



**Draft**  
**7/19/2018**



**Berks Heim Round One Bid Comparison**



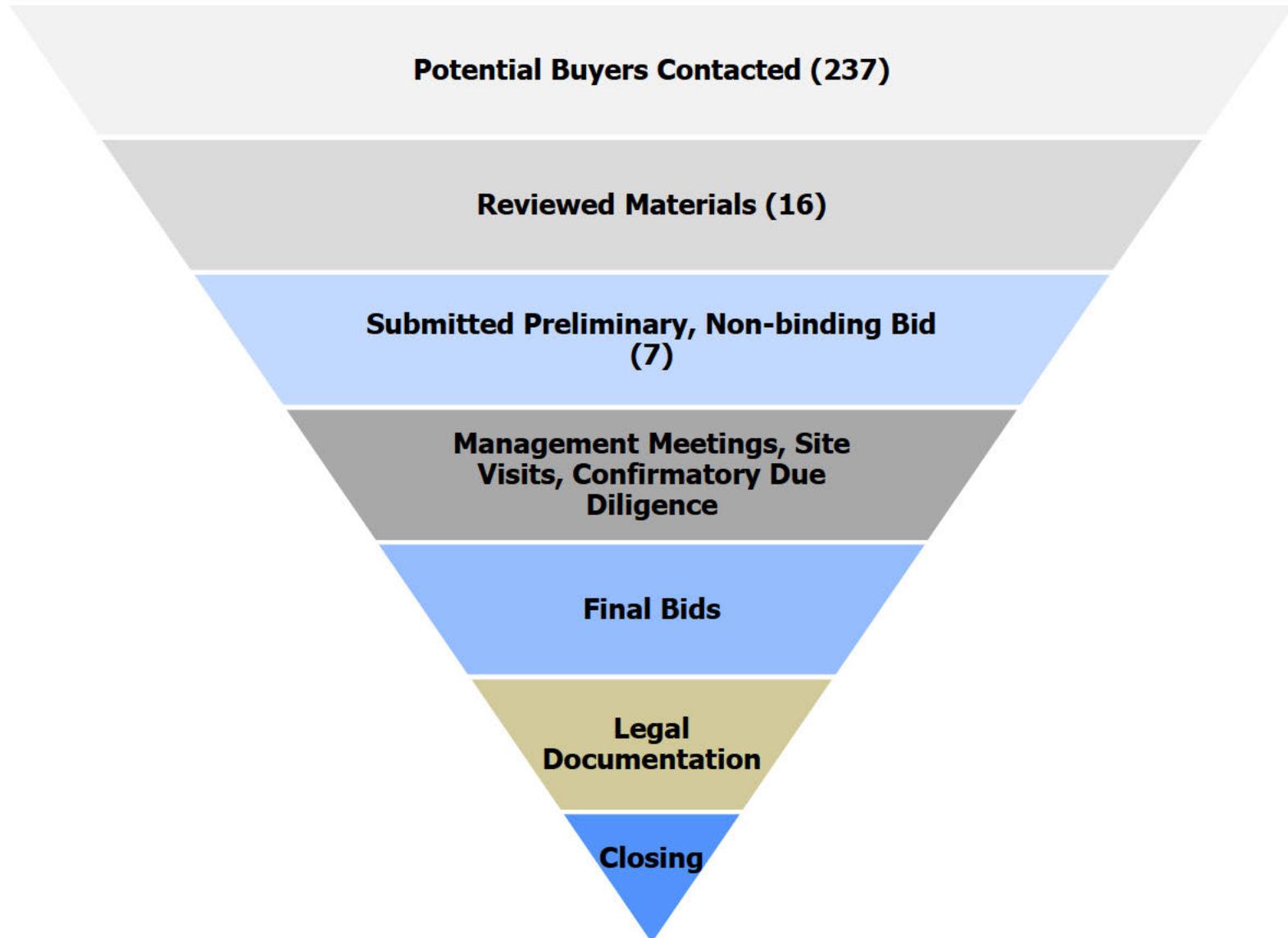
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## I. Process Summary



- ◆ Griffin Financial Group, LLC (“Griffin”) and Financial S&Lutions LLC (“FS&L”) reached out to a list of 237 potential bidders, approved by Berks County’s commissioners, on a high level basis, informing them of an acquisition opportunity involving a historically profitable county-owned nursing home:
  - Non-Profit Strategic Institutions (154)
  - Private Equity Firms, based on database searches, who focus on operating, directly or indirectly, nursing homes (50)
  - For-Profit Strategic Companies who own nursing homes (22)
  - Real Estate Investment Trusts who own nursing home real estate and partner with nursing home operators (11)
- ◆ An email, which included a one page summary of the opportunity, was used to solicit potential bidders
- ◆ Each of these parties was asked to express interest before receiving (i) the confidential information memorandum (ii) the process timeline, (iii) the bid instructions, and (iv) access to the Berks Heim data room
  - Potential bidders were told in the bid instructions that the purchaser that will operate and manage the Heim is or will be non-profit entity
- ◆ FS&L and Griffin followed up with all potential bidders on multiple occasions. Out of the 237 potential bidders that FS&L and Griffin contacted 221 companies declined to review the opportunity
- ◆ Common reasons potential bidders declined to review the opportunity include the following:
  - Not a fit with strategy (7)
  - Current trends of healthcare, particularly Medicaid reimbursement (4)
  - Established and continuing agreements with labor unions (4)
  - Transition from county facility to private ownership and impact on potential reimbursement (3)
  - Too small (2)
  - Viability of physical site for the addition of a continuing care retirement community (1)

