

September 30, 2019

VIA EMAIL, ORIGINAL TO FOLLOW VIA FEDEX

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

Re: Skilled Nursing Facility Changes of Ownership – U.S.A. Healthcare

Dear Ms. Marsal:

Pursuant to Chapter 410-1-7-.04, Rules and Regulations of the Alabama Certificate of Need Program (the "Rules"), we respectfully submit the attached six (6) Notices of Change of Ownership for each of the nursing facilities listed in Exhibit A, attached hereto. These nursing facilities currently are owned by Age, Inc., an Alabama corporation (the "Seller"), and each nursing facility is leased to the licensed entity shown next to the name of the respective nursing facility in Exhibit A (each an "Operator" and collectively, the "Operators"). The Change of Ownership involves the acquisition of the underlying real estate associated with each respective nursing facility by the respective buying entity as listed on the same line as the respective nursing facility in Exhibit A (each a "Buyer" and collectively the "Buyers"). After the completion of the proposed transaction, each respective nursing facility will be owned by the respective Buyer and leased, under an operating lease, to current respective Operator. Before and after the proposed transaction, each respective Operator is and will remain as the licensed operator of the respective nursing facility. The following is a summary of the proposed transaction:

I. Facts.

1. Seller owns the real property on which each of the nursing facilities is located.
2. Seller currently leases, under an operating lease, each respective nursing facility to the respective Operator (each a "Lease" and collectively the "Leases").
3. It is contemplated that each respective Buyer will acquire the real estate of the respective nursing facility from Seller and either continue the existing Lease or enter into a new operating Lease with the respective Operator. The term of each Lease will exceed two (2) years.

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STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

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4. Subject to the rights of the respective Operator of each Nursing Facility as granted under the respective existing Lease (the "Operator's Rights"), Seller is owner of the certificate need rights for each Nursing Facility.
 5. Prior to closing of the respective transactions, the Seller will form a new wholly owned subsidiary limited liability company for each nursing facility (each a "CON Rights Holding Entity"), and the following will take place at the closing of the transaction:
 - a) Under Alabama Code Section 22-21-270(e), for each nursing facility, Seller will contribute to each respective CON Rights Holding Entity all of Seller's rights and interests in the respective certificate of need ("CON") rights in respect to the respective nursing facility, subject to the Operator's Rights held by the respective Operator (the "CON Rights");
 - b) Under Alabama Code Section 22-21-270(f), Seller will convey to each respective Buyer, all of Seller's membership interests in the respective CON Rights Holding Entity;
 - c) Under Alabama Code Section 22-21-270(e), each respective Buyer will cause its respective CON Rights Holding Entity to distribute all of the CON Rights in respect to the respective nursing facility to that respective Buyer.
 6. For over 20-years, each Operator continuously has been and is currently the licensee of the respective Nursing Facility. There will be no change of control of the Operators. After the proposed transaction, each Operator will continue without interruption as the licensee of the respective Nursing Facility. Therefore, no new licenses will be required.

II. Financial Scope of Project.

Except as outlined above, this transaction does not involve the purchase of any new equipment, new operating costs, or other capital expenditures in excess of the following spending thresholds: (i) \$2,997,918 for major medical equipment, (ii) \$1,199,166 for new annual operating costs, and (iii) \$5,995,836 for capital expenditures.

III. Services to be Offered.

1. No New Services: The transaction does not involve the offering of any new services by the Facility.

IV. Beds.

1. New Beds: The proposed transaction does not involve any addition or reduction of beds.
2. Conversion of Beds: The proposed transaction does not involve the conversion of beds.

V. Stock and Assets.

Other than described above, the transaction does not involve the acquisition of stock or assets relating to the operation of the Facility.

Based on the above showing that for each Nursing Facility, there will be no (i) change in health service, (ii) spending in excess of the spending thresholds, (iii) conversion of beds, (iv) increase in bed capacity, or (v) change in the license, we respectfully ask that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a CON or other action by SHPDA is not required for the consummation of the above-described proposed transaction. In accordance with the Rules, I am enclosing a check in the amount of \$15,000.00, (\$2,500 for each notice of change of ownership), and an executed change of ownership form.

Should you have any questions or need further information, please contact me at 205-297-2227 or randy.mcclanahan@butlersnow.com.

