

Feb 04 2019

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCYChris Thompson
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Chris.thompson@wallerlaw.com

January 31, 2019

VIA EMAIL [shpda.online@shpda.alabama.gov]

Mr. Bradford Williams
Executive Director
State Health Planning and Development Agency
100 North Union Street
RSA Union Building, Ste. 870
Montgomery, AL 36130-3025

RE: Notice of Change of Ownership of Northeast Alabama Eye Surgery Center, Inc. ("NEA") and related assets pursuant to a Purchase Agreement by and among Northeast Alabama Eye Surgery Center, LLC, Covenant Surgical Partners, Inc. ("CSP"), Tony Catanzaro, M.D., Barry Dabbs, M.D., Mark Hill, M.D., and David Judge, M.D., dated March 31, 2019 (the "Agreement").

Dear Mr. Williams,

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 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 two stages: (i) the formation of Northeast Alabama Eye Surgery Center, LLC ("NEA LLC") as a new Delaware limited liability company, into which the current owners of NEA (the "Physician Owners") will transfer all of the assets of NEA, including its certificate of need ("CON") rights, to NEA LLC in exchange for all of the membership interests in NEA LLC, and (ii) the purchase by CSP ("Buyer") of at least fifty-one percent (51%) of the ownership interests in NEA LLC from the Physician Owners, pursuant to the terms and conditions of the Agreement.

NEA is the holder of the CON rights related to, and operator of, a single-specialty ambulatory surgery center located in Gadsden, Alabama that offers ophthalmologic services (the "ASC"). There are a total of two (2) operating rooms and one (1) procedure room located at the ASC. The following summarizes the transaction with a proposed effective date on or about March 31, 2019 (the "Effective Date"), and responds to inquiries posed in the SHPDA Change of Ownership/Control form.

The proposed transaction will effect a change in ownership of the ASC by means of the transfer of the CON rights from NEA to NEA LLC; control of NEA LLC will then change as Buyer will purchase at least 51% of the ownership interest in NEA LLC from the Physician Owners, all as more particularly described in the Agreement. Following the consummation of the

transaction, NEA LLC will operate the ASC. Therefore, with regards to the questions posed in the Change of Ownership/Control form, please note the following:

1. Services to be Offered. The contemplated transaction will not result in any new or additional services to those already being provided by the ASC at this time. The Buyer is an experienced operator of existing health care facilities and will assume majority ownership of the entity currently operating the ASC. Following the Effective Date, the Physician Owners, who are the current owners of NEA, will also remain engaged in the operation of the ASC and other assets by means of their continued ownership in NEA LLC.

2. Whether the Proposal will Include the Addition of Any New Beds. The contemplated transaction will not result in the addition of any new beds.

3. Whether the Proposal will Involve the Conversion of Beds. The contemplated transaction will not result in the conversion of any beds.

4. Whether the Assets and Stock (if any) will be acquired. Legal title for the assets, including, without limitation, the CON rights, will be transferred from NEA to NEA LLC. The Agreement also involves Buyer purchasing at least fifty-one percent (51%) of the ownership interest in NEA LLC pursuant to this transaction.

I have enclosed with this correspondence a copy of a check in the amount of \$2,500, pursuant to Ala. Admin. Code r. 410-1-7-.04, made payable to the Alabama State Health Planning and Development Agency, which I will be sending to your office via overnight mail for the filing fee associated with this change of ownership.

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.

Sincerely,



Chris Thompson

Enclosures

cc: Colin H. Luke
Zachary Trotter

State Health Planning and Development Agency

Alabama CON Rules & Regulations

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: 055-U2803
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Northeast Alabama Eye Surgery Center
(ADPH Licensure Name)

Physical Address: 314 South 5th Street
Gadsden, Alabama 35901

County of Location: Etowah

Number of Beds/ESRD Stations: N/A

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: Northeast Alabama Eye Surgery Center, Inc.

Mailing Address: P.O. Box 8565
Gadsden, Alabama 35901

Operator (Entity Name): Northeast Alabama Eye Surgery Center, Inc.

Part III: Acquiring Entity Information

Name of Entity: Northeast Alabama Eye Surgery Center, LLC

Mailing Address: P.O. Box 8565
Gadsden, Alabama 35901

Operator (Entity Name): Northeast Alabama Eye Surgery Center, LLC
Proposed Date of Transaction is on or after: March 31, 2019

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ a price set at fair market value, to be determined prior to the closing of the transaction

Type of Beds: N/A (ASC)

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:

Projected Equipment Cost: \$ no increase expected

Projected Construction Cost: \$ no increase expected

Projected Yearly Operating Cost: \$ no increase expected

Projected Total Cost: \$ no increase expected

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.

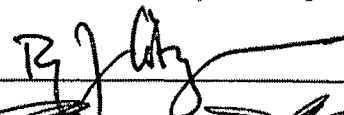
Part V: Certification of Information**Current Authority Signature(s):**

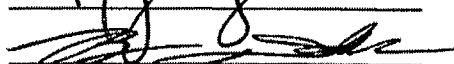
The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s): Northeast Alabama Eye Surgery Center, Inc.

Operator(s): Northeast Alabama Eye Surgery Center, Inc.

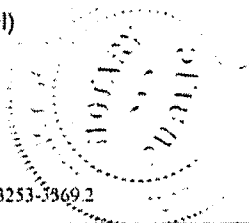
Title/Date: _____

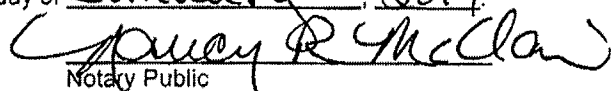




SWORN to and subscribed before me, this 30th day of January, 2019.

(Seal)




Notary Public

My Commission Expires: 10-3-19

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): Northeast Alabama Eye Surgery Center, LLC
(acquirer of CON)

Purchaser(s): Covenant Surgical Partners, Inc.
(acquirer of majority interest in CON holder)

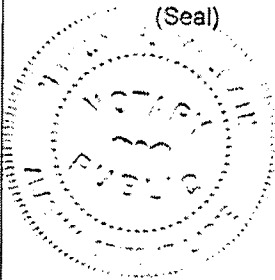
Operator(s): Northeast Alabama Eye Surgery Center, LLC

Title/Date: _____

SWORN to and subscribed before me, this 30th day of January, 2019.

Mary R McClain
Notary Public

My Commission Expires: 10-3-19



Author: Alva M. Lambert

Statutory Authority: § 22-21-271(c), Code of Alabama, 1975

History: New Rule

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): Northeast Alabama Eye Surgery Center, LLC
(acquirer of CON)

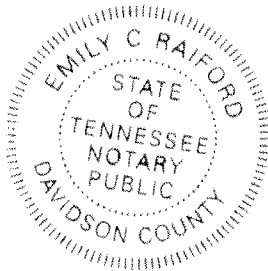
Purchaser(s): Covenant Surgical Partners, Inc.
(acquirer of majority interest in CON holder)

Operator(s): Northeast Alabama Eye Surgery Center, LLC

Title/Date: Executive VP & Chief Development Officer - Whit Polley

SWORN to and subscribed before me, this 14th day of January, 2019.

(Seal)



Emily C. Raiford
Notary Public

My Commission Expires: 11/3/2020

Author: Alva M. Lambert

Statutory Authority: § 22-21-271(c), Code of Alabama, 1975

History: New Rule