

MATERIAL CHANGE NOTICE SUBMISSION DETAILS

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| MCN Number | 2024-12-16-1288 |
| OHCA Review Start Date | 4/7/2025 |
| Anticipated date (unless tolled per regulation) by which OHCA could waive cost and market impact review | 5/22/2025 |
| Anticipated date (unless tolled per regulation) by which OHCA could determine cost and market impact review required | 6/6/2025 |

SUBMITTER

HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

| | |
|---------------|--------------------|
| Title | President |
| First Name | Richard |
| Last Name | Murphy |
| Email Address | murph925@yahoo.com |

GENERAL

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| Business Name | WEST COAST HOSPITALS, INC. |
| Website | https://valleyconvalescent.com/ |
| Ownership Type | Corporation |
| Tax Status | For-profit |
| Federal Tax ID | 94-2666711 |
| Description of Submitting Organization | <p>Health care entity is the licensed operator of that certain 59-bed skilled nursing facility commonly known as known as Valley Convalescent and Rehabilitation Center, located at 919 Freedom Boulevard, Watsonville, CA 95076.</p> <p>Business Lines - 24 hour Skilled Nursing Care Ownership - Owned 100% by Richard Murphy</p> |
| Health Care Provider | Yes |
| For Providers: Desc. of Capacity or Patients served in California | <p>Provider type - skilled nursing facility Facility operated - Valley Convalescent and Rehabilitation Center, located at 919 Freedom Boulevard, Watsonville, CA 95076. Service lines - Long term and short term care, including, physical therapy, speech therapy and occupational therapy. Number of staff - 99 Geographic service area - Santa Cruz County; Monterey County Capacity - 59 licensed beds</p> |

LOCATIONS

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| Counties | Monterey; Santa Cruz |
| California licenses and numbers | California Department of Health Services - Skilled Nursing Facility License - 070000094 Centers for Medicare & Medicaid Services - Medicare / Medi-Cal Certificate - 056178 Watsonville City Business License - Business License - 623110 |
| Other States Served | None |
| Other state(s) licenses and numbers | None. |
| Primary Languages used when providing services | English |
| Other language if not listed above | Spanish, Portuguese |

MATERIAL CHANGE

ADDITIONAL ENTITIES

| Business Name | Description of the Organization | Ownership Type | Additional MCN Submission |
|----------------------------|--|---------------------------|---------------------------|
| Lazer Holdings LLC | New Operator will be a newly formed entity. It is not a health care entity. It has no annual revenue. | Limited Liability Company | No |
| COAST HEALTH SERVICES, LLC | Owns the real estate where Facility is located. | Limited Liability Company | No |
| FREEDOM PROPCO LLC | Real estate purchaser will be a newly formed entity. It is not a health care entity. It has no annual revenue. | Limited Liability Company | No |

CRITERIA

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| A health care entity located in a designated primary care health professional shortage area in California, as defined in Part 5 of Subchapter A of Chapter 1 of Title 42 of the Code of Federal Regulations (commencing with section 5.1), available at data.hrsa.gov . To determine if you are located in a primary health care professional shortage area, please visit here | Yes |
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CIRCUMSTANCES FOR FILING

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| 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 |
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TRANSACTION DETAILS

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| Anticipated Date of Transaction Closure | 6/30/2025 |
| Description of the Transaction | All real and personal property used in connection with the facility is being sold for \$8,850,000. The goal of the transaction is the change of ownership of the Facility. In connection with the sale, operation of the facility is being transferred from West Coast Hospitals, Inc. to Lazer Holdings LLC, a newly formed single purpose entity created for the purpose of this transaction and which accordingly has no prior financial or health care service operational history. The transaction is necessary as the owners of the current operator wish to retire and no longer wish to operate a skilled nursing facility. We believe the transaction will greatly benefit the public by maintaining a high quality of care after the retirement of the current operator. We do not believe there will be any competitive impact of the transaction as there will be no change in the number of skilled nursing facilities or licensed beds in the region. |
| Submitted to US Department of Justice or Federal Trade Commission? | No |
| Submitted to Other Agency? | Yes |
| Date of Submission | 2/7/2025 |
| To Whom Submitted | California Department of Public Health |
| Description of Submission (Include Agency name(s) and State(s)) | Change of Ownership application to the California Department of Public Health |
| Subject to court proceeding | No |
| Description of current services provided and expected post-transaction impacts on health care services | <p>24-hour skilled nursing care is provided at the Facility. Services are provided in Santa Cruz and Monterey county. Medi-Cal and Medicare patients are both currently accepted. No changes are currently expected with respect to any of the foregoing post-transaction.</p> <p>A summary of the patients currently served is as follows: Payors: Medi-Cal (32); Private (10); Medicare (13) Gender: Male (16); Female (39) Age Group: 51-60 (3); 61-70 (8); 81-90 (22); 91-100 (12); 100+ (1) Race: White (27); Asian (4); Other (24) Ethnicity: Hispanic (22); Non-Hispanic (23)</p> <p>Languages spoken at the Facility include English, Spanish and Portuguese.</p> |

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| | No changes with respect to the type of patients served is expected post-transaction. |
| Prior mergers or acquisitions that: (A) involved the same or related health care services; (B) involved at least one of the entities, or their parents, subsidiaries, predecessors, or successors, in the proposed transaction; and (C) were closed in the last ten years. | N/A. |
| Description of Potential Post Transaction Changes | The submitter will no longer provide health care services after the transaction. The submitter expects comparable services to be provided at the Facility by the New Operator, Lazer Holdings LLC, after the transaction. |
| 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 | N/A. |



March 27, 2025

VIA OHCA SECURE PORTAL

Office of Health Care Affordability
Attn: Carlia Suba

Business Name: West Coast Hospitals, Inc.
MCN Submission Number: 2024-12-16-1288

Re: Response to the additional information request letter dated March 4, 2025 (“Information Request Letter”) from the Office of Health Care Affordability (“OHCA”) for the material change notification submitted on behalf of West Coast Hospitals, Inc. (“Submitter”).

