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June 18, 2015

Hon. Alva M. Lambert
State Health Planning & Development Agency
100 North Union Street - Suite 870
Montgomery, Alabama 36130-3025

Re: Project No. AL2014-022 / CON 2711-SCALF
SHPDA Notice of Change of Ownership

Dear Mr. Lambert,

We write today in conjunction with earlier communications related to the approval by the Certificate of Need Review Board ("CONRB") of the application of Pleasant Properties, LLC wherein Pleasant Properties was awarded authority to relocate and expand its Specialty Care Assisted Living Facility ("SCALF") services within Tuscaloosa County. In particular, we are sending you, for review and disposition, the accompanying Notice of Change of Ownership ("CHOW") which is being filed pursuant to the relevant provisions of §22-21-270 of the *Code of Alabama* (1975) and §410-1-7-.04 of the SHPDA Rules and Regulations.

On or about June 10, 2015 we forwarded to Ms. Nicole Horn a check from Crimson Village, LLC which was made payable to SHPDA in the amount or sum of \$2,500.00. At the time that such payment was tendered, we asked that the money be held in abeyance during the period within which the interested parties were completing the terms of the purchase and sales agreement that forms the basis of this request for State Agency action. Such payment, which is required to be made under §410-1-7-.04(2) of the SHPDA Rules and Regulations, covers the Agency's administrative costs associated with processing: (a) the "CHOW" notice which is being filed by the parties today, and which is based both upon information set out in the form itself together with the contents of the "Membership Interest Purchase Agreement" which is also being filed simultaneously with the "CHOW" notice, and (b) the Executive Director's review of the subject purchase and sale, followed by issuance of a SHPDA "Determination of CON Non-Reviewability" related to the commercial transactions which are more fully described in the "CHOW" notice and by this letter.

As a preliminary matter, the parties address the information request which

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forms a part of the SHPDA Notice of Change of Ownership and which relates to the Membership Interest Purchase Agreement which has been executed by and between the Alabama LLC owned and managed by Dr. Ramesh Peramsetty (e.g., Crimson Village, LLC) and the owners of the Alabama LLC which holds, as its only asset and with no liabilities, the 32-bed "SCALF" authority for Tuscaloosa County issued by SHPDA under Alabama Project No. AL2014-022 (e.g., Pleasant Properties, LLC and Rod P. Wilkin, individually).

In connection with the parties' answers to "Part IV" questions concerning Certificate of Need ("CON") authority, and pursuant to §410-1-7-.04 (3) of the SHPDA Rules and Regulations, the petitioning parties provide SHPDA with the following responses, *viz*:

(a) The new owner of the entity holding "SCALF" authority under SHPDA's CON No. 2711-SCALF (e.g., Crimson Village, LLC) acknowledges, and hereby ratifies as reasonable, the financial scope of the project approved by the CONRB including preliminary estimates of the costs which were broken down by equipment, construction and yearly operating costs.

In particular, Crimson Village, LLC warrants that operation of these Thirty-Two (32) "SCALF" beds, d/b/a "The Tides at Crimson Village," will be in conformity with the CON approval issued by the CONRB under the "Ruling of the Certificate of Need Review Board" issued on or about March 5, 2015, *to-wit*:

(i) Total costs associated with the project are projected to be in the estimated amount of \$4,347,398.00 which includes the costs related to construction (\$3,089,875.00); equipment cost (\$250,000.00) and first-year annual operating costs (\$1,007,523.00);

(ii) The services to be offered under this project are the same as those proposed by the original CON applicant, Pleasant Properties, LLC, and approved, following a "contested case proceeding, by the SHPDA CONRB. Such approval authorized the relocation of Sixteen (16) then-existing and operating Specialty Care Assisted Living ("SCALF") beds (within the confines of Tuscaloosa County) and, further, the operation of Sixteen (16) *additional* ("new") "SCALF" beds which had accrued to the CON applicant under the provisions of §410-2-4-.04 of SHPDA Rules and Regulations and by virtue of application of the so-called "92% Rule" on "SCALF" bed utilization. Accordingly, this project will include the continued provision of "SCALF" services in Sixteen (16) previously-existing beds plus the provision of "SCALF" services through operation of Sixteen (16) additional ("new") "SCALF" beds;

