

Following please find AnthemCare Tennessee, LLC's response to the Solicitation for proposals for the operation of J.B. Knowles Home Assisted Living. By way of preface, we have been pleased to be of service these past years and have established improved governance, reliable financial reporting, greatly improved relationships with state regulatory authorities, and also connectivity with many supportive churches. We have managed through the Covid pandemic with comparatively minor disruption.

Equally important, and perhaps most important for the future of Knowles and the greater Bordeaux community, we have established meaningful and potentially transformative relationships between Knowles and Meharry Medical College. While others might be able over time to duplicate this connectivity, doing so would be less certain should AnthemCare no longer be involved.

Our response to the solicitation is necessarily brief, given that certain specific requirements in the solicitation would seem to have the immediate effect of inadvertently precluding our participation in the RFQ as written. This will therefore be a simple and concise proposal with three elements:

1. that the present management contract be extended for 12 months with two modifications, those being:
2. that the monthly management fee be reduced by 40%, from \$30,000 per month to \$18,000 per month, and
3. that during this extension planning could be completed for either:
 - a) the closure of the facility, or
 - b) for ownership transition, with an initial focus on MMC.

NOTE AS TO # 2. When we commenced management, there was an enormous amount of uncertainty and work to be done to rectify prior issues. These range from building repairs to life safety issues to correction of multiple serious regulatory issues to staff training to proper segregation of client funds to establishment of approval by TennCare as a funding source to regular and transparent financial reporting. Knowles has been radically improved under our management, and the bulk of the inordinate and unusual work required to have Knowles managed and administered in a professional manner has been completed. Hence, a reduction in the management fee for an extended term as proposed is reasonable and appropriate. In connection with a reduction in the management fee, we also ask for modification of

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the contract provisions regarding tax reimbursements. The current contract requires us to pay, without reimbursement, all taxes imposed on AnthemCare. While it is perfectly reasonable for AnthemCare to pay all taxes imposed in relation to the management fee, AnthemCare is currently taxed on all funds received by the facility. The effect is that the greater the income of the facility, the lower AnthemCare's effective compensation. In connection with the proposed 40% reduction in the amount of the management fee, we ask that taxes not attributable to the management fee be eligible for reimbursement.

Closure is possible, but would be substantially more difficult than was the case with Signature, given that those residents were already receiving skilled nursing care with Medicaid payment support and thus there was the potential of resident transfer to other skilled nursing with available Medicare beds. While relocations in that case might have been disruptive to families, it did not inherently imply the loss of services and housing as might be the result in the case of indigent residents at Knowles for whom in most cases there is no comparable funding source sufficient to cover even bare bones assisted living services.

We understand, of course, that this proposal does not comply with the very specific requirements outlined in the solicitation. However, our proposal does achieve three major benefits:

- Avoidance of the creation of a dispossessed and potentially then homeless population from indigent Knowles residents;
- Reduction in cost;
- Time to expand the collaboration with Meharry Medical College which has the potential to be transformative to Knowles and Bordeaux.

We would welcome the opportunity to further discuss our proposal with you.

Sincerely,
AnthemCare Tennessee, LLC