- ◆ Sixteen (16) companies expressed interest in the opportunity, which entitled them to (i) review Berks Heim’s confidential information memorandum, (ii) review the information contained in the Berks Heim data room, and (iii) participate in calls with FS&L and Griffin to seek clarification of information and discuss the potential transaction
  - Non-profit strategics institutions
    1. Acts Retirement-Life Communities Inc.
    2. Good Shepherd Rehabilitation Network
    3. The Guardian Foundation, Inc.
    4. Masonic Villages Of The Grand Lodge Of Pennsylvania
    5. Phoebe Home Inc.
    6. The Brethren Home Community
    7. The Evangelical Lutheran Good Samaritan Society
  - Private equity firms
    1. Galen Partners
    2. Pritok Capital
  - For-profit strategic companies
    1. Allaire Health Services
    2. CHMS Group and Panacea Health Corp.
    3. Premier Healthcare, Inc.
    4. Stone Barn Holdings
    5. T/L Group and Panacea Healthcare Services
    6. Transitions Healthcare
  - Real estate investment trusts
    1. Omega Healthcare Investors, Inc. and Guardian Elder Care



## II. Profiles of Potential Buyers

## Overview

- ◆ Principals of Premier, a privately owned company, provide management services to 25 Skilled Nursing affiliates via common ownership
- ◆ 7 of Premier’s affiliates were formerly county owned nursing homes
  - In PA: Butler County, Armstrong County, Washington County, Schuylkill County and York County
  - In NY: Columbia County and Genesee County
- ◆ Premier is based in Philadelphia with facilities located in PA, NY, NJ, NH, MA and FL
- ◆ Officers of Premier and its management team reside or work in PA

## Rationale

- ◆ Extensive experience transitioning 7 county owned nursing homes
- ◆ Cited excellent reputation working with Unions, both local and county
- ◆ Cited excellent reputation working with existing leadership and employees
- ◆ Ability to close timely with no financing contingencies
  - Bid included commitment letter from lender
- ◆ Premier’s bid includes assurances to all of the County requirements

## Financial Highlights

<i>(\$ in millions)</i>	<b>2017</b>
<b><u>BALANCE SHEET</u></b>	
Total Assets	██████████
Total Equity	██████████
Debt / Equity	██████████
<b><u>INCOME STATEMENT</u></b>	
Total Revenue	██████████
EBITDARM	██████████
EBITDAR	██████████

Source: Premier Healthcare unaudited combined financial statements

## Overview

- ◆ T/L Group ("TLG") principals have owned and operated nursing home together through corporate ownership for nearly 20 years (and individually beyond that)
- ◆ TLG principals own 100% membership in ~100 skilled nursing facilities and hold membership interests in more than 40 entities that operate those facilities
  - Since 2008, TLG principals have acquired over \$500 million of skilled nursing facilities
  - Financed acquisitions with diversified source of 15 banking and financial institutions at market rates
  - Successfully re-financed acquisitions with HUD backed fixed rate loans to keep cost of funds down
  - Nursing homes are located in several states and DC with a particular concentration in TX, FL and PA
- ◆ Panacea Health Corp. is the proposed operator of the Heim
- ◆ Panacea's owner, Steven Rosenzweig, provided on-site consulting at PA based Spring Creek Rehabilitation in Harrisburg, PA to its guide team in the implementation of modified policies and procedures geared to enhance quality of care

## Rationale

- ◆ TLG has extensive experience acquiring and owning nursing homes in several states including PA
- ◆ Panacea Health Corp.'s owner has extensive experience in the administration of nursing homes
- ◆ TLG's bid includes assurances to all of the County requirements

**Financial statements were not included with bid**

## Overview

- ◆ CHMS Group manages 14 skilled nursing facilities in PA
- ◆ Advocate Healthcare, a not-for-profit entity based in NY, would purchase the Heim and be managed by CHMS Group
- ◆ The team that will be primarily responsible for the management and operation of the Heim include:
  - M [REDACTED] L [REDACTED], who facilitates acquisitions at CHMS, owns ambulance companies and has equity in nursing homes in PA, NJ and NY,
  - S [REDACTED] H [REDACTED], a licensed nursing home administrator and CEO of CHMS Group, is also the CEO of the 14 nursing facilities CHMS manages in PA
  - D [REDACTED] G [REDACTED], who has extensive real estate experience and focuses on optimizing operations, is an active member of 14 nursing homes in PA and 2 in NY
- ◆ The table below summarizes the overall star ratings for the 14 PA facilities managed by CHMS in PA

Brighton Rehabilitation and Wellness Center	★
The Grove at Irwin	★
The Grove at Harmony	★★★★
The Grove at Washington	★★★
The Grove at New Wilmington	★★
The Grove at New Castle	★★
The Grove at Grenville	★★★
The Groves at Latrobe	★
South Hills Rehabilitation and Wellness Center	★★★
Monroeville Rehabilitation and Wellness Center	★★★
Mt Lebanon Rehabilitation and Wellness Center	★★★
Murrysville Rehabilitation and Wellness Center	★★★
Cheswick Rehabilitation and Wellness Center	★
North Strabane Rehabilitation and Wellness Center	★★

## Rationale

- ◆ Extensive ownership and operational experience of nursing homes in PA
- ◆ CHMS Group's bid includes assurances to all of the County requirements

## Financial Highlights

<i>(\$ in millions)</i>	2015	2016	2017
<b><u>BALANCE SHEET</u></b>			
Total Assets	N/A	[REDACTED]	N/A
Total Equity	N/A	[REDACTED]	N/A
Debt / Equity	N/A	[REDACTED]	N/A
<b><u>INCOME STATEMENT</u></b>			
Total Revenue	[REDACTED]	[REDACTED]	[REDACTED]
EBITDA	[REDACTED]	[REDACTED]	[REDACTED]
Net Income	[REDACTED]	[REDACTED]	[REDACTED]

Source: CHMS Group, LLC audited financial report for 2016 and CHMS Group unaudited profit and loss statements for 2015 and 2017