(iii) This proposal does include, as noted in subpart "(ii)" above, the owner and operator's placing into service the Sixteen (16) "new" or additional "SCALF" beds which are the result of the CON applicant's having met or exceeded the so-called "92% Rule" requirement related to "SCALF" bed occupancy and utilization within the subject County. As presented to SHPDA, and approved by the CONRB, the primary service area is Tuscaloosa County and the secondary service area will

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include "all counties contiguous to Tuscaloosa. As noted in the Ruling of the CONRB, §410-1-4-.01 (1) (c) (2) of the SHPDA Rules and Regulations makes specific provision for the relocation of one or more beds from one physical facility to another and, of course, that relocation is subject to the standard Certificate of Need review process, as occurred in connection with this project;

(iv) This proposal does *not* involve the conversion of beds from one category or classification of health care service to another category or classification. As noted under the CONRB Ruling, the original CON application was "consistent with the 2004-2007 *Alabama State Health Plan* as a replacement facility for 16-SCALF beds" and the original CON applicant further met "the criteria for an additional 16-SCALF beds under the facility-specific '92% Rule' contained in *Ala. Admin. Code §410-2-4-.04*," and

(v) This project does *not* entail the acquisition of facility assets or a stock purchase. Rather, Crimson Village, LLC has purchased all the issued and outstanding Membership Interests of Pleasant Properties Specialty Care Services, LLC, the entity into which CON holder Pleasant Properties, LLC assigned, transferred or conveyed its CON authority (e.g., CON 2711-SCALF) through an "Assignment of Certificate of Need by Pleasant Properties, LLC to Pleasant Properties Specialty Care Services, LLC" dated effective as of the 16th day of June, 2015. This assignment is expressly provided for under law because Pleasant Properties Specialty Care Services, LLC is an entity which has been under "common ownership and control of Pleasant Properties, LLC" under the relevant provisions of §22-21-270(e) of the *Code of Alabama* (1975). (Copies of relevant transactional documents are being filed with the SHPDA simultaneously with the filing of the "CHOW" notice and this informational letter.)

The parties who and which are involved with this "Change of Ownership" now respectfully request a letter "Determination of CON Non-Reviewability" from you, acting in your capacity as the SHPDA Executive Director, under and pursuant to the relevant provisions of §22-21-270 of the *Code of Alabama* (1975) and correlated §410-1-7-.04 of the SHPDA Rules and Regulations. As and for the factual and legal bases which support the issuance of such a finding, the parties point out to SHPDA the following relevant facts and circumstances, *viz*:

(a) The originally-issued CON authority for the operation of these Thirty-Two (32) "SCALF" beds, both in terms of the relocation of Sixteen (16) extant beds and the approval of Sixteen (16) additional "92% Rule" beds, was granted to applicant Pleasant Properties, LLC, a long-time provider of SCALF services in Tuscaloosa County. The Ruling of the Certificate of Need Review Board issued on or about March 5, 2015 with a written order being executed by CONRB Chairman Dr. Neal Morrison. Later, Certificate of Need 2711-SCALF was issued in connection with SHPDA Project No. AL2014-022 and this occurred on or about April 6, 2015 with the CON document itself having been signed by you as Executive Director;

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(b) After successful negotiations between Pleasant Properties, LLC and Crimson Village, LLC had been completed, the Certificate of Formation of Pleasant Properties Specialty Care Services, LLC was filed in the Office of the Probate Court of Tuscaloosa County, Alabama on or about June 11, 2015. The creating document is recorded in the Corporation Book of the Probate Court in Book 2015 at Page 1665. The initial (and only) Members of that LLC are Pleasant Properties, LLC (which has always held a 99.0% equity interest in the entity) and Rod P. Wilkin (who has always held, in his individual capacity, a 1.0% equity interest in the entity). Pleasant Properties Specialty Care Services, LLC is managed by its organizer, Rod P. Wilkin;

