



Public Health and Health Planning Council

Project # 112031-E

Alliance Health Associates, Inc.
d/b/a Linden Gardens Rehabilitation and Nursing Center

County: Kings (Brooklyn)
Purpose: Establishment

Program: Residential Health Care Facility
Submitted: July 18, 2011

Executive Summary

Description

Alliance Health Associates, Inc., d/b/a Linden Gardens Rehabilitation and Nursing Center, an existing proprietary corporation, requests approval to be established as the operator of Ruby Weston Manor, a 240-bed not-for-profit residential health care facility (RHCF) located at 2237 Linden Boulevard, Brooklyn. Ownership of the operation before and after the requested change is as follows:

| | |
|---|------|
| <u>Current</u> | |
| Ruby Weston Manor | 100% |
| <u>Proposed Owner</u> | |
| Alliance Health Associates, Inc. d/b/a Linden Gardens Rehabilitation and Nursing Center | |
| MEMBERS: | |
| -- Joel Landau | 40% |
| -- Jack Basch | 30% |
| -- Marvin Rubin | 15% |
| -- Solomon Rubin | 15% |

The operator of Ruby Weston Manor received final CON approval in 1995 to construct a 280-bed RHCF. The facility opened in 1998, but was never constructed to the full 280-bed authorization and the applicant never modified its CON approval. With this current CON proposal, the Department finalizes its certification for this RHCF at the current 240-bed capacity.

Alliance Health Associates, Inc. will enter into a lease agreement with Alliance Health Property, LLC for the property. The applicant has submitted an executed real property purchase agreement between Alliance Health Property, LLC and Ruby Weston Manor dated June 2, 2011.

Jack Basch has ownership interests in Elmhurst Care Center, Inc, a 240-bed RHCF in East Elmhurst, and Bezalel Rehabilitation and Nursing Center, a 120-bed RHCF in Far Rockaway, while Solomon Rubin has

ownership interests in Hamilton Park Nursing and Rehabilitation Center, a 150-bed RHCF in Brooklyn.

DOH Recommendation

Contingent approval.

Need Summary

Occupancy rates for the facility showed an increase from 74.3% in 2007 to 87.8% in 2010. The applicant has submitted documentation that occupancy as of September 30, 2011 is 93.7%

Program Summary

The review of operations of Elmhurst Care Center, Inc., Bezalel Rehabilitation and Nursing Center and Hamilton Park Nursing and Rehabilitation Center results in a conclusion of substantially consistent high level of care since there were no enforcements for the time periods indicated.

Financial Summary

Total purchase price of \$9,500,000 will be met with a bank loan of \$7,125,000, with the remaining \$2,375,000 coming from members' equity.

| | | |
|---------|---------------------|-------------------|
| Budget: | <i>Revenues:</i> | \$ 18,216,413 |
| | <i>Expenses:</i> | <u>18,045,787</u> |
| | <i>Gain/(Loss):</i> | \$ 170,626 |

Subject to noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Architectural Summary

This project is for Establishment action only; therefore, no Architectural review is required.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this application.

Office of Health Systems Management

Approval contingent upon:

1. Submission of an executed loan commitment for the purchase price acceptable to the Department of Health. [BFA]
2. Submission of a working capital loan commitment acceptable to the Department. [BFA]
3. Submission of an executed lease agreement acceptable to the Department. [BFA. CSL]
4. Submission of a photocopy of the applicant's executed Certificate of Amendment of its Certificate of Incorporation, acceptable to the Department. [CSL]
5. Submission of a photocopy of the applicant's adopted Amended and Restated Bylaws, acceptable to the Department. [CSL]

Council Action Date

December 8, 2011.

