

**VK Health Facilities, LLC
C/O National Health Care Associates, Inc.
46 Stauderman Avenue
Lynbrook, NY 11563**

December 27, 2013

Via Email and US Mail

Kenneth Albert, Esq., Director
Phyllis Powell, Assistant Director, Medical Facilities Unit
Larry Carbonneau, CPA Sr. Manager, Health Care Oversight
Division of Licensing and Regulatory Services
Certificate of Need Unit
Department of Health and Human Services
State House Station #11
Augusta, Maine 04333-0011

**Re: VK Health Facilities, LLC, Kindred and Ventas
Transfer of Operational Control of Kindred Westgate Manor
Letter of Intent**

Dear Mr. Albert, Ms. Powell and Mr. Carbonneau:

This letter of intent (“LOI”) follows the approval of a previous CON, dated June 10, 2013, with respect to seven other Maine VK Facilities: VK Augusta, LLC; VK Bangor, LLC; VK Bath, LLC; VK Brewer, LLC; VK Kennebunk, LLC; VK Norway, LLC; and VK Yarmouth, LLC (hereinafter sometimes referred to as the “VK Maine Facilities”). We thank you again for this timely decision, which made possible the transfer of operational control of these seven facilities from Kindred to these VK entities. We are now initiating the CON process to transfer control of the sole remaining Kindred facility, Kindred Westgate Manor, 750 Union Street, Bangor (also known as Kindred Nursing and Rehabilitation – Westgate) (hereinafter sometimes referred to as the “Facility”) to VK Westgate, LLC

Pursuant to 22 M.R.S.A. §337, and pertinent provisions of Section 71 of the DLRS and Office of Aging and Disability Services regulations governing Certificate of Need for Nursing Facility Level of Care Projects, we respectfully submit this letter of intent to the Maine Department of Health and Human Services, Division of Licensing and Regulatory Services and request a ruling regarding the applicability of Certificate of Need (“CON”) review based on the detail provided herein. Assuming you determine this is subject to CON review, we will be filing shortly a completed CON application that will incorporate the elements set forth in our March

15, 2013 filings relating to the seven other VK Maine Facilities. We waive the need for a formal Technical Assistance Meeting. I understand that our counsel, John Doyle, has conferred with Mr. Carbonneau on this point and Larry confirmed we may pass on this TAM.

Following the approach taken in the prior review, the Facility, VK Westgate, LLC, will be the operating entity that will undertake operations in place of Kindred at the Facility upon receipt of this CON and other approvals authorizing the change. Its sole member, or parent, will be VK Health Facilities, LLC, or a new entity with potentially modified investors. The parent entity will be a Delaware limited liability company formed by Marvin Ostreicher, as its manager and as President of National Health Care Associates, Inc. ("NHCA"), with offices in Lynbrook, New York and Wethersfield, Connecticut.

NHCA will provide management support to VK Westgate, LLC in the same manner as the other VK Maine Facilities. NHCA was founded by Mr. Ostreicher in 1984, and has grown into a network of 39 affiliated Skilled Nursing and Rehabilitation centers located throughout the Northeast, including Connecticut, New Jersey, New York, Vermont, and now Maine, Massachusetts and New Hampshire as well. NHCA manages the care of thousands of patients in these geographic areas and employs more than 7,400 professional caregivers and related staff. NHCA affiliated facilities utilize over 250 physicians in specialty areas including gerontology, internal medicine, family practice, psychiatry, pulmonology, orthopedics, rehabilitative medicine, neurology, podiatry and surgery.

Ventas, Inc., one of the nation's leading healthcare real estate investment trusts ("Ventas"), through its subsidiary Ventas Realty, Limited Partnership, owns the land and buildings used to operate Kindred Westgate Manor in Bangor. The Facility is currently leased and operated by Kindred Nursing Centers West, LLC ("Kindred").

Kindred is entering into an Operations Transfer Agreement, and Ventas is entering into a Lease Agreement, with VK Westgate, LLC through which VK Westgate, LLC will become the new tenant operator and licensee of the Facility. Ventas Realty, Limited Partnership will continue to own the land and buildings used to operate the Facility. There will be no additional costs associated with the new tenant operators entering into the Lease Agreement, other than the lease payments under the new Lease Agreement. This structure mirrors the structure approved by Commissioner Mayhew in the June 10, 2013 CON with respect to the other seven facilities. Our filing will fulfill the so-called MaineCare Neutrality requirements essential to approval. Tammy Brunetti of BerryDunn has also reached out to Mr. Carbonneau on a couple of points relating to this issue in order that our application will include the necessary elements.

There will be no change in the type or location of licensed beds at the Facility, and the services provided to its residents will not be adversely affected as a result of the transaction. The Facility administrator and other staff who meet NHCA review standards will be requested to continue as employees of VK Westgate, LLC. Residents will continue to receive, and the Facility's employees will continue to provide, industry-leading programs and services.

The change of lease arrangements and operational control of the Facility to VK Westgate, LLC is anticipated to occur promptly after issuance of the CON and other regulatory approvals and licensure from the Maine Department of Health and Human Services, Division of Licensing and Regulatory Services.

VK Health Facilities and NHCA respectfully request a ruling regarding the applicability of Certificate of Need review based on the detail provided herein. VK Westgate, LLC will submit the application as soon as practicable following your reply to this LOI.

John Doyle, our Maine counsel, will be contacting you shortly to confirm your receipt of this filing, and as noted above, Ms. Rice and Ms. Brunetti will work with Mr. Carbonneau on the MaineCare Neutrality issue. We look forward to working with your staff on a timely and efficient review process.

**National Health Care Associates, Inc.,
VK Health Facilities, LLC and
VK Westgate, LLC**



By: Marvin Ostreicher

cc: John P. Doyle, Jr., Esq., Maine Counsel to VK Westgate, LLC and NHCA
D. Eric Remensperger, Esq., Transaction Counsel to VK LLCs and NHCA
Stephanie Rice, CPA, BerryDunn
Tammy Brunetti, CPA, BerryDunn
Susan Hendrickson, Esq., Counsel to Ventas