(c) On or about June 16, 2015 Pleasant Properties, LLC transferred, assigned and conveyed unto Pleasant Properties Specialty Services, LLC "all of the right, title and interest owned or held, legally or beneficially, by the CON Assignor in and to that certain Certificate of Need denominated as Certificate of Need 2711-SCALF ("the SCALF CON") which authorized the relocation and operation of Thirty-Two (32) Specialty Care Assisted Living Facility ("SCALF") beds" to the physical site of "Crimson Village" located off Veterans Memorial Parkway in Tuscaloosa, Alabama. This assignment is expressly provided for under Alabama statutes since Pleasant Properties Specialty Care Services, LLC is an entity which has been, since its initial creation, under the control of CON holder Pleasant Properties, LLC (e.g., 99.0% of the equity interest of Pleasant Properties Specialty Care Services, LLC has been owned by Pleasant Properties, LLC). See: §22-21-270 (e) of the Code of Alabama (1975);

(d) Crimson Village, LLC is an entity owned and controlled by Tuscaloosa physician Dr. Ramesh Peramsetty. He is also the owner of "Crimson Village," a newly constructed and licensed Assisted Living Facility ("ALF") complex located off Veterans Memorial Parkway; "Crimson Urgent Care," a family medical complex and Tuscaloosa MedSpa, a facility specializing in various wellness and cosmetic health care services.

Crimson Village, LLC has now entered into a written "Membership Interest Purchase Agreement" with Pleasant Properties, LLC and Rod P. Wilkin, in his individual capacity, and wherein Crimson Village, LLC has purchased all of the issued and outstanding Membership Interests related to Pleasant Properties Specialty Care Services, LLC. By and through this Agreement, Crimson Village, LLC, d/b/a "The Tides at Crimson Village," has acquired all of the LLC member interests of the legal entity which has held the CON authority represented by CON 2711-SCALF. Under and by virtue of the execution of an "Assignment of Membership Interests in Pleasant Properties Specialty Care Services, LLC," dated and effective as of June 16, 2015, Pleasant Properties, LLC and Rod P. Wilkin individually, have transferred, sold, assigned and conveyed unto Crimson Village, LLC all of their right, title and interest in and to their Membership Interests in Pleasant Properties Specialty Care Services, LLC.

In effect, accordingly, Crimson Village, LLC has now purchased all of the membership interests of Pleasant Properties Specialty Care Services, LLC.

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which is the legal entity holding the SHPDA-granted CON authority that is represented by CON 2711-SCALF. Crimson Village, LLC has therefore now completed its purchase of the issued and outstanding units of the LLC which has held CON authority for operation of 32 "SCALF" beds in Tuscaloosa.

All of the relevant documents evidencing the above-described transactions are being filed today with SHPDA for record and review purposes. Because this matter is exempted from regular CON review, and upon consultation with the SHPDA and its staff, the parties are submitting this matter to you as a Notice of Change of Ownership ("CHOW") under applicable SHPDA regulations and controlling State law. Accordingly, we respectfully request that, following your review of the facts submitted, you please provide us with a written "Determination of CON Non-Reviewability" without regard to the time periods which would otherwise apply under §410-1-7-.02 of the SHPDA Rules and Regulations. (See, e.g., §410-1-7-.04 (4) of the SHPDA Rules and Regulations). This request is **unopposed** by any other interested party.

On behalf of the sellers and the purchaser, please accept our thanks for your time and attention to this request. We also appreciate the good job you do for the people of Alabama and, of course, for the health care providers of our State. We are fortunate to have a person of your experience and credentials in this leadership position.

With continued best regards, I remain,

Very truly yours,

LEWIS SMYTH WINTER FORD, LLC

By: _____
Justice D. Smyth, III
For the Firm

cc:

Pleasant Properties, LLC
Pleasant Properties Specialty Care Services, LLC
Mr. Rod P. Wilkin, Individually
Crimson Village, LLC d/b/a "The Ties at Crimson Village"
Ramesh Peramsetty, M.D.
Daniel C. Lemley, Esquire / Andres & Lemley, LLC
Farley Poellnitz, Esquire / Phelps, Jenkins, Gibson & Fowler, LLP