Smith House
Lease & Option to Purchase

December 1, 2015

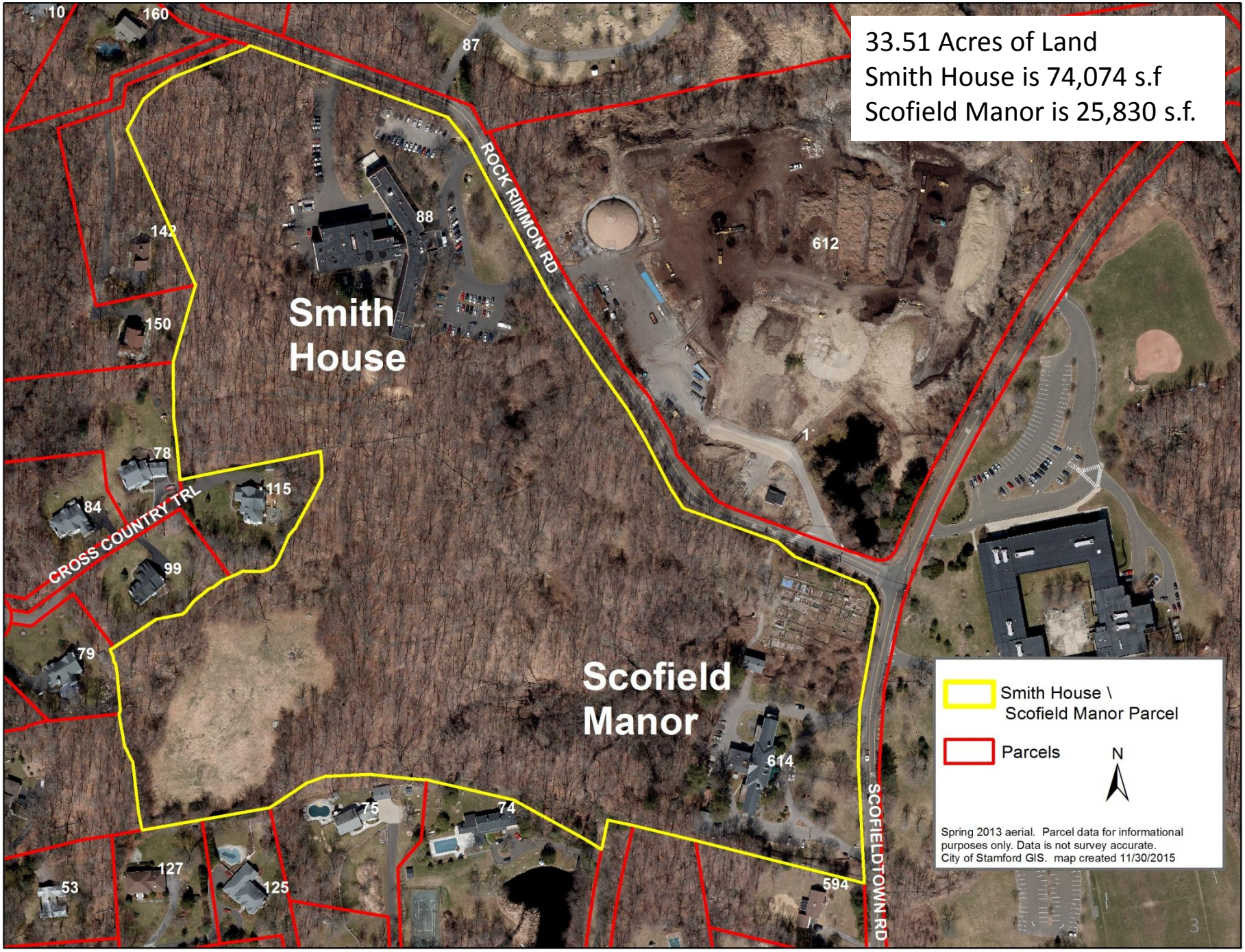
The Smith House
Public Hearing & Meeting Agenda

- Lease & Option to Purchase Approval Request
- Background of Events
- Lessee/Purchaser
- Agreement Details
- Q&A

