



Health Care Market Oversight (HCMO) Program Notice of Material Change Transaction

The applicant must complete and submit this notice of proposed material change transaction to hcmo.info@oha.oregon.gov.

One important role of the Health Care Market Oversight Program is to notify the community and people living in Oregon when entities propose a material change transaction. This document will be published and serve as the public notice. If requested under public records laws, OHA will disclose all versions of this document received. Contact program staff with any questions or to request technical assistance at hcmo.info@oha.oregon.gov.

Note: if any entity involved in the proposed transaction has associated National Provider Identifiers (NPIs), complete and submit the NPI form.

I. General Information about the Transaction and Entities

1. Provide the name, title, organization, and email address of the individual completing this form on behalf of the applicant.

Name	Matt Thompson
Title	General Counsel
Organization	SDB MTN West Partners, LLC and SDB Partner Aggregator, LLC
Email Address	matt.thompson@sdbmail.com

Provide a mailing address for OHA to send a physical copy of the final order.

Name	Matt Thompson
Address	1610 54th Ave N
Unit/ number	Suite 205
City	Nashville
State	TN
Zip	37209

2. What type of material change transaction is the applicant proposing¹?

Merger Contract Other (specify) _____
 Acquisition Affiliation

3. What is the proposed effective date of the material change transaction?

The proposed transaction is subject to customary closing conditions, including regulatory approval. We anticipate that the transaction will close Q1 of 2024, upon satisfaction of all closing conditions, including receipt of all necessary regulatory approvals.

¹ Please see OAR 409-070-0010 for definitions of transactions subject to review.

4. Briefly describe the applicant completing this notice.

Describe the notifying applicant's business (including business lines or segments), ownership type (corporation, partnership, limited liability corporation, etc.), governance and operational structure (including ownership of or by a health care entity), annual revenues, and geographic areas of operation. For health care entities, also include provider type (hospital, physician group, etc.), facilities owned or operated, service lines, number of staff, geographic service area(s), and capacity or patients served in Oregon (e.g., number of licensed beds, number of patients, quantity of services provided annually). Include the mailing address, website(s), and Federal Tax ID(s) of the applicant.

SDB MTN West Partners, LLC ("MTN West") and SDB Partner Aggregator, LLC ("Aggregator", and together with MTN West, "Applicant") are dental support organizations ("DSOs") that provide a full suite of back office dental support services to dental practices, including one dental practice in Oregon, OR Specialty Dental Services, LLC ("Practice"), comprised of one Oregon oral and maxillofacial surgery provider (Willamette Valley Oral & Maxillofacial Surgery) and one Oregon orthodontic services provider group (Yenne & Schofield Orthodontics). For calendar year 2023, the annual revenue for MTN West was \$ [REDACTED] and the annual revenue for Aggregator was \$ [REDACTED]. Please note that MTN West and Aggregator support multiple dental practices across the country, and accordingly, their annual revenue is not limited to revenue derived from the Practice. Applicant previously submitted a Notice of Material Change Transaction to OHA on August 8, 2022 which was subsequently approved by OHA on September 9, 2022. This transaction closed on September 16, 2022 ("September 16, 2022 Transaction").

The Practice is dentist-owned and provides services in five locations in Oregon (Willamette Valley Oral & Maxillofacial Surgery located at 250 Church Street SE, Suite 102, Salem, Oregon 97301 and Yenne & Schofield Orthodontics with locations at (i) 160 Ramsgate Square, Suite 100, Salem, Oregon 97302; (ii) 580 Main Street, Suite E, Dallas, Oregon 97338; (iii) 5099 River Rd. N, Keizer, Oregon 97303; and (iv) 470 Glen Creek Road NW, Suite 150, Salem Oregon 97304). The total number of staff of the Practice is currently 29. There are 3 dentists employed by the Practice and here are 2 practice managers (one allocated to Willamette Valley Oral & Maxillofacial Surgery and one allocated to Yenne & Schofield Orthodontics). All other clinical and administrative staff report to their respective practice manager. As of August 2023, the total number of staff at the Practice was 29 (15 allocated to Willamette Valley Oral & Maxillofacial Surgery and 14 allocated to Yenne & Schofield Orthodontics). From January through October 2023, the Practice served approximately 3,385 patients.

As described in the notice for the September 16, 2022 Transaction, all non-clinical services provided by the Applicant to the Practice are at the direction of the Practice, which remains responsible for all clinical operations of its dental practice. MTN West is a manager-managed limited liability company with Vardiman Black Holdings, LLC d/b/a Specialty Dental Brands ("Specialty Dental") acting as the manager. Aggregator is a manager-managed limited liability company with Specialty Dental acting as the manager. Specialty Dental is a member-managed LLC that is indirectly wholly-owned by SDB Holdco, LLC ("Company").

Following the September 16, 2022 Transaction, one private investment firm owns approximately 29.1% of the Company, a second private investment firm owns approximately 28.4% of the Company, and the dentist owners and management own approximately 42.5% of the Company. See Attachment A for a list of tax IDs, addresses, and websites for each entity.

5. Describe all other entities involved in the proposed transaction.

For each entity, describe the entity's business (including business lines or segments), ownership type (corporation, partnership, limited liability corporation, etc.), governance and operational structure (including ownership of or by a health care entity), annual revenues, and geographic areas of operation. For health care entities, also include provider type (hospital, physician group, etc.), facilities owned or operated, service lines, number of staff, geographic service area(s), and capacity or patients served in Oregon (e.g., number of licensed beds, number of patients, quantity of services provided annually). Include the mailing address, website(s), and Federal Tax ID(s) of entities involved in the proposed transaction. Limit the response to 500 words per entity described.

