

**Holly S. Hosford**

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205.521.8376



CO2021-077

RECEIVED

Nov 24 2021

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

November 24, 2021

Via Electronic Filing  
(shpda.online@shpda.alabama.gov)

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

RE: Change of Ownership; Vaughan Regional Medical Center, LLC d/b/a Vaughan Regional Medical Center – Parkway Campus; SHPDA ID 047-6530860  
CO2021-077 – Notice of Updated Organizational Charts

Dear Ms. Marsal:

This letter is in follow-up to our letters dated September 24, 2021 (the “Notification Letter”), and October 25, 2021 (the “Delay Letter”). The Notification Letter provided notice to the State Health Planning and Development Agency (the “Agency”) of the anticipated reorganization resulting in a transfer of the specified equity interest of Vaughan Regional Medical Center, LLC d/b/a Vaughan Regional Medical Center (the “Hospital”) to an affiliate of the Hospital (the “Reorganization”). Enclosed with the Notification Letter were the required Notice of Change of Ownership form and pre-closing and post-closing organizational charts. Subsequent to the Notification Letter, the Delay Letter provided notice that the Reorganization that had been anticipated to occur on or about November 1, 2021, was delayed and that we would provide the updated effective date when it is available.

By this letter, please find an updated organizational chart attached herein as Attachment A (the “Updated Organizational Chart”). The Updated Organizational Chart revises only the *post-closing* organizational chart submitted previously with the Notification Letter and reflects (as shown in track changes attached herein as Attachment B) only a change in the post-closing upstream Knight Healthcare holding companies between the Hospital and Knight Health II, LLC.

Please note that the details regarding the transfer of indirect ownership of equity interests in the Hospital and structure of the Reorganization as described in the Notification Letter remain the same. Accordingly, the upstream ownership changes occurring as a result of the Reorganization, as shown in the Updated Organizational Chart, will *not* result in a change in the EIN/tax ID, organizing documents, offered services, service area, name, or address of the Hospital.

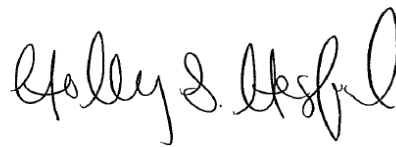
Ms. Marsal  
Vaughan Regional Medical Center  
November 24, 2021  
Page 2

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Please further note that, as indicated in the Delay Letter, we will provide the updated effective date as soon as it is available.

Should you have any questions or need any additional information, please do not hesitate to contact me at (205) 521-8376 or [hhosford@bradley.com](mailto:hhosford@bradley.com). Thank you for your time and attention to this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Holly S. Hosford". The signature is written in a cursive style with a large, looped initial "H".

