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RECEIVED
JUN 27 2016
STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
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June 27, 2016

VIA EMAIL, ORIGINAL TO FOLLOW BY FEDERAL EXPRESS

Mr. Alva M. Lambert
Executive Director
State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery Alabama 36104
shpda.online@shpda.alabama.gov

**Re: Notice of Change of Ownership
Beacon Children's Hospital, Luverne, Alabama (Crenshaw County)
CON # 2145-PSY-MOD-EXT
CON # 2574-PSYCH
Anticipated Effective Date: July 25, 2016**

Dear Mr. Lambert:

We respectfully submit this Notice of Change of Ownership pursuant to Section 410-1-7-.04 of the Rules and Regulations of the Alabama Certificate of Need Program (the "CON Rules") in anticipation of the proposed transaction described below. The Change of Ownership involves Beacon Children's Hospital, a 32-bed CON-authorized child and adolescent psychiatric hospital located at 150 Hospital Drive, Luverne, Alabama 36049 (the "Facility"). Twenty-eight of the Facility's thirty-two hospital beds are currently licensed and in operation. As indicated in the May 23, 2016 Progress Report to the Agency, the remaining four beds authorized under CON # 2574-PSYCH are in the process of being placed into service. The following is a summary of the proposed transaction:

I. Scope of the Transaction

1. Professional Resources Management Psychiatric Services, LLC d/b/a Beacon Children's Hospital (the "Seller"), an Alabama limited liability company, is the current owner and licensed operator of the Facility.
2. Seller holds CON # 2574-PSYCH, which authorizes the addition of eight (8) child and adolescent psychiatric hospital beds at the Facility ("CON 2574"). Under CON 2574, four (4) of the eight (8) authorized beds have been licensed and placed in service. As previously indicated to the Agency, renovation work necessary to allow the remaining four (4) beds authorized under CON 2574 to be licensed has begun, but such renovation and licensing process will not be completed prior to the Closing Date, as defined below.
3. Ness Healthcare NFP (the "Purchaser") has entered into an Asset Purchase Agreement with the Seller, pursuant to which the Purchaser plans to acquire from the Seller substantially all of the Facility real estate, real property, and assets, including, but not limited to, the 28 child and adolescent psychiatric hospital beds that have been authorized by the Agency, licensed, and placed into service. The Purchaser anticipates also entering into a corresponding Operations Transfer Agreement with the Seller.
4. In connection therewith, immediately prior to the Closing Date, Seller plans to sell, convey, and assign its undivided interest and rights in CON 2574, to a newly-

formed, wholly-owned subsidiary of Seller that qualifies as an entity under common "ownership and control" as such term is used in *Ala. Code* § 22-21-270(e) and *Ala. Admin. Code* § 410-1-7-.04(2) ("Seller Subsidiary"). *Ala. Code* § 22-21-270(e) and the CON Rules specifically allow this type of transaction between entities under common ownership and control.

5. Upon completion of Step 4 described above and simultaneous with the closing of the asset purchase described in Step 3, on the Closing Date all of the stock or other ownership/membership interests in the Seller Subsidiary will be transferred to Purchaser and Purchaser will immediately distribute CON 2574 from Seller Subsidiary to Purchaser. *Ala. Code* § 22-21-270(f) and the CON Rules specifically allow this type of stock or ownership transaction.
6. Purchaser will continue the renovations and/or process necessary to receive a license and place into service the remaining four (4) beds authorized under CON 2574.
7. It is contemplated that the above-described purchase transaction will occur on or around July 25, 2016, subject to applicable regulatory approval ("Closing Date").

II. Financial Scope of the Project

Because the conveyance from Seller to the Seller Subsidiary is a transfer from parent to a wholly-owned subsidiary, there will be nominal consideration provided. Purchaser plans to acquire the assets of the Facility and the stock of the Seller Subsidiary from Seller for fair market

value consideration. The change of ownership transaction will not involve new construction, the purchase of any new equipment, or the incurrence of new operating costs.

III. Services to be Offered

1. The transaction does not involve the offering of any new services which are not approved and authorized by CON # 2145-PSY-MOD-EXT and CON # 2574-PSYCH.
2. There will be no addition or reduction of CON-authorized beds with respect to the proposed change of ownership transaction.
3. The proposed transaction will not involve the conversion of beds.
4. The Purchaser has not previously offered the same services as currently provided through the Facility.

In accordance with the Rules, I am enclosing a check from the Purchaser in the amount of \$2,500 for the Change of Ownership Filing. Also enclosed, please find an executed Change of Ownership form.

Based on the facts presented above, I respectfully request that you exercise your authority under § 410-1-7-.04(2) of the CON Rules and determine that neither a certificate of need, nor any further certificate of need regulatory review, is required for the consummation of the above-described proposed transaction.

Mr. Alva M. Lambert
June 27, 2016
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Should you have any questions or need further information, please feel free to contact me
at (205) 458-5429 or at kflaming@burr.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelli C. Fleming". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Kelli C. Fleming

KCF/caj
Enclosures (\$2,500 Filing Fee and CHOW Form)

cc: Richard J. Brockman, Esq.
Brent Willis, Esq.
Greg Everett, Esq.

RECEIVED

JUN 27 2016

CHANGE OF OWNERSHIP

ALABAMA DEPARTMENT OF HEALTH

Part I: Purchasing Organization Information

Name of Organization: Ness Healthcare NFP

Facility Name:
(ADPH Licensure name) Beacon Children's Hospital

SHPDA ID Number: 041-6532102

Address (PO Box #): 2417 W. Lawrence

City, State, Zip, County: Chicago, Illinois 60625-0000

Number/Type Licensed Beds: N/A

Owner(s): Ness Healthcare NFP

Operator(s): Ness Healthcare NFP

Part II: Selling Organization Information

Name of Organization: Professional Resources Management Psychiatric Services, LLC d/b/a Beacon Children's Hospital

Address (PO Box #): 105 Hospital Drive

City, State, Zip, County: Luverne, Alabama 36049 (Crenshaw County)

Number/Type Licensed Beds: 32 Child and Adolescent Psychiatric Hospital Beds (28 Bed Licensed Specialized Psychiatric Hospital)

Owner(s): Professional Resources Management Psychiatric Services, LLC

Operator(s): Professional Resources Management Psychiatric Services, LLC

Part III: Value of Consideration

Monetary Value of Purchase: \$ See Cover Letter No./Type Beds: 32 Child and Adolescent Psychiatric Hospital Beds (28 Bed Licensed Specialized Psychiatric Hospital)

Terms of Purchase: Please See Cover Letter
(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: 32 Child and Adolescent Psychiatric Hospital Beds (28 Bed Licensed Specialized Psychiatric Hospital)

Types of Institutional Health Services: Specialized Psychiatric Hospital

List Service Area by County for Home Health Agencies: N/A

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): Bob E.

Owner(s): _____

Operator(s): Bob E.

Title/Date: VP, 6/23/2016

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 **\$2,500** 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: _____

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):

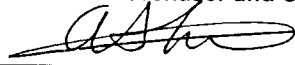
Owner(s): _____

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 **\$2,500** 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: President June, 22, 2016