

July 31, 2023

Ms. Terri A. Thompson, Director
State Health Planning and Development Agency
District of Columbia Department of Health
899 North Capitol Street, N.E., Sixth Floor
Washington, DC 20002

Re: Sale of Real Property from Providence Hospital to Vision PH Associates LLC

Dear Ms. Thompson:

On behalf of Vision PH Associates LLC (the “Proposed Owner”), this letter serves as official notification to the State Health Planning and Development Agency (“SHPDA”) pursuant to D.C. Code § 44-406(b) of the Proposed Owner’s intent to purchase a portion of the real property currently owned by Providence Hospital d/b/a Providence Health Services (“Providence”) for the purpose of developing an appropriately scaled, mixed-use neighborhood. The real property included in this transaction will include the previously-closed Providence Hospital building (1150 Varnum Street NE), central power plant, parking lots, and certain of the surrounding land and structures (hereinafter collectively referred to as the “Property”). To be clear, the Proposed Owner is not a provider of health care services; rather, it is a joint venture consisting of reputable real estate developers in the District with diverse expertise in affordable and market rate housing, community-serving retail, non-profit community organizations and uses, and healthcare and medical uses.

As detailed below, the Proposed Transaction does not involve the transfer of a certificate of need (“CON”) to continue the provision of health care services on the Property. Providence has informed the Proposed Owner that this notification is being required by SHPDA to facilitate the referral to the Office of Attorney General for the District of Columbia (“OAG”) to conduct its review regarding the disposition of charitable assets, as required by D.C. Code § 44-406(d), and that SHPDA’s role in reviewing the proposed transaction is limited to the review of the information required by D.C. Code § 44-406(b) and shall not be duplicative of the comprehensive review regarding the proposed closure of health care services on the Property that was conducted over the past several months pursuant to D.C. Code § 44-406(c).

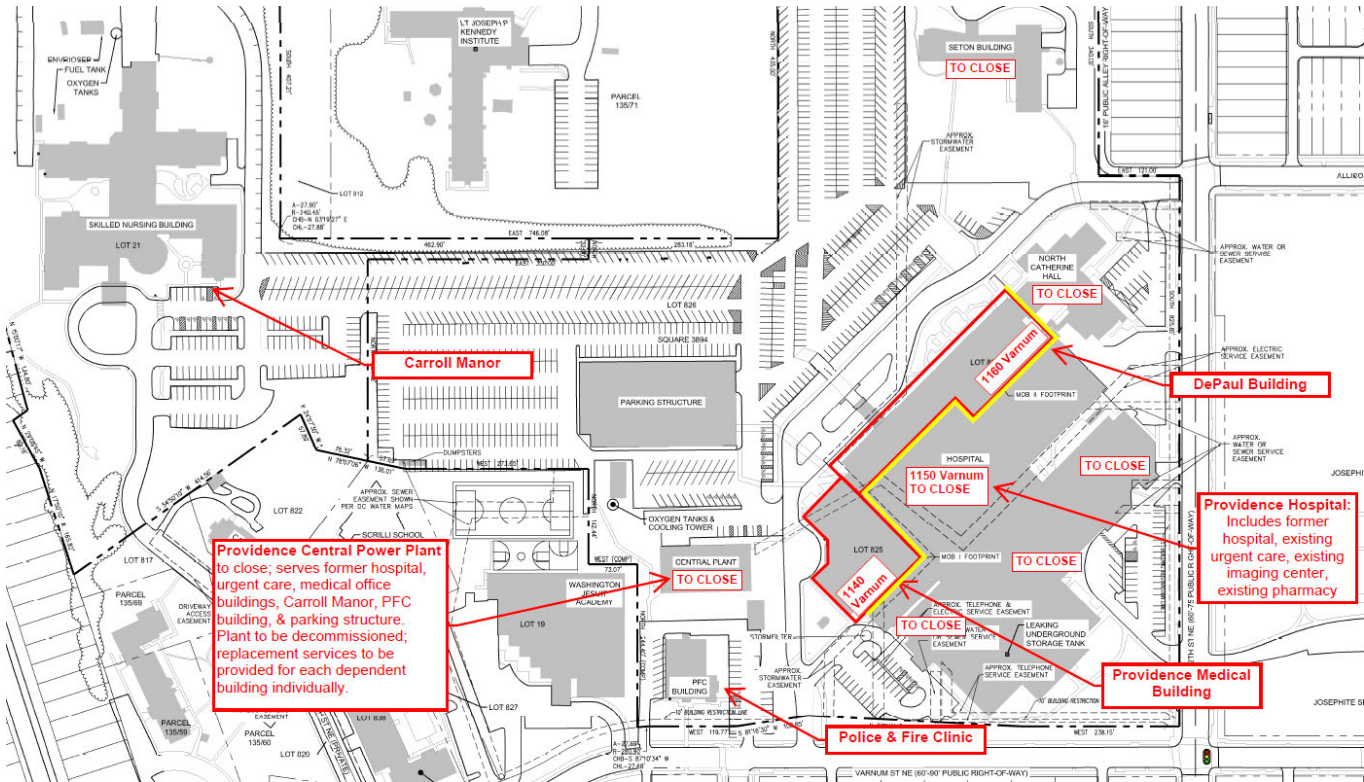
The proposed transaction will result in the transfer of the Property to the Proposed Owner (the “Proposed Transaction”). The Proposed Owner intends to demolish the vacant structures in order to build an appropriately scaled, mixed-use neighborhood. This new neighborhood will include (i) approximately 350-450 housing units (20 percent of which will be designated as affordable or workforce housing), (ii) approximately two acres of parks including a sports field and a playground, and (iii) enhanced connectivity for pedestrians, bicycles, and vehicles.