## Overview

- ◆ Allaire Healthcare Group LLC (“Allaire”) is led by Ben Kurland (President & CEO) as majority and managing partner with minor equity partners Harold Rubin and Dov Kurland
  - Prior to forming Allaire, Ben Kurland was regional administrator for Aristacare
  - Besides Allaire, Ben Kurland has an ownership position in 3 Aristacare facilities
- ◆ Facilities under direct ownership and operation by Allaire’s leadership team include:
  - Allaire Rehab & Nursing in NJ, acquired 1/1/2016 (improved rating from 3 star pre-acquisition to 5 star)
  - Morris View Healthcare Center in NJ, acquired 11/1/2017 (improved rating from 4 star pre-acquisition to 5 star)
  - Grandview Nursing & Rehabilitation Center in PA, acquired 1/1/2018 (improved rating from 1 star pre-acquisition to 3 star over the 6 month period post closing)
- ◆ Facilities within which Allaire’s leadership team has an invested partnership and provided direct guidance to acquisition and turnaround include:
  - Aristacare at Whiting in NJ (5 star rating)
  - Aristacare at Cherry Hill in NJ (4 star rating)
  - Aristacare at Manchester in NJ (5 star rating)
- ◆ Allaire does not outsource management operations
- ◆ Allaire’s business strategy is to identify and acquire nursing homes that present an turnaround or improvement opportunity
  - Although each facility has unique circumstances, Allaire’s approach to improving financial performance is to expand service offerings, improve quality of care and improve employee moral rather than slash costs

## Rationale

- ◆ Allaire’s leadership team has an 11 year track record of efficient administration of Nursing Homes, improving facility ratings to 4-star or higher
- ◆ Allaire has experience transitioning 2 county owned nursing homes
  - John L. Montgomery Care Center, Monmouth County, NJ
  - Morris View Healthcare Center, Morris County, NJ
- ◆ Allaire has a track record of improving the financial performance of the nursing homes it acquires by focusing on enhancing service offerings rather than cutting costs
- ◆ Allaire has a history of maintaining 97 percent of employees that were with the prior owner/operator (i.e., County)
- ◆ Allaire’s bid includes assurances to all of the County requirements

## Financial Highlights

(\$ in millions)	2016	2017	4/30/2018 YTD
<b><u>BALANCE SHEET</u></b>			
Total Assets	████████	████████	████████
Total Equity	████████	████████	████████
Debt / Equity	█	█	█
<b><u>INCOME STATEMENT</u></b>			
Total Revenue	████████	████████	████████
EBITDA	████	████	████
Net Income	████████	████████	████████

Source: Allaire Healthcare Group LLC 2016 reviewed financial statements, 2017 preliminary financial statements, 4/30/2018 internal draft financials

## Overview

- ◆ The Guardian Foundation ("Guardian") is a non-profit incorporated in 1989 with headquarters in Atlanta, GA
- ◆ Organized to provide services to its affiliated entities which are separately incorporated to establish, acquire, own and maintain nursing homes, hospitals and related facilities
- ◆ Received in 1990, a group exemption letter, recognizing its subordinate entities and ones subsequently included within its exempt group as 501(c)(3) corporations
- ◆ Currently has ~12 active affiliated entities which own and operate facilities as non-profit in PA, KY, MA, FL, GA and MS
- ◆ Affiliates provide services to over 1,750 resident units and program participants and employ more than 2,000 employees

## Rationale

- ◆ Guardian, with Complete HealthCare Resources ("CHR-E") as its management company, have extensive experience transitioning county nursing homes to alternative ownership
  - CHR-E is current manager of the Heim
- ◆ Guardian is a non-profit entity and it can include newly acquired entities within its exempt group
- ◆ Purpose of the affiliated entities is to permit independent financing and operation of affiliates through separate non-profit corporate entities, so as to eliminate any possibility that a problem experienced by one entity might adversely affect the financing or operations of another entity
- ◆ Guardian's bid includes assurances to all of the County requirements

## Financial Highlights

Year Ending June 30, 2017

<i>(\$ in millions)</i>	<u>The Guardian Foundation Inc.</u>	<u>The Guardian Foundation Inc. - Affiliates</u>
<b><u>BALANCE SHEET</u></b>		
Total Assets	██████████	██████████
Total Liabilities	██████████	██████████
Total Capital	██████████	██████████
<b><u>INCOME STATEMENT</u></b>		
Total Revenue	██████████	██████████
EBITDA	██████████	██████████
Net Income	██████████	██████████

Source: The Guardian Foundation, Inc. audited financial statements and The Guardian Foundation, Inc. - Affiliates Form 990



### **III. Bid Summary**

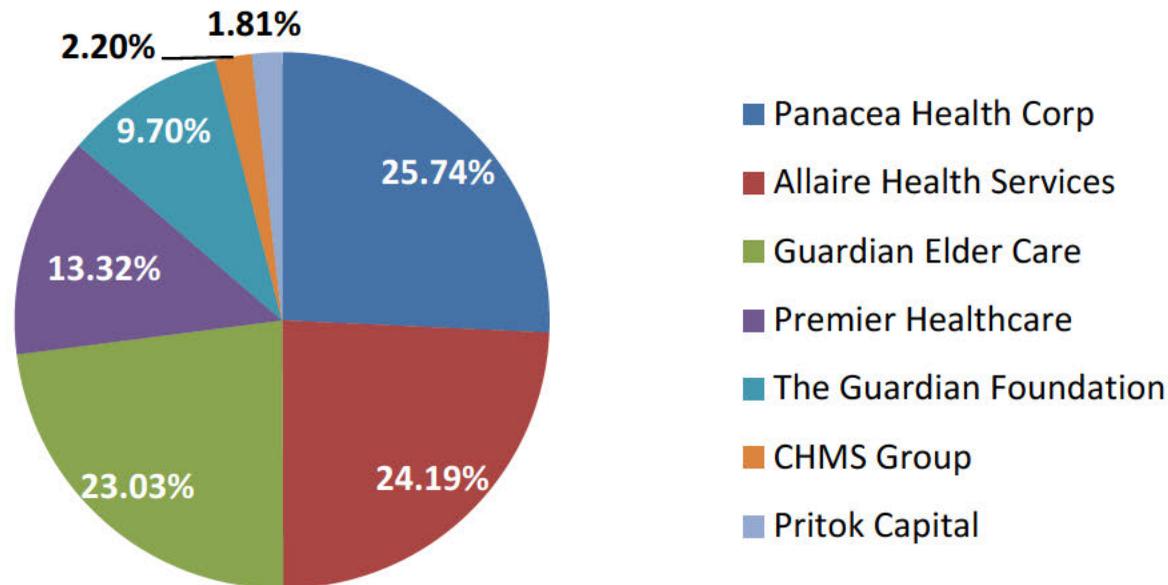
# First Round Preliminary Non-Binding Bid Comparison