Need Analysis

Background

Alliance Health Associates, Inc., d/b/a Linden Gardens Rehabilitation and Nursing Center, proposes to be established as the operator of Ruby Weston Manor, a 240-bed residential health care facility (RHCF) located at 2237 Linden Boulevard, Brooklyn, Kings County. The sole shareholder of Alliance Health Associates, Inc. is Jack Basch. Mr. Basch will be transfer a total of 70% of interest to Marvin Rubin who will have 15%, Solomon Rubin who will have 15%, and Joel Landau who will have 40%.

| <u>RHCF Bed Need</u> | <u>New York City</u> |
|---------------------------|----------------------|
| 2016 Projected Need | 51,071 |
| Current Beds | 43,454 |
| Beds Under Construction | 635 |
| Total Resources | 44,089 |
| 2016 Projected Unmet Need | 6,982 |

| <u>RHCF Occupancy</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-----------------------|-------------|-------------|-------------|-------------|
| Ruby Weston Manor | 74.3% | 64.8% | 78.5% | 87.8%* |
| Kings County | 91.8% | 92.2% | 92.3% | 92.8% |

* 2010 occupancy is unaudited.

The Ruby Weston reported occupancy rates were 74.3%, 64.8%, 78.5%, and 87.8% in 2007, 2008, 2009, and 2010 respectively. Additionally, the applicant has submitted documentation that occupancy as of September 30, 2011 is 93.7%. Those rates are well below the planning optimum of 97% and the occupancy percentage in Kings County.

In 2010 Ruby Weston had 20 physical A's and 7 physical B's with a CMI of .905.

Conclusion

Since this is a request for a change in ownership and occupancy has increased to acceptable levels, there will be no changes in beds or services following the completion of this project.

Recommendation

From a need perspective, approval is recommended.

Programmatic Analysis

Facility Information

| | <u>Existing</u> | <u>Proposed</u> |
|------------------------------|---|--|
| <u>Facility Name</u> | Ruby Weston Manor | Linden Gardens Rehabilitation and Nursing Center |
| <u>Address</u> | 2237 Linden Boulevard Brooklyn, NY 11207 | Same |
| <u>RHCF Capacity</u> | 240 | Same |
| <u>ADHC Program Capacity</u> | NA | Same |
| <u>Type OF Operator</u> | Not-for-Profit | Proprietary |
| <u>Class of Operator</u> | Business Corporation | Same |

| | | |
|-----------------|-------------------|--|
| <i>Operator</i> | Ruby Weston Manor | Alliance Health Associates, Inc. d/b/a Linden Gardens Rehabilitation and Nursing Center <u>Shareholders</u> Jack Basch 30% Marvin Rubin 15% Joel Landau 40% Solomon Rubin 15% |
|-----------------|-------------------|--|

Character and Competence

- FACILITIES REVIEWED

Residential Health Care Facilities

| | |
|---|-----------------------------|
| Elmhurst Care Center, Inc. | 11/01 to present (10 years) |
| Bezalel Rehabilitation and Nursing Center | 11/01 to present (10 years) |
| Hamilton Park Nursing and Rehabilitation Center | 11/01 to present (10 years) |

Other Health Related Facilities

| | |
|--------------------------------|-----------------------------|
| Shiel Medical Laboratory, Inc. | 11/01 to present (10 years) |
|--------------------------------|-----------------------------|

- INDIVIDUAL BACKGROUND REVIEW

Jack Basch is employed as the Director of Alliance Health Associates. Mr. Basch discloses the following ownership interests.

| | |
|---|-------------------|
| Shiel Medical Laboratory, Inc. | 1994 to present |
| Elmhurst Care Center, Inc. | 1/1999 to present |
| Bezalel Rehabilitation and Nursing Center | 1989 to present |

Mr. Basch has disclosed an indirect ownership interest in Genesis Healthcare, Inc. Genesis HealthCare, Inc. is headquartered in Kennett Square, Pennsylvania and operates over 200 nursing homes and long term care facilities in 13 Eastern states. Jack and Miriam Basch hold a 4.3478% membership interest in MCP Genesis, LLC, which is a 9.2% member of FC Investors XI. FC Investors XI is an entity formed by Formation Capital, which, along with JER Partners, is a co-owner of Genesis HealthCare, Inc. Mr. Basch has indicated his ownership interest is made solely for investment purposes, and he does not possess any controlling powers over the company or any of its health care operations. In recognition of DOH concern regarding the nature of his ownership interest, Mr. Basch has submitted an affidavit whereby he attests that he has no director, officer, or operating role or interest in Genesis HealthCare.

Marvin Rubin is employed in management at Hamilton Park Nursing and Rehabilitation Center in Brooklyn, NY. Mr. Rubin indicates he holds no ownership interests in health care facilities.

