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August 29, 2019

Sent by U.S. Mail and Internet

Gary Marsh  
Alison Elko Franklin  
Dentons US LLP  
303 Peachtree Street, NE, Suite 5300  
Atlanta, GA 30308-3265

RE: Proposed Sale of Air Force Village West, Inc.

Dear Mr. Marsh and Ms. Franklin:

Pursuant to Corporations Code section 5914 *et seq.*, the Attorney General hereby conditionally consents to the proposed sale of substantially all of the assets of Air Force Village West, Inc. pursuant to the terms of the Asset Purchase Agreement dated May 10, 2019, between Air Force Village West, Inc., a California nonprofit public benefit corporation, and Senior Living Riverside, LP, a California limited partnership.

Corporations Code section 5914 and California Code of Regulations, title 11, section 999.5, subdivision (f) set forth factors that the Attorney General shall consider in determining whether to consent to a proposed transaction between a nonprofit corporation and a for-profit corporation or entity. The Attorney General has considered such factors and consents to the proposed transaction subject to the attached conditions that are incorporated by reference herein.

Thank you for your cooperation throughout the review process.

Sincerely,

[Original Signed]

WENDI A. HORWITZ  
Deputy Attorney General

For XAVIER BECERRA  
Attorney General

Attachment

**Conditions to Proposed Sale of Air Force Village West, Inc. and Approval of the Asset Purchase Agreement by and between Air Force Village West, Inc. and Senior Living Riverside, LP, the Lease Agreement by and between Senior Living Riverside, LP and Riverside Operations LP, and the Lease by and between Senior Living Riverside, LP and Buena Vista Health Care, LLC**

**I.**

These Conditions shall be legally binding on Air Force Village West, Inc., a California nonprofit public benefit corporation, AFVW Foundation, a California nonprofit public benefit corporation, Senior Living Riverside, LP, a California limited partnership, Riverside Operations, LP, a California limited partnership, Riverside Senior Living Holdings, LLC, a California limited liability company, Westmont Living, Inc. a California for-profit corporation, Buena Vista Health Care, LLC, a California limited liability company, BVHC, LLC, a California limited liability company, Riverside SNF, LLC, a California limited liability company, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of Air Force Village West, Inc. or the real property on which Altavita Village Community<sup>1</sup> is located, any and all current and future owners, lessees, licensees, or operators of any of the facilities or units at Altavita Village Community, and any and all current and future lessees and owners of the real property on which Altavita Village Community is located.

**II.**

The transaction approved by the Attorney General consists of the Asset Purchase Agreement by and between Senior Living Riverside, L.P. and Air Force Village West, Inc. dated May 10, 2019, Lease Agreement by and between Senior Living Riverside, LP and Riverside Operations LP, Lease for AFVW Health Center between Senior Living Riverside, LP and Buena Vista Health Care, LLC dated May 6, 2019, Assignment and Assumption of the Agreement of Lease AFVW Health Center by and between Buena Vista Health Care, LLC and Riverside SNF, LLC, Guaranty of Lease by Richard Martin and Bryan Boehrer in favor of Senior Living Riverside LP dated May 6, 2019, and any and all amendments, agreements, or documents referenced in or attached to as an exhibit or schedule to these agreements including, but not limited to Exhibit 7.11 to the Asset Purchase Agreement that includes a document entitled “Plans for Community on a Go Forward Basis” attached hereto as Exhibit 1. All entities listed in Condition I shall

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<sup>1</sup> Throughout this document, the term “Altavita Village Community” shall mean the RCFE-Continuing Care Retirement Community that includes 440 independent living units, 55 assisted living units, and 35 memory care units, located at 17050 Arnold Drive, Riverside, CA 92518, licensed by the California Department of Social Services effective December 22, 1993, and the AFVW Health Center, located at 17040 Arnold Drive, Riverside, CA 92518, a 59-bed skilled nursing facility, licensed by the California Department of Public Health effective December 7, 2018, and any other clinics, outpatient facilities, programs, laboratories, centers, units, or services, unless otherwise indicated.

fulfill the terms of these agreements and any other agreements or documents referenced therein or attached thereto, and shall notify the Attorney General in writing of any proposed modification or rescission of any terms of these agreements. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917.

