

FIVE STAR QUALITY CARE, INC.

Form 8-K

October 27, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **October 17, 2016**

FIVE STAR QUALITY CARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of Incorporation)

001-16817

(Commission File Number)

400 Centre Street, Newton, Massachusetts

(Address of Principal Executive Offices)

04-3516029

(IRS Employer Identification No.)

02458

(Zip Code)

617-796-8387

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(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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In this Current Report on Form 8-K, the terms we, us, and our refer to Five Star Quality Care, Inc.

Item 8.01. Other Events.

Lender Consent and Waiver

On October 17, 2016, ABP Acquisition LLC, ABP Trust, Barry M. Portnoy and Adam D. Portnoy, or, collectively, ABP, requested the consent and waiver of the required lenders, or the Lender Consent, under our secured revolving credit facility of any default or event of default under the agreement governing such credit facility resulting from the acquisition by ABP of more than 35% of the combined voting power of all of our voting interests. In connection with this request, on October 21, 2016, we entered into a letter agreement with ABP pursuant to which ABP confirmed their agreement to reimburse us for all of our out-of-pocket fees and expenses reasonably incurred in connection with such request and acknowledged that the Lender Consent does not vary any terms or conditions of the Consent, Standstill, Registration Rights and Lock-Up Agreement, dated as of October 2, 2016, among us and ABP. On October 21, 2016, the required lenders under our secured revolving credit facility granted the Lender Consent. A copy of the letter agreement is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Stockholder Correspondence

On October 13, 2016, William F. Thomas and Robert D. Thomas, or, together, William and Robert Thomas, announced their intention to commence, through an affiliated entity, a tender offer to purchase up to 10,000,000 shares of our common stock, par value \$.01 per share, or Shares, at a price of \$3.45 per Share in cash, or the Thomas Tender Offer. By a letter to us dated October 17, 2016, William F. Thomas requested that we waive certain restrictions in our bylaws and charter in connection with the proposed Thomas Tender Offer. Copies of that letter and our response, dated October 27, 2016, to that letter are attached as Exhibit 99.2 and Exhibit 99.3, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

In his letter to us of October 17, 2016, William F. Thomas advised us that he was making a similar request to Senior Housing Properties Trust, or SNH. On October 27, 2016, SNH provided us with a copy of its response to the letter dated October 17, 2016 from William F. Thomas to SNH. Copies of that letter and SNH's response, dated October 27, 2016, to that letter are attached as Exhibit 99.4 and Exhibit 99.5, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

Information Regarding Certain Relationships and Related Person Transactions

ABP Acquisition LLC is a wholly owned subsidiary of ABP Trust. ABP Trust is the controlling stockholder of The RMR Group Inc., or RMR Inc. The RMR Group LLC, or RMR LLC, which provides business management services to us, is a majority owned subsidiary of RMR Inc. ABP Trust controls 91.4% of the voting power of the outstanding shares

of RMR Inc. and owns, directly and indirectly, an approximate 51.8% economic interest in RMR LLC. ABP Trust is owned by Barry M. Portnoy and Adam D. Portnoy. Barry M. Portnoy is and has been one of our Managing Directors since 2001. He is a managing director and executive officer of RMR Inc. and chairman of RMR LLC. Adam D. Portnoy, the son of Barry M. Portnoy, is a managing director, president and chief executive officer of RMR Inc. and the president and chief executive officer of RMR LLC.

RMR LLC also provides management services to SNH. We are SNH's largest tenant and we manage certain senior living communities for SNH. SNH is our largest landlord and currently our largest stockholder, owning 4,235,000 Shares, or approximately 8.6% of the outstanding Shares. SNH owns 2,637,408 shares of Class A common stock of RMR Inc., which represent less than 1% of the combined voting power of RMR Inc.'s common stock. Barry M. Portnoy is and has been a managing trustee of SNH since 1999 and serves as a director, managing director, trustee or managing trustee of the other companies to which RMR LLC or its affiliates provide management services. Adam D. Portnoy is and has been a managing trustee of SNH since 2007 and serves as a director, managing director, trustee or managing trustee of a majority of the other companies to which RMR LLC or its affiliates provide management services. RMR LLC employs certain of our and SNH's executive officers, and we lease our headquarters from a subsidiary of ABP Trust. In addition, officers of RMR LLC and RMR Inc. serve as our officers and officers of other companies to which RMR LLC or its affiliates provide management services. Two of our Independent Directors also serve as independent directors or independent trustees of other public companies to which RMR LLC provides management services.

For further information about these and other such relationships and related person transactions, please see our Annual Report on Form 10-K for the year ended December 31, 2015, or our Annual Report, our definitive Proxy Statement for our

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TERMS OF THE PROPOSED THOMAS TENDER OFFER WOULD BE.

THE INFORMATION CONTAINED IN OUR FILINGS WITH THE SEC, INCLUDING UNDER RISK FACTORS IN OUR PERIODIC REPORTS, OR INCORPORATED THEREIN, IDENTIFIES OTHER IMPORTANT FACTORS THAT COULD CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS. OUR FILINGS WITH THE SEC ARE AVAILABLE ON THE SEC S WEBSITE AT WWW.SEC.GOV.

YOU SHOULD NOT PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.

EXCEPT AS REQUIRED BY LAW, WE DO NOT INTEND TO UPDATE OR CHANGE ANY FORWARD LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Letter Agreement dated October 21, 2016 among Five Star Quality Care, Inc. and ABP Acquisition LLC, ABP Trust, Barry M. Portnoy and Adam D. Portnoy.

99.2 Letter dated October 17, 2016 from William F. Thomas to Five Star Quality Care, Inc.

99.3 Letter dated October 27, 2016 from Five Star Quality Care, Inc. to William F. Thomas.

99.4 Letter dated October 17, 2016 from William F. Thomas to Senior Housing Properties Trust.

99.5 Letter dated October 27, 2016 from Senior Housing Properties Trust to William F. Thomas.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIVE STAR QUALITY CARE, INC.

By:	/s/ Richard A. Doyle
Name:	Richard A. Doyle
Title:	Chief Financial Officer and Treasurer

Dated: October 27, 2016