The responses below correspond to the numbering in the Information Request Letter.

I. Clarification

1. The submission indicates that West Coast Hospitals, Inc. operates a single facility in Watsonville, CA. However, the submission also indicates that it is in Monterey and Santa Cruz Counties. Please explain or correct this discrepancy.

West Coast Hospitals, Inc. operates a single facility located in Watsonville. It operates only in Santa Cruz county and is not in Monterey county.

2. You list Freedom Propco LLC as an additional entity to the transaction. However, the submission indicates that the sale and operation West Coast Hospital, Inc’s facility will transfer to Lazer Holdings LLC. Please clarify this Freedom Propco LLC’s relationship in this transaction.

West Coast Hospitals, Inc. is the operator of the Facility and is transferring operations to Lazer Holdings LLC. Coast Health Services, LLC owns the real estate of the Facility and is selling the real estate to Freedom Propco LLC.

III. Incomplete Notice

1. Please provide the organization name and business address for Gurvir Sandhu.

Gurvir Sandhu is an attorney at Sternshein Legal Group, LLP, which acts as legal counsel to the Submitter. The requested information for the Submitter is as follows:

*Richard Murphy
President
925 Freedom Blvd.
Watsonville, California, 95076-3804
murph925@yahoo.com*

2. Please describe the governance and operational structure of Lazer Holdings LLC and Freedom Propco, LLC.

Lazer Holdings LLC is a California limited liability company. It is a manager managed LLC. It does not own and is not owned by a health care entity.

Freedom Propco LLC is a California limited liability company. It is a manager managed LLC. It does not own and is not owned by a health care entity.

3. Please describe the quality and equity measures and impacts that will result from this transaction.

We believe this transaction is beneficial to the public and allows the Facility and its residents to benefit from Lazer Holdings LLC's and its affiliates' expertise and relationships. Lazer Holdings LLC's affiliates will be able to leverage their operational expertise and strong relationships with regulators, payers, and the community to coordinate SNF services efficiently and to better compete with other SNF operators.

4. Please clarify in which county or counties West Coast Hospitals, Inc. provides services and indicate any changes to counties served after the transaction.

West Coast Hospitals, Inc. provides services only in Santa Cruz county. There are no post-transaction changes thereto that have occurred or that are anticipated to occur.

5. Please describe any community needs assessments, charity care, or community benefit programs related to West Coast Hospitals, Inc. if applicable. Describe any expected changes post-transaction.

As a for-profit entity, West Coast Hospitals, Inc. is not subject to any community needs assessment or charity care type program. There are no post-transaction changes thereto that have occurred or that are anticipated to occur.

6. Please describe the governance or operational structure of Lazer Holdings LLC post-transaction.

There are no post-transaction changes thereto that have occurred or that are anticipated to occur.

7. Please describe the staffing levels, job security, retraining policies, wages, benefits, working conditions, and/or employment protections provided to employees post-transaction.

There are no post-transaction changes thereto that have occurred or that are anticipated to occur.

8. Please indicate if there are any city or county contracts and describe any expected changes post-transaction.

There are no post-transaction changes thereto that have occurred or that are anticipated to occur.

9. Please provide information regarding comparable health care services provided by other skilled nursing facilities or health care providers within 20 miles of West Coast Hospitals, Inc's facility.

There are no post-transaction changes thereto that have occurred or that are anticipated to occur.

10. Please describe any other material change transactions between West Coast Hospitals, Inc and any other entity that are planned to occur within 12 months of this MCN submission.

There are no pending or planned transactions between West Coast Hospitals, Inc. and any other entity to occur within 12 months following the date of this notice.

11. Please submit documentation showing the transaction's valuation.

Document previously submitted titled "Valley Convalescent APA" indicates the purchase price at section 1.01. This price represents the transaction's valuation.

12. Please submit contact information for Coast Health Services, LLC, Lazer Holdings LLC, and Freedom Propco, LLC.

Coast Health Services, LLC

*Richard Murphy
925 Freedom Blvd.
Watsonville, California, 95076-3804
murph925@yahoo.com*

Lazer Holdings LLC

Ryan McCormack
365 E. Campbell Ave
Campbell, CA 95008
ryan@spyglasshc.com

Freedom Propco, LLC

Abraham Bak
6442 Coldwater Canyon Ave, Ste 100
North Hollywood, CA 91606
Abe@iepcorp.com
(818) 643-4489.

13. Please submit a pro-forma balance sheet for the facility and services post-transaction.

There are no pro forma post-transaction balance sheets.

14. Please submit organizational charts for Lazer Holdings LLC, and Freedom Propco, LLC. Submit any proposed organizational chart for these entities post-transaction.

Please see attached the organizational chart for Lazer Holdings LLC.

We were informed by Freedom Propco, LLC that its organizational structure has not yet been finalized, but

[REDACTED]

15. Please submit the operating agreements for Lazer Holdings LLC, and Freedom Propco, LLC.

Please see attached the operating agreement for Lazer Holdings LLC.

We were informed by Freedom Propco, LLC that its operating agreement has not yet been finalized or signed.

II. Request for Confidentiality

Confidentiality is requested for the organizational chart and operating agreement for Lazer Holdings LLC, and the organizational structure of Freedom Propco, LLC, as described in response to question III.14 above, based on 22 C.C.R. § 97438(d)(3)(A), because

[REDACTED]