### III.

For five years from the closing date of the Asset Purchase Agreement, Air Force Village West, Inc., Senior Living Riverside, LP, and all owners, managers, lessees, or operators of Altavita Village Community or any portion thereof shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

- (a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of Altavita Village Community or any portion thereof;
- (b) Transfer control, responsibility, management, or governance of Altavita Village Community or any portion thereof. The substitution, merger or addition of a new member of the governing body, general partner, or limited partner of Senior Living Riverside, LP that transfers the control of, responsibility for or governance of the Altavita Village Community or any portion thereof shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body, general partner, or limited partners of the Senior Living Riverside, LP, or any arrangement, written or oral, that would transfer voting control of the members of the governing body, general partner, or limited partners of the Senior Living Riverside, LP shall also be deemed a transfer for purposes of this Condition.

### IV.

For five years from the closing date of the Asset Purchase Agreement, AFVW Health Center<sup>2</sup> shall be operated and maintained as a skilled nursing facility with 59 skilled nursing beds and shall maintain current<sup>3</sup> licensure, types, and or levels of services including, but not limited to, audiology, occupational therapy, outpatient services, physical therapy, and speech therapy.

Senior Living Riverside, LP, Buena Vista Health Care, LLC, BVHC, LLC, Riverside SNF, LLC, or the operator or licensee of AFVW Health Center shall not place all or any portion of AFVW Health Center's skilled nursing licensed-bed capacity or services in voluntary suspension or surrender its license for any beds or services.

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<sup>2</sup> Throughout this document, the term "AFVW Health Center" shall mean the skilled nursing facility located at 17040 Arnold Drive, Riverside, California 92518 and any other clinics, laboratories, units, services, or beds included on the license issued to Air Force Village West, Inc. by the California Department of Public Health, effective December 7, 2018.

<sup>3</sup> The term "current" or "currently" throughout this document means as of December 7, 2018.

## V.

For five years from the closing date of the Asset Purchase Agreement, Senior Living Riverside, LP, Buena Vista Health Care, LLC, BVHC, LLC, Riverside SNF, LLC, or the operator or licensee of AFVW Health Center shall:

- a) Be certified to participate in the Medi-Cal program (or any successor program to Medi-Cal) and provide the same types and levels of skilled nursing services to Medi-Cal beneficiaries (both Traditional and Managed care) at the AFVW Health Center as required in these Conditions.
- b) Be certified to participate in the Medicare program and have a Medicare Provider Number (or provider number for any successor program to Medicare) to provide the same types and levels of skilled nursing services to Medicare beneficiaries (both Traditional and Managed Care) at the AFVW Health Center as required in these Conditions.

## VI.

For five years from the closing date of the Asset Purchase Agreement, Senior Living Riverside, LP, Riverside Operations, LP, Buena Vista Health Care, LLC, BVHC, LLC, Riverside SNF, LLC, and any other owner or operator of Altavita Village Community or any portion thereof shall consult with a Community Advisory Board on a quarterly basis. The Community Advisory Board shall consist of 7-12 residents at Altavita Village Community chosen by the residents of Altavita Village Community with at least one third of the Community Advisory Board members being military veterans. The Community Advisory Board will provide advice and feedback on a quarterly basis on the quality of care and quality of life being provided to the residents and patients and provide assistance in planning a special Veterans Day event at Altavita Village Community held and paid for by Senior Living Riverside, LP, Riverside Operations, LP, Buena Vista Health Care, LLC, BVHC, LLC, and Riverside SNF, LLC. The Community Advisory Board shall also approve all reports submitted to the Attorney General regarding compliance with these Conditions.

## VII.

Air Force Village West, Inc. shall distribute all net sale proceeds received from the sale of assets pursuant to the Asset Purchase Agreement dated May 6, 2019, to AFVW Foundation (estimated at \$233,000), and AFVW Foundation shall transfer these funds to AFVW Foundation's endowed agency fund at The Community Foundation located in Riverside, California.

Within 180 days from the closing date of the Asset Purchase Agreement, AFVW Foundation shall amend its Articles of Incorporation and Bylaws regarding its purposes, as set forth in Article II. B. and Article III section 3.1 respectively, as a result of the transaction. Such amendments must be approved by the Attorney General after thirty days' notice has been given to the Attorney General and at least thirty days before any changes become effective.

### VIII.

For five years from the closing date of the Asset Purchase Agreement, Senior Living Riverside, LP, Riverside Operations, LP, Buena Vista Health Care, LLC, BVHC, LLC, and Riverside SNF, LLC or operator or licensee of AFVW Health Center shall annually submit to the Attorney General, no later than four months after each anniversary of the closing date of the Asset Purchase Agreement, a report describing in detail its compliance with each Condition set forth herein. The Chief Executive Officers or their equivalents at Senior Living Riverside, LP, Riverside Operations, LP, Buena Vista Health Care, LLC, BVHC, LLC, and Riverside SNF, LLC, and any operator or licensee of AFVW Health Center shall each certify that the report is true, accurate, and complete and that the Community Advisory Board has approved the report.

