licensure and operation and (ii) conclude that the evidence submitted as part of this CHDP Response is sufficient to negate the reasons for the proposed withdraw stated in the Notice pursuant to NAC 439A.505(7). CHDP remains committed to full compliance, transparent communication, and ongoing collaboration with the Department to ensure that the Project begins serving the Pahrump community as swiftly and effectively as possible. The goals of the State, the Pahrump community, and CHDP are aligned on the Project and we are willing to collaboratively discuss any viable alternatives to ensure that the Project can be activated to serve the needs of the Pahrump community.

Sincerely,

A handwritten signature in black ink, appearing to be 'DL' with a long horizontal stroke extending to the right.

David Lutz
Managing Director
Community Health Development Partners, LLC

