

Hicks Family Services, Inc.
197 Summer Street
Auburn, ME 04210
207-786-0111

RECEIVED

NOV 02 2010

Division of Licensing and
Regulatory Services

Ms Phyllis Powel
CON Unit, Licensing and Regulatory Services
Department of Human Services
State House Station #11
41 Anthony Avenue
Augusta, ME 04330-0011

Subject: Bridgton Health Care Center, Inc. (BHCC) - Letter of Intent
RE: Acquisition of the building formally leased by BHCC
Date: October 27, 2010

Dear Ms. Powel:

Pursuant to MRS Title 22§337 of the CON regulations, I am sending this Letter of Intent to request a determination by the Department as to whether or not this acquisition is subject to CON review by your office.

Brief Description:

David Hicks proposes to purchase 100% of the Limited Partnership known as Bridgton Health Care Associates from John Schiavi, its general partner. The Partnership currently owns the building leased to BHCC and the mortgage secured by said building. The Partnership also owns certain escrow accounts related to the project.

This acquisition will be accomplished by David Hicks purchasing 99% of the Partnership interest and a limited liability corporation owned 100% by David Hicks purchasing the remaining 1%. This will result in David Hicks controlling 100% of the Partnership. The acquisition structure is designed to facilitate the assumption of the U.S Department of Housing and Urban Development (HUD) mortgage in a manner acceptable to HUD.

Mr. Schiavi has a verbal agreement with David Hicks to assume the existing HUD mortgage on the facility. The principal balance of the HUD mortgage at the time of transfer will become the total purchase price of the facility. The purchase price is estimated to be approximately \$1,405,000 at the time of transfer. The purchase price of the facility will be depreciated over a 15-year life for MaineCare reimbursement purposes. The mortgage interest of the HUD mortgage would be fully allowable for MaineCare reimbursement. The depreciation and mortgage interest will replace the amount of the rent which is currently paid to the Partnership. The basic proposal and reimbursement treatment have been reviewed by Herbert Downs and approved by Brenda Harvey.

David Hicks has operated the leased facility since 1985 when it opened. The operations of the facility will continue to be directed by BHCC.

The effective date of this transaction is anticipated to be January 1, 2011.

Respectfully,

A handwritten signature in dark ink, appearing to read "David R. Hicks". The signature is written in a cursive, flowing style.

David R. Hicks, President
Hicks Family Services, Inc.

cc: Russell Begin
Catherine Cobb
Herbert Downs