	<u>Premier Healthcare</u>	<u>T/L Group &amp; Panacea Health</u>	<u>CHMS Group</u>	<u>Allaire Health Services</u>	<u>The Guardian Foundation</u>	<u>Pritok Capital</u>	<u>Guardian Elder Care</u>
Type of Bidder	For-Profit Strategic	For-Profit Strategic	For-Profit Strategic	For-Profit Strategic	Nonprofit	Private Equity	REIT Partner
Conforming Bid?	Yes	Yes,	Yes	Yes	Yes	No, did not conform to bid instructions	No, proposed management services only
Corporate Structure	Newly Formed non-profit purchaser with management and funding by for-profit (Premier)	Newly formed for-profit LLC purchaser to lease the Heim to newly formed non-profit managed by for-profit (Panacea)	Existing non-profit purchaser (Advocate Healthcare) with CHMS as manager & operator	Newly formed non-profit with real estate possibly owned by for-profit and management by for-profit (Allaire)	Existing non-profit (TGF) purchaser with management by CHR-E (Heim's current manager)	Proposed purchasers would be affiliated entities to be formed entities	
Purchase Price	\$38 million	\$37.5 million	\$34 million	\$33 million	\$30.05 million	\$27 million	
View of Heim's 2017 EBIDA Calculation (\$5,897,033)	\$5,529,305	\$4,680,000 EBIDAR	\$5,000,000	\$3,000,000	\$3,722,277	Silent	
TV/EBIDA (Heim EBIDA) TV/EBIDA (Bidder EBIDA)	6.87x 6.44x	6.4x 8.0x EBIDAR	5.7x 6.8x	5.6x 11.0x	5.1x 8.07x	4.58x N/A	
Form of Purchase Price	Cash	Cash	Cash	Cash	Cash	Cash	
Good Faith Deposit	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$200,000 <sup>(1)</sup>	
Financing Commitment Letter Provided?	\$30 million Commitment Letter Provided	Commitment letter not provided	Commitment letter not provided	Commitment letter provided for 80% of Purchase Price	Letter of Interest by Lancaster Pollard Provided	Commitment letter not provided	
Sources of Funding	██████████	████	██████████	██████████	██████████	████	
Financing Contingency	No	No	No	No	No	Silent	
Interested in Additional Acreage?	Possibly	Silent	No	Possibly	Silent	Silent	
Bidder's Total Assets	██████████	██████████	██████████	██████████	██████████	Not Provided	
Number Skilled Nursing Homes owned and/or operated by Bidder	~25 (7 were county owned)	~100	14	3 (2 were county owned)	43	Silent	
Any Material Conditions at Closing?	None	None	None	None	None	None	
Any Non-Customary Representations, Warranties or Indemnities?	None	None	None	None	None	None	
Timing	Can close within 60 days	30 day due diligence period	60 day due diligence period	Closing within 60-90 days	Closing within 31 days of receiving state approval of sale	45 days due diligence period	

(1) Payable within 3 days after execution of Purchase Agreement

- ◆ The chart below shows the percent time each bidder spent accessing the data room
- ◆ While some bidders may have bulk downloaded data room files all at once, which reduces log in time, log in activity generally is an indication of how much effort was dedicated to preparing a bid

