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AL2020-016

Mar 20 2020

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

ALLISON SIMPSON

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March 20, 2020

VIA E-FILING TO: SHPDA.ONLINE@SHPDA.ALABAMA.GOV

VIA EMAIL TO: KAREN.MCGUIRE@SHPDA.ALABAMA.GOV

Ms. Emily Marsal, Executive Director
Ms. Karen McGuire, Executive Secretary & Health Planning Coordinator
State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 36104

Re: **Additional Requested Information for Change of Ownership**
CO2020-016; Crenshaw Community Hospital; SHPDA ID: 041-6530585

Dear Ms. Marsal & Ms. McGuire:

On behalf of Crenshaw Health Care Authority (the "Authority" and "Buyer"), and in response to your request for additional information, please refer to the following response and enclosure.

- Page A-84, Part IV: Please specify if the projected yearly operating cost of \$13,300,000.00 and projected total cost of \$15,000,000.00 are amounts expected to exceed the current expenditures; or are current expenditures with no appreciable expenditures anticipated.

The projected yearly operating cost and projected total cost were based on current operations. These amounts are not in addition to the current hospital operations. No appreciable change in expenditures is anticipated as a result of the transaction.

- Page A-85: Signature of a notary public on behalf of PRM signatures.

Please see copy attached. PRM's attorney, Chris Richard, also responded with this information.

- Page A-85: Identification of notary public attesting to the signatures on behalf of the Authority.

The notary is J. Levi Nichols. I have included a copy of the signature pages with his name written in as well.

Please contact me if you have any questions or need any additional information.

Marsal/McGuire
Re: CO2020-016
March 20, 2020
Page 2

Sincerely,

BALCH & BINGHAM, LLP

A handwritten signature in blue ink that reads "Allison Simpson". The signature is written in a cursive style with a large, looping initial "A".

Allison Simpson

ACS:

Encl

Cc (via email): David Hughes, CEO
Levi Nichols, Attorney for Authority
Chris Richard, Attorney for PRM



RECEIVED
Feb 28 2020
STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

February 27, 2020

VIA E-FILING TO: SHPDA.ONLINE@SHPDA.ALABAMA.GOV

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

**Re: Crenshaw Community Hospital
SHPDA ID: 041-6530585**

Dear Ms. Marsal:

On behalf of Crenshaw Health Care Authority (the "Authority" and "Buyer"), please accept this letter and filing as notice of a proposed transaction between the Authority and Professional Resources Management of Crenshaw, LLC ("PRM"), which currently operates Crenshaw Community Hospital (the "Hospital") pursuant to its grandfathered Certificate of Need authority.

Pursuant to an Asset Purchase Agreement, the Authority will obtain all assets, other than those excluded by the parties, necessary for the operation of the Hospital. Assuming approval of SHPDA and the Alabama Department of Public Health's issuance of a license for the Authority to operate the Hospital, the parties anticipate closing the transaction on March 31, 2020. The Authority will enter into a management agreement with Alliant Management Services for the day-to-day operation of the Hospital, but overall ownership and control will be vested in the Authority. Attached hereto is an organizational chart demonstrating the change in control of the Hospital, as a result of this transaction.

This transaction will not result in a change in health services, and will not result in the addition of beds or the conversion of existing beds. In addition, the proposed transaction does not involve the purchase of new equipment, the undertaking of new construction or the addition of new operating costs. As demonstrated on the enclosed form, the capital expenditure thresholds are not exceeded as a result of this transaction.

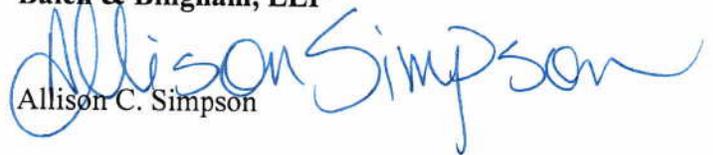
As there is no change in service; no spending above the capital expenditure thresholds; no conversion of beds; and no increase in bed capacity, we respectfully request that you exercise your authority under Ala. Admin. Code § 410-7-.04(2) to determine that a CON is not required for the consummation of the proposed transaction.

I am also overnighting you the filing fee of \$2,500.00.

Please contact me if you have any questions or need any additional information.