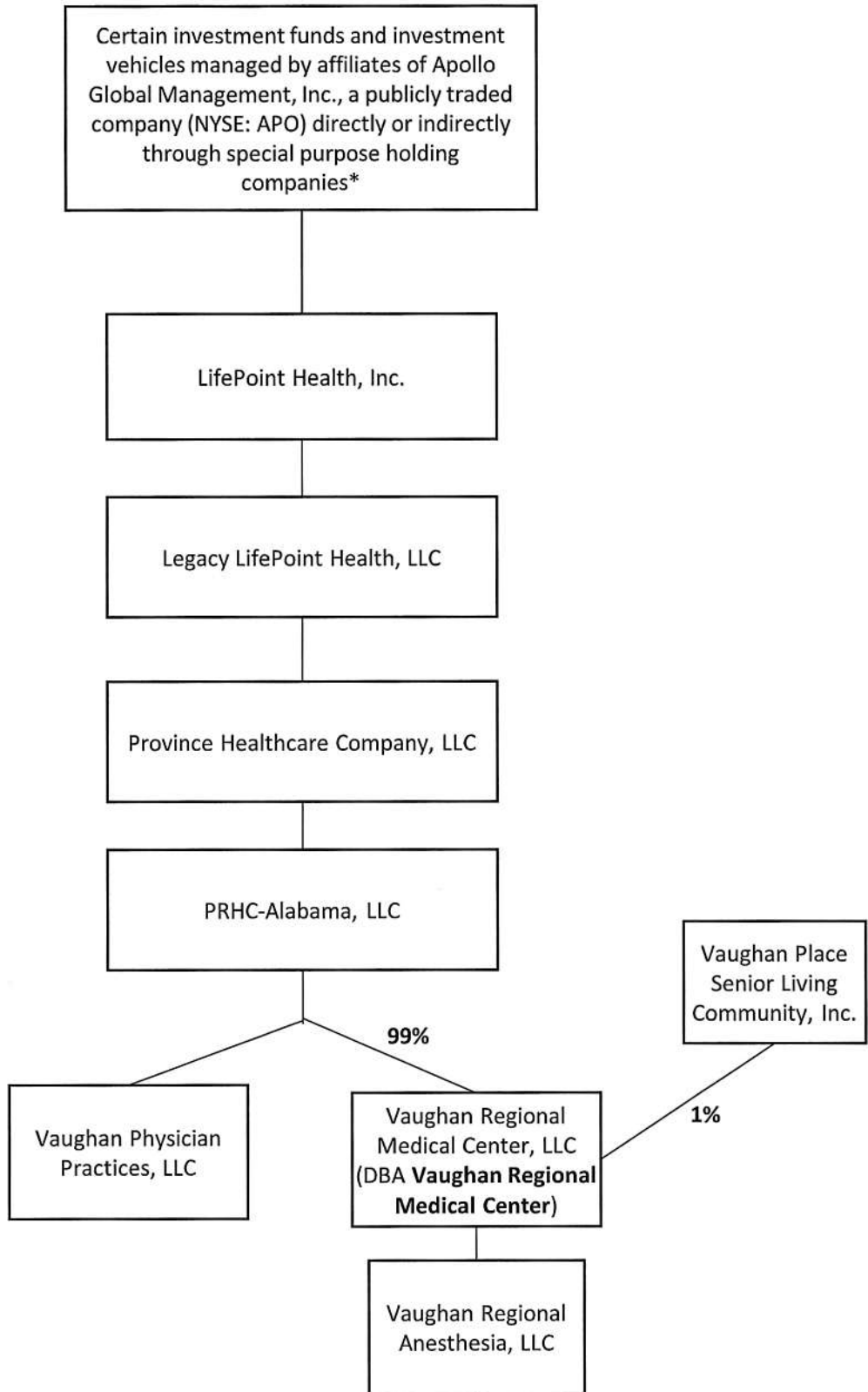
Holly S. Hosford

**ATTACHMENT A**

UPDATED ORGANIZATIONAL CHARTS

*See attached.*

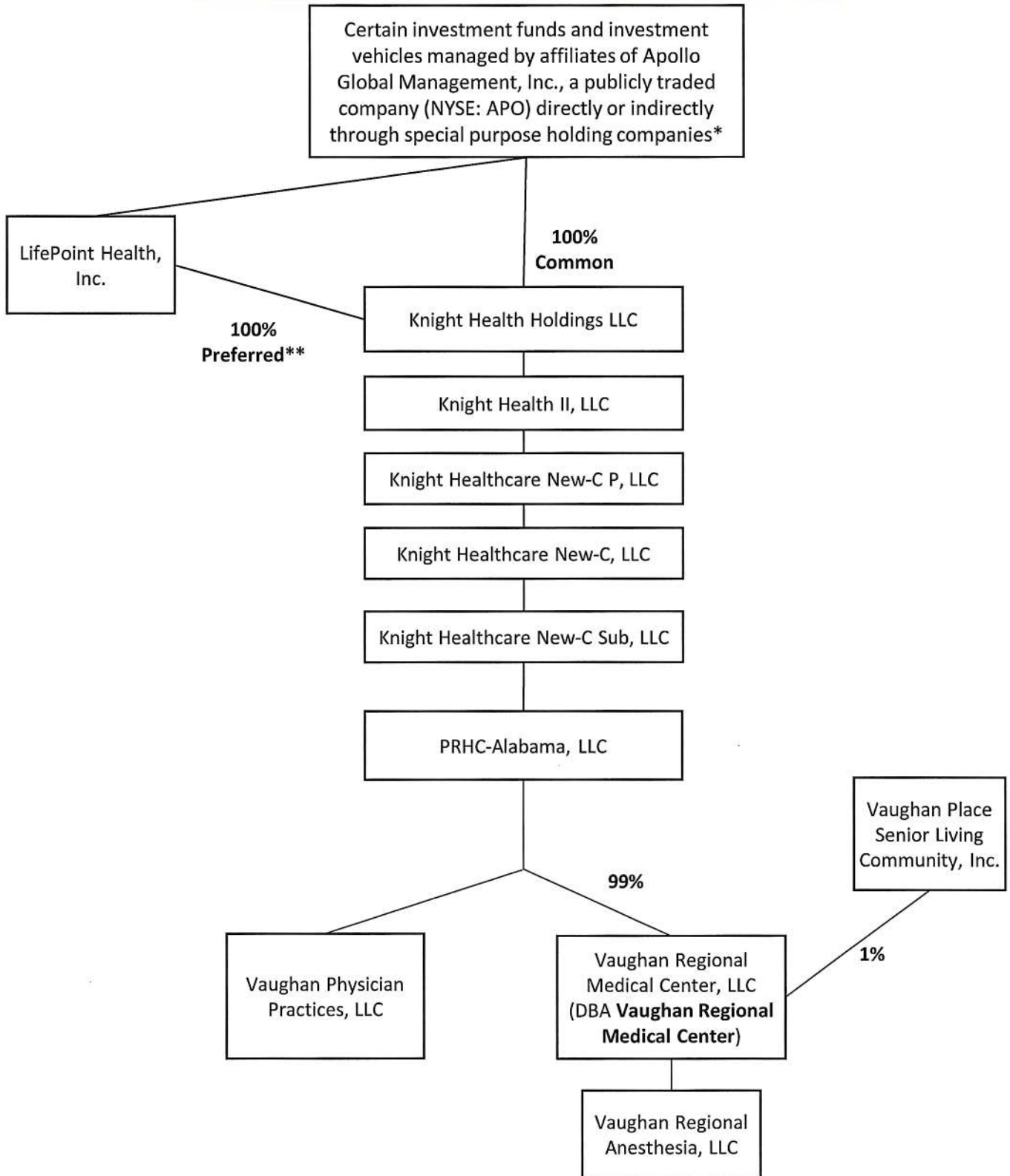
**Pre-Transaction Structure**  
*Vaughan Regional Medical Center*



**Note:** All ownership percentages are 100% unless specifically noted otherwise.

**\*Officers, directors, employees and consultants hold less than 10% ownership interest in the aggregate, and no such individual holds more than 1% individually.**

**Post-Transaction Structure**  
*Vaughan Regional Medical Center*



*Note: All ownership percentages are 100% unless specifically noted otherwise. Officers, directors, employees and consultants hold less than 10% ownership interest in the aggregate, and no such individual holds more than 1% individually.*

