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Mar 12 2018

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

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Birmingham, AL 35203

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BURR.COM

March 12, 2018

**VIA EMAIL, ORIGINAL TO FOLLOW BY FEDEX**

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

**Re: Change of Ownership – Manor House at Waterford Place, a Specialty Care Assisted Living Facility**

Dear Mr. Lambert:

Pursuant to Chapter 410-1-7-.04, Rules and Regulations of the Alabama Certificate of Need Program (the "Rules"), we respectfully submit the attached Notice of Change of Ownership. The Change of Ownership involves a 50-bed specialty care assisted living facility ("SCALF") located in Montgomery, Alabama, and known as Manor House at Waterford Place (the "Facility"). Following is a summary of the proposed transaction:

I. Facts.

1. The current owner of the Facility is Waterford Place ALF, LLC, a Georgia limited liability company ("Current Owner"). The control person of the Current Owner was, formerly, Dwayne Edwards ("Edwards"). On January 20, 2017, the Securities and Exchange Commission (the "SEC") commenced an action against, inter alia, the Current Owner and Edwards, alleging violations of the Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 under the Securities Exchange Act (the "Action"). The Action is currently pending before the United States District Court for the District of New Jersey (the "Court") under Case Number 17-cv-00393.
2. In connection with the foregoing claims in the Action, the SEC sought the appointment of a receiver over the Facility and the Current Owner. The Court appointed Derek Pierce of Healthcare Management Partners, located in Nashville, Tennessee, as receiver

(the "Receiver") by order dated January 23, 2017. The Receiver has the power to take all actions on behalf of the Current Owner.

3. Since January of 2017, the Receiver has employed Affinity Living Group, LLC, a North Carolina limited liability company ("Affinity" or "Current Licensee") as the management company for the Facility. At the request of the Alabama Department of Public Health, Affinity also became the license holder of the Facility. Affinity currently holds the license to the Facility.
4. On February 14, 2018, the Receiver auctioned the Facility at a public auction conducted by the Court in Newark, New Jersey (the "Auction"). Agemark Acquisition, LLC, a North Carolina limited liability company ("Agemark"), an affiliate of Affinity, became the winning bidder at the Auction. The Court approved the sale of the Facility to Agemark (or its assigns) at a hearing held in the afternoon of February 14, 2018.
5. The Receiver has entered into an Asset Purchase Agreement to sell the Facility to Agemark (or its assigns). RHCSC Montgomery I Health Holdings, LLC, an Alabama limited liability company, has been formed to become the new owner of the Facility ("New Landlord"). New Landlord will, in turn, enter into an operating lease with RHCSC Montgomery I AL Holdings, LLC, an Alabama limited liability company ("New Operator") to operate the Facility as "The Gardens of Montgomery". The term of the lease between New Landlord and New Operator will exceed two (2) years (the "New Operator Lease").
6. Under certain transaction documents by and among Receiver, Current Owner, Current Licensee, New Landlord and New Operator, subject to approval by the Alabama Department of Public Health ("ADPH") of the license application to be filed by New Operator and the issuance of a license by ADPH to New Operator to operate the Facility as a 50-bed SCALF, the current lease will be terminated, and the New Operator Lease will become effective (the "Commencement").
7. The Receiver (on behalf of the Current Owner), New Landlord, and New Operator are seeking to consummate the above-described transaction by April 9, 2018.
8. The resulting "change in control" requires notification to your agency pursuant to ALA. ADMIN. CODE §410-1-7-.04(1).
9. The change in control of the Facility will be documented by the enclosed executed change of ownership form.

II. Financial Scope of Project.

A. For a fair market price, Current Owner/Receiver will sell the land, building fixtures, and equipment comprising the Facility to New Owner.

B. For fair market rental, New Operator will lease the Facility from the New Owner under an operating lease with a term exceeding two (2) years. Other than entering into the New Lease and the licensing of the Facility, this transaction does not involve any activities described in Alabama Code § § 22-21-263(a) (1), (2), (3), or (4) as requiring a certificate of need.

