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December 22, 2017

VIA EMAIL (monica.hutt@vermont.gov and donna.jerry@vermont.gov)

VIA UNITED STATES POSTAL SERVICE (original and two copies to Donna Jerry)

Monica Caserta Hutt, Commissioner
Vermont Department of Disabilities, Aging and Independent Living
Commissioner's Office
HC 2 South
280 State Drive
Waterbury, VT 05671-2020

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

RE: Docket No. GMCB-014-17con, Proposed Purchase of Birchwood Terrace in Burlington, VT.

Dear Commissioner Hutt and Ms. Jerry:

This firm represents BIRCHWOOD OPERATIONS LLC and BIRCHWOOD PROP LLC as the prospective purchasers (the "Applicants") of Kindred Transitional Care and Rehabilitation - Birchwood Terrace ("Birchwood"). The Applicants submitted a Certificate of Need Application with the Green Mountain Care Board on November 20, 2017, and submitted a copy to Commissioner Hutt.

BIRCHWOOD PROP LLC entered into an Amended and Restated Assignment and Assumption Agreement with BM Eagle Holdings, LLC ("Blue Mountain") wherein BIRCHWOOD PROP LLC became an assignee of Blue Mountain's rights and obligations under an Asset Purchase Agreement between Blue Mountain and Kindred Healthcare Operating, Inc. and/or its affiliates ("Kindred") to sell the land, furniture, fixtures and improvements of the Facility to Blue Mountain and or its designated assignee (the "APA"). Under the terms of the APA, Ventas Realty, LP ("Ventas"), the current owner of the real property (under a long term leasehold interest), will assign its leasehold interest to BIRCHWOOD PROP LLC. Separately, BIRCHWOOD OPERATIONS LLC entered into an operations transfer agreement directly with Kindred Nursing Centers East LLC, the current licensed operator, as the proposed new operator of the Facility.

Monica Caserta Hutt, Commissioner
Donna Jerry
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Kindred has asked the Applicants to enter into a Facility Consulting Agreement (the "Agreement"), effective on or about February 1, 2018, to provide another level of oversight of Birchwood pending the completion of regulatory review.

Specifically, the Agreement will be between the proposed licensed operator of Birchwood, BIRCHWOOD OPERATIONS LLC, a Vermont limited liability company, ("Consultant"), and Kindred Nursing Centers East LLC (the "Operator"). The Agreement would continue in effect until the proposed change in ownership is consummated or the transaction agreements are otherwise terminated.

During the term of the Agreement, Consultant will provide oversight to Birchwood with the goal of raising the quality of care for the home's residents. Consultant will supervise the day-to-day fiscal and clinical operations of Birchwood, subject to the ultimate control of Kindred.

During the term of the Agreement, the Operator will continue to remain the licensed entity and will maintain its existing licenses, provider numbers and accreditations, insurance policies and Birchwood will continue to furnish its residents the services it is currently furnishing. Birchwood's tax identification number will not change as a result of entering into the Agreement. Further, Birchwood will remain as currently licensed with no change in name or location, and the parties do not plan to effect any material changes in the services or bed capacity. The employees will remain on the Operator's payroll and Operator will be responsible for the provision of all employee benefits.

A significant benefit to the Green Mountain Care Board and the Vermont Department of Disabilities, Aging and Independent Living from this Agreement is the opportunity for the Applicants to provide both the Board and the Department with the opportunity for firsthand observation of their practices in Vermont during this interim period.

If you or any of your staff have any questions regarding the arrangement, please do not hesitate to contact me.

Sincerely,



Shireen T. Hart