The following facilities are excluded from the Proposed Transaction and will continue to be provided:

- Carroll Manor Senior Living Facility (725 Buchanan Street NE)

- The Providence Medical Building (1140 Varnum Street NE)
- The DePaul Medical Building (1160 Varnum Street NE)
- The Police and Fire Clinic (“PFC”) (920 Varnum Street NE)

The diagram below depicts the structures that will close and the structures that will remain following the Proposed Transaction:



1. BACKGROUND

Information included in this paragraph was provided to the Proposed Owner by Providence to establish background for the time period prior to Proposed Owner’s involvement in the Proposed Transaction. Providence Hospital closed operations in April 2019 following a comprehensive review by SHPDA. At that time, Providence envisioned redeveloping the campus into a “Healthy Village” with new and legacy services. To that end, Providence obtained certificates of need (“CONs”) for the Providence Urgent Care Center (“UCC”) and Diagnostic Imaging Center as part of the transition from a hospital-based to an ambulatory care model. The UCC and Diagnostic Imaging Center were placed in the old Providence Hospital building, with the goal of eventually building a new facility on campus to house these services. Providence’s plans to complete its vision for a “Healthy Village” were put on hold in March 2020 due to the COVID-19 pandemic. In the subsequent three years, Providence struggled financially to maintain its aging campus and ambulatory care services. At the same time, the community need for a “Healthy

Village” diminished as a result of substantial development of additional healthcare services for District residents living east of North Capitol Street and across the Anacostia River. Following changes in leadership and a period of discernment, Providence concluded that maintaining its campus was no longer financially feasible and recognized that the property could be transformed to better address District residents’ social determinants of health, particularly in the areas of housing, education, and senior care. Providence ultimately selected the Proposed Owner to redevelop the Campus due to their experience in both residential and medical development and their prior success with large, multi-million-dollar development projects around the District, including the Josephite property in Ward 5.

In August 2022, Providence and certain affiliates of the Proposed Owner executed a letter of intent, outlining the terms for the Proposed Transaction. See **Ex. A** (Letter of Intent). A written resolution by the Board of Directors of Providence Hospital approving the Proposed Transaction on August 31, 2022 is attached hereto as **Ex. B** (Providence Board Resolution). The final Purchase Agreement memorializing the terms of the deal was executed on May 1, 2023. See **Ex. C** (Purchase Agreement).

Providence informed the Proposed Owner that because the Proposed Transaction involves the sale of the old Providence Hospital building, Providence filed a notification with SHPDA for the proposed closure of the UCC and Diagnostic Imaging Center on April 27, 2023. Providence informed us that SHPDA approved the closure of these services on July 24, 2023. See **Exs. D & E** (SHPDA decisions approving closure of UCC and Diagnostic Imaging Center).

2. SCOPE OF SERVICES PROVIDED AT THE PROPERTY

The Proposed Owner will not be acquiring any healthcare facilities or services through the Proposed Transaction and will not be providing any healthcare services going forward.

Providence has informed the Proposed Owner that: (a) the only healthcare services currently operating in a structure included in the Proposed Transaction are the Providence UCC, the Diagnostic Imaging Center, and one Providence Health Services (“PHS”) primary care practice, all of which are housed in the old Providence Hospital building; (b) per SHPDA’s July 24, 2023 decision, the UCC and Diagnostic Imaging Center will cease operations on July 31, 2023; and (c) the remaining PHS practice located in the old Providence Hospital building will be moving to the DePaul Medical Building (1160 Varnum Street NE) in the near future.

The following healthcare services are excluded from the Proposed Transaction:

- Carroll Manor Nursing Facility (725 Buchanan Street NE)
- Providence Medical Building (1140 Varnum Street NE)
- DePaul Medical Building (1160 Varnum Street NE)
- PFC (920 Varnum Street NE)

3. INFORMATION REQUIRED BY STATUTE

a. The names of the current owner(s) of the Property, including, as applicable, all partners, controlling shareholders or members, directors, trustees and officers.