None of the other entities involved in the proposed transaction are health care providers or health care entities, as defined under Oregon law, other than Applicant. The other entities involved in the transaction consist of a consortium of banks, financial institutions and other lenders listed on Attachment A who have previously provided debt financing to Company and its subsidiaries, including the Applicant (collectively, the "Lender"). Lender has not previously held any ownership interests or governance control.

6. Briefly describe the nature and objectives of the proposed material change transaction, including any changes in ownership, governance, or operational structure, any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services).

This proposed transaction is an indirect partial change of ownership of the Applicant (which consists of two DSOs) that manage the Practice, consisting of one Oregon oral and maxillofacial surgery provider and one Oregon orthodontic services provider group. The objective of the proposed transaction is to restructure the Company's debt obligations and equity ownership while ensuring that Applicant will continue to deliver the same high-quality services to the Practice. Pursuant to the transaction, each of the investment firms will transfer their respective equity interests to Lender, resulting in an approximately 55% indirect transfer of control of the Applicant from the investment firms, in the aggregate, to Lender in exchange for modifications by Lender to certain of the Company's existing debt obligations, including the equitization of senior secured debt in exchange for preferred equity and an amendment to the terms of the remaining senior secured debt. The Company's dentist partners will retain up to approximately 45% of the indirect ownership of the Applicant. Following the proposed transaction, Lender will control the Company's board of managers, but day-to-day management will remain with the Company's existing management team. Importantly, neither ownership nor control over the Practice's operations will change because of the proposed transaction. Control over the professional diagnosis and treatment of the Practice's patients has and will remain exclusively and locally controlled by the Practice's Oregon-licensed dentists and other licensed professionals. As described above, Lender has previously provided financing to Company and Applicant, under which it had the right to foreclose on its loan to Company and Applicant and exchange outstanding debt for equity in Company and Applicant in the event of a default. Company and Applicant have defaulted on its debt to Lender due to increased interest expenses resulting from rising interest rates and the inability to pay debt service obligations to Lender on a current basis. We have attached pre- and post-closing organizational charts at Attachment B.

7. Briefly describe any anticipated operational or management changes resulting from the transaction, including changes in health care services offered, staffing changes, new investments or other initiatives, implementation of new policies and procedures, and organizational structure changes. Include a description of the transaction's impact on the financial stability of any entity involved in the transaction.

There are no anticipated operational or management changes resulting from the transaction and there will be no changes in the healthcare services or the management services provided to the Practice. The management services agreements currently in place between the Applicant and the Practice will not change as a result of the proposed transaction. As noted above, neither ownership nor control over the Practice's operations will change because of the proposed transaction. Control over the professional diagnosis and treatment of the Practice's patients has and will remain exclusively and locally controlled by the Practice's Oregon-licensed dentists and other licensed professionals. The transaction will result in a reduction in the Company's and Applicant's debt obligations. Additionally, the transaction will amend the terms of the Company's and Applicant's existing debt obligations to reduce the amount of cash interest to be paid on recurring basis. There are no anticipated new policies or procedures resulting from the transaction.

With respect to investments or other initiatives, as further discussed on the Term Sheet attached to this filing, in connection with this transaction and in addition to the debt equitization, there will be \$ [REDACTED] in new money financing provided by the lenders listed on Exhibit A to the Company (Applicant's parent entity). No additional equity capital will be provided in connection with the transaction. With respect to the Practice, there are no anticipated new investments or other initiatives as a result of the transaction.

II. Impact from the Proposed Transaction

8. Describe the expected impact – increase, decrease, or no change – of the proposed transaction on access to affordable health care in Oregon. Explain your answer.

The proposed transaction is not expected to have any impact on the price or access to health care services within Oregon, as the transaction involves an indirect investment in a DSO that provides administrative support services to the Practice, which is comprised of one Oregon oral and maxillofacial surgery provider and one Oregon orthodontic services provider group. The proposed transaction will not modify the existing management agreements in place. The Applicant will provide the same administrative support services to Practice following the change to support the Practice's continued provision of clinical care in the community.

9. Explain how, if at all, the proposed transaction will:
- improve health outcomes for residents of this state.

By restructuring the Company's current financing, the proposed transaction will allow the Company and its subsidiaries to continue providing support services to the Practice without interruption, thereby allowing the Practice to continue offering high quality dental services to the Oregon community.

- benefit the public good by reducing the growth in patient costs. (If the transaction will not reduce the growth in patient costs, explain why the proposed transaction is in the best interest of the public.)

The proposed transaction is expected to be in the best interest of the public because it allows the Practice to continue providing dental services to the community.

- c. benefit the public good by increasing access to services for medically underserved populations.

The proposed transaction is expected to benefit the public good by allowing the Practice to continue serving the community.

- d. benefit the public good by rectifying historical and contemporary factors contributing to health inequities or access to services.

N/A – the proposed transaction is not expected to have an effect on historical and contemporary factors contributing to health inequities or access to services.

- 10. Will the proposed transaction result in a decrease in competition? If no, please explain. If yes, describe any anticompetitive effects that may result from the proposed transaction.

No, the proposed transaction will not result in a decrease in competition. The transaction does not involve competitors or the consolidation of providers of health care service providers.

11. Indicate the date and nature of any applications, forms, notices, or other materials you have submitted regarding the proposed material change to any other state or federal agency. *Indicate the date and nature of any other applications, forms, notices, or other materials provided to other state or federal agencies relative to the proposed material change, including but not limited to the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.*

12. Will the proposed material change transaction change control of a public benefit corporation or religious corporation?

III. Signature

Certification and attestation are not required. The electronic signature below should be the name entered in Question #1 and an individual who can sign on behalf of the applicant.

Electronic Signature _____  _____ Date 1/30/24