### IX.

At the request of the Attorney General, all parties listed in Condition I shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with the terms and conditions of the transaction as set forth herein. The Attorney General shall, at the request of a party and, to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret, or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

### X.

At the close of the transaction, all parties listed in Condition I are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorneys' fees and costs incurred in remedying each and every violation.

**EXHIBIT 1**

**Exhibit 7.11**

**Replacement Residency Agreements**

See attached.

Unit Type	Average Base Rent of current Rent Roll
<b>Homes and Cottages</b>	
D1	1 BR Duplex PINE 994 \$3,187
D2	2 BR Duplex REDWOOD 1265 \$3,354
D3	2 BR Duplex BEACHWOOD 1427 \$3,572
S1	1 BR Home VICTORIA 1143 \$3,186
S2	2 BR Home ALESSANDRO 1269 \$3,380
S5	2 BR Home RAMONA 1573 \$3,815
S53A	2 BR Home ALVARADO 1924 \$4,003
S53	2 BR Home DE ANZA 2362 \$4,077
S54	2 BR Home MISSION 3360 \$4,288

Unit Type	Average Base Rent of current Rent Roll	
<b>Independent Living</b>		
A1	Studio Palm 644 \$2,712	
A2	1 BR Jacaranda 814 \$2,929	
A3	1 BR Eucalyplus 990 \$3,172	
A4	2 BR Sycamore 1209 \$3,317	
A23	2 BR Cottonwood 1804 \$3,866	
A24	2 BR Cypress 2023 \$0	Not currently occupied

Unit Type	Average Base Rent of current Rent Roll
<b>Assisted Living</b>	
AL Studio 300	\$2,935
AL Studio L348	\$2,593
AL Studio w/Sunroom 6-478 /1-515	\$3,459
AL 1 BR 591	\$3,905
AL 1 BR L736	\$3,905
AL 1 BR w/Patio 1-779/1-786/10-830	\$4,568
AL 1 BR w/Flex room 1-850/1-899/1-941/1-1023	\$5,230

Unit Type	Average Base Rent of current Rent Roll
<b>Memory Care</b>	
Private Studio 315	\$5,685
Private Studio 415	\$5,494
1 BR - 1-445/2-470	\$5,825

\*\* Current life contracted residents in AFVW - Current Rents for each resident will stay the same as exist today adjusted annually on resident anniversary date 3% to 5% subject to annual budget, business and market conditions.

\*\*\*\* Month to Month residents (non life contract residents) are subject to market rental rates

<b>Second Person Fee</b>		
IL	\$1,485	
AL	\$1,048	+ Care
MC	\$1,048	+ Care

Assisted Living Care Fee Structure	Altavita Current Rates	Westmont Average Rates
Level 1	\$828	Based
Level 2	\$1,103	on
Level 3	\$1,379	Point
Level 4 *	\$1,655	System

\* Westmont care plans are based on a point system tied to each individual resident care needs and care plan.

Memory Care Fee Structure	Included in Base Rate	Included in Base Rate
Level 1	\$1,379	\$750
Level 2	\$1,655	\$1,500
Level 3	\$2,097	\$2,250

<b>Skilled Nursing Fee Structure</b>		
Private	\$492	Per Day
Semi-Private	\$292	Per Day

\*\*\* Current life contracted residents AFVW - Skilled Nursing private and semi-private pay rates will stay the same as exist today adjusted annually subject to annual budget, conditions, market conditions and business.

\*\*\*\* Month to Month residents (non life contract residents) are subject to market rental rates



**Plans for Community on a Go Forward Basis**

Remaining unamortized entry fee obligations to be paid back at closing.

Existing CCRC residents to receive priority placement in IL, AL, MC and SNF. This is subject to availability, at market rate & terms and upon determination that residents' needs can be properly and safely fulfilled, at operator(s) sole discretion.

Buyer to maintain a hardship policy consistent with the current CCRC contracts for AL, MC and SNF. The skilled nursing facility will be maintaining its Medi-Cal license.

We agree to maintain four levels of care on the campus: Independent living, assisted living, memory care, and skilled nursing.

We will be maintaining similar rates for IL, AL & MC following the closing. Care needs are subject to our assessment. We will assess care needs following our commencement of operations, after 90 days and upon change of condition.