## Log In Activity by Bidder (% total time)



Description of Purchaser	
1. Name and Address of Purchaser	Purchaser with be a newly formed Not-for-Profit, tax-exempt 501(c) entity based at 8301 Roosevelt Boulevard, Philadelphia, PA.
2. Corporate Structure	Purchaser with be a newly formed Not-for-Profit, tax-exempt 501(c) entity. Premier Healthcare, LLC will be the contracted company that will be responsible for the total management and funding of the operations of the facility. The real estate will be purchased by a newly organized for-profit entity.
3. Financial Statements	Purchasing entity will be newly formed and, as such, does not have financial statements. Premier Healthcare, LLC unaudited combined financial statements for 2017 were included (Total Assets: [REDACTED]; Total Equity: [REDACTED]; Debt / Equity: [REDACTED]; Total Revenue: [REDACTED]; EBITDAR: [REDACTED]; Net Income: [REDACTED] Audited or reviewed financials for specific entities are available upon request.
4. Purchaser's Experience in Pennsylvania	Officers of Premier and its management team reside or work in Pennsylvania
5. Non-Profit Operation and Management	The purchaser shall form a new not-for-profit, tax exempt 501(c) entity. The new entity will then retain Premier Healthcare to manage the finances and operations of the facility.
Relevant Experience	
1. Experience and Qualifications	Premier Healthcare is a proprietary healthcare owner/operator whose principals bring over 180 years in combined front line, first hand healthcare experience. Premier is a multi-site provider of a diverse contingency of senior care and living organizations mainly located in the Northeastern corridor. Premier owns and/or operates ~25 facilities, 7 of which were formerly county owned
2. List of Reference	[REDACTED]
3. Would a management company be employed?	Yes, Premier Healthcare will be retained by the Purchaser as the management company responsible for all the operations of the facility.
Insurance Coverage	
1. Statement of insurance coverage	Statement of insurance coverage provided by Willis Towers Watson, Premier's current risk management and insurance broker.
Labor and Personnel	
1. Would all Heim employees be offered employment?	Yes, assurance wording in Premier's bid is exactly as written in the bid instructions
2. Statement to assume union contracts	"Purchaser assures the Berks County Commissioner that they will recognize the SEIU and UFCW Unions as the sole representative of the employees. Further, the purchaser will commit to employ and hire those who accept employment at the current wages and longevity"
3. Description of employee benefits	Comparable quality health benefit plan and a 401(k) Retirement Plan with an employer match of 50% of employee contributions not to exceed 3% of the employee's annual salary.
Admissions Policies	
1. Proposed admissions policies	Detailed statement indicates the Purchaser and Premier have admissions policies that are in compliance with the federal and state regulating bodies and laws. They are in good standings with the CMS and State guidelines for Medicare and Medicaid admissions and work collaboratively with the various managed cares and other payers. At no time has any individual been refused care or services based on payer source or inability to pay. The purchaser promises to give preference of admissions to Berks County residents.
Quality of Care	
1. Will current quality of care will be maintained or improved	Premier will continue to provide the wide range of services that the Heim is currently providing. Premier along with its key personnel will continuously focus on exploring any and all potential growth developments and strategies that better position the Heim as a leading provider and the preferred provider of choice serving residents of Berks County and all those who come in need of care...
2. Will Medicaid be not less than 77%?	Premier commits to exercising its best efforts to maintain Medicaid census not less than 77%
3. Will Alzheimer's specialty unit be maintained?	The Purchaser is committed to continuing with the services offered on the Alzheimer's Specialty Unit. Furthermore, the Purchaser will explore opening additional specialty units based on community need
4. Proposed commitment to residents & their families	The purchaser commits that every individual cared for by the Heim will be treated with utmost respect regardless of how they came to the health center and regardless of payor source. The Purchaser further envisions itself to be the primary provider of choice for all of Berks County and surrounding communities and further commits to providing first preference of admission to Berks County residents who require the care and services and whose needs can be appropriately met by the facility.
5. Five years of DOS survey data	Survey summary provided. In regard to the survey results it is important to note that Premier has purchased a number of facilities that were financially and clinically troubled in recent past. The bid includes some highlights of these facilities and the outcome once Premier assumed ownership.
6. Experience with community in maintaining quality of care	Bid cited various examples of its involvement with community groups.

Optional Additional Acreage	
Optional Additional Acreage	Premier is interested in exploring development opportunities in partnership with the County for the additional undeveloped acreage
Purchase Price	
Proposed purchase price	\$38.0 million
Assessment of Heim's 2017 EBIDA calculation	Adjusted EBIDA by Premier: \$5,529,305 (vs. \$5,897,033 by Heim)
EBIDA Multiple	6.87x
Form of purchase price	Cash (Premier has already secured a loan commitment)
Sources and Uses	
Detailed statement of sources and uses	Sources: Cash. [REDACTED] A detailed Sources and Uses document will be developed based on the final purchase price, financing costs and escrow deposits required for taxes, hazard insurance and reserve for replacement.
Financing	
Copies of financing commitment letter(s)	Copy of mortgage loan commitment from [REDACTED] included with bid
Is there a financing contingency?	None
Regulatory and Conflicts	
Any current violations of any laws or regulations?	None
Any actual or potential conflicts of interest?	None
Other Financial Matters	
Plan to address future financial needs	Premier will perform a comprehensive analysis to identify limitations and implement improvements to the physical plant. Upon completion of this analysis, budgets and timelines for improvements will be developed and implemented
Statement agreeing to wire \$500,000 if winning bidder	Purchaser and Premier agree
Litigation	
Any pending litigation	[REDACTED]
Conditions to Closing	
Any material conditions to closing	If chosen as the buyer, Premier is able to close on the transaction within sixty (60) days
Indication of risk allocation and any non-customary representations, warranties or indemnities	Once selected as the buyer, Premier will conduct a full assessment of the facility

Description of Purchaser	
1. Name and Address of Purchaser	Purchaser will be a limited liability company to be newly formed by Teddy Lichtschein and Eliezer Scheiner ("Principals") referred to as T/L Group ("Purchaser")
2. Corporate Structure	Purchaser will lease the Heim to a PA licensed non-profit entity ("Operator") which will operate the Heim. Panacea Health Corp. will provide administrative support to the Operator
3. Financial Statements	Financial statements not provided. Principals own 100% membership in ~ 100 skilled nursing facilities and hold membership interests in more than 40 entities that operate those facilities
4. Purchaser's Experience in Pennsylvania	Nursing homes owned by Principals are located in several states and DC with a particular concentration in TX, FL and PA
5. Non-Profit Operation and Management	Purchaser to lease the Heim to a newly formed PA licensed non-profit entity which will operate the Heim..
Relevant Experience	
1. Experience and Qualifications	Principals have owned and operated nursing homes together through corporate ownership for nearly 20 years (and individually beyond that)
2. List of Reference	Principals' References: SVP of Bon Secours Health System, Seller of \$100M+ SNF portfolio to Purchaser, Managing Director of Senior Living Investment Brokerage, Inc., President/CEO of Housing & Healthcare Finance, Director of Healthcare at Synovus Bank. Panacea References: 2 Federal Monitors, owner of GHC Clinical (PA licensed nursing home operator), nursing home operator
3. Would a management company be employed?	Panacea will provide administrative support to the Operator
Insurance Coverage	
1. Statement of insurance coverage	Operator will obtain and maintain the higher of all insurances required by law, its landlord or any lenders, including property and casualty, general liability, D&O, workers compensation, etc.
Labor and Personnel	
1. Would all Heim employees be offered employment?	It is believed that over 90% of employees will be offered continued employment
2. Statement to assume union contracts	Operator is committed to working with the Union to ensure that their mutual goals of happy, long term, effective employees are realized
3. Description of employee benefits	Salaries and benefits comparable to other privately run skilled nursing facilities in the area will be offered.
Admissions Policies	
1. Proposed admissions policies	Purchaser is committed to providing first preference admission to Berks County residents who are eligible and whose needs can be met by the Heim. Operator to employ an Open Admission/Non-Discrimination policy.
Quality of Care	
1. Will current quality of care will be maintained or improved	Operator is committed to continuing the high-quality services that are currently provided at the Heim
2. Will Medicaid be not less than 77%?	Operator anticipates maintaining a Medicaid census of not less than 77%
3. Will Alzheimer's specialty unit be maintained?	Yes
4. Proposed commitment to residents & their families	Current residents in the Heim shall have the right to remain in the facility so long as the resident/power of attorney has cooperated with medical assistance documentation for skilled nursing care and resident is eligible
5. Five years of DOS survey data	Surveys for PA facilities are available upon request. Quality measures at facilities in which Panacea has been involved typically range between 2 and 5 stars with great majority being 3 or more stars
6. Experience with community in maintaining quality of care	Example cited of Panacea owner, president and CEO providing on-site consulting at PA based Spring Creek Rehabilitation to guide team in the implementation of modified policies and procedures geared to enhance quality of care.