Joel Landau is the Director of Care to Care IPA, LLC, a radiology benefit management company. In addition Mr. Landau is also the owner of The Intelimed Group, a medical contracting and credentialing group and EZ-Bill, a medical billing company. Mr. Landau indicates he holds no ownership interests in health facilities.

Solomon Rubin is employed by Grandell Rehabilitation and Nursing Center as controller, since November, 1997. Mr. Rubin also is employed by Beach Terrace Care Center as controller, since February, 1998.

Mr. Rubin discloses the following ownership interests:

| | |
|---|------------------------|
| Hamilton Park Nursing and Rehabilitation Center | August 2009 to present |
|---|------------------------|

Character and Competence – Analysis:

Joel Landau was named as a defendant on February 8, 2011 in a civil action in New York County Civil Supreme Court. On June 21, 2011, the action was dismissed.

No adverse information regarding the other three proposed members has been received.

The review of operations of Elmhurst Care Center, Inc., Bezalel Rehabilitation and Nursing Center and Hamilton Park Nursing and Rehabilitation Center results in a conclusion of substantially consistent high level of care since there were no enforcements for the time periods indicated.

The review of Shiel Medical Laboratory, Inc. indicates there are no issues with its license.

There are no proposed changes in either the program or physical environment of the facility.

Recommendation

From a programmatic perspective, approval is recommended.

Financial Analysis

Asset Purchase Agreement

The applicant has submitted an executed asset purchase agreement, the terms of which are summarized below:

- Date:* June 2, 2011
- Seller:* Ruby Weston Manor
- Buyer:* Alliance Health Associates, Inc d/b/a Linden Gardens Rehabilitation and Nursing Center
- Assets Transferred:* All of Seller's right and title to and interest in all of the assets of every kind, nature and description owned or leased by the Seller and used by, for and in connection with the business.
- Excluded Assets:* Any collective bargaining agreement between the Seller and any labor organization which represents the Seller's employees, claims against third parties, Seller's non-transferable licenses, organizational documents, corporate seal, tax returns, and other tax records of Seller, all equity interests in Seller and the real property.
- Assumed Liabilities:* None
- Purchase Price:* \$9,500,000
- Payment:* \$475,000 down payment upon execution of this agreement with the balance due at closing.

The applicant has provided an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law, with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. Currently, there are no outstanding Medicaid audit liabilities and approximately \$1,231,195 in Health Facility Cash Assessment Program liabilities and \$2,074,584 in retro Medicaid rate liabilities.

Lease Rental Agreement

The applicant has submitted a draft lease agreement, the terms of which are summarized below:

- Landlord:* Alliance Health Property, LLC
- Leesee:* Alliance Health Associates, Inc.
- Premises:* All buildings, structures, fixtures and equipment located at 2237 Linden Boulevard, Brooklyn

| | |
|--------------------|--|
| <i>Rental:</i> | 2,500,000 per year, increasing 5% every three years. |
| <i>Term:</i> | 25 years with the option to renew for an additional ten years. |
| <i>Provisions:</i> | The lessee shall be responsible for taxes, utilities, insurance and maintenance. |

The lease agreement is between related entities with common ownership and is, therefore, a non-arm's length agreement. The applicant has submitted an executed real property purchase agreement between Alliance Health Associates, Inc. and Ruby Weston Manor.

Operating Budget

The applicant has submitted an operating budget, in 2011 dollars, for the first year subsequent to change in ownership:

| | |
|-----------------------------|------------------|
| Revenues: | \$18,216,413 |
| Expenses: | |
| Operating | \$14,830,607 |
| Capital | <u>3,215,180</u> |
| Total Expenses: | \$18,045,787 |
| Net Income: | \$170,626 |
| Utilization: (patient days) | 78,942 |
| Occupancy: | 90.1% |

The following is noted with respect to the submitted RHCF operating budget:

- Expenses include lease rental.
- Medicare and private pay assume current rates of payment.
- Medicaid rate is based on the facility's 2011 Medicaid rate published by DOH, adjusted to reflect change in capital reimbursement due to conversion from not-for-profit to proprietary.
- Utilization by payor source for year one is expected as follows:

| | |
|--------------------------|-------|
| Medicare Fee for Service | 5.6% |
| Medicaid Fee for Service | 75.9% |
| Private Pay | 18.5% |
- Breakeven occupancy is projected at 89.3%.

