SHIREEN T. HART ADMITTED IN VT AND NH

> shart@primmer.com TEL: 802-864-0880 FAX: 802-864-0328

150 So. Champlain St. | P.O. Box 1489 | Burlington, VT 05402-1489

June 14, 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 Price Exceeding 10% of CON Approved Amount for the Purchase of Rowan Court Health and Rehabilitation Center in Barre, VT.

Dear Ms. Jerry:

I am submitting responses from the Certificate of Need holder in the above matter to respond to the Green Mountain Care Board's requests for information dated June 7, 2017 related to the project cost overrun.

Respectfully submitted,

Shireen T. Hart

cc. Sean Londergan, Vermont Long Term Care Ombudsman

STATE OF VERMONT GREEN MOUNTAIN CARE BOARD

IN RE: APPLICATION OF)	
BARRE GARDENS HOLDINGS LLC AND)	GMCB 020-15con
BARRE GARDENS NURSING AND REHAB LLC)	

CERTIFICATE OF NEED HOLDER'S RESPONSES TO GREEN MOUNTAIN CARE BOARD REQUESTS FOR INFORMATION DATED JUNE 7., 2017

1. May 12, 2017 letter states that the closing date was "on or about" May 3, 2017. However, the Board was not consulted about this change prior to the closing date, nor informed of the change in the sale price until May 12, 2017. Provide a detailed explanation as to when the increase in the sale price was known and why the Board was not consulted or informed of this change as soon as it was known.

Response:

Unfortunately, the increase in the sale price, without notice to the Board until May 12, 2017, is the result of human error. On Friday, May 5, 2017, while gathering backup information after the closing for filing the Stepped-Up Basis Rate Application with the Vermont Division of Rate Setting, Andrew Bachand, CPA inquired about the discrepancy in the sale price and what was approved in the CON. It was at this time that the individual acting on behalf of the purchasers, the VP of Finance for Priority Healthcare Group, realized that he had erroneously been operating under the premise that the CON approved a purchase price of \$6,600,000. He immediately explained that this was human error. While they had originally expected the purchase price to be \$6,000,000, it increased once the last of the other facilities in the same deal closed. This resulting number, \$6,600,000, erroneously became the operational number for both the purchase price and the CON approval for the VP of Finance. It then took the undersigned counsel one week to investigate what had occurred and to determine the extent of any other cost overruns.

2. Please provide complete information about Oxford Finance LLC (Oxford), its relationship with the purchasing members and previous financing of other projects the members have held interests in. Provide detailed information regarding whether any of the members purchasing Rowan Court have interests in Oxford and the specific nature of those interests. Explain whether Oxford was the entity the purchasers planned to finance the project with when the application was submitted. If not, please identify the financing entity the purchasing members originally planned to finance the project with and the reason for the change.

Response:

In the CON application, the then-Applicant (CON holder) stated that it had a conditional commitment letter from Greystone Funding Corporation, a HUD lender. The then-Applicant explained that it anticipated "negotiating a 20-year term, whether with Greystone or another lending company." When it came time to finance the purchase, almost 18-months following the submission of the CON application and representations to the Board about costs and borrowing terms, Greystone informed the CON holder that it wanted the CON holder to own the property for 1-2 years before entering into a borrowing relationship with them in Vermont.

At that time, the CON holder undertook due diligence to find a new lender. It settled on a private lender, Oxford Finance LLC.

The only relationship that exists between the purchasing members and Oxford is that one of the members has done business with Oxford. Specifically, Ephram Mordy Lahasky has financed two nursing home purchases through Oxford:

Highlands Manor, Exeter, PA, 2014 Wanaque Center, Haskell, NJ, 2014

None of the members has any interest in Oxford or any personal connection to Oxford.

3. Explain in detail the reasons for the significant increase in the interest rate from 4.5% to 7.99% and when the change in the interest rate was known.

Response:

The CON holder represents that the difference in the interest rate in attributable in large part to the fact that they went from a HUD lender to a private lender. In addition, nearly 18 months elapsed between the initial representation about the interest rate and the final lending terms.

* * * * * * *

In closing, the CON holder deeply regrets that it had this cost overrun and did not notify the Board until one-week after closing. Please be assured that there was no intent to mislead or withhold information. The failure to seek leave to proceed under amended terns was truly the result of regrettable human error.

STATE OF VERMONT GREEN MOUNTAIN CARE BOARD

IN RE:	BARRE GARDENS HOLDINGS LLC AND)	GMCB 020-15cor
	BARRE GARDENS NURSING AND REHAB LLC)	

VERIFICATION UNDER OATH

David Gamzeh, being duly sworn, states on oath as follows:

- 1. My name is David Gamzeh. I have reviewed the letter from Shireen Hart to the Green Mountain Care Board dated June 7, 2017 (the "Submission").
- 2. Based on my personal knowledge, after diligent inquiry, I attest that the information contained in the Submission is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading, except as specifically noted herein or as otherwise specifically noted in the Submission.
- 3. My personal knowledge of the truth, accuracy and completeness of the information contained in the Submission is based upon either my actual knowledge of the subject information or, where identified below, upon information reasonably believed by me to be reliable and provided to me by the individuals identified below who have certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading.
- 4. The following certifying individual has provided information or documents to me in connection with the Submission, and such individual has certified, based on her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably believed by the certifying individual to be reliable, that the information or documents provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the statement made therein not misleading: Ari Stawis.
- 5. In the event that the information contained in the Submission becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Green Mountain Care Board, and to supplement the Submission, as soon as I know, or reasonably should know, that any information or document has become untrue, inaccurate or incomplete in any material respect.

Dated this 7 day of June, 2017.

On June 7th, 2017, David Gamzeh appeared before me and swore to the truth, accuracy and completeness of the foregoing, Verification Under Oath.

Notary public

My commission expires:

STELLA M. VILARDI NOTARY PUBLIC, State of New York

Qualified in Nassau County Commission Expires 12/29/2019