Optional Additional Acreage	
Optional Additional Acreage	Silent
Purchase Price	
Proposed purchase price	\$37.5 million
Assessment of Heim's 2017 EBIDA calculation	EBIDAR: \$4,680,000
EBIDA Multiple	8.0x EBIDAR
Form of purchase price	Cash
Sources and Uses	
Detailed statement of sources and uses	Silent
Financing	
Copies of financing commitment letter(s)	Not provided. Bid states that Principals have material personal net worth well in excess of purchase price
Is there a financing contingency?	Financing contingency not required
Regulatory and Conflicts	
Any current violations of any laws or regulations?	None
Any actual or potential conflicts of interest?	None
Other Financial Matters	
Plan to address future financial needs	CAPEX will be committed as needed and funds are available for this purpose
Statement agreeing to wire \$500,000 if winning bidder	If selected as winner, Purchaser will be promptly wire \$500,000 to the County
Litigation	
Any pending litigation	None
Conditions to Closing	
Any material conditions to closing	Purchaser will require a 30 day due diligence period
Indication of risk allocation and any non-customary representations, warranties or indemnities	None, customary representations, warranties or indemnities

Description of Purchaser	
1. Name and Address of Purchaser	Purchaser will be Advocate Healthcare, a non-profit entity located at 1800 Rockaway Avenue, Suite 200, Hewlett, NY 11557
2. Corporate Structure	Advocate Healthcare will be managed and operated by CHMS Group.
3. Financial Statements	CHMS Group audited financial report for 2016: (Total Assets: [REDACTED]; Total Equity: [REDACTED]; Related Party Debt / Equity: [REDACTED]; Total Revenue: [REDACTED]; EBITDA: [REDACTED]; Net Income: [REDACTED]). CHMS Group unaudited profit and loss statement for 2017: Total Revenue: [REDACTED]; A: [REDACTED]; Net Income: [REDACTED]
4. Purchaser's Experience in Pennsylvania	CHMS Group manages 14 skilled nursing facilities in PA
5. Non-Profit Operation and Management	"Advocate Healthcare, which will be operated by CHMS Group, is a non-profit corporation and has access to the financial resources to complete the Transaction on a timely basis and operate the Heim on a safe and financially sound basis"
Relevant Experience	
1. Experience and Qualifications	M [REDACTED], S [REDACTED] and D [REDACTED] will primarily be responsible for the management and operation of the Heim. Mr. [REDACTED] has been involved in healthcare since 1990. He owns two ambulance companies in the State of New York, real estate in the greater Pittsburgh area and equity in nursing homes throughout NY, NJ and PA. Mr. [REDACTED] is a licensed nursing home administrator and current CEO of CHMS Group. D [REDACTED] has wide-spanning experience in industrial, commercial and residential real estate sales, acquisitions and development. CHMS Group's regional management team includes a licensed regional director of operations and regional director of clinical services.
2. List of Reference	Five individuals are listed as references in the bid.
3. Would a management company be employed?	Advocate Healthcare will be the operator and CHMS Group will be the manager
Insurance Coverage	
1. Statement of insurance coverage	Certificate of Liability Insurance for CHMS included as exhibit in the bid
Labor and Personnel	
1. Would all Heim employees be offered employment?	Statement of Assurance provided
2. Statement to assume union contracts	Statement of Assurance provided
3. Description of employee benefits	CHMS offers group health plans to all eligible employees (sample SPDs provided) including dental and vision. Additionally, it offers a 401k plan at each of its facilities with a discretionary employer match which ranges from 1.5% to 3.0% of employee gross salary.
Admissions Policies	
1. Proposed admissions policies	CHMS will conform to the County's current admission policy and will accord priority to County residents
Quality of Care	
1. Will current quality of care will be maintained or improved	CHMS intends to operate the Heim with the same quality of care as its other facilities. It takes an interdisciplinary approach to providing care that includes the family members as an integral part of its team. CHMS is committed to surpass state mandated staffing levels.
2. Will Medicaid be not less than 77%?	Medicaid and Managed Care Medicaid will not be less than 77%. At its other facilities the average Medicaid occupancy is about 85%.
3. Will Alzheimer's specialty unit be maintained?	CHMS will maintain the Alzheimer's Specialty Unit for a specified period of time after the closing date
4. Proposed commitment to residents & their families	CHMS agrees to continue to provide care (for as long as required and such resident continues to qualify for a skilled nursing home) for all residents of the Heim as of the closing date of the Transaction
5. Five years of DOS survey data	Summary exhibit provides for 14 skilled nursing facilities. Star ratings ranged from 1 to 5 with 2 to 4 being most common. Web links provided for DOH Surveys and SPD's
6. Experience with community in maintaining quality of care	CHMS Group has over 100 members from Crimson Line in Beaver, PA volunteering at Friendship Ridge nursing home.