Sincerely,



Randall D. McClanahan

Enclosures

Exhibit A

| <u>Current Real Estate Owner</u> | <u>Proposed Real Estate Owner</u> | <u>Facility</u> | <u>Licensed Operator (before and after Transaction)</u> |
|----------------------------------|-----------------------------------|---|---|
| Age, Inc. | Age-Adams, LLC | Adams Nursing Home | U.S.A. Healthcare-Adams, L.L.C. |
| Age, Inc. | Age-Cullman, LLC | Cullman Health Care Center | U.S.A. Healthcare-Cullman, L.L.C. |
| Age, Inc. | Age-Falkville, LLC | Falkville Health Care Center | U.S.A. Healthcare-Falkville, L.L.C. |
| Age, Inc. | Age-Folsom, LLC | The Folsom Center for Rehabilitation and Healthcare | U.S.A. Healthcare-LTC, L.L.C. |
| Age, Inc. | Age-Decatur, LLC | Decatur Health and Rehab Center | U.S.A. Healthcare-Morgan, L.L.C. |
| Age, Inc. | Age-Woodland Village, LLC | Woodland Village Healthcare and Rehabilitation Center | U.S.A. Healthcare-Woodland Village, L.L.C. |

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: 103-N0013
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Decatur Health and Rehab Center
(ADPH Licensure Name)

Physical Address: 2326 Morgan Ave SW
Decatur, AL 35601

County of Location: Morgan

Number of Beds/ESRD Stations: 119

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

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: Age, Inc.

Mailing Address: 110 Cliff Street
Cordova, AL 35550

Operator (Entity Name): U.S.A. Healthcare-Morgan, L.L.C.

Part III: Acquiring Entity Information

Name of Entity: Age-Decatur, LLC

Mailing Address: P.O. Box 190
Cullman, AL 35055

Operator (Entity Name): U.S.A. Healthcare-Morgan, L.L.C.
 (Operator will remain licensee with no change in control)

Proposed Date of Transaction is on or after: October 21, 2019

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ Fair Market Value

Type of Beds: Skilled Nursing

Number of Beds/ESRD Stations: 119

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

Projected Equipment Cost: \$ No change in these costs

Projected Construction Cost: \$ No change in these costs

Projected Yearly Operating Cost: \$ No change in these costs

Projected Total Cost: \$ No change in these costs

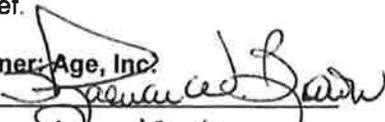
On an Attached Sheet Please Address the Following:

- 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). See attached letter.
- 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: Age, Inc.

 By: James A. Baird
 Its: President

SWORN to and subscribed before me, this 21st day of September 2019.

(Seal)

Terry Bernard Com
Notary Public

My Commission Expires: 9-26-2022

Operator: U.S.A. Healthcare-Morgan, L.L.C.

By: R. Frank Brown, Jr.
Its: Manager

SWORN to and subscribed before me, this _____ day of _____, _____.

(Seal)

Notary Public

My Commission Expires: _____

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.

Owner: Age-Decatur, LLC

By: R. Frank Brown, Jr.
Its: Manager

SWORN to and subscribed before me, this _____ day of _____, _____.

(Seal)

Notary Public

My Commission Expires: _____

SWORN to and subscribed before me, this _____ day of _____.

(Seal)

Notary Public

My Commission Expires: _____

Operator: U.S.A. Healthcare-Morgan, L.L.C.



By: R. Frank Brown, Jr.
Its: Manager

SWORN to and subscribed before me, this 26th day of September, 2019.

(Seal)


Notary Public

My Commission Expires: 8-14-21

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.

Owner: Age-Decatur, LLC



By: R. Frank Brown, Jr.
Its: Manager

SWORN to and subscribed before me, this 26th day of September, 2019.

(Seal)


Notary Public

My Commission Expires: 8-14-21

Operator: **U.S.A. Healthcare-Morgan, L.L.C.**

(Operator will remain licensee with no change in control)


By: R. Frank Brown, Jr.
Its: Manager

SWORN to and subscribed before me, this 26th day of September, 2019.

(Seal)


Notary Public

My Commission Expires: 8-14-21

Author: Alva M. Lambert

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

History: New Rule