

November 30, 2022

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

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

Re: Cutaneous Oncology & Surgery Center, LLC d/b/a SmoothRock Surgery Center
(SHPDA ID 073-U3714) – Corrected Notice of Change of Ownership/Control

Dear Ms. Marsal:

We respectfully submit this letter and corrected Notice of Change of Ownership/Control form (attached as Attachment A) in connection with a proposed transaction involving a change of control in Cutaneous Oncology & Surgery Center, LLC, an Alabama limited liability company (the “CON Holder”), which holds a certificate of need (“CON”) to operate, and which operates, an ambulatory surgery center located in Jefferson County at 1940 Stonegate Drive, Suite 140, Vestavia Hills, Alabama (the “ASC”). This letter and the attached Notice of Change of Ownership/Control form correct the letter and Notice of Change of Ownership/Control form that were previously submitted on November 22, 2022.

I. Overview

Under the proposed transaction, Pinnacle Dermatology Management, LLC, a Delaware limited liability company (the “Purchaser”), would acquire 100% of the outstanding equity interest in the CON Holder from Christopher Harmon, M.D. (the “Seller”), who currently owns such interest. Attachment B includes ownership charts of the CON Holder before and after the proposed transaction.

As depicted in these ownership charts, the CON Holder will remain the same before and after the proposed transaction. As a result, we understand that consummation of the proposed transaction would not constitute a “transfer, assignment, or conversion” of the CON under the Rules and Regulations of the Alabama Certificate of Need Program, Rule 410-1-11-.09. The CON Holder’s employer identification number (EIN) / tax identification number will remain the same.

Subject to a determination by the Alabama State Health Planning and Development Agency (“SHPDA”), in accordance with the Rules and Regulations of the Alabama Certificate of Need Program, Rule 410-1-7-.04(2), that a CON is not required to consummate the proposed transaction, the parties intend to close the transaction on December 16, 2022 (or as soon as possible thereafter).

II. Financial Scope

Under the proposed transaction, the Purchaser will acquire 100% of the equity interest in the CON Holder from Seller, in exchange for a price set at fair market value, to be determined prior to the closing of the

transaction. The proposed transaction will not involve the purchase of any new equipment, new operating costs, or other capital expenditures in excess of the spending thresholds of \$3,241,543 for new equipment, \$1,296,615 for new operating costs, or \$6,483,085 for capital expenditures.

III. Notice of Change of Ownership/Control Form Additional Questions

In accordance with the Notice of Change of Ownership/Control form, we provide the following additional information:

1. Services offered. The proposed transaction will not result in any new or additional services not already authorized and offered by the ASC.
2. New beds. The ASC has currently no beds, and the proposed transaction will not result in the addition of beds.
3. Conversion of beds. Likewise, the proposed transaction will not result in the conversion of beds.
4. Acquisition of assets or stock. As described above, the proposed transaction involves the transfer of 100% of the equity interest in the CON Holder from the Seller to the Purchaser.

IV. Requested Action

Based on the foregoing, including that the proposed transaction will not constitute a “transfer, assignment, or conversion” of the CON, and will not result in a change in health service, expenditures in excess of the respective thresholds, or any other circumstances that would require issuance of a certificate of need, we respectfully request that you exercise your authority under Rule 410-1-7-.04(2) to determine that a certificate of need is not required to consummate the proposed transaction. In accordance with SHPDA’s rules, a check for \$2,500 has been delivered to SHPDA.

If you have any questions or need further information, please contact me at by telephone at (615) 742-7725, by email at justin.brown@bassberry.com, or by mail at address listed above. Thank you for your assistance with this matter.

Sincerely,



Justin K. Brown

Enc.

Cc: Colin Luke, via email (colin.luke@wallerlaw.com)
Chris Thompson, via email (chris.thompson@wallerlaw.com)

ATTACHMENT A:

Notice of Change of Ownership/Control Form

See attached.

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: 073-U3714
 (This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: SmoothRock Surgery Center
 (ADPH Licensure Name)

Physical Address: 1940 Stonegate Drive, Suite 140
Vestavia Hills, AL 35242

County of Location: JEFFERSON

Number of Beds/ESRD Stations: 0

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. n/a

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: Cutaneous Oncology & Surgery Center, LLC

Mailing Address: 1040 Stonegate Drive, Suite 140
Vestavia Hills, AL 35242

Operator (Entity Name): Cutaneous Oncology & Surgery Center, LLC

Part III: Acquiring Entity Information

Name of Entity: Cutaneous Oncology & Surgery Center, LLC

Mailing Address: 1040 Stonegate Drive, Suite 140
Vestavia Hills, AL 35242

Operator (Entity Name): Cutaneous Oncology & Surgery Center, LLC

Proposed Date of Transaction is on or after: 12/16/2022

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ Please see attached letter.

Type of Beds: n/a

Number of Beds/ESRD Stations: 0

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

Projected Equipment Cost: \$ 0.00

Projected Construction Cost: \$ 0.00

Projected Yearly Operating Cost: \$ 0.00

Projected Total Cost: \$ 0.00

Please see attached letter.


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):

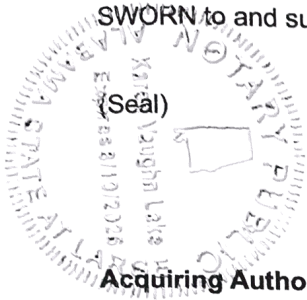
The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s):  Christopher B. Harmon, M.D.

Operator(s):  Christopher B. Harmon, M.D.

Title/Date: Authorized Member 11/30/22 Authorized Member, 11/30/2022

SWORN to and subscribed before me, this 30th day of November, 2022.



Notary Public, Alabama State at Large Karen Vaughn Lake
Notary Public
Karen Vaughn Lake
Expires 8/10/2026 My Commission Expires: 8/10/2026

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] Christopher B. Harmon, M.D.

Operator(s): [Signature] Christopher B. Harmon, M.D.

Title/Date: Authorized member 11/30/2022 Authorized member 11/30/22

SWORN to and subscribed before me, this 30th day of November, 2022.



Karen Vaughn Lake
Notary Public

Notary Public, Alabama State at Large
Karen Vaughn Lake
Expires 8/10/2026

My Commission Expires: 8/10/2026

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

ATTACHMENT B:

Ownership Charts: Before and After the Proposed Transaction