The Smith House
Lease and Option to Purchase Approval

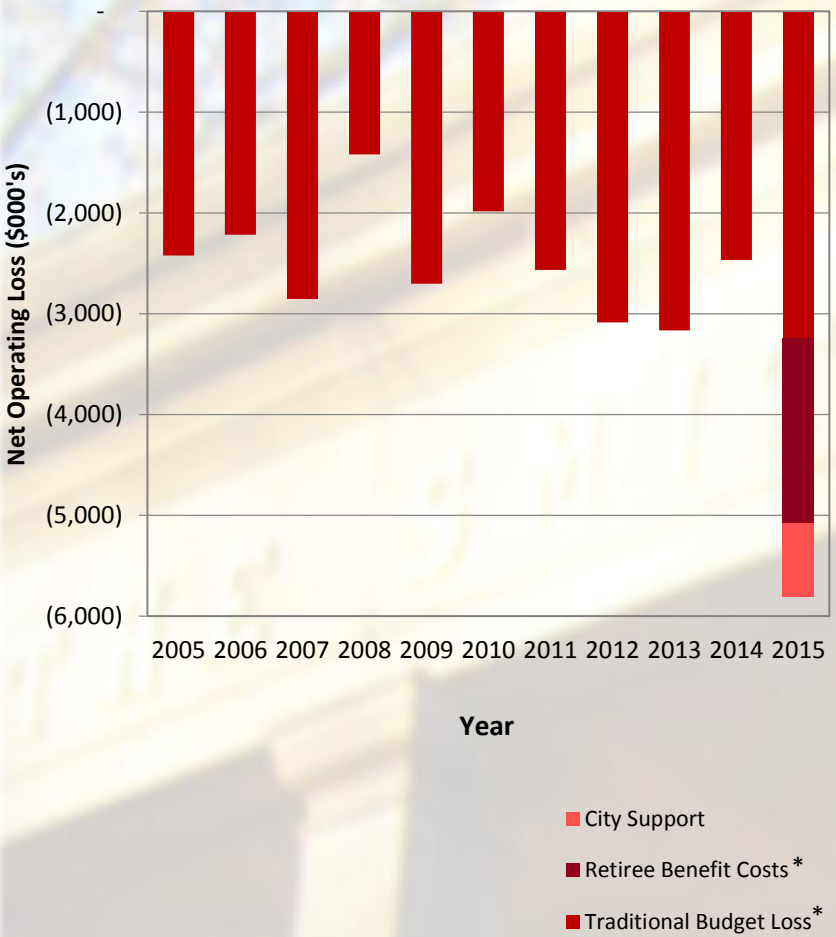
Lease and Option to Purchase Approval requested from the Planning Board, the Board of Finance and the Board of Representatives

- Agreement between the City of Stamford and Center Management Group LLC ("CMG")
- Governs properties known as 88 Rock Rimmon Road (The Smith House) and 614 Scofieldtown Road (Scofield Manor) in Stamford.


33.51 Acres of Land
Smith House is 74,074 s.f
Scofield Manor is 25,830 s.f.
Smith House
Scofield Manor
ROCK RIMMON RD
SCOFIELDTOWN RD
CROSS COUNTRY TRL
10
160
87
88
142
150
612
1
78
115
84
99
79
614
75
74
127
125
53
594
Smith House \
Scofield Manor Parcel
Parcels
N
Spring 2013 aerial. Parcel data for informational purposes only. Data is not survey accurate.
City of Stamford GIS. map created 11/30/2015

The Smith House History

Operating Losses



* Expenses not included in prior budgets

News Articles

(partial listing)

02-28-1985 "Study Group Wants New Management at Smith House"
04-03-1986 "Smith House to be Operated by Private Firm"
08-20-2000 "Consultant to Size Up Nursing Home Offer"
07-14-2004 "Consultant Advises City to Privatize Smith House"
08-11-2004 Editorial- "Get Past Politics with Smith House"
08-25-2004 "Panel Urges Renewing Haven Contract"
09-05-2004 "Smith House Contract to be Brought Before BOF"
09-09-2004 "Bidding for Nursing Home Contract Causes Controversy"
10-10-2004 "City Scraps Smith House Bid Process"
10-20-2004 Editorial- "A Proper Contract for Smith House"
02-27-2005 "Smith House Gets Contract"
08-06-2006 "Reps to Decide Smith House Board's Future"
03-22-2007 "Nursing Home Pressed to Change or Shut Down"
07-10-2008 "Smith House Struggles with Deficit"
08-03-2008 "Smith House is Focus of Audit"
08-03-2008 "Group Seeks Options for Smith House"
08-31-2009 "Witherall Taps Smith House Director for Top Post"
09-01-2009 "New Smith House Board Member Looks for Creative Leadership"
09-09-2009 "New Director Takes Over Smith House"
08-31-2011 "At Smith House, Generator Power Comes with a Hefty Price Tag"
09-27-2014 "Stamford's Smith House Struggles, While Greenwich Flourishes"
10-02-2014 Editorial- "A Tale of Two Nursing Homes"
04-14-2015 "Smith House Spared Strike for now"

Smith House Timeline of Events

DATE	EVENT
July 20	Mayor's Presentation to Board of Finance and Board of Representatives on the financial condition of The Smith House
July - October	City evaluates options to retain quality of care and diminish mounting Smith House operating losses
October 13	Robert Mislow, Executive Director of The Smith House, tenders resignation
October 20	City of Stamford files Letter of Intent for a Certificate of Need from the State of Connecticut to close The Smith House - City requests that no determination be made until January 2016
October 21 and 24	Multiple meetings at The Smith House with residents, families and staff members to discuss the CON application process and address resident concerns
October 26	First meeting with Center Management Group
November 4	City visits CMG Nursing Home in Brooklyn
November 6	Memorandum of Understanding signed with Center Management Group
November 12	City receives non-refundable $50K due diligence deposit