Capability and Feasibility

The purchase price of \$9,500,000 will be provided through a \$7,125,000 bank loan from First Meridian at a 6% interest rate for 20 years and \$2,375,000 in equity from the proposed members. Presented as BFA Attachment A is the net worth statements of the proposed members showing sufficient funds. The applicant has submitted an affidavit from each member which states that he is willing to contribute resources disproportionate to ownership percentages.

Working capital contributions are estimated at \$3,007,631, based on two months of first year expenses, and will be satisfied by a working capital loan in the amount of \$1,503,815 at an interest rate of 6.25% for a 5 year term, for which a letter of interest has been provided by First Meridian. The remainder, \$1,503,816, will be provided as equity from the proposed members. Presented as BFA Attachment B, is the pro-forma balance sheet of Alliance Health Associates, Inc. as of the first day of operation, which indicates positive member's equity position of \$3,878,816.

Review of Attachment C, financial summary of Ruby Weston Manor, indicates that the facility has maintained average positive working capital and positive equity and experienced an average net loss of \$1,346,491 for the period shown. The applicant has indicated the reasons for the losses were low occupancy levels in 2008 and 2009, inadequate controls on operating expenses and a retroactive Medicaid rate adjustment which resulted in a reduction in revenue of \$1,456,183 for 2009. In 2010, the facility developed and implemented a plan for increasing occupancy and a change in management led to tighter fiscal controls. Occupancy increased from 78.5% in 2009, to 87.8% in 2010, and expenses have decreased by \$325,696 from 2009. As of September 30, 2011, occupancy has increased to 93.7%.

The submitted budget indicates a net income of \$170,626 for the first year subsequent to change in ownership. The budget appears reasonable.

Review of BFA Attachments D and E, financial summaries for Elmhurst Care Center and Bezalel Rehabilitation and Nursing Center, indicates that the facilities have maintained positive working capital and positive equity, and experienced an average net income of \$431,275 and \$115,381, respectively, for the period shown.

Review of BFA Attachment F, financial summary for Hamilton Park Nursing and Rehabilitation Center, indicates that the facility has experienced average negative working capital, average negative equity, and experienced an average net loss of \$458,281 for the period shown. The applicant has stated the reason for the losses was a result of two and a half years of retroactive rate adjustments due to the reduction and elimination of the facility's trend factors, and other State Budget reductions that the new operator could not have anticipated during 2010. The facility has since adjusted its operating expenses for 2011, and has generated a net income of \$1,009,757 as of July 31.

Based on the preceding, and subject to the noted contingencies, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner, and approval is recommended.

Recommendation

From a financial perspective, contingent approval is recommended.

Attachments

| | |
|------------------|--|
| BFA Attachment A | Personal Net Worth Statement |
| BFA Attachment B | Pro-forma Balance Sheet |
| BFA Attachment C | Financial Summary, Ruby Weston Manor |
| BFA Attachment D | Financial Summary, Elmhurst Care Center |
| BFA Attachment E | Financial Summary, Bezalel Rehabilitation and Nursing Center |
| BFA Attachment F | Financial Summary, Hamilton Park Nursing and Rehabilitation Center |
| BFA Attachment G | Establishment Checklist |

ALLIANCE HEALTH ASSOCIATES, INC.
Doing Business As
LINDEN GARDENS REHABILITATION AND NURSING CENTER

PRO FORMA BALANCE SHEET

ASSETS

| | |
|-------------------------|---------------------|
| Working Capital | \$3,007,631 |
| Prepaid Expenses | \$115,176 |
| Inventory (Supplies) | \$59,428 |
| Nursing Home - Goodwill | \$9,325,396 |
| TOTAL ASSETS | \$12,507,631 |

LIABILITIES AND EQUITY

LIABILITIES

| | |
|--------------------------|--------------------|
| Mortgage | \$7,125,000 |
| Working Capital Loan | \$1,503,815 |
| TOTAL LIABILITIES | \$8,628,815 |

