

November 23, 2020

VIA EMAIL

Ms. Emily T. Marsal, Esq.
Executive Director
State Health Planning and Development Agency
100 North Union Street
Suite 870
Montgomery, AL 36104

Re: Change of Ownership –Limestone Lodge II

Dear Ms. Marsal:

Pursuant to Chapter 410-1-7-.04, Rules and Regulations of the Alabama Certificate of Need Program (the “Rules”), we respectfully submit the attached Notice of Change of Ownership for CON-2901-SCALF and Project AL 2020-07, which was an approved application for a CON issued to Limestone Lodge II to convert a 16 bed assisted living facility to a 16 bed specialty care assisted living facility in Limestone County (referred to herein as the “Facility”). The following is a summary of the proposed transaction:

I. Facts.

1. The applicant and responsible party for Project AL 2020-07 for Facility is Great Oaks Management, LLC (“Current Owner”). The owner of Cavalier Senior Living Operations, LLC (the “New Owner”) was heavily involved in the application for the Facility.
2. Pursuant to a proposed purchase, Current Owner will sell and convey the Facility to New Owner, with the following ownership and oversight structure in place at the time of transfer: (i) New Owner will be owned 51% by Cavalier Senior Living, LLC and 49% by Great Oaks; (ii) the 49% owned by Great Oaks is redeemable by Cavalier Senior Living, LLC at any time by return of Great Oak’s initial capital contribution; and (iii) each of Cavalier Senior Living, LLC and Great Oaks Management appoint one manager to a two-person board of managers of the New Owner.
3. The parties are seeking to consummate the above described transaction by November 30, 2020.
4. The change in control of the Facility will be documented by the enclosed executed change of ownership form and complies with ALA. CODE SECTION 22-21-270(f). A firm commitment will be filed with SHPDA.

II. Financial Scope of Project.

- A. For a fair market price, Current Owner will sell the land, building fixtures, and equipment comprising the Facility to New Owner.

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III. Services to be Offered.

1. No New Services: The transaction does not involve the offering of any new services by the Facility.

IV. Beds.

1. New Beds: The proposed transaction does not involve any addition or reduction of beds.
2. Conversion of Beds: The proposed transaction does not involve the conversion of beds.

V. Stock and Assets.

Other than described above, the transaction does not involve the acquisition of stock or assets relating to the operation of the Facility.

Based on the above showing that there has been no (i) change in health service, (ii) spending in excess of the spending thresholds (which, for 2020, are \$3,024,899 for major medical equipment; \$1,209,958 for new annual operating costs; and \$6,049,799 for any other capital expenditure), (iii) conversion of beds or (iv) increase in bed capacity we respectfully ask that you determine that a CON or other action by SHPDA is not required for the consummation of the above-described proposed transaction. In accordance with the Rules, I attach the executed change of ownership form, and the required fee in the amount of \$2,500.00 will be hand delivered to your offices. The transaction is anticipated to close November 30, 2020.

Should you have any questions or need further information, please contact me at 205-254-1195.

Sincerely,



Lauren C. DeMoss

Enclosures

NOTICE OF CHANGE OF OWNERSHIP/CONTROL

The following notification of intent is provided pursuant to all applicable provisions of ALA. CODE § 22-21-270 (1975 as amended) and ALA. ADMIN. CODE r. 410-1-7-.04. This notice must be filed at least twenty (20) days prior to the transaction.

- Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))
 Change in Certificate of Need Holder (ALA. CODE § 22-20-271(f))
 Change in Facility Management (Facility Operator)

Any transaction other than those above-described requires an application for a Certificate of Need.

Part I: Facility Information

SHPDA ID Number: **CON 2901-SCALF**
Name of Facility/Provider: **Limestone Lodge II**
Physical Address: **1528 W Hobbs Street**
Athens, Alabama 35611
County of Location: **Limestone**
Number of Beds/ESRD Stations: **16**

Part II: Current Authority (Note: If this transaction will result in a change in direct ownership or control, as defined under ALA. CODE § 22-20-271(e), please attach organizational charts outlining current and proposed structures.)

Owner (Entity Name) of Facility named in Part I: **Great Oaks Management, LLC**
Mailing Address: **60 Commerce Street, Suite 910**
Montgomery, Alabama 36104
Operator (Entity Name): **Great Oaks Management, LLC**

Part III: Acquiring Entity Information

Name of Entity: **Cavaller Senior Living Operations, LLC**
Mailing Address: **60 Commerce Street, Suite 700**
Montgomery, Alabama 36104
Operator (Entity Name): **Cavalier Senior Living Holdings, LLC**
Proposed Date of Transaction is on or after: **November 30, 2020**

Part IV: Terms of Purchase

Monetary Value of Purchase: See attached letter.

Type of Beds: SCALF Beds

Number of Beds/ESRD Stations: N/A

Financial Scope: to Include Preliminary Estimate of the Cost Broken Down by Equipment, Construction, and Yearly Operating Cost:

See attached letter.

Projected Equipment Cost:	\$	<u>5,000</u>	_____
Projected Construction Cost:	\$	_____	_____
Projected Yearly Operating Cost:	\$	<u>527,000</u>	_____
Projected Total Cost:	\$	<u>527,000</u>	_____

On an Attached Sheet Please Address the Following:

- 1.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service, whether the service is an extension of a presently offered service, or whether the service is a new service).
- 2.) Whether the proposal will include the addition of any new beds.
- 3.) Whether the proposal will involve the conversion of beds.
- 4.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

Current Authority Signature(s):

The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s): [Signature] _____

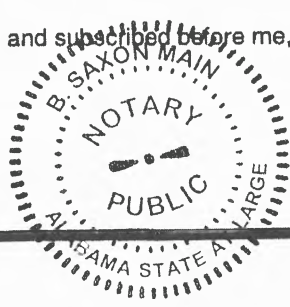
Operator(s): [Signature] _____

Title/Date: CEO 11/4/20 _____

SWORN to and subscribed before me, this 4th day of November 2020.

A-84

[Signature]



(Seal)

Notary Public

My Commission Expires: 1/31/2022

Acquiring Authority Signature(s):

I agree to be responsible for reporting of all services provided during the current annual reporting period, as specified in ALA. ADMIN. CODE r. 410-1-3-.12. The information contained in this notification is true and correct to the best of my knowledge and belief.

Purchaser(s): Bul E _____

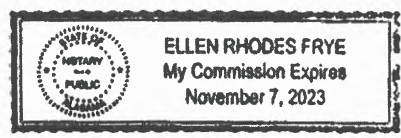
Operator(s): Bul E _____

Title/Date: CEO / 11-2-2020 _____

SWORN to and subscribed before me, this 2nd day of November 2020.

(Seal) Ellen Rhodes Frye
Notary Public

My Commission Expires: 11/7/2023



Author: Alva M. Lambert
Statutory Authority: § 22-21-271(c), Code of Alabama, 1975
History: New Rule