With best regards,

Sincerely,
Balch & Bingham, LLP


Allison C. Simpson

Encl.

cc (via email): David Hughes, CEO
Levi Nichols, Attorney for Authority
Chris Richard, Attorney for PRM

C02020-016

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Feb 28 2020

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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: 041-6530585
 (This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Crenshaw Community Hospital
 (ADPH Licensure Name)

Physical Address: 101 Hospital Circle
Luverne, AL 36049

County of Location: Crenshaw

Number of Beds/ESRD Stations: 65 - including 15 psych and 5 substance abuse

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: Professional Resources Management of Crenshaw, LLC ("PRM")

Mailing Address: 60 Commerce Street, Suite 910
Montgomery, AL 36104

Operator (Entity Name): Professional Resources Management of Crenshaw, LLC

Part III: Acquiring Entity Information

Name of Entity: Crenshaw County Health Care Authority ("Authority")

Mailing Address: PO Box 687
Luverne, AL 36049

Operator (Entity Name):

Crenshaw County Health Care Authority

Proposed Date of Transaction is on or after:

~~February 26, 2020~~ March 31, 2020

Part IV: Terms of Purchase

Monetary Value of Purchase:

\$ 0.00

Type of Beds:

Acute, Psych & Substance Abuse

Number of Beds/ESRD Stations:

65 - including 15 psych and 5 substance abuse

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

Projected Equipment Cost: \$ 200,000.00

Projected Construction Cost: \$ 1,500,000.00

Projected Yearly Operating Cost: \$ 13,300,000.00

Projected Total Cost: \$ 15,000,000.00

On an Attached Sheet Please Address the Following: Please see attached.

- 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): Professional Resources Management of Crenshaw, LLC

Operator(s): Professional Resources Management of Crenshaw, LLC

Title/Date:

Manager

March 18, 2020

State Health Planning and Development Agency

Mar 20 2020

Alabama CON Rules & Regulations

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

SWORN to and subscribed before me, this March 18 day of 2020.

(Seal)

Elee-Khadestyl
Notary Public

My Commission Expires: 11/7/2023

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): Crenshaw County Health Care Authority

Operator(s): Crenshaw County Health Care Authority

Title/Date: Chairman February , 2020

SWORN to and subscribed before me, this day of February, 2020.

(Seal)

Notary Public

My Commission Expires: _____

Author: Alva M. Lambert

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

Operator (Entity Name): Crenshaw County Health Care Authority

Proposed Date of Transaction is on or after: March 31, 2020

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ N/A; however the Authority will assume certain debts of PRM

Type of Beds: Acute, Psych & Substance Abuse

Number of Beds/ESRD Stations: 65 - including 15 psych and 5 substance abuse

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

Projected Equipment Cost: \$ 200,000.00

Projected Construction Cost: \$ 1,500,000.00

Projected Yearly Operating Cost: \$ 13,300,000.00

Projected Total Cost: \$ 15,000,000.00 (*These anticipated costs are based on operations, not for new beds or new institutional health services.)

On an Attached Sheet Please Address the Following: Please see attached.

- 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): Professional Resources Management of Crenshaw, LLC

Operator(s): Professional Resources Management of Crenshaw, LLC

Title/Date: _____ February ____, 2020

Operator (Entity Name): Crenshaw County Health Care Authority

Proposed Date of Transaction is on or after: February 28, 2020 March 31, 2020

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ 0.00

Type of Beds: Acute, Psych & Substance Abuse

Number of Beds/ESRD Stations: 65 - including 15 psych and 5 substance abuse

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

Projected Equipment Cost:	\$	<u>200,000.00</u>
Projected Construction Cost:	\$	<u>1,500,000.00</u>
Projected Yearly Operating Cost:	\$	<u>13,300,000.00</u>
Projected Total Cost:	\$	<u>15,000,000.00</u>

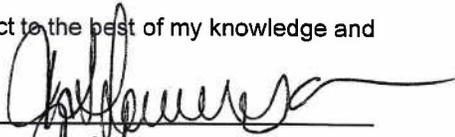
On an Attached Sheet Please Address the Following: Please see attached.