The current owner of the Property, including all of its assets and liabilities, is Providence Hospital d/b/a Providence Health System, a District of Columbia non-profit corporation that is a wholly-owned subsidiary of Ascension Health, a Missouri nonprofit corporation. See **Ex. F** (Providence Org. Chart).

Providence has provided the Proposed Owner the following information regarding property governance and management:

The Property is governed by Providence's three-member Board of Directors:

- Beau Higginbotham
- Peter Leibold
- Mitchell Lomax

The Property is managed by the following officers:

- Beau Higginbotham, President and Chief Executive Officer;
- Mitch Lomax, Chief Financial Officer;
- Jonathan D'Souza, MD, Chief Medical Officer;
- Mary Austin, BSN, MA, RN, Chief Nursing Officer;
- Trevor Bonat, Chief Mission Integration Officer;
- J. William Cook IV, MD, FACP, President and Clinical Dyad Leader
- Michael Finegan, Vice President, Operations;
- Jennifer Merrill Warne, Vice President Operations – Physician Services;
- Dawn L. O'Neill, Vice President, Population Health; and
- Aaron J. Piccirilli, Vice President, Foundation Development & Executive Director.

b. The names of the Proposed Owners of the Property, including, as applicable, all partners, controlling shareholders or members, directors, trustees and officers.

The Proposed Owner of the Property is Vision PH Associates LLC and/or affiliates thereof.

Vision PH Associates LLC is a Delaware limited liability company comprising EYA Development, LLC, a Maryland limited liability company, and Aroli Group, LLC, a District of Columbia limited liability company. EYA Development, LLC is the Manager of the company, subject to consent rights by Aroli Group, LLC. There are no directors, trustees, or officers.

Pursuant to the Purchase Agreement, the Proposed Owner may assign the right to purchase individual A&T Lots to one or more entities affiliated with any member of the joint venture that is the Proposed Owner.

c. The location(s) of the corporate office(s) of the Proposed Owners.

The corporate office of the Proposed Owner is located at 4800 Hampden Lane, Suite 300, Bethesda, MD 20814.

d. The proposed governance structure and, if investor-owned, a description of the mechanism for ensuring community involvement in policy matters.

There will not be a unified governance or ownership of the property to be purchased, as it will be developed into a variety of different uses, including for-sale and rental multi-family housing, including market-rate and mixed-income housing.

e. A summary of the agreement setting forth the terms of the Proposed Transaction, including the cost and means of financing the Proposed Transaction and a reasonably estimated projection of the impact of the transaction cost on charges for services to be provided.

The Proposed Owner will acquire the vacant Providence Hospital building, central power plant, parking lots, and certain of the surrounding land and structures. In consideration for these assets, the Proposed Owner will (i) demolish the buildings on campus that are currently vacant, unused, or underutilized; and (ii) pay a purchase price of \$1.00.

The purchase price vastly understates the value Providence will receive for this sale. The Proposed Owners' assumption of the demolition responsibility will provide Providence with approximately \$30 million in cost avoidance—cost Providence would otherwise have to incur in order to make the campus usable and marketable.

Because the Proposed Owner will not be providing healthcare services, the cost of the transaction will have no impact on the charges for services to be provided.

f. A description of any capital expenditures contemplated as a part of the Proposed Transaction.

The cost of the Proposed Transaction to the Proposed Owner is \$1.00, plus the cost of demolition.

g. A reasonable projection of utilization and financial results for the Property to include any expected material changes in the number of beds or services, inpatient admissions, and outpatient visits, total facility revenues, and expenses for the two-year period following the Proposed Transaction.

Not applicable. The Proposed Owner will not provide any healthcare services.

h. A reasonably estimated projection of uncompensated care (bad debt and charity) and the nature of any proposed changes to admission policies and hours of operations over the two-year period following the Proposed Transaction.

Not applicable. The Proposed Owner will not provide any healthcare services.

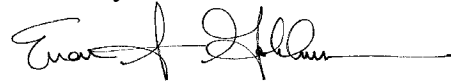
4. CERTIFICATION REQUIRED BY STATUTE

Not applicable. The Proposed Owner will not provide any healthcare services.

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Thank you in advance for your acknowledgment and consideration of this request for CON approval. Please note that certain information herein was provided to the Proposed Owner by Providence, and the Proposed Owner has not independently verified its accuracy. If you require any additional information, please do not hesitate to contact [REDACTED]. The developer team looks forward to working with you and your team at SHPDA to facilitate approval of the Proposed Transaction.

Sincerely,



Vision PH Associates LLC

cc: Edward Rich, Deputy General Counsel, DC Health
Stephen Masoncup, Vice President and Associate General Counsel, Ascension Health
Amandeep S. Sidhu, Counsel to Ascension/Providence

Exhibit	Description
A	Letter of Intent
B	Providence Board Resolution
C	Purchase Agreement
D	SHDPA Decision Approving Closure of UCC
E	SHDPA Decision Approving Closure of Imaging Center
F	Providence Organizational Chart