

## MATERIAL CHANGE NOTICE SUBMISSION DETAILS

MCN Number	2024-08-05-1204
OHCA Review Start Date	11/05/2024
Anticipated date (unless tolled per regulation) by which OHCA could waive cost and market impact review	12/20/2024
Anticipated date (unless tolled per regulation) by which OHCA could determine cost and market impact review required	01/06/2024

## SUBMITTER

### HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

Title	CFO of prop. manager
First Name	Clint
Last Name	Knacke
Email Address	legalnotice@thegoodmangroup.com

### GENERAL

Business Name	KTLA Properties Limited Partnership
Website	<a href="https://alamitoswest.com/">https://alamitoswest.com/</a> ; <a href="https://katellaseniorliving.com/">https://katellaseniorliving.com/</a>
Ownership Type	Partnership
Tax Status	For-profit
Federal Tax ID	41-1323525
Description of Submitting Organization	<p>KTLA Properties Limited Partnership is the owner, operator, and licensee of Alamitos West Health &amp; Rehabilitation, a skilled nursing facility (SNF) and a health care entity providing health care services as those terms are defined in 22 CCR § 97431 ("Alamitos" or "Submitter"). KTLA Properties Limited Partnership is also the owner, operator, and licensee of Katella Senior Living Community, a residential care facility for the elderly (RCFE), which is not a health care entity providing health care services as those terms are defined in 22 CCR § 97431 ("Katella"); however, Katella has been included in (portions of) this notice for informational purposes only.</p> <p>KTLA Properties Limited Partnership does not own any other health care entity providing health care services as those terms are defined in 22 CCR § 97431 other than Alamitos, and is not owned by such an entity.</p>

	<p>Business Lines or Segments: Alamitos offers rehabilitation (physical, occupational, and speech therapy), long-term care, and hospice care. Katella offers independent living, assisted living, memory care, respite care, and hospice care.</p> <p>Ownership Type: Limited Partnership</p> <p>Governance Structure: The general partner of KTLA Properties Limited Partnership is John B. Goodman Enterprises, Inc. (who also owns 1% of the partnership). The remaining 99% of KTLA Properties Limited Partnership is owned by 25 limited partners. All limited partners own less than 15% of KTLA Properties Limited Partnership. See organizational chart being submitted with this notice for additional ownership details.</p> <p>Operational Structure: The day-to-day operations of the facilities are managed by The Goodman Group, LLC, d/b/a The Goodman Group via a management agreement between the parties.</p>
Health Care Provider	Yes
For Providers: Desc. of Capacity or Patients served in California	<p>This response only applies to and includes the operations of Alamitos (and does not apply to or include Katella).</p> <p>Provider Type: Skilled nursing facility</p> <p>Facilities Owned/Operated: Alamitos West Health &amp; Rehabilitation</p> <p>Service Lines: Rehabilitation (physical, occupational, and speech therapy), long-term care, and hospice care</p> <p>(Current) Number of Staff: 177</p> <p>Geographic Service Area: Orange County, CA</p> <p>Licensed Capacity: 150</p> <p>Number of Beds: 142</p> <p>Number of Patients Served in 2023: 628.</p>

	All patients were served in Orange County, CA.
--	--

**LOCATIONS**

Counties	Orange
California licenses and numbers	See Exhibit A being submitted with this notice.
Other States Served	None
Other state(s) licenses and numbers	None.
Primary Languages used when providing services	English; Arabic; Chinese; Farsi; Japanese; Korean; Spanish; Tagalog; Vietnamese; Other
Other Languages	Portuguese

**MATERIAL CHANGE**

**ADDITIONAL ENTITIES**

<b>Business Name</b>	<b>Description of the Organization</b>	<b>Ownership Type</b>	<b>Additional MCN Submission</b>
3952 Katella Avenue, LLC	3952 Katella Avenue, LLC is the entity that will own the real estate of the RCFE (Katella Senior Living Community).	Limited Liability Company	No
3902 Katella Avenue, LLC	3902 Katella Avenue, LLC is the entity that will own the real estate of the SNF (Alamitos West Health & Rehabilitation).	Limited Liability Company	No
Malcolm Healthcare, Inc.	Malcolm Healthcare, Inc. is a newly formed single-purpose entity that will operate and control the day-to-day operations of the SNF (Alamitos West Health & Rehabilitation).	Corporation	No
Rigby Creek Senior Living, Inc.	Rigby Creek Senior Living, Inc. is a newly formed single-purpose entity that will operate and control the day-to-day operations of the RCFE (Katella Senior Living Community).	Corporation	No