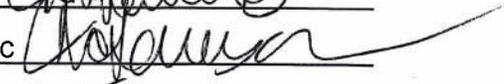
- 1.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service, whether the service is an extension of a presently offered service, or whether the service is a new service).
- 2.) Whether the proposal will include the addition of any new beds.
- 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.

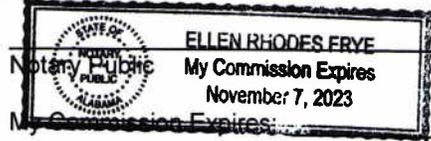
Owner(s): Professional Resources Management of Crenshaw, LLC 

Operator(s): Professional Resources Management of Crenshaw, LLC 

Title/Date: Manager February 25, 2020

SWORN to and subscribed before me, this 25th day of February, 2020.

(Seal)



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): Crenshaw County Health Care Authority

Operator(s): Crenshaw County Health Care Authority

Title/Date: Chairman February , 2020

SWORN to and subscribed before me, this day of February, 2020.

(Seal)

Notary Public

My Commission Expires: _____

Author: Alva M. Lambert

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

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CO2020-016

Mar 20 2020

State Health Planning and Development Agency

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Alabama CON Rules & Regulations

SWORN to and subscribed before me, this _____ day of February _____, 2020.

(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.

Purchaser(s): Crenshaw County Health Care Authority Michael C. Vinton

Operator(s): Crenshaw County Health Care Authority Michael C. Vinton

Title/Date: Chairman February 26, 2020

SWORN to and subscribed before me, this 26 day of February _____, 2020.

(Seal)

Notary Public

My Commission Expires: 10-15-20

Author: Alva M. Lambert

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

SWORN to and subscribed before me, this _____ day of February _____, 2020 .

(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.

Purchaser(s): Crenshaw County Health Care Authority *Michael C. Kinkead*

Operator(s): Crenshaw County Health Care Authority *Michael C. Kinkead*

Title/Date: Chairman February 26, 2020

SWORN to and subscribed before me, this 26 day of February _____, 2020 .

(Seal)

J. L. N
Notary Public

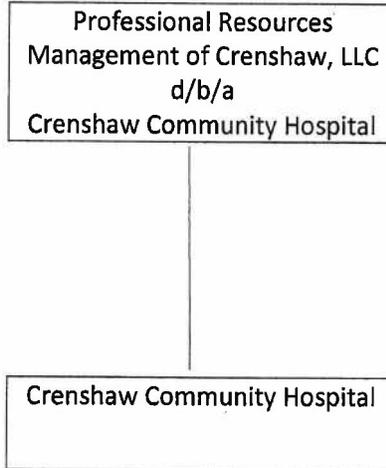
My Commission Expires: 10-15-20

Author: Alva M. Lambert

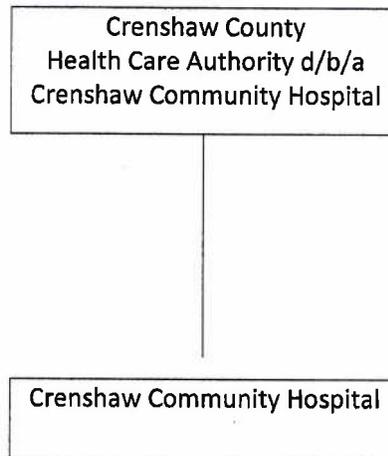
Statutory Authority: § 22-21-271(c), Code of Alabama, 1975 History: New Rule

Organizational Chart

PRIOR TO TRANSACTION



AFTER TRANSACTION



Part IV: Terms of Purchase

- 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).

The proposed transaction is a result of the Professional Resources Management of Crenshaw, LLC's, the current operator, bankruptcy. As a result of the bankruptcy, and through the proposed transaction between Professional Resources Management of Crenshaw, LLC and the Crenshaw County Health Care Authority control of the Hospital will be returned to the Authority. The Authority will contract with Blue Management Services, LLC d/b/a Alliant Management Services for day-to-day hospital operations. No additional institutional services or beds will be added as a result of the change.

- 2.) Whether the proposal will include the addition of any new beds.

No.

- 3.) Whether the proposal will involve the conversion of beds.

No.

- 4.) Whether the assets and stock (if any) will be acquired.

The Authority will assume the assets set forth in the Purchase Agreement.