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May 12, 2017

VIA EMAIL - Donna.Jerry@vermont.gov

**AND US MAIL**

Donna Jerry  
Senior Health Policy Analyst  
Green Mountain Care Board  
89 Main Street  
Montpelier, VT 05620

Re: Docket No. GMCB-020-15con,  
Purchase of Rowan Court Health and Rehabilitation Center in Barre, VT

Dear Ms. Jerry:

I am writing on behalf of the Certificate of Need holder in the above matter to notify the Green Mountain Care Board of changes to the approved project since the issuance of the Certificate of Need on January 13, 2017.

First, the Certificate of Need issued in this matter approved Total Project Costs in the amount of \$6,100,000. However, upon closing the transaction on or about May 3, 2017, the Total Project Costs now total \$6,909,349.20. This transaction was one part of a multiple-property deal. The three other properties (located out-of-state and identified in the project narrative) closed prior to this last sale. Those closings, however, impact upon this final transaction. While the original sale price for the assets was projected to be \$6,000,000, at closing, the total contract sale price came to \$6,600,000. Additional project costs include financing costs in the amount of \$201,696.24 and \$107,653.04 of costs incurred outside of closing (legal, accounting, application related fees), which were difficult to accurately predict upfront. There is also the likelihood of additional expenses in the wake of the closing which we will detail in the first implementation report. We would not expect those additional costs to exceed \$25,000.

Second, due to the higher sale price, while the Applicant anticipated obtaining a loan in the amount of \$4,800,000 with an interest rate of 4.5%, this deal closed with a loan from Oxford Finance LLC in the amount of \$5,400,000 with an interest rate of LIBOR plus 7%, so approximately 7.99%.

To date, the Total Project Costs of \$6,909,349.20 exceed the approved Total Project Costs of \$6,100,000, by 13.2%, making this a material change.

The Certificate of Need holder respectfully requests that the Board amend the CON to reflect the higher Total Project Costs and financing terms.

By way of assurances as to the Certificate of Need holder's performance, Priority Healthcare Group has been managing the property since approximately August 2016. Just over a year ago, before Priority Healthcare Group's management, the facility was still on Special Focus Facility status. In March 2017, the facility was found to be in substantial compliance with the Medicare/Medicaid programs after a deficiency free unannounced recertification survey. Likewise, on April 21, 2017, the facility had a deficiency free Life Safety Code survey by the Department of Public Safety. They have increased the census and are actively working with a staffing agency to more readily increase staffing levels.

Please let me know if there is any additional information that you need as part of this request.

Thank you for your time and consideration.

Sincerely,



Shireen T. Hart

cc: Eric Avildsen (via e-mail at [eavildsen@vtlegalaid.org](mailto:eavildsen@vtlegalaid.org))