MEMBER EQUITY \$3,878,816

**TOTAL LIABILITIES AND
MEMBER EQUITY** \$12,507,631

Financial Summary

Ruby Weston Manor

| | FISCAL PERIOD ENDED | | |
|------------------------------------|---------------------------------|---------------------|---------------------|
| | <i>draft</i> <u>12/31/10</u> | <u>12/31/09</u> | <u>12/31/08</u> |
| ASSETS - CURRENT | \$7,163,395 | \$3,159,216 | \$4,535,813 |
| ASSETS - FIXED AND OTHER | 23,888,198 | 26,371,318 | 27,934,875 |
| LIABILITIES - CURRENT | 5,906,599 | \$3,394,859 | 2,609,727 |
| LIABILITIES - LONG-TERM | 21,276,579 | 22,471,067 | 23,967,655 |
| EQUITY | 3,868,415 | 3,664,608 | 5,893,306 |
| INCOME | \$18,987,721 | \$16,830,253 | \$17,077,201 |
| EXPENSE | 18,828,992 | 19,154,688 | 18,950,967 |
| NET INCOME | 158,729 | (2,324,435) | (1,873,766) |
| OPERATOR/RELATIVE SALARIES | \$140,000 | \$350,000 | \$153,600 |
| NUMBER OF BEDS | 240 | 240 | 280 |
| PERCENT OF OCCUPANCY (DAYS) | 87.8% | 78.5% | 64.6% |
| PERCENT OCCUPANCY (DAYS): | | | |
| MEDICAID | 75.4% | 81.6% | 82.1% |
| MEDICARE | 5.1% | 4.0% | 4.3% |
| PRIVATE/OTHER | 19.5% | 14.4% | 13.6% |
| MEDICAID RATE BREAKDOWN: | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| OPERATING | \$164.18 | \$162.59 | 161.37 |
| CAPITAL | <u>33.71</u> | <u>33.71</u> | <u>31.71</u> |
| TOTAL | \$197.89 | \$196.30 | 193.08 |

Financial Summary

Elmhurst Care Center

| | FISCAL PERIOD ENDED | | |
|-----------------------------|---------------------|-----------------|-----------------|
| | <u>12/31/10</u> | <u>12/31/09</u> | <u>12/31/08</u> |
| ASSETS - CURRENT | \$7,936,097 | \$7,820,562 | \$8,199,124 |
| ASSETS - FIXED AND OTHER | 989,115 | 1,287,049 | 2,431,671 |
| LIABILITIES - CURRENT | 5,692,638 | \$6,464,618 | 7,949,713 |
| LIABILITIES - LONG-TERM | 272,220 | 237,309 | 205,559 |
| EQUITY | 2,960,354 | 2,405,684 | 2,475,523 |
| <hr/> | | | |
| INCOME | \$29,878,490 | \$28,758,037 | \$29,385,934 |
| EXPENSE | 30,300,545 | 28,301,341 | 28,126,751 |
| NET INCOME | (422,055) | 456,696 | 1,259,183 |
| <hr/> | | | |
| OPERATOR/RELATIVE SALARIES | \$234,000 | \$270,832 | \$261,979 |
| <hr/> | | | |
| NUMBER OF BEDS | 240 | 240 | 278 |
| PERCENT OF OCCUPANCY (DAYS) | 92.3% | 94.2% | 85.7% |
| <hr/> | | | |
| PERCENT OCCUPANCY (DAYS): | | | |
| MEDICAID | 77.0% | 74.9% | 84.9% |
| MEDICARE | 12.7% | 18.3% | 7.2% |
| PRIVATE/OTHER | 10.3% | 6.8% | 7.9% |
| <hr/> | | | |
| MEDICAID RATE BREAKDOWN: | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| OPERATING | \$202.60 | \$200.52 | 190.4 |
| CAPITAL | <u>52.13</u> | <u>52.13</u> | <u>50.39</u> |
| TOTAL | \$254.73 | \$252.65 | \$240.79 |