**CRITERIA**

A health care entity with annual revenue, as defined in <a href="#">section 97435(d)</a> , of at least \$25 million or that owns or controls California assets of at least \$25 million, or;	Yes
--	-----

## CIRCUMSTANCES FOR FILING

The proposed fair market value of the transaction is \$25 million or more and the transaction concerns the provision of health care services.	Yes
The transaction involves the sale, transfer, lease, exchange, option, encumbrance, or other disposition of 25% or more of the total California assets of the submitter(s).	Yes

## TRANSACTION DETAILS

Anticipated Date of Transaction Closure	12/1/2024
Description of Transaction	<p>See Exhibit B that is being submitted with this notice.</p> <p>Note that the anticipated close date of the transaction is subject to the parties' receipt of all required third-party approvals.</p>
Submitted to US Department of Justice or Federal Trade Commission?	No
Subject to court proceeding	No
Description of current services provided and expected post-transaction impacts on health care services	<p>(A) Counties where services are currently performed and any post-transaction changes thereto: Services are currently performed in Orange County, CA. There are no expected post-transaction changes thereto that Submitter is aware of.</p> <p>(B) Levels and type of health care services currently offered, such as the full range of reproductive health care and sexual health care services, specialized services for LGBTQ+ populations, labor and delivery services, pediatric services, behavioral health services, cardiac services, and emergency services, and any post-transaction changes thereto: Alamitos West Health &amp; Rehabilitation provides skilled nursing services, including rehabilitation (physical, occupational, and speech therapy), long-term care, and hospice care. There are no expected post-transaction changes thereto that Submitter is aware of.</p> <p>(C) Summary that includes the number and type of patients currently served, including, but not limited to, age, gender, race, ethnicity, preferred language spoken, disability status, and payer category, and any post-transaction</p>

	<p>changes thereto: See Exhibit C being submitted with this notice. There are no expected post transaction changes thereto that Submitter is aware of, apart from resident turnover in the ordinary course of business.</p> <p>(D) Current community needs assessments, charity care, and community benefit programs, and any post-transaction changes thereto: There are currently no community needs assessments, charity care, or community benefit programs. There are no expected post transaction changes thereto that Submitter is aware of.</p> <p>(E) Whether Medi-Cal and Medicare patients are currently accepted and any post-transaction changes thereto: Currently Alamitos West Health &amp; Rehabilitation accepts both Medi-Cal and Medicare patients. There are no expected post transaction changes thereto that Submitter is aware of.</p>
<p>Prior mergers or acquisitions that: (A) involved the same or related health care services;</p> <p>(B) involved at least one of the entities, or their parents, subsidiaries, predecessors, or successors, in the proposed transaction; and</p> <p>(C) were closed in the last ten years.</p>	<p>None.</p>
<p>Description of Potential Post Transaction Changes</p>	<p>See Exhibit D being submitted with this notice.</p>
<p>Description of the nature, scope, and dates of any pending or planned material changes occurring between the Submitter and any other entity, within the 12 months following the date of the notice</p>	<p>None.</p>

