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RECEIVED

Dec 14, 2018

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

December 14, 2018

**Via Email ([shpda.online@shpda.alabama.gov](mailto:shpda.online@shpda.alabama.gov)) & Overnight Delivery**

Alva M. Lambert, Esq.  
Executive Director  
Alabama State Health Planning &  
Development Agency  
100 North Union Street, Suite 870  
Montgomery, Alabama 35104

**Re: Notice of Change of Ownership  
Merrill Gardens at Madison, LLC**

Dear Mr. Lambert:

We respectfully submit this letter to the Alabama State Health Planning and Development Agency (“SHPDA”) as an attachment to the Notice of Change of Ownership form that we are filing pursuant to the Alabama Certificate of Need Program Rules and Regulations (the “CON Rules”) Chapter 410-1-7-.04. The proposed change of ownership involves Merrill Gardens at Madison located in Madison, Alabama (the “Facility”). The following summarizes the transaction proposed to take place on or about January 14, 2019, and addresses SHPDA requirements under the CON Rules for change of ownership.

**1. Facts**

The Facility is a retirement community in Madison, Alabama consisting of a licensed 32-bed specialty care assisted living facility (“SCALF”), and a licensed 160-bed assisted living facility (“ALF”). Merrill Gardens at Madison, LLC (“MGM”) is the current property owner of the Facility and has entered into an operating lease for the Facility with MH RDM Operating LLC (“MH Operating”), which is the licensed operator of the Facility and holds the CON for 32 SCALF beds. MH RDM Properties REIT LLC (“MH REIT”) is currently the sole owner of both MGM and MH Operating. MH RDM Holdings LLC (“MH Holdings”) is the sole owner of MH REIT. An organizational chart showing the current ownership of the Facility is attached as Exhibit A.

Upon obtaining the necessary regulatory approval from SHPDA, various parties will enter into a transaction pursuant to which (1) MH Holdings will transfer 100% of its ownership interest in MH REIT to SHI-III Merrill JV Company III, LLLP (“New Owner”), and (2) MH REIT will transfer 100% of its ownership interest in MH Operating

to MH Holdings. MH Operating will continue to operate the Facility pursuant to an operating lease with MGM, and MH Operating will remain the licensee for the Facility and continue to hold the CON for 32 SCALF beds after the proposed transaction is closed. An organizational chart showing the ownership of the Facility after the proposed transaction has closed is attached as Exhibit B.

## **2. SHPDA Requirements For Change of Ownership**

- a) Financial scope of the project. There will be no capital expenditures in conjunction with the proposed transaction, nor is it anticipated that there will be any new annual operating costs associated with the proposed transaction.
- b) No new services. The proposed transaction will not result in any new or additional services beyond those already provided at the Facility.
- c) No new beds. The proposed transaction will not result in the creation of new beds.
- d) No conversion of beds. The proposed transaction will not involve the conversion of beds.
- e) Acquisition of Assets/Stock. The proposed transaction will involve the acquisition by New Owner of one hundred percent (100%) of the membership interests of MGM. The proposed transaction does not involve the sale of stock or transfer of other assets.

Based on the above showing that there will be no change in health service, no conversion of beds or increase in bed capacity, or any capital expenditure in excess of the applicable spending thresholds set forth in *Alabama Code* § 22-21-263(a)(2), we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the CON Rules and determine that a new Certificate of Need is not required for the consummation of the above-described transaction. In accordance with the CON Rules, MGM has paid the filing fee of \$2,500 through SHPDA's online payment portal.

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If you have any questions or need any additional information, please let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. M. Hunt", with a large, sweeping flourish at the end.

David M. Hunt  
Attorney for Merrill Gardens at Madison,  
LLC and MH RDM Operating LLC

