

November 21, 2025

CO2026-029

RECEIVED

Nov 21 2025

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

Via Electronic Mail: 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
Kauhale Heritage Woods Specialty Care Assisted Living

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 purchase of the 23-bed specialty care assisted living facility (“SCALF”) located in Mobile, Mobile County, Alabama and known as Kauhale Heritage Woods Specialty Care Assisted Living (the “Facility”). The following summarizes the transaction proposed to take place and addresses SHPDA requirements under the CON Rules for changes of ownership.

I. Facts

1. The Facility is currently owned by Heritage Woods RE, LLC (“Current Owner”) and operated by Heritage Woods Operating, LLC (the “Current Operator”) pursuant to a lease agreement between Current Owner and Current Operator (Current Owner and Current Operator, collectively, the “Seller”).
2. On March 2, 2025, Current Operator ended its management agreement with Proveer Senior Living, LLC. On March 2, 2025, Current Operator entered into a new management agreement (the “Management Agreement”) with Kauhale Healthcare Management, LLC (“Manager” or “Kauhale”), through which Manager has provided management services at the Facility subject to the oversight, direction, and supervision of Current Operator. The Management Agreement provides that staff members are employees of the Current Operator,

the Current Operator's bank account is used to receive all collections and pay bills, the budget (and thus all expenditures on a broad basis) must be approved by Current Operator, and all decisions are generally subject to Current Operator's approval. Current Operator retained the authority to overrule the decisions of the Manager. The Management Agreement between Kauhale and Current Operator therefore provides that Kauhale is the managing "agent" for the Facility, but Current Operator maintains ultimate control over the Facility in accordance with the regulations of SHPDA and the Alabama Department of Public Health. Accordingly, Current Operator has remained the "Holder" of the CON pursuant to the lease between Current Owner and Current Operator.

3. Seller and Mobile AL Realty, LLC ("Purchaser") have entered into an asset purchase agreement (the "APA") for the sale of substantially all of the assets used in the operation of the Facility (the "Transaction").
4. Prior to the Commencement (as defined below), Purchaser shall lease the Facility under a lease agreement ("Lease Agreement") to Mobile AL Operations, LLC ("New Operator") so that the New Operator will be responsible for the operation of the Facility as of the Commencement.
5. The New Operator intends to enter into a new Management Agreement ("New Management Agreement") with Kauhale, whereby Kauhale will provide management services at the Facility under the direction and supervision of New Operator, subject to the oversight, direction, and supervision of New Operator. The New Management Agreement will provide that staff members are employees of the New Operator, the New Operator's bank account will be used to receive all collections and pay bills, the budget (and thus all expenditures on a broad basis) must be approved by the New Operator, and all decisions are generally subject to New Operator's approval. New Operator will retain the authority to overrule the decisions of the Manager. The Management Agreement between Kauhale and New Operator therefore will provide that Kauhale is the managing "agent" for the Facility, but New Operator will maintain ultimate control over the Facility in accordance with the regulations of SHPDA and the Alabama Department of Public Health. Accordingly, New Operator will remain the "Holder" of the CON pursuant to the lease between Purchaser and New Operator.
6. Under certain documents to be negotiated and entered into to effectuate the Transaction, 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 23-bed SCALF, the Transaction will become effective on or after December 31, 2025 (the “Commencement”).

7. 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, the 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 \$736,050.00, 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 will not involve the offering of any new services by the Facility. The Facility will continue to operate as a SCALF.

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.

Other than as 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 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
November 21, 2025
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If you have any questions or need any additional information, please let me know.

Sincerely,

STARNES DAVIS FLORIE LLP

A handwritten signature in blue ink, appearing to read "Brandon Jackson", with a long horizontal flourish extending to the right.

Brandon A. Jackson

Attorney for Purchaser and New Operator

BAJ/mwk

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: 097-S4911
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Kauhale Heritage Woods Specialty Care Assisted Living
(ADPH Licensure Name)

Physical Address: 3440 Hilcrest Road
Mobile, Alabama 36695

County of Location: MOBILE

Number of Beds/ESRD Stations: 23

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: Heritage Woods RE, LLC

Mailing Address: 700 Corporate Ridge Road
Birmingham, Alabama 35242

Operator (Entity Name): Heritage Woods Operating, LLC

Part III: Acquiring Entity Information

Name of Entity: Mobile AL Realty, LLC

Mailing Address: 8170 McCormick Blvd, Suite 112
Skokie, IL 60076

Operator (Entity Name): Mobile AL Operations, LLC

Proposed Date of Transaction is on or after: 12/31/2025

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ Fair Market Value

Type of Beds: Specialty Care Assisted Living

Number of Beds/ESRD Stations: 23

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: \$ 736,050.00

Projected Total Cost: \$ 736,050.00

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): Heritage Woods RE, LLC

Operator(s): Heritage Woods Operating, LLC

Title/Date: Managing Principal

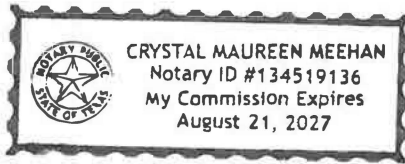

By Sanjay Chandra, Managing Principal


By: Sanjay Chandra, Managing Principal

11/17/2025

SWORN to and subscribed before me, this 17 day of November, 2025.

