

David M. Hunt
Direct Dial: (205) 547-5552
E-Mail: dhunt@hkh.law

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APR 21 2016

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

April 20, 2016

Via Overnight Delivery

Alva M. Lambert, Esq.
Executive Director
Alabama State Health Planning &
Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 35104

**Re: Notice of Change of Ownership
The Manor at Chateau Vestavia SCALF**

Dear Mr. Lambert:

We respectfully submit this letter to the Alabama State Health Planning and Development Agency ("SHPDA") as an attachment to the Notice of Change of Ownership form that we are filing pursuant to the Alabama Certificate of Need Program Rules and Regulations (the "CON Rules") Chapter 410-1-7-.04. The proposed change of ownership involves a change of the licensed operator and lessee of the Manor at Chateau Vestavia Specialty Care Assisted Living Facility (the "Facility") in Birmingham, Alabama (following the change of ownership, the Facility will be renamed Morningside of Vestavia Hills). The following summarizes the transaction proposed to take place on or about May 15, 2016, and addresses SHPDA requirements under the CON Rules for change of ownership.

1. Facts

The Facility is a retirement community in Birmingham, Alabama consisting of a licensed 24-bed specialty care assisted living facility ("SCALF"), and a licensed 77-bed assisted living facility ("ALF"). Prior to December 20, 2013, the Facility was owned and operated by Chateau Vestavia, LLC. In February of 2014, SHPDA approved a sale/leaseback transaction of the Facility pursuant to which CLP Chateau Vestavia AL Senior Living LLC ("CLP") became the property owner of the Facility, and then entered into an operating lease (the "Lease") with Chateau Vestavia, LLC, which remained the licensed operator of the Facility and held the Facility's CON for 24 SCALF beds. In May of 2015, SNH/LTA Properties Trust ("SNH") purchased the assets of CLP, and the Lease for the Facility was assigned to SNH. Chateau Vestavia, LLC remained the lessee and licensed operator of the Facility and continued to hold the Facility's CON for 24 SCALF beds.

In December of 2015, SHPDA approved a transaction pursuant to which Sage Management, Inc. ("Sage") became the licensed operator of the Facility. Sage entered into a management agreement with Chateau Vestavia, LLC pursuant to which Sage took over operational control of the Facility, became the licensed operator of the Facility, and held the Facility's CON for 24 SCALF beds. The Lease for the Facility between SNH and Chateau Vestavia, LLC remained in place.

Upon obtaining the necessary regulatory approval from SHPDA and the Alabama Department of Public Health, SNH will terminate the Lease for the Facility with Chateau Vestavia, LLC, which will terminate Sage's management agreement for the Facility. SNH will enter into a new operating lease for the Facility with SNH AL Crimson Tenant Inc. ("New Licensee"). New Licensee will become the new licensed operator of the Facility and will hold the Facility's CON for 24 SCALF beds. The New Licensee will also enter into a management agreement with FVE Managers, Inc. ("FVE"), which will assist the New Licensee in managing the Facility.

2. SHPDA Requirements For Change of Ownership

- a) Financial scope of the project. There will be no capital expenditures in conjunction with the proposed transaction, nor is it anticipated that there will be any new annual operating costs associated with the proposed transaction.
- b) No new services. The proposed transaction will not result in any new or additional services beyond those already provided at the Facility.
- c) No new beds. The proposed transaction will not result in the creation of new beds.
- d) No conversion of beds. The proposed transaction will not involve the conversion of beds.
- e) Acquisition of Assets/Stock. The proposed transaction will involve the termination of the existing Lease for the Facility with Chateau Vestavia, LLC, and the termination of Sage's existing management agreement for the Facility. SNH will enter into a new operating lease for the Facility with New Licensee. New Licensee will enter into a management agreement with FVE. In connection with the termination of the Lease, certain assets used in the operation of the Facility (e.g., books and records, operating contracts, resident agreements) will be transferred to New Licensee. The proposed transaction does not involve the sale of stock.

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Based on the above showing that there will be no change in health service, no conversion of beds or increase in bed capacity, or any capital expenditure in excess of the applicable spending thresholds set forth in *Alabama Code* § 22-21-263(a)(2), we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the CON Rules and determine that a new Certificate of Need is not required for the consummation of the above-described transaction. In accordance with the CON Rules, I am enclosing a check in the amount of \$2,500, and the executed change of ownership form.

If you have any questions or need any additional information, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'DMH', is written over the typed name.

David M. Hunt
Attorney for SNH AL Crimson Tenant Inc.

CHANGE OF OWNERSHIP**RECEIVED**

APR 21 2016

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**Part I: Purchasing Organization Information**

Name of Organization: SNH AL Crimson Tenant Inc.

Facility Name:
(ADPH Licensure name) Morningside of Vestavia Hills (now known as The Manor at Chateau Vestavia)

SHPDA ID Number: _____

Address (PO Box #): Two Newton Place, 255 Washington Street

City, State, Zip, County: Newton, MA, 02458, Middlesex County

Number/Type Licensed Beds: 24 SCALF

Owner(s): SNH AL Crimson Tenant Inc.

Operator(s): SNH AL Crimson Tenant Inc.

Part II: Selling Organization Information

Name of Organization: Sage Management, Inc.

Address (PO Box #): 2401 Columbiana Road

City, State, Zip, County: Birmingham, Alabama 35216, Jefferson County

Number/Type Licensed Beds: 24 SCALF beds

Owner(s): Sage Management, Inc.

Operator(s): Sage Management, Inc.

Part III: Value of Consideration

Monetary Value of Purchase: \$ N/A No./Type Beds: 24

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

Part IV: List of Certificate of Need Authority

Number of Beds: 24 SCALF

Types of Institutional Health Services: Specialty Care Assisted Living Facility

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): _____

Operator(s): _____

Title/Date: DOUG WARREN
PRESIDENT & CEO, LAGE MANAGEMENT, INC

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: _____

Title/Date: _____

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): _____

Operator(s): _____

Title/Date: _____

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: _____

Title/Date: _____

President *Apr 8, 2016*