III. Services to be Offered.

1. No New Services: The transaction does not involve the offering of any new services by the Facility.

IV. Beds.

1. New Beds: The proposed transaction does not involve any addition or reduction of beds.

2. Conversion of Beds: The proposed transaction does not involve the conversion of beds.

V. Stock and Assets.

Other than described above, the transaction does not involve the acquisition of stock or assets relating to the operation of the Facility.

Based on the above showing that there has been no (i) change in health service, (ii) spending in excess of the spending thresholds, (iii) conversion of beds or (iv) increase in bed capacity we respectfully ask that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a CON or other action by SHPDA is not required for the consummation of the above-described proposed transaction. In accordance with the Rules, I attach an executed change of ownership form, and the required fee in the amount of \$2,500.00 will be sent via overnight mail.

Mr. Alva M. Lambert  
March 12, 2018  
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Should you have any questions or need further information, please contact me at 205-458-5209.

Sincerely,

A handwritten signature in black ink, appearing to read "Angie Cameron Smith". The signature is stylized with a large, sweeping initial "A" and a long horizontal stroke extending to the right.

Angie Cameron Smith

ACS  
Enclosures

Mar 12 2018

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.

X Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))

X 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: 101-S5103  
(This can be found at [www.shpda.alabama.gov](http://www.shpda.alabama.gov), Health Care Data, ID Codes)

Name of Facility/Provider: Manor House at Waterford Place  
(ADPH Licensure Name)

Physical Address: 3920 Antoinette Drive  
Montgomery, AL 36111

County of Location: Montgomery

Number of Beds/ESRD Stations: 50

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. NA

**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: Waterford Place ALF, LLC

Mailing Address: c/o Ryan Cochran, attorney for Receiver  
511 Union Street, Ste. 2700, Nashville, TN 37219

Operator (Entity Name): Waterford Place ALF, LLC (operator)  
Affinity Living Group, LLC (current licensee)

**Part III: Acquiring Entity Information**

Name of Entity: RHCSC Montgomery I Health Holdings LLC

Mailing Address: 614 South Lawrence Street, Montgomery, AL 36104



Operator (Entity Name): RHCSC Montgomery I AL Holdings LLC

Proposed Date of Transaction is on or after: 04/09/2018

**Part IV: Terms of Purchase**

Monetary Value of Purchase: \$ See attached letter

Type of Beds: SCALF

Number of Beds/ESRD Stations: 50

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

Projected Equipment Cost: \$ See attached letter

Projected Construction Cost: \$ See attached letter

Projected Yearly Operating Cost: \$ See attached letter

Projected Total Cost: \$ See attached letter

**On an Attached Sheet Please Address the Following:**

- 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.

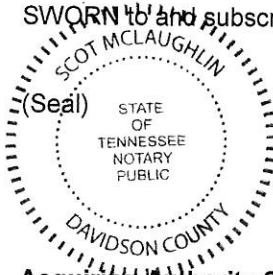
Owner(s): Waterford Place ALF, LLC

*Derek Pierce*

Operator(s): Waterford Place ALF, LLC

Title/Date: Derek Pierce, as Receiver

SWORN to and subscribed before me, this 9<sup>th</sup> day of March, 2018.



*[Signature]*  
Notary Public

My Commission Expires: 9/7/21

**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): RHCSC Montgomery I Health Holdings LLC

Operator(s): RHCSC Montgomery I AL Holdings LLC

Title/Date: \_\_\_\_\_

SWORN to and subscribed before me, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(Seal) \_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

**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): Waterford Place ALF, LLC \_\_\_\_\_

Operator(s): Waterford Place ALF, LLC \_\_\_\_\_

Title/Date: Derek Pierce, as Receiver \_\_\_\_\_

SWORN to and subscribed before me, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(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): RHCSC Montgomery I Health Holdings LLC \_\_\_\_\_

Operator(s): RHCSC Montgomery I AL Holdings LLC \_\_\_\_\_

Title/Date: \_\_\_\_\_

*[Handwritten Signature]*  
By: Richard B. Honeycutt, Manager

SWORN to and subscribed before me, this 9<sup>th</sup> day of MARCH, 2018.

(Seal) \_\_\_\_\_  
Notary Public

*[Handwritten Signature]*  
Notary Public

My Commission Expires: 04/22/2019





# The Gardens of Montgomery Organizational Chart

