

November 30, 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 and Elmore County Facility

Dear Ms. Marsal:

I have discovered and want to correct a scribner's error in two previously submitted cover letters for the following change of ownership applications for the following two facilities: (i) 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, and (ii) Project AL 2019-15, which was an approved application for a CON issued to establish a 16 bed specialty care assisted living facility in Elmore County (referred to herein as the "Facilities"). The change in control of the Facilities were be documented by the enclosed executed change of ownership form and in the prior letter, I stated that the change of ownership complies with ALA. CODE SECTION 22-21-270(f). However, that should be a reference to ALA. CODE SECTION 22-21-27(e).

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

Sincerely,



Lauren C. DeMoss

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Nov 23 2020

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

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 –Elmore County Specialty Care Assisted Living Facility

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 Project AL 2019-15, which was an approved application for a CON issued to establish a 16 bed specialty care assisted living facility in Elmore 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 2019-15 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 2890-SCALF**

Name of Facility/Provider: **Great Oaks Management, LLC**

Physical Address: **TBD**
Wetumpka, Alabama

County of Location: **Elmore**

Number of Beds/ESRD Stations: **32**

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: **Cavalier 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>22,000.⁰⁰</u>
Projected Construction Cost:	\$	<u>424,875.⁰⁰</u>
Projected Yearly Operating Cost:	\$	<u>165,000.⁰⁰</u>
Projected Total Cost:	\$	<u>611,875.⁰⁰</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): Jacques Perry _____

Operator(s): Jacques Perry _____

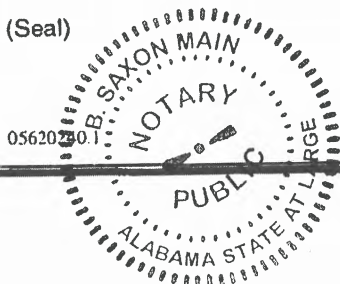
Title/Date: CEO 4/14/20 _____

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

(Seal)

A-84

[Signature]
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 [Signature] _____

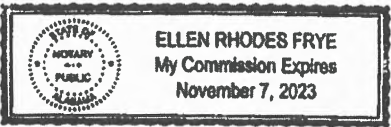
Operator(s): Bul [Signature] _____

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

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

(Seal) [Signature]
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

November 5, 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 West, Limestone Lodge II and a facility in Elmore County

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 three (3) Notices of Change of Ownership. The Change of Ownership involves the following three (3) Certificates of Need (“CON”) for specialty care assisted living facilities (“SCALF”):

- CON 2890-SCALF: Issued to Great Oaks Management, LLC to establish a 32 bed SCALF in Elmore County (individually referred to herein as the “Elmore County Facility”).
- 1838-SCALF: Issued to Limestone Lodge West to establish a 16 bed SCALF in Limestone County (individually referred to herein as “Limestone Lodge West Facility”).
- CON 2901-SCALF: Issued to Limestone Lodge II for the conversion of a 16 bed ALF to a 16 bed SCALF (individually referred to herein as “Limestone Lodge II Facility”).

The Elmore County Facility, the Limestone Lodge West Family and the Limestone Lodge II Facility shall be collectively referred to herein as the “Facilities.”)

Following is a summary of the proposed transaction:

I. Facts.

1. The current owner of the Limestone Lodge West Facility is EDH Enterprises, Inc. and the current owner of both the Elmore County Facility and Limestone Lodge II Facility is Great Oaks Management, LLC (“Great Oaks”) (collectively, the “Current Owners”). The current operator of the Facilities is Great Oaks Management, LLC (“Current Operator”).
2. Pursuant to a proposed purchase and sale transaction to be consummated upon the approval by the Alabama Department of Public Health (“ADPH”) of a Change of Ownership for the Facilities and the issuance of a new license by ADPH, Current Owner will sell and convey the

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Facilities to Cavalier Senior Living Operations, LLC (“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. The intent would be that Cavalier Senior Living, LLC would redeem Great Oaks Management’s interest shortly after closing; therefore making Cavalier Senior Living, LLC the sole member of the New Owner.

3. The parties are seeking to consummate the above described transaction by November 30, 2020.
4. The resulting “change in control” requires notification to your agency pursuant to ALA. ADMIN. CODE §410-1-7-.04(1).
5. The change in control of the Facilities will be documented by the enclosed executed change of ownership forms.

II. Financial Scope of Project.

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

B. For fair market rental, New Owner will lease the Facility from its affiliate, Cavalier Senior Living Holdings, LLC under an operating lease with a term exceeding two (2) years (the “New Lease”). Other than entering into the New Lease and the licensing of the Facilities, this transaction does not involve any activities described in Alabama Code § § 22-21-263(a) (1), (2), (3), or (4) as requiring a certificate of need.

III. Services to be Offered.

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

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 Facilities.

Ms. Emily T. Marsal, Esq.
November 5, 2020
Page 3

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 exercise your authority under Chapter 410-1-7-.04(2) of the Rules and 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 three (3) executed change of ownership forms, and the required fee in the amount of \$2,500.00 for each application 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


MAYNARD
COOPER GALE

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.

- X 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 2890-SCALF**
 Name of Facility/Provider: **Great Oaks Management, LLC**
 Physical Address: **TBD**
Wetumpka, Alabama
 County of Location: **Elmore**
 Number of Beds/ESRD Stations: **32**

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: **Cavalier 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>22,000.⁰⁰</u>
Projected Construction Cost:	\$	<u>424,875.⁰⁰</u>
Projected Yearly Operating Cost:	\$	<u>165,000.⁰⁰</u>
Projected Total Cost:	\$	<u>611,875.⁰⁰</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).
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- 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): Jacques Jerry _____

Operator(s): Jacques Jerry _____

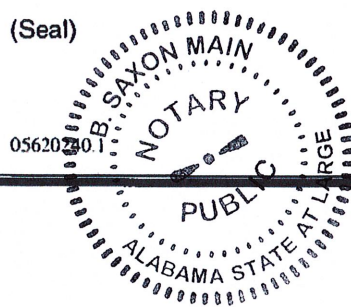
Title/Date: CEO 11/4/20 _____

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

(Seal)

A-84

[Signature]
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): *[Signature]* _____

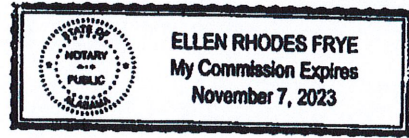
Operator(s): *[Signature]* _____

Title/Date: *COI 11-2-2020* _____

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

(Seal) *[Signature]*
Notary Public

My Commission Expires: *1/7/2023*



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