State Mandated Process

Smith House Timeline of Events (cont'd)

State Mandated Process

DATE	EVENT
November 10	City files Certificate of Need with the State to close The Smith House
November 13	State holds Public Hearing at The Smith House
November 25	City and Center Management Group execute Supplemental Memorandum of Understanding and agree to Lease terms (subject to Planning Board, Board of Finance and Board of Representatives approvals)
November 25	City receives $1,000,000 from Center Management Group as escrow
December 1	***Planning Board, Board of Finance and Board of Representatives requested to approve lease and option to purchase***
December 2	30 day notice to unions of terminations to permit turnover to Center Management on January 1st
~ January 1, 2016	Center Management Group to hire Smith House employees and take over operations under Management and Operations Transfer Agreement
~ Spring 2016	Center Management Group to receive State approval to operate a skilled nursing home in Connecticut
5 – 10 days after CMG receives State license	City and Center Management Group execute Lease
Post Lease Signing	CMG intends to make significant capital improvements to The Smith House subject to State regulatory requirements (may use $1MM escrow for partial payment)

Why Immediate Action is Requested

- To assure Smith House residents and families that their home will stay open
- Delay jeopardizes the deal with CMG
  - CMG wants an “ongoing concern” and to begin accepting new residents
  - CMG needs to implement changes to make the Smith House successful
- The City’s operating loss is ~ $20,000+/day

Center Management Group

- Founded in 1999 and based out of Flushing, NY
- Operates over 20 long term care facilities throughout New York, New Jersey & Pennsylvania:
  - Skilled nursing operations include short term rehabilitation, sub-acute care, long term care and ventilator care
  - Long term care experience includes independent living, private pay assisted living and Medicaid funded assisted living
- Experience in taking over facilities, including those in distressed financial and operating conditions:
  - Selected in national search to be the Steward of the Catholic Tradition in the Archdiocese of Philadelphia in July 2014 to purchase 6 skilled nursing facilities and 2 assisted living facilities
  - Re-affirmed in a second national search to be the Steward of the Catholic Tradition in the Diocese of Camden in August 2015 to purchase 3 skilled nursing facilities and one residential healthcare facility

Summary of Documents

- Memorandum of Understanding (November 6)
  - Provides basic terms incorporated into the Lease and Option to Purchase
  - CMG commits to keep all current and returning residents
  - CMG to offer employment to all current Smith House employees
  - CMG to pay non-refundable $50K due diligence and $1MM Earnest Money
- Supplemental MOU (November 25)
  - Contains Lease and modifies date for Earnest Money
  - CMG to immediately seek State approval to operate The Smith House
  - Earnest Money to be invested in The Smith House improvements at $.50/$1.00
- Management and Operations Transfer Agreement – governs the transfer of operations to CMG prior to State of CT license approval
- Lease and Option to Purchase – to be approved by Boards

Lease and Option to Purchase Terms

Residents	All current residents may stay, all residents who left after City's intent to file CON may return
Employees	All current employees will be offered employment by CMG subject to CMG's agreement with unions City retains current retiree obligations, vacation/sick time accrual, and severance as required by union contracts
Property	Land at 88 Rock Rimmon Road (Smith House) and 614 Scofieldtown Road (Scofield Manor)
Term	95 years
Rent	$2,000 per month
Closing Date	Immediately after State approval of CMG license

Lease and Option to Purchase Terms (Cont'd)

Tenant Obligations	• To obtain and maintain a license from the State of Connecticut to operate Chronic and Convalescent Nursing Home (CCNH) (Smith House is a CCNH) with a minimum of 90 beds at no less than 80% occupancy for at least 15 years • After the first 15 years (in 2031), for the next 35 years (through 2066) to use the leased land for a public purpose. Public purpose include CCNH, Skilled Nursing Facility, Assisted Living or similar healthcare related facility • Tenant commits to allowing Scofield Manor to remain on property subject to existing terms
Financing Restriction	Loans secured by Land/Building may not exceed $5.6MM or 80% of Property's fair market value
Tenant Purchase Option	• Tenant may acquire the Property • If purchase occurs by June 30, 2016, the price is $6MM • If purchase occurs after June 30, 2016 the price is $7MM
Post Purchase Deed Restriction	• If purchased, use restricted for 15 years as a CCNH and for public purposes for the next 35 (through 2066) • Tax abatement for so long as public purpose use in effect

Approval of Lease and Option to Purchase Requested

- Planning Board
- Board of Finance
- Board of Representatives

QUESTIONS