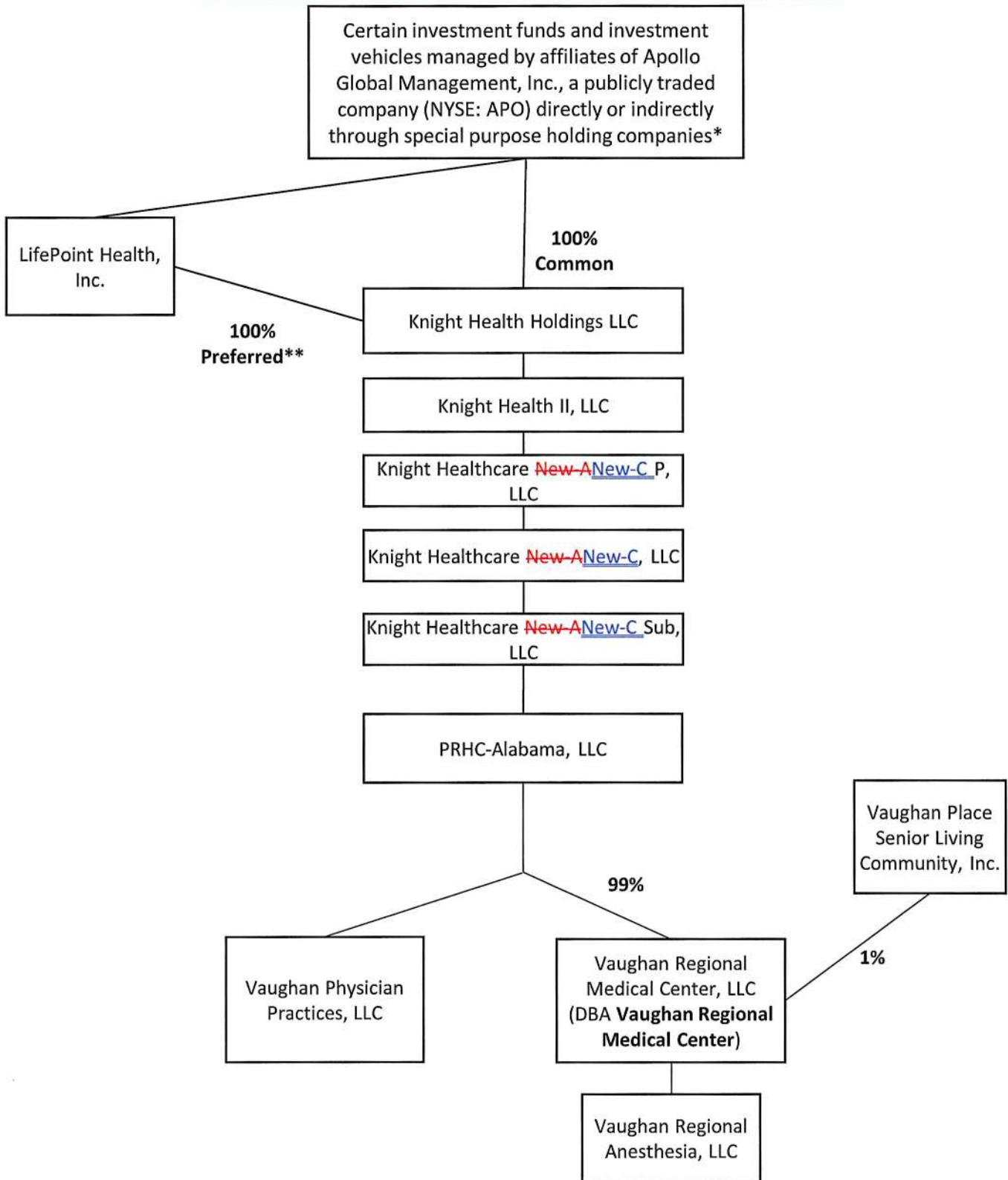
*\*Represents a non-voting and non-participating preferred security interest.*

**ATTACHMENT B**

POST-CLOSING ORGANIZATIONAL CHART SHOWING TRACK CHANGES

*See attached.*

**Post-Transaction Structure**  
*Vaughan Regional Medical Center*



*Note: All ownership percentages are 100% unless specifically noted otherwise.*

*Officers, directors, employees and consultants hold less than 10% ownership interest in the aggregate, and no such individual holds more than 1% individually.*

*\*Represents a non-voting and non-participating preferred security interest.*

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CO2021-077  
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**Oct 25 2021**

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

October 26, 2021

Via Electronic Filing  
(shpda.online@shpda.alabama.gov)

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

RE: Change of Ownership; Vaughan Regional Medical Center, LLC d/b/a Vaughan Regional Medical Center – Parkway Campus; SHPDA ID 047-6530860  
CO2021-077 – Notice of Delay in Reorganization

Dear Ms. Marsal:

This letter is in follow-up to our letter dated September 24, 2021 (the “Letter”), which provided notice to the State Health Planning and Development Agency (the “Agency”) of the anticipated reorganization resulting in a transfer of the specified equity interest of Vaughan Regional Medical Center, LLC d/b/a Vaughan Regional Medical Center (the “Hospital”) to an affiliate of the Hospital (the “Reorganization”). Enclosed with the Letter were the required Notice of Change of Ownership form and organizational charts in connection with same.

In the Letter, we indicated that the Reorganization was anticipated to occur on or about November 1, 2021. By this letter, please be advised that the Reorganization has been delayed and will not close on November 1, 2021. We will provide the updated effective date when it is available.

Should you have any questions or need any additional information, please do not hesitate to contact me at (205) 521-8376 or hhosford@bradley.com. Thank you for your time and attention to this matter.

Best regards,

A handwritten signature in black ink that reads "Holly S. Hosford". The signature is written in a cursive, flowing style.

