

Northeast Alabama Treatment Center
196 County Road 85
Stevenson, AL 35772
Telephone: (256) 437-2728 Facsimile: (256) 437-2977
nealatc.com

RECEIVED

JAN 21 2016

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

December 30, 2015

Mr. Alva Lambert
Certificate of Need Review Board
PO Box 303025
Montgomery, AL 36130

Re: Change of Ownership

Dear Mr. Lambert:

Northeast Alabama Treatment Center (NATC) is owned by the Limited Liability Company, Comprehensive Management Group (CMG). My employers, Mr. and Mrs. George Payne, recently acquired the membership interest of CMG, which means that although NATC is still owned by CMG, the operators are now the Paynes. As you know, the Paynes also comprise the Board of Directors of Huntsville Recovery, Inc. (HRI), and are the sole owners. Mr. and Mrs. Payne would now like to make NATC part of HRI, which is why they are requesting the change of ownership. Comprehensive Management Group, LLC, dba Northeast Alabama Treatment Center would then become an extension of Huntsville Recovery, Inc., and would be "doing business as" Stevenson Recovery.

I have enclosed a copy of the email the Payne's attorney sent to Beth Bergeron at AL Dept. of Mental Health, in case you are as confused by the legal jargon as I. I spoke with Ms. Nicole Horn at your office a few weeks ago, and when I explained the complexities of the transaction, she suggested that I complete the application to the best of my ability and allow you to determine whether revisions are needed.

The crux of the matter is this: The Paynes need to sign as the Owner/Operators *and* as the Purchasers, because they control both entities. The level of care, the patients, and the operations of the clinic will stay the same; only the name will change.

In answer to the information requested on page two of the application:

1.) The only financial scope of the project was already undertaken when the Paynes purchased the membership interest in CMG at a cost of \$255,000. An estimate of annual operating expenses is listed below, based on the 2014 Profit & Loss statement.

Advertising and Promotion 6,245.00
Bank Service Charges 91.00
Business Licenses and Permits 6,699.00
Computer and Internet Expenses 1,642.01
Continuing Education 333.25
Contract Labor 511.50
Insurance Expense 28,379.80
Janitorial Expense 350.00
Laboratory Fees 5,998.00
Office Supplies 22,523.20
Payroll Expenses 182,407.56
Payroll Taxes 60,020.09
Professional Fees 6,652.31
Rent Expense 12,000.00
Repairs and Maintenance 1,630.25
Telephone Expense 5,319.16
Utilities 8,673.48
Vaccines and Medicines 3,588.00
Total Expense 353,063.61

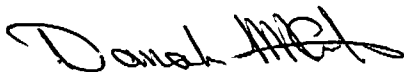
2.) The service offered will continue to be Outpatient Medication Assisted Therapy for Opioid Use Disorder.

3.), 4.) Level of Care is Outpatient. There will be no addition of beds or conversion of beds, but the approximate number of clients is 85.

5.) 100% of the interest in CMG will be acquired by Huntsville Recovery, Inc., to include all assets of NATC, which consists of office and medical supplies and equipment.

Please don't hesitate to contact me regarding any questions you may have.

Thank you,

A handwritten signature in black ink, appearing to read "Danah McAllister", with a stylized flourish at the end.

Danah McAllister, MS, CAC
Chief Operating Officer
Huntsville Recovery

Comprehensive Management Group, LLC

From : Sam Givhan <sgivhan@wilmerlee.com>

Tue, Nov 17, 2015 03:34 PM

Subject : Comprehensive Management Group, LLC

 2 attachments

To : beth malone <beth.malone@mh.alabama.gov>

Cc : DMcallister.HRI (dmcallister.hri@comcast.net) <dmcallister.hri@comcast.net>

Dear Ms. Bergeron

I serve as general counsel for Huntsville Recovery, Inc., which recently acquired the membership interest of Comprehensive Management Group, LLC (the "LLC"), which operates the Northeast Alabama Treatment Center (the "Clinic") in Stevenson, Alabama, and in my role as counsel I handled the contract negotiation and acquisition of the LLC on behalf of Huntsville Recovery, Inc. This transaction was structured so that the Clinic is still owned and operated by the LLC. Contrary to what was reported to you, the Clinic itself has not been sold and remains under the same legal ownership according to state law. While it is anticipated that ownership of the Clinic will change at some point, such a transfer would only take place in the event that approval is received from all applicable federal and state governmental authorities. Should you have further questions on this subject, feel free to call me at the number below.

Sincerely,

Sam



Samuel H. Givhan
Wilmer & Lee, P.A.
100 Washington Street, Suite 100
Huntsville, Alabama 35801
(256) 533-0202 - telephone
(256) 536-9512 - facsimile

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CHANGE OF OWNERSHIP

Part I: Purchasing Organization Information

Name of Organization: Huntsville Recovery, Inc.

Facility Name:
(ADPH Licensure name) same

SHPDA ID Number: 089-MDD01

Address (PO Box #): PO Box 2016

City, State, Zip, County: Huntsville, AL 35804

Number/Type Licensed Beds: n/a

Owner(s): Clara and George Payne

Operator(s): same

Part II: Selling Organization Information

Name of Organization: Comprehensive Management Group, LLC
d/b/a Northeast Alabama Treatment Center

Address (PO Box #): PO Box 391

City, State, Zip, County: Stevenson, AL 35772

Number/Type Licensed Beds: n/a

Owner(s): Comprehensive Management Group, LLC

Operator(s): Clara and George Payne

Part III: Value of Consideration

Monetary Value of Purchase: \$ 255,000.⁰⁰ No./Type Beds: n/a

Terms of Purchase: see enclosed correspondence
(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: n/a

Types of Institutional Health Services: Opiate Replacement

List Service Area by County for Home Health Agencies: n/a

On an Attached Sheet Please Address the Following:

- *1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.
- *2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).
- *3.) Whether the proposal will include the addition of any new beds.
- *4.) Whether the proposal will involve the conversion of beds.
- *5.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The purchaser has agreed to these terms,

Seller(s) Signature(s):Owner(s): Comprehensive Management Group, LLCOperator(s): George Payne - Clara Payne, President, 12/30/15Title/Date: Executive Director 12/30/15

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of **\$2,500** made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of ownership.

☒ YES ☐ NO The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature: George Payne - Clara Payne, Pres. 12/30/15Title/Date: Executive Director 12/30/15