(Seal)

C.M. Meehan

Notary Public

My Commission Expires: 8-21-27**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): Mobile AL Realty, LLC

By: Maxim Stesel, Manager

Operator(s): Mobile AL Operations, LLC

By: Maxim Stesel, Manager

Title/Date: Manager

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): Mobile AL Realty, LLCBy: Maxim Stesel, ManagerOperator(s): Mobile AL Operations, LLCBy: Maxim Stesel, ManagerTitle/Date: Manager11/17/2025SWORN to and subscribed before me, this 17 day of November, 2025.

(Seal)



Notary Public

My Commission Expires: July 8 2028

Author: Alva M. Lambert

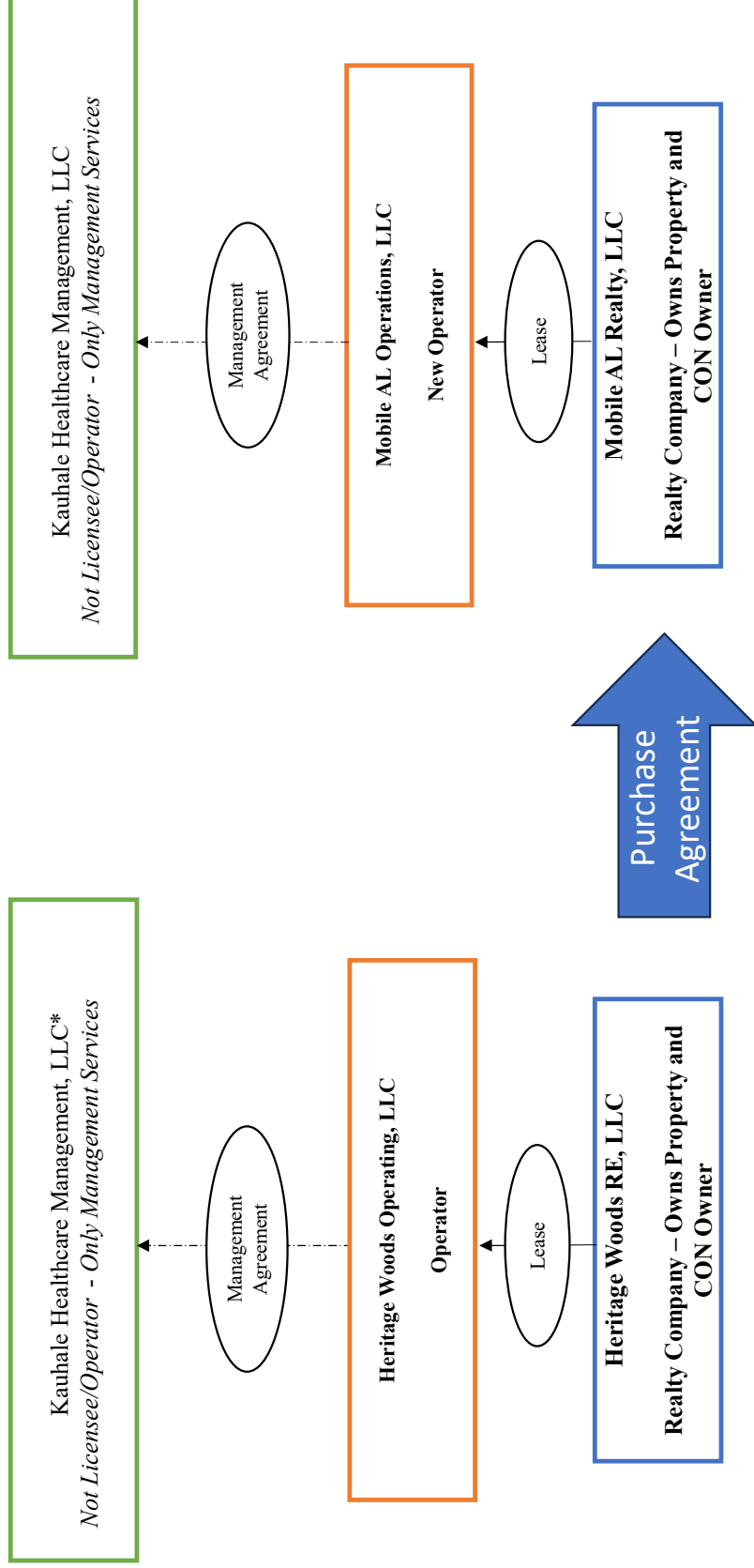
Statutory Authority: § 22-21-271(c), Code of Alabama, 1975

History: New Rule

Heritage Woods Operating, LLC

SHPDA ID: 097-S4911/097-A4947

Pre and Post Transaction Organizational Structure



*The d/b/a name used as the facility name pre and post transaction is Kauhale Heritage Woods Specialty Care Assisted Living