Holly S. Hosford



**Holly S. Hosford**  
hhosford@bradley.com  
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**Oct 08 2021**

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

October 8, 2021

Via Electronic Filing  
(shpda.online@shpda.alabama.gov)

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

RE: Change of Ownership; Vaughan Regional Medical Center, LLC d/b/a Vaughan Regional Medical Center – Parkway Campus; SHPDA ID 047-6530860

Dear Ms. Marsal:

We respectfully submit to the State Health Planning and Development Agency (“SHPDA”) this letter as an attachment to the Notice of Change of Ownership/Control form (the “Notice”) that we are filing pursuant to Chapter 410-1-7-.04, Rules and Regulations of the Alabama Certificate of Need Program (the “Rules”). The proposed change of ownership involves the reorganization resulting in an indirect transfer of 99% of the equity interest of Vaughan Regional Medical Center, LLC (the “CON Holder”) to an affiliate of the CON Holder. The CON Holder operates Vaughan Regional Medical Center – Parkway Campus, a 175-bed general acute care hospital located in Dallas County (the “Hospital”).

## **I. Overview of Proposed Transaction.**

LifePoint Health, Inc. (“LifePoint”) and its affiliates intend to effect an internal reorganization that will transfer ownership of the 99% equity interest in the CON Holder from a wholly-owned subsidiary of LifePoint to Knight Healthcare New-A LLC (“Knight Health”), an affiliate under common ownership with LifePoint (the “Reorganization”). The Reorganization will be accomplished by transferring the equity of the grandparent of the CON Holder to Knight Healthcare New-A Sub LLC (“Knight Sub”), a wholly-owned subsidiary of LifePoint, and immediately thereafter transferring the equity of Knight Sub to Knight Health. The Reorganization is anticipated to take place on or about November 1, 2021.

The remaining 1% of the CON Holder’s equity interest, which is held by Vaughan Place Senior Living Community, Inc., will not change as a result of the Reorganization.

Organizational charts showing the ownership of the CON Holder before and after the Reorganization are attached as Attachment A. We understand that the Reorganization does not constitute a “transfer, assignment, or conversion” of the CON, as described in Rule 410-1-11-.09. However, we are submitting the enclosed Notice because the Notice of Change of

Ownership/Control is the method by which parties have historically notified SHPDA of a change in the indirect ownership of a CON.

Please note that following the completion of the Reorganization the CON Holder will continue to be under common ownership with LifePoint. There will be no change in the EIN/tax ID, organizing documents, offered services, service area, name, or address of the Hospital as a result of the Reorganization. Both before and after the Reorganization closing date, the entity operating the Hospital and holding the CON is Vaughan Regional Medical Center, LLC. Furthermore, the Reorganization does not constitute a change of ownership for Medicare purposes.

## **II. SHPDA Requirements for Change of Ownership**

Concerning the questions posed in the Change of Ownership Application, please note the following:

1. The Financial Scope of the Project. The transaction involves the transfer of ownership of 99% of the equity interest in the CON Holder to an affiliate of the CON Holder. The transaction does not involve new costs associated with the Hospital exceeding the following expenditure thresholds: (i) \$3,079,347 for major medical equipment; (ii) \$1,231,738 for new annual operating costs; and (iii) \$6,158,695 for capital expenditures.
2. Services to be Offered. The contemplated transaction will not result in any new or additional services to those already authorized to be provided by the Hospital.
3. Whether the Proposal will Include the Addition of Any New Beds. The contemplated transaction will not result in the addition of new beds.
4. Whether the Proposal will Involve the Conversion of Beds. The contemplated transaction will not result in the conversion of beds.
5. Whether the Assets and Stock (if any) will be acquired. As described more particularly above, 99% of the equity interest in the CON Holder will be transferred to an affiliate of the CON Holder.

## **III. Requested Action**

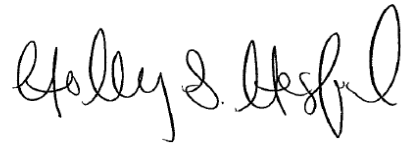
Based upon the above description of the proposed transaction and a showing that there will be no change in health services, conversion of beds, or increase or decrease in bed capacity, we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a Certificate of Need is not required for the consummation of this proposed transaction. In accordance with the Rules, I am enclosing with this request a check in the amount of \$2,500 made payable to the Alabama State Health Planning and Development Agency.

Ms. Marsal  
Vaughan Regional Medical Center  
October 8, 2021  
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Should you have any questions or need further information, please feel free to contact me at the number or address listed above. Thank you in advance for your assistance with this matter.

Best regards,

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Holly S. Hosford