Optional Additional Acreage	
Optional Additional Acreage	Not interested in purchasing any additional acreage
Purchase Price	
Proposed purchase price	\$34.0 million (net approximately \$6.0 million of liabilities).
Assessment of Heim's 2017 EBIDA calculation	Adjusted EBIDA by CHMS: \$5,000,000 (vs. \$5,897,033 by Heim)
EBIDA Multiple	Value of Heim is \$40.0 million using a cap rate of 12.5%
Form of purchase price	\$34.0 million cash at closing
Sources and Uses	
Detailed statement of sources and uses	Detailed statement provided. Sources of funding [REDACTED]
Financing	
Copies of financing commitment letter(s)	CHMS will most likely use CIBC as its financing source. Commitment letter not included.
Is there a financing contingency?	CHMS has no financing contingencies
Regulatory and Conflicts	
Any current violations of any laws or regulations?	None
Any actual or potential conflicts of interest?	None
Other Financial Matters	
Plan to address future financial needs	CHMS anticipates securing a CAPEX loan from CIBC
Statement agreeing to wire \$500,000 if winning bidder	If chosen as winner CHMS will promptly wire \$500,000 to the County
Litigation	
Any pending litigation	None
Conditions to Closing	
Any material conditions to closing	CHMS anticipates a 60 day due diligence period. Clean title, clean environmental issues and approval by DOH
Indication of risk allocation and any non-customary representations, warranties or indemnities	Customary representations, warranties or indemnities

# Summary of Proposed Terms

Description of Purchaser	
1. Name and Address of Purchaser	Purchaser will be a newly form non-profit entity formed by Allaire Health Services. Allaire is located in NJ
2. Corporate Structure	A newly form non-profit entity formed by Allaire Health Services will manage and operate the Heim. A newly formed real estate company may be formed to acquire the Heim's real estate
3. Financial Statements	Allaire assumed operations and ownership of Morris View Health Center in November 2017 and assumed operations and ownership of Grandview Nursing & Rehab in January 2018. Financial statements from the previous owners/operators of these facilities do not reflect Allaire's leadership and influence on performance. Submitted financial statements represent Allaire's leadership involvement at the Allaire Nursing & Rehab facility, which was assumed in January 2016 (Total Assets: ██████; Total Equity: ██████; Debt / Equity: █; Total Revenue: ██████; EBITDA: ██████; Net Income: ██████)
4. Purchaser's Experience in Pennsylvania	"On January 1, 2018, Allaire successfully completed the acquisition of Grandview Nursing & Rehabilitation in Danville, Pennsylvania. In a short time, the positive impact that Allaire has effected on Grandview is substantial and evident. Based upon Allaire's licensure as a provider in Pennsylvania and the experience with the rapid turnaround of the Grandview facility, along with Allaire's other properties, Allaire is uniquely qualified to acquire and take over the Berks Heim facility." The facility's star rating increase dfrom 1 star pre-acquisition to 3 stars in the first six months of ownership
5. Non-Profit Operation and Management	The Heim will be set up as a non-profit
Relevant Experience	
1. Experience and Qualifications	Allaire's leadership team has an 11 year track record of efficient administration of Nursing Homes, propelling them to earn 4-star ratings or higher
2. List of Reference	Monmouth County Administrator (NJ), Morris County Administrator (NJ), Morris County Director of Human Services 9NJ), Monmouth County Asst. Administrator & Consultant (NJ), Morris County Healthcare Advocate (NJ)
3. Would a management company be employed?	No, Allaire does not outsource management operations
Insurance Coverage	
1. Statement of insurance coverage	Certificates of Liability Insurance were submitted
Labor and Personnel	
1. Would all Heim employees be offered employment?	It will be Allaire's intention to offer employment to all current employees that pass required background checks and are interested and committed to being part of a progressive clinical care team and Allaire Health Services. With each employment offer, Allaire will honor current rates for compensation and will also honor tenure relative to its paid time off program. Allaire will offer a benefits program that is highly comparable to what is presently in place. Allaire has a history of maintaining 97 percent of employees that were with the prior owner/operator (i.e., County).
2. Statement to assume union contracts	Silent
3. Description of employee benefits	Compensation and benefit program details submitted for Allaire's current facilities
Admissions Policies	
1. Proposed admissions policies	Allaire recognizes that Berks Heim has served as a priority long-term care and rehabilitation facility for residents of Berks County. Under Allaire's ownership, this same level of prioritization for Berks County residents will continue. Because Allaire has taken over other County facilities, the organization is highly familiar with Medicaid admissions and all associated nuances.
Quality of Care	
1. Will current quality of care will be maintained or improved	Allaire is dedicated to the provision of high quality, safe care to all patients and residents. To facilitate delivery of high quality care, Allaire deploys a well-trained, highly effective clinical and administrative team in each of its facilities. Allaire's staffing practices deliver on average 3.7 hours of direct patient care per day for each patient, which is considerably higher than industry standards.
2. Will Medicaid be not less than 77%?	Allaire will maintain a residency that includes 77 percent Medicaid beneficiaries
3. Will Alzheimer's specialty unit be maintained?	Allaire intends to maintain all existing programs and services available at the Berks Heim facility, including the current Alzheimer's specialty care unit
4. Proposed commitment to residents & their families	Allaire gives its utmost assurances that it will continue to care and serve all residents at the Heim as of the closing date of the transition (per clarifying email 6/28/2018)
5. Five years of DOS survey data	Allaire has not owned its facilities for 5 years. A table of star ratings for its facilities was submitted for 2016-2017 and 2018 projected.
6. Experience with community in maintaining quality of care	Allaire's commitment to community engagement and involvement and creating a positive clinical/living environment for patients and residents allows historically County-owned facilities to progressively evolve into destination facilities for county residents requiring rehabilitation and/or long-term care