**Exhibit A - Licenses & Registrations**

Legal Name	Facility	License/Registration Number	Name	Type	State	County	City	Issuing Authority
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	056169	Medicare	Enrollments				CMS
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	ZZT06169G	Medicaid	Enrollments	CA			CalOptima
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	60000076	SNF License	Operating	CA			State of California Department of Public Health
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	A269007	Salon	Salon and Spa	CA			State of California Board of Barbering and Cosmetology
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	1600086	Business	Business	CA		Los Alamitos	City of Los Alamitos
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	Inspection number: 12272	Fire Authority	Environmental	CA	Orange		Orange County Fire Authority
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	49364	Elevator Conveyance	Elevator	CA			State of California-Department of Industrial Relations
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	PR0005381	Environmental Services - Kitchen	Food Service and Dining	CA	Orange		County of Orange California Health Care Agency
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	PR0020588	Environmental Services - Conn-Hosp/Nursing Homes	Environmental	CA	Orange		County of Orange California Health Care Agency
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	A18-011873	Air Pressure Tank	Environmental	CA			State of California
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	05D0709057	CLIA	CLIA	CA	Orange		Centers for Medicare & Medicaid Services
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	CLR-00310379	Laboratory License	CLIA	CA			California Department of Public Health
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	05152024	FOG Permit	Environmental	CA	Orange	Los Alamitos	Rossmoor/Los Alamitos Area Sewer District
KTLA Properties Limited Partnership	Katella Senior Living Community	12029	Fire Alarm	Environmental	CA	Orange		Orange County Fire Authority
KTLA Properties Limited Partnership	Katella Senior Living Community	300602548	RCFE License	Operating	CA			State of California-Department of Social Services
KTLA Properties Limited Partnership	Katella Senior Living Community	1600080	Business	Business	CA		Los Alamitos	City of Los Alamitos
KTLA Properties Limited Partnership	Katella Senior Living Community	300602548HW	Hospice Waiver	Operating	CA			State of California
KTLA Properties Limited Partnership	Katella Senior Living Community	49363	Elevator Conveyance	Elevator	CA			State of California
KTLA Properties Limited Partnership	Katella Senior Living Community	05D2142623	CLIA - Federal	CLIA				Centers for Medicare & Medicaid Services
KTLA Properties Limited Partnership	Katella Senior Living Community	CLR-00351995	CLIA	CLIA	CA			California Department of Public Health
KTLA Properties Limited Partnership	Katella Senior Living Community	PSG0025938	TCP Z Permit	Vehicle	CA			California Public Utilities Commission
KTLA Properties Limited Partnership	Katella Senior Living Community	05152024K	FOG Permit	Environmental	CA	Orange	Los Alamitos	Rossmoor/Los Alamitos Area Sewer District
KTLA Properties Limited Partnership		199019000009	Entity registration	Certificate of Authority	CA			California Secretary of State
KTLA Properties Limited Partnership	Alamitos West Health & Rehabilitation Center	20166439760	Fictitious business name	FBN Registration	CA	Orange		Orange County Clerk-Recorder

## **Exhibit B – Description of Transaction**

**(1) The goals of the transaction:** To sell the assets and transfer the operations of Alamitos West Health & Rehabilitation and Katella Senior Living Community to a new owner(s) and operator(s) that will continue to operate the facilities as long-term care facilities.

**(2) A summary of terms of the transaction:** The transaction is an asset sale through which KTLA Properties Limited Partnership will (A) sell substantially all of the assets of Alamitos West Health & Rehabilitation and Katella Senior Living Community to (i) 3952 Katella Avenue, LLC, and (ii) 3902 Katella Avenue, LLC, in accordance with the terms of a Real Estate Purchase Agreement dated April 29, 2024 between such parties, and (B) transfer the operations of the Alamitos West Health & Rehabilitation and Katella Senior Living Community to (i) Malcolm Healthcare, Inc., the new operator of Alamitos West Health & Rehabilitation in accordance with the terms of the Operations Transfer Agreement dated April 29, 2024 between such parties, and (ii) Rigby Creek Senior Living, Inc., the new operator of Katella Senior Living Community, in accordance with the terms of the Operations Transfer Agreement dated April 29, 2024 between such parties.

**(3) A statement of why the transaction is necessary or desirable:** This transaction is desirable as it provides for new owners and new operators of the facilities to ensure for the continuation of long-term care services for the community. As evidenced by the new operators' affiliates' long-term operation of SNFs and other long-term care communities in California, the transaction will ensure that the facilities' residents continue to receive care from an experienced operator with a proven track record of quality services. The transaction will also allow the facilities to benefit from the new operators' affiliates' strong relationships with regulators, payers, and communities in California.

**(4) General public impact or benefits of the transaction, including quality and equity measures and impacts:** The public benefits from this transaction because it ensures that new owners and new operators will be in place to ensure the continuation of long-term care services for the community. California heavily regulates the reputability and responsibility of SNF (and RCFE) operators. As evidenced by the new operators' affiliates' long-term operations in California, the transaction will ensure that the facilities continue to be operated by reputable and responsible licensees.