**EXHIBIT A**

**CURRENT OWNERSHIP**

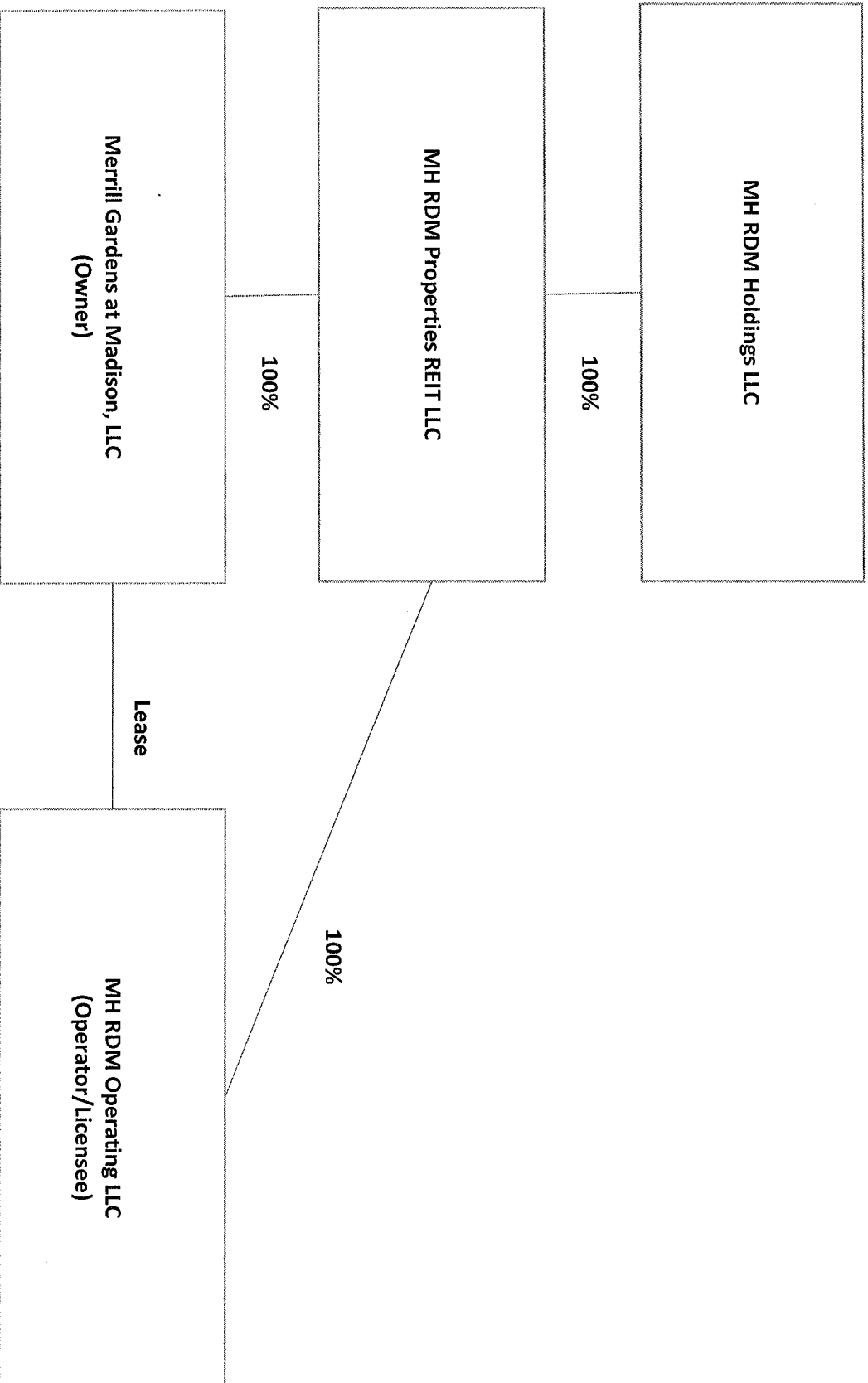
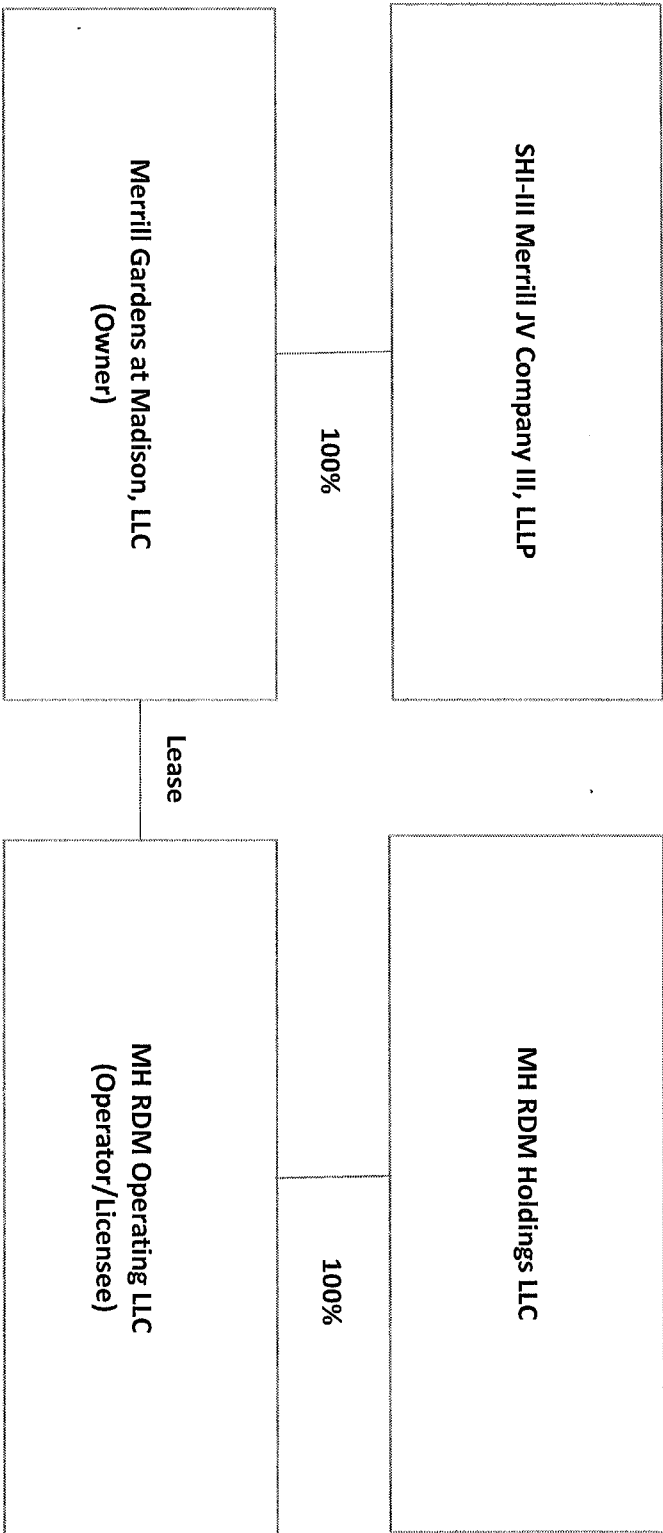