Financial Summary

Bezalel Rehabilitation and Nursing Center

| | FISCAL PERIOD ENDED | | |
|-----------------------------|---------------------|-----------------|-----------------|
| | <u>12/31/10</u> | <u>12/31/09</u> | <u>12/31/08</u> |
| ASSETS - CURRENT | \$4,811,856 | \$5,134,966 | \$5,217,126 |
| ASSETS - FIXED AND OTHER | 1,577,687 | 1,647,104 | 1,625,824 |
| LIABILITIES - CURRENT | 2,019,961 | \$2,299,359 | 2,475,669 |
| LIABILITIES - LONG-TERM | 804,891 | 958,452 | 1,143,994 |
| EQUITY | 3,564,691 | 3,524,259 | 3,223,287 |
| <hr/> | | | |
| INCOME | \$11,592,536 | \$11,552,862 | \$11,533,205 |
| EXPENSE | 11,556,069 | 11,224,730 | 11,551,661 |
| NET INCOME | 36,467 | 328,132 | (18,456) |
| <hr/> | | | |
| OPERATOR/RELATIVE SALARIES | \$0 | \$0 | \$0 |
| <hr/> | | | |
| NUMBER OF BEDS | 120 | 120 | 120 |
| PERCENT OF OCCUPANCY (DAYS) | 98.3% | 95.7% | 96.6% |
| <hr/> | | | |
| PERCENT OCCUPANCY (DAYS): | | | |
| MEDICAID | 89.7% | 88.0% | 84.8% |
| MEDICARE | 7.0% | 7.9% | 9.6% |
| PRIVATE/OTHER | 3.3% | 4.1% | 5.6% |
| <hr/> | | | |
| MEDICAID RATE BREAKDOWN: | | | |
| | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| OPERATING | \$194.94 | \$193.02 | 191.39 |
| CAPITAL | <u>10.48</u> | <u>10.48</u> | <u>11.22</u> |
| TOTAL | \$205.42 | \$203.50 | 202.61 |

Financial Summary

Hamilton Park Nursing and Rehabilitation Center

| | FISCAL PERIOD ENDED | | |
|-----------------------------|---------------------|-----------------|--------------|
| | <u>12/31/10</u> | <u>12/31/09</u> | |
| ASSETS - CURRENT | \$5,114,681 | \$4,307,163 | |
| ASSETS - FIXED AND OTHER | 1,665,338 | 2,149,872 | |
| LIABILITIES - CURRENT | 6,673,904 | \$6,858,051 | |
| LIABILITIES - LONG-TERM | 22,676 | 22,367 | |
| EQUITY | 83,439 | (423,383) | |
| <hr/> | | | |
| INCOME | \$32,177,951 | \$9,824,905 | |
| EXPENSE | 32,671,129 | 10,248,288 | |
| NET INCOME | (493,178) | (423,383) | |
| <hr/> | | | |
| OPERATOR/RELATIVE SALARIES | \$104,615 | \$31,385 | |
| <hr/> | | | |
| NUMBER OF BEDS | 150 | 150 | |
| PERCENT OF OCCUPANCY (DAYS) | 97.0% | 99.5% | |
| <hr/> | | | |
| PERCENT OCCUPANCY (DAYS): | | | |
| MEDICAID | 75.8% | 76.7% | |
| MEDICARE | 14.2% | 11.0% | |
| PRIVATE/OTHER | 9.9% | 12.3% | |
| <hr/> | | | |
| MEDICAID RATE BREAKDOWN: | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| OPERATING | \$252.26 | \$250.03 | \$234.55 |
| CAPITAL | \$35.19 | <u>35.19</u> | <u>35.19</u> |
| TOTAL | \$287.45 | \$285.22 | 269.74 |
| <hr/> | | | |

ESTABLISHMENT CHECKLIST FOR NURSING HOMES

APPLICATION: 111031-E Alliance Health Associates, Inc d/b/a Linden Gardens Rehabilitation & Nursing Center

NATURE OF PROPOSAL: Change in operational ownership

EFFECT ON OPERATIONAL OWNERSHIP: Change from a not-for-profit corporation to a corporation with 100% new members.

EFFECT ON REAL ESTATE OWNERSHIP: N/A

FIXED ASSET PURCHASE PRICE: N/A

FIXED ASSET MEDICAID VALUE: N/A

CAPITAL REIMBURSEMENT:

- Arms Length Lease
- Historic Cost Method
- Shortfall; Average Annual Amount

BUSINESS PURCHASE PRICE: \$9,500,000