**(5) Narrative description of the expected competitive impacts of the transaction:** Submitter is not aware of any expected competitive impacts of the transaction as it understands the facilities will continue to provide long-term care services. With respect to the skilled nursing facility, pursuant to the Skilled Nursing Facility Ownership and Management Reform Act of 2022 (the "Act"), CDPH automatically denies applications for SNFs where the applicant owns, operates, or manages 10 percent or more of the licensed skilled nursing facilities in California (except where CDPH finds that the interests of resident health and safety warrants an exception). *See* Health & Safety Code Section 1253.3(g)(12)(D). Accordingly, this transaction will not lessen competition or lead to market consolidation in SNF services beyond what the California Legislature has deemed is permissible under the Act.

**(6) Description of any actions or activities to mitigate any potential adverse impacts of the transaction on the public:** There is no expected adverse impact to the public as a result of the transaction itself.



## Exhibit D

### Description of potential post-transaction changes to:

#### **(A) Ownership, governance, or operational structure of the parties to the transaction.**

KTLA Properties Limited Partnership will cease ownership and operation of Alamitos West Health & Rehabilitation and Katella Senior Living Community. Additionally, all of KTLA Properties Limited Partnership's employees will also be transferred to the new operators, as described in further detail in item B below. The transaction will not otherwise change KTLA Properties Limited Partnership's ownership, governance, or operational structure. KTLA Properties Limited Partnership is not aware of, and does not have access to, any information with respect to any potential post-transaction change to the ownership, governance, or operational structure of any other parties to the transaction.

#### **(B) The submitter's employee staffing levels, job security, retraining policies, wages, benefits, working conditions, and/or employment protections.**

Alamitos West Health & Rehabilitation. Pursuant to the terms of the Operations Transfer Agreement dated April 29, 2024 (the "SNF OTA") by and between KTLA Properties Limited Partnership and Malcolm Healthcare, Inc., the new operator of Alamitos West Health & Rehabilitation (the "New SNF Operator"), KTLA Properties Limited Partnership shall terminate its employees (of Alamitos West Health & Rehabilitation) as of 11:59pm on the day immediately preceding the transfer of operations. KTLA Properties Limited Partnership will pay directly to such terminated employees any unpaid earned and accrued wages and benefits upon termination in accordance with applicable law. The New SNF Operator is required to offer to hire all employees of Alamitos West Health & Rehabilitation (other than nursing home administrators or Directors of Nurses) in a comparable position, with comparable services, and at substantially the same wages, benefits and conditions of employment as those provided to such employees prior to termination of their employment by KTLA Properties Limited Partnership.

Katella Senior Living Community. Pursuant to the terms of the Operations Transfer Agreement dated April 29, 2024 by and between KTLA Properties Limited Partnership and Rigby Creek Senior Living, Inc., the new operator of Katella Senior Living Community (the "New RCFE Operator"), KTLA Properties Limited Partnership shall terminate its employees (of Katella Senior Living Community) as of 11:59pm on the day immediately preceding the transfer of operations. KTLA Properties Limited Partnership will pay directly to such terminated employees any unpaid earned and accrued wages and benefits upon termination in accordance with applicable law. The New RCFE Operator is required to offer to hire all employees of Katella Senior Living Community (other than nursing home administrators or Directors of Nurses) in a comparable position, with comparable services, and at substantially the same wages, benefits and conditions of employment as those provided to such employees prior termination of their employment by KTLA Properties Limited Partnership.

#### **(C) City or county contracts regarding the provision of health care services between the parties to the transaction and cities or counties.**

KTLA Properties Limited Partnership does not have, and is unaware of any potential post-transaction changes to, any contracts regarding the provision of health care services with cities or counties. KTLA Properties Limited Partnership is not aware of, and does not have access to, any information with respect to whether any other parties to the transaction have contracts regarding the provision of health care services with cities or counties, or any potential post-transaction changes thereto.

**(D) If a provider, comparable health care services currently offered by other health care entities within 20 miles of any location where the submitter offers health care services.**

KTLA Properties Limited Partnership is unaware of any potential post-transaction changes to comparable health care services offered by other health care entities within 20 miles of any location where KTLA Properties Limited Partnership offers health care services resulting from this transaction.