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October 7, 2014

VIA FEDERAL EXPRESS OVERNIGHT DELIVERY

Alva Lambert, Esq.
Executive Director
Alabama State Health Planning & Development
Agency
100 North Union Street, Suite 870
Montgomery AL 36104

RECEIVED
OCT 06 2014
ALABAMA STATE HEALTH PLANNING & DEVELOPMENT AGENCY

Re: Determination Request Letter

Dear Mr. Lambert:

Our firm represents Riverside Health & Rehabilitation, LLC., ("Riverside"), which was formed as a wholly owned subsidiary to LaRocca, Inc, the then holder of Certificate of Need 2562-NH-MOD2, Project Number AL-2012-007, authorizing the construction of a 75-bed replacement nursing facility in Tuscaloosa County Alabama (the "LaRocca CON"). Pursuant to Chapter 410-1-7-.02, Rules and Regulations of the Alabama Certificate of Need Program (the "Rules"), based on the below facts, we are respectfully asking the agency to issue its determination letter that (i) the LaRocca CON is valid and subsisting; and (ii) the licensing of the 75-bed nursing facility authorized under the LaRocca CON will not require any other CON review, except in respect to a change of ownership determination under Chapter 410-1-7-.04 of the Rules. The facts are:

1. The LaRocca CON was issued to LaRocca, Inc. ("LaRocca")
2. On March 5, 2014, pursuant to Alabama Code § 22-21-270(e), LaRocca transferred the LaRocca CON to Riverside, its then wholly owned subsidiary.
3. Pursuant to Alabama Code § 22-21-270(f), (i) LaRocca transferred 100% of the membership interests in Riverside to Hardy, LLC ("Hardy"), an affiliate of LaRocca, on March 6, 2014, and (ii) Hardy transferred 100% of the Riverside membership interests to Northport Holding, LLC ("Northport") on March 7, 2014.
3. It is contemplated that Northport Holding, LLC, will pursuant to Alabama Code § 22-21-270(f), transfer 100% of the membership interests in Riverside to West Alabama Health

Properties, LLC. ("West Alabama"), currently the 100% subsidiary of Northport Holding, LLC. Upon the completion of this transfer, Riverside will be the 100% owned subsidiary of West Alabama.

4. It is further contemplated that pursuant to Alabama Code § 22-21-270(e), Riverside will transfer all of its interests in the LaRocca CON to its parent West Alabama, and West Alabama will construct the 75-bed nursing facility authorized under the LaRocca CON.

5. Upon completion of the construction of the nursing facility authorized under the LaRocca CON, West Alabama will enter into an operating lease with Riverside under which Riverside will be the licensee and operator of the newly constructed 75-bed facility to be known as Riverside Health and Rehabilitation. Prior to this licensing, West Alabama will seek a change of ownership determination to vest in Riverside limited rights to the rights granted under the LaRocca CON to operate the newly constructed facility.

Other than the transactions described in the application for certificate of need and the two project modifications filed in respect to the LaRocca CON:

1. None of these above described transactions will involve capital costs or an increase in the first year's annual operating costs (over the prior operating costs) in excess of the prescribed spending thresholds described in § 22-21-263(a)(2), Code of Alabama (1975), as amended.

2. No new beds will be added to the 75-nursing facility beds previously licensed and authorized under the LaRocca CON.

3. No beds will be converted from nursing facility beds.

4. No new health services will be offered.

5. The transfer of the LaRocca CON to Riverside and the acquisition of Riverside's membership interests first by Hardy, LLC, then by Northport Holding, LLC resulted from the transactions contemplated under the Membership Interest Purchase Agreement, dated January 10, 2014, among LaRocca, Hardy, LLC and Northport Holding LLC. No other assets or stock will be acquired pursuant to said agreement.

6. The contemplated transfer of the membership interest of Riverside from Northport Holding to West Alabama and the subsequent transfer of the LaRocca CON from Riverside to its 100% parent, West Alabama, will be made pursuant to the Contribution Agreement, dated January 10, 2014, executed by Northport Holding, LLC and The DCH Health Care Authority

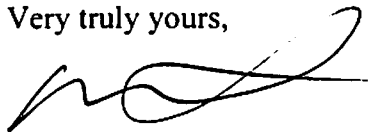
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("DCH") in connection with the formation of West Alabama. Under the Contribution Agreement DCH has agreed to transfer to West Alabama in exchange for a 40% membership interest therein (i) a parcel of unimproved land located in Tuscaloosa County upon which the facility authorized by the LaRocca CON will be constructed and (ii) cash to be applied toward the construction of the facility. DCH will be admitted as a member of West Alabama after West Alabama has acquired the Riverside membership interest and the LaRocca CON. No other assets or stock will be acquired pursuant to said agreement.

7. Prior to filing for Riverside's license as the lessee-operator of the facility to be leased from West Alabama, a change of ownership determination will be requested from SHPDA in accordance with Chapter 410-1-7-.04 of the Rules.

In accordance with the Rules, we are enclosing our check for \$1300, as the requisite filing fee for issuance of this determination. Please return the enclosed copy of this letter, stamped as filed, in the enclosed prepaid envelope. In the event that you need additional information, please do not hesitate to contact me.

Very truly yours,



Richard J. Brockman
One of the Attorneys for Riverside Health and Rehabilitation, LLC.

RJB/jr

Enclosure

cc: Mr. Claude Lee
Jack Stephenson, Esq.