

Dec 21 2022

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

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# HKH

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HARBUCK KEITH HUNT & PALMER  
LLC

David M. Hunt  
Direct Dial: (205) 547-5552  
E-Mail: [dhunt@hkh.law](mailto:dhunt@hkh.law)

December 21, 2022

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

Emily T. Marsal, Executive Director  
Alabama State Health Planning &  
Development Agency  
100 North Union Street, Suite 870  
Montgomery, Alabama 35104

**Re: Notice of Change of Ownership  
Canterbury Health Care Facility**

Dear Ms. Marsal:

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 the lease of the 137-bed skilled nursing facility located in Phenix City, Russell County, Alabama and known as Canterbury Health Care Facility (the “Facility”). The following summarizes the transaction proposed to take place and addresses SHPDA requirements under the CON Rules for change of ownership.

**I. Facts**

1. The Facility is owned by Sterling Acquisition, LLC (“Owner”) and currently operated by Diversicare Leasing LP (the “Current Operator”) pursuant to a lease agreement between Owner and Current Operator (the “Current Lease”).
2. Effective as of the Commencement (as defined below), the Current Lease will be terminated and Owner and Canterbury SNF Operations LLC (“New Operator”) shall enter into a new lease agreement for the Facility (the “New Lease”), so that the New Operator will be responsible for the operation of the Facility as of the Commencement.
3. Subject to approval by the Alabama Department of Public Health (“ADPH”) and the issuance of a license to New Operator to operate the Facility as a 137-

bed skilled nursing facility, the Transaction will become effective on or after February 1, 2023 (the "Commencement").

4. The resulting "change in control" requires notification to your agency pursuant to Ala. Admin. Code 410-1-7-.04(1). The change in control will be documented by the attached executed change of ownership form.

**II. Financial Scope of Project.**

As outlined in the attached change of ownership form, this Transaction does not involve the purchase of new equipment or other capital expenditures in excess of the applicable spending thresholds set forth in Alabama Code 22-21-263(a)(2). As disclosed in the attached change of ownership form, it is anticipated that first year annual operating costs will be approximately \$10,789,000, which does not represent an increase in such annual operating costs in excess of the applicable spending threshold.

**III. No New Services to be Offered.**

The Transaction does not involve the offering of any new services by the Facility. The Facility will continue to operate as a skilled nursing facility.

**IV. No New Beds or Conversion of Beds.**

The Transaction does not involve any addition or reduction of beds. The Transaction does not involve the conversion of any beds.

**V. Acquisition of Stock and Assets.**

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 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, the Purchaser has paid the filing fee of \$2,500 through SHPDA's online payment portal.

Emily T. Marsal  
December 21, 2022  
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If you have any questions or need any additional information, please let me know.

Sincerely,

*/s/ David M. Hunt*

David M. Hunt  
Attorney for New Operator

DMH/aeg

## 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: 113-N0005  
(This can be found at [www.shpda.alabama.gov](http://www.shpda.alabama.gov), Health Care Data, ID Codes)

Name of Facility/Provider: Canterbury Health Care Facility  
(ADPH Licensure Name)

Physical Address: 1720 Knowles Road  
Phenix City, AL 36869

County of Location: RUSSELL 

Number of Beds/ESRD Stations: 137

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

**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: Sterling Acquisition, LLC

Mailing Address: 303 International Circle, Suite 200  
Hunt Valley, MD 21030  
Diversicare Leasing LP

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

### Part III: Acquiring Entity Information No Change in Property Owner --

Name of Entity: New Operating Lease Only

Mailing Address: 303 International Circle, Suite 200  
Hunt Valley, MD 21030

Operator (Entity Name): Canterbury SNF Operations LLC

Proposed Date of Transaction is on or after: 02/01/2023

**Part IV: Terms of Purchase**

Monetary Value of Purchase: \$ 4,500,000.00 \*

Type of Beds: Skilled Nursing

Number of Beds/ESRD Stations: 137

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

Projected Equipment Cost: \$ 0.00

Projected Construction Cost: \$ 0.00

Projected Yearly Operating Cost: \$ 10,789,000.00

Projected Total Cost: \$ 10,789,000.00

**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**

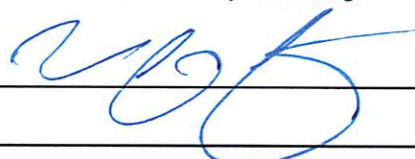
**Current Authority Signature(s):**

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

Owner(s): Sterling Acquisition, LLC

Operator(s): Diversicare Leasing LP

Title/Date: 12/19/2022

  
Vikas Gupta-Sr. VP-Acquisitions & Development

\*This transaction involves the lease of four skilled nursing facilities for a combined annual lease payment of \$4,500,000.



SWORN to and subscribed before me, this 19th day of December, 2022.

(Seal)



Karen L. Compton  
Notary Public

My Commission Expires: 4/12/2025

**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): No Change in Property Owner -- New Operating Lease Only

Operator(s): Canterbury SNF Operations LLC

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

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

(Seal)

\_\_\_\_\_  
Notary Public

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

Author: Alva M. Lambert

Statutory Authority: § 22-21-271(c), Code of Alabama, 1975

History: New Rule

Operator (Entity Name): Canterbury SNF Operations LLC

Proposed Date of Transaction is on or after: 02/01/2023

**Part IV: Terms of Purchase**

Monetary Value of Purchase: \$ 4,500,000.00 \*

Type of Beds: Skilled Nursing

Number of Beds/ESRD Stations: 137

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

Projected Equipment Cost: \$ 0.00

Projected Construction Cost: \$ 0.00

Projected Yearly Operating Cost: \$ 10,789,000.00

Projected Total Cost: \$ 10,789,000.00

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

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**Part V: Certification of Information**

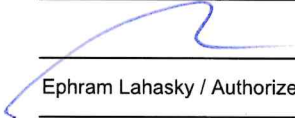
**Current Authority Signature(s):**

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

Owner(s): Sterling Acquisition, LLC

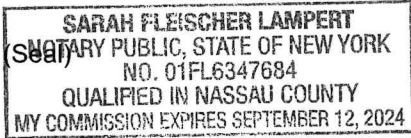
Operator(s): Diversicare Leasing LP

Title/Date: 12/19/2022

  
Ephram Lahasky / Authorized Representative

\*This transaction involves the lease of four skilled nursing facilities for a combined annual lease payment of \$4,500,000.

SWORN to and subscribed before me, this 19<sup>th</sup> day of December, 2022.



[Signature]  
Notary Public

My Commission Expires: 9/12/2024

**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): No Change In Property Owner -- New Operating Lease Only

Operator(s): Canterbury SNF Operations LLC \_\_\_\_\_

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

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

(Seal)

\_\_\_\_\_  
Notary Public

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

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



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): No Change In Property Owner -- New Operating Lease Only

Operator(s): Canterbury SNF Operations LLC \_\_\_\_\_

Title/Date: Susan Strauss/Authorized Representative 12/14/22

SWORN to and subscribed before me, this 14<sup>th</sup> day of December, 2022.

(Seal)

DEBORAH C. O'BRIEN  
NOTARY PUBLIC OF NEW JERSEY  
Comm # 50170530  
My Commission Expires September 3, 2026

Deborah C O'Brien  
\_\_\_\_\_  
Notary Public

My Commission Expires: 9/3/26

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