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RECEIVED

OCT 23 2014

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

October 21, 2014

VIA OVERNIGHT DELIVERY

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

Re: Change of Ownership Arbor Woods Health and Rehab, formerly known as Salem Nursing and Rehabilitation Center of Reform, 85 bed Skilled Nursing Facility in Reform, Pickens County, Alabama

Dear Mr. Lambert:

Pursuant to Chapter 410-7-.04, Rules and Regulations of the Alabama Certificate of Need program (the "Rules"), please be advised that Arbor Woods Properties, LLC, an Alabama limited liability company ("AW Properties"), intends to purchase real estate and certain other assets used in connection with the operation of the skilled nursing facility known as Arbor Woods Health and Rehab, formerly known as Salem Nursing and Rehabilitation Center of Reform (the "Facility") from Derek Pierce of Healthcare Management Partners, LLC as Receiver. The Facility will then be leased to Arbor Woods Health & Rehab, LLC, an Alabama limited liability company ("AW Health & Rehab").

1. **FINANCIAL SCOPE OF THE PROJECT.** The purchase price for the entire facility (including real estate and all equipment) is \$3,552,000.00. There are no proposed construction costs or capital expenditures associated with the proposed transaction. The projected annual operating costs for the Facility after the proposed transaction are \$5,500,000.00.

2. **SERVICES TO BE OFFERED.** AW Health & Rehab has served as a temporary manager of the Facility but has not itself offered skilled nursing facility services in Alabama for its own account. It is not anticipated that any new services will be offered at the Facility as a result of the proposed transaction. After the proposed transaction, the Facility will continue to offer the skilled nursing services that it currently provides.

3. **NEW BEDS.** There will not be any addition or reduction of beds as a result of the proposed transaction.

4. **CONVERSION OF BEDS.** There will not be any conversion of beds as a result of the proposed transaction.

5. NATURE OF THE TRANSACTION. The proposed transaction involves a sale of the real estate and certain other assets related to the Facility by Derek Pierce of Healthcare Management Partners, LLC to AW Properties for a purchase price of \$3,552,000.00. Simultaneously with the closing of the sale, AW Properties will lease the Facility to AW Health & Rehab under an operating lease. The rent for the operating lease will be set at a market rate. AW Health & Rehab will obtain the right to operate the Facility through its operating lease with AW Properties and will be the licensed operator for the Facility.

Based on the above showing that there will be no change in service, conversion of beds, or increase in bed capacity, we request that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a Certificate of Need is not required as a result of the proposed transaction. In accordance with the Rules, a check in the amount of \$2,800.00 is enclosed for the Agency's fee.

Should you have any questions or need further information, please contact me at the address or telephone number above. Thank you for your assistance in this matter.

Sincerely,



Susan D. Doughton

SDD/rmc
Enclosure

cc: Mark Traylor
Derek Pierce
Peck Fox, Esq.

CHANGE OF OWNERSHIP

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STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

Part I: Purchasing Organization Information

Name of Organization: Arbor Woods Properties, LLC

Facility Name:
(ADPH Licensure name) Arbor Woods Health and Rehab

SHPDA ID Number: 107-N0001

Address (PO Box #): 515 Second Avenue NW

City, State, Zip, County: Reform, Alabama, Pickens County

Number/Type Licensed Beds: 85 nursing home beds

Owner(s): Arbor Woods Properties, LLC

Operator(s): Arbor Woods Health & Rehab, LLC

Part II: Selling Organization Information

Name of Organization: Derek Pierce of Healthcare Management Partners, LLC, as Receiver

Address (PO Box #): 1919 Oxmoor Road, Suite 394

City, State, Zip, County: Birmingham, Alabama 35209, Jefferson County

Number/Type Licensed Beds: 85 nursing home beds

Owner(s): Derek Pierce of Healthcare Management Partners, LLC, as Receiver

Operator(s): Arbor Woods Health & Rehab, LLC

Part III: Value of Consideration

Monetary Value of Purchase: \$3,552,000.00 No./Type Beds: 85 nursing home beds

Terms of Purchase: Sale of substantially all the assets used in connection with the operation of the Facility. Purchase price paid in cash upon closing.
(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: 85

Types of Institutional Health Services: Nursing Home/Skilled Nursing Facility

List Service Area by County for Home Health Agencies: _____

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):

[Handwritten Signature] OF HEALTHCARE MANAGEMENT PARTNERS, LLC,

AS RECEIVER

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 **\$2,800*** 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: _____

*- Please note that the fee for a Notice of Change of Ownership includes a temporary surcharge of \$300.

Types of Institutional Health Services: Nursing Home/Skilled Nursing Facility

List Service Area by County for Home Health Agencies: _____

On an Attached Sheet Please Address the Following:

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Seller(s) Signature(s):

Owner(s): _____

Operator(s): ARBOR WOODS HEALTH & REHAB, LLC
J. MARK TRAYLOR

Title/Date: PRESIDENT 10/20/2014

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 \$2,800* 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: By J. MARK TRAYLOR

Title/Date: Pres. 10/20/2014

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OCT 27 2014

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

PECK FOX

EMAIL: pfox@maynardcooper.com

October 27, 2014

Via Hand Delivery

Alva Lambert
Executive Director
State Health Planning & Development Agency
100 N. Union Street
Suite 970
Montgomery, AL 36104

Re: Change of Ownership of Arbor Woods Health and Rehab, formerly known as
Salem Nursery and Rehabilitation Center of Reform

Dear Mr. Lambert:

As your agency is aware, this firm represents Derek Pierce of Healthcare Management Partners, LLC, as Receiver of the skilled nursing facility previously known as Salem Nursing and Rehabilitation Center of Reform.

A change of ownership relating to this facility was filed with your agency on or about June 23, 2014, relating to the initial stage of this court-supervised transaction (CO-2014-027). A second change of ownership, relating to the subsequent and ultimate transfer to Arbor Woods Properties, LLC, was filed with your agency last week.

Attached please find the original copy of a signature page, executed by Mr. Pierce, to be submitted with the change of ownership request. This may serve to replace the copy included with the original filing.

Should you have further questions, please let me know.

Sincerely,



Peck Fox

PF/ts

CHANGE OF OWNERSHIP

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Part I: Purchasing Organization Information

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STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Name of Organization: Arbor Woods Properties, LLC

Facility Name:
(ADPH Licensure name) Arbor Woods Health and Rehab

SHPDA ID Number: 107-N0001

Address (PO Box #): 515 Second Avenue NW

City, State, Zip, County: Reform, Alabama, Pickens County

Number/Type Licensed Beds: 85 nursing home beds

Owner(s): Arbor Woods Properties, LLC

Operator(s): Arbor Woods Health & Rehab, LLC

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Name of Organization: Derek Pierce of Healthcare Management Partners, LLC, as Receiver

Address (PO Box #): 1919 Oxmoor Road, Suite 394

City, State, Zip, County: Birmingham, Alabama 35209, Jefferson County

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Seller(s) Signature(s): *[Signature]*
 Owner(s): DE HEALTHCARE MANAGEMENT PARTNERS, LLC,
AS RECEIVER
 Operator(s): _____
 Title/Date: _____

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YES NO The above Purchaser and Seller have agreed to these purchase terms.

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Title/Date: _____

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