EXHIBIT B

POST-CLOSING OWNERSHIP



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Dec 14, 2018

State Health Planning and Development Agency

Alabama CON Rules &amp; Regulation

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.

- Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))  
 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: P4514  
 (This can be found at [www.shpda.alabama.gov](http://www.shpda.alabama.gov), Health Care Data, ID Codes)

Name of Facility/Provider: Merrill Gardens at Madison  
 (ADPH Licensure Name)

Physical Address: 121 Brookridge Drive  
Madison, Alabama 35758

County of Location: MADISON

Number of Beds/ESRD Stations: 32

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

**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: Merrill Gardens at Madison, LLC

Mailing Address: 121 Brookridge Drive  
Madison, Alabama 35758

Operator (Entity Name): MH RDM Operating LLC

**Part III: Acquiring Entity Information**

Name of Entity: same (see attached)

Mailing Address: \_\_\_\_\_  
 \_\_\_\_\_

Operator (Entity Name): \_\_\_\_\_

Proposed Date of Transaction is on or after: January 14, 2019

**Part IV: Terms of Purchase**

Monetary Value of Purchase: see attached

Type of Beds: SCALF

Number of Beds/ESRD Stations: 32

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

Projected Equipment Cost: \$ 0

Projected Construction Cost: \$ 0

Projected Yearly Operating Cost: \$ 0

Projected Total Cost: \$ 0

**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):**

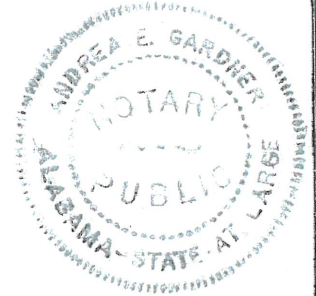
The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s): **Merrill Gardens at Madison, LLC**

By: MH RDM Properties REIT, LLC  
Its: Sole member

By: MH RDM Holdings, LLC  
Its: Sole member

By: *[Signature]*  
Name: Douglas D. Spear  
Title SVP and CFO



Operator(s): **MH RDM Operating LLC**

By: *[Signature]*  
Name: Douglas D. Spear  
Title SVP and CFO

SWORN to and subscribed before me, this 13th day of December, 2018,

(Seal)

*[Signature]*  
Notary Public

My Commission Expires: 2/20/21



**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.

Owner(s): **Merrill Gardens at Madison, LLC**

By: MH RDM Properties REIT, LLC  
Its: Sole member

By: MH RDM Holdings, LLC  
Its: Sole member

By: *[Signature]*  
Name: Douglas D. Spear  
Title SVP and CFO



Operator(s): **MH RDM Operating LLC**

By: *[Signature]*  
Name: Douglas D. Spear  
Title SVP and CFO

SWORN to and subscribed before me, this 13th day of December, 2018.

(Seal)

*[Signature]*  
Notary Public

My Commission Expires: 2/20/21

Author: Alva M. Lambert  
Statutory Authority: § 22-21-271(c), Code of Alabama, 1975  
History: New Rule