<b>Optional Additional Acreage</b>	
Optional Additional Acreage	Interested in the potential for acquisition of additional acreage as part of a longer-term strategy for advancing the Heim's ability to contribute to overall health and wellness services in the Berks County region, but would need to conduct a study. Recommends that any real estate transaction beyond the acreage upon which the Heim resides at present be conducted as a separate transaction
<b>Purchase Price</b>	
Proposed purchase price	\$33.0 million
Assessment of Heim's 2017 EBIDA calculation	~\$3.0 million (vs. \$5,897,033 by Heim) after taking into account ~\$2.5 million management fee (5% of revenue) and property taxes (if for-profit entity acquires real estate)
EBIDA Multiple	11.0x Allaire's estimated EBIDA
Form of purchase price	Cash
<b>Sources and Uses</b>	
Detailed statement of sources and uses	Detailed statement provided. Source of funding are [REDACTED]
<b>Financing</b>	
Copies of financing commitment letter(s)	Commitment letter from Greystone & Company for 80% financing was provided
Is there a financing contingency?	No
<b>Regulatory and Conflicts</b>	
Any current violations of any laws or regulations?	No
Any actual or potential conflicts of interest?	No
<b>Other Financial Matters</b>	
Plan to address future financial needs	
Statement agreeing to wire \$500,000 if winning bidder	Purchaser agrees
<b>Litigation</b>	
Any pending litigation	No material litigation is pending
<b>Conditions to Closing</b>	
Any material conditions to closing	No
Indication of risk allocation and any non-customary representations, warranties or indemnities	No

Description of Purchaser	
1. Name and Address of Purchaser	The Guardian Foundation, Inc. ("GF") is a non-profit entity located at 3575 Piedmont Road, Atlanta, GA 30305
2. Corporate Structure	Existing or to be formed non-profit entity with management by Complete HealthCare Resources – Eastern, Inc. ("CHR-E"), the current manager of the Heim
3. Financial Statements	Audited financial statements for 2015 -2017 and 9 months ended 3/31/2018 were included. For 2017, excluding affiliates: Total Assets: [REDACTED]; Total Capital: [REDACTED]; Total Revenue: [REDACTED]; EBIDA: [REDACTED]; Net Income: [REDACTED].
4. Purchaser's Experience in Pennsylvania	Has controlling interest in 5 nursing homes in PA
5. Non-Profit Operation and Management	Owner will be a not-for-profit entity and management will be by for-profit CHR-E
Relevant Experience	
1. Experience and Qualifications	At present there are approximately a dozen active affiliated entities which own and operate facilities as non-profit corporations in KY, PA, MA, FL, GA and MS which provide services for over 1,750 resident units and program participants and employ more than 2,000 employees. CHR-E client facilities include 19 skilled nursing facilities (3,468 beds), 11 assisted living facilities (796 units) and 6 independent living facilities (215 units)
2. List of Reference	GF: Officers of 6 companies that provide management, legal and insurance services to GF and its affiliates affiliates, CHR-E: Centre County Commissioner Chair (PA), Bradford County Commissioner (PA), Centre Care, Inc. President (240 bed facility in PA)
3. Would a management company be employed?	It is the intent of GF to enter into a long-term management agreement with Complete HealthCare Resources – Eastern, Inc., the current manager of the Heim
Insurance Coverage	
1. Statement of insurance coverage	Certificate of Liability Insurance and Evidence of Property Insurance submitted
Labor and Personnel	
1. Would all Heim employees be offered employment?	Affirmatively covenants to use its best efforts to continue employment for substantially all current employees
2. Statement to assume union contracts	Shall recognize unions
3. Description of employee benefits	Employee benefits guide and retirement plan summary documents submitted
Admissions Policies	
1. Proposed admissions policies	Affirmatively covenants to maintain current admissions policies, and provide first preference admission to Berks County residents who are Medicaid eligible and to provide skilled nursing care to any Berks County resident who is Medicaid eligible and whose needs can be met by the Heim
Quality of Care	
1. Will current quality of care will be maintained or improved	Intends to add the position of Assistant Administrator to assist Administrator and promote enhanced quality of care
2. Will Medicaid be not less than 77%?	Affirmatively covenants to use its best efforts to maintain Medicaid census of not less than 77%
3. Will Alzheimer's specialty unit be maintained?	Affirmatively covenants to maintain a licensed skilled nursing facility for 10 years, including maintaining the Alzheimer's specialty unit for same period, subject to demand for such services
4. Proposed commitment to residents & their families	Current residents shall have right to remain in the Heim so long as they are eligible to receive care at a skilled nursing facility level of care and the resident/power of attorney has cooperated with the medical assistance documentation
5. Five years of DOS survey data	Submitted for PA affiliates
6. Experience with community in maintaining quality of care	

<b>Optional Additional Acreage</b>	
Optional Additional Acreage	Silent
<b>Purchase Price</b>	
Proposed purchase price	\$30.05 million
Assessment of Heim's 2017 EBIDA calculation	\$3,722,277 (vs. \$5,897,033 by Heim)
EBIDA Multiple	8.07x
Form of purchase price	Cash
<b>Sources and Uses</b>	
Detailed statement of sources and uses	Detailed statement provided. Sources of funding are [REDACTED]
<b>Financing</b>	
Copies of financing commitment letter(s)	Letter of Interest by Lancaster Pollard provided
Is there a financing contingency?	No
<b>Regulatory and Conflicts</b>	
Any current violations of any laws or regulations?	No
Any actual or potential conflicts of interest?	No
<b>Other Financial Matters</b>	
Plan to address future financial needs	GF and affiliates have policy to reinvest excess cash flow into respective properties to improve properties and quality of resident care
Statement agreeing to wire \$500,000 if winning bidder	Purchaser agrees
<b>Litigation</b>	
Any pending litigation	No
<b>Conditions to Closing</b>	
Any material conditions to closing	None cited
Indication of risk allocation and any non-customary representations, warranties or indemnities	None cited

*This presentation is not considered complete without the accompanying oral presentation.*

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