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AMERICAN RETIREMENT CORP

Form 8-K

July 13, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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): July 13, 2005 (July 7, 2005)

AMERICAN RETIREMENT CORPORATION

-----  
(Exact Name of Registrant as Specified in Charter)

Tennessee

01-13031

62-1674303

-----  
(State or Other Jurisdiction  
of Incorporation)

-----  
(Commission  
File Number)

-----  
(I.R.S. Employer  
Identification No.)

111 Westwood Place, Suite 200  
Brentwood, Tennessee

37027

-----  
(Address of Principal Executive Offices)

-----  
(Zip Code)

(615) 221-2250

-----  
(Registrant's Telephone Number, Including Area Code)

Not Applicable

-----  
(Former Name or Former Address, if Changed Since Last Report)

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 (see General Instruction A.2. below):

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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Item 1.01. Entry into a Material Definitive Agreement

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

On July 7, 2005, we acquired all of the real property interests underlying Freedom Plaza Care Center (FPCC), a 128-bed skilled nursing and 44-unit assisted living center in Peoria, Arizona for \$20.3 million. We previously operated FPCC pursuant to a long-term operating lease with Maybrook Realty, which was 50% owned by W.E. Sheriff, our chairman, chief executive officer and president. We consummated the acquisition pursuant to an option under the lease, which provided for a fixed purchase price of \$20.3 million. We also contemporaneously acquired the third-party ground lessor's interest in the property, including an adjacent parcel of land, for a purchase price of \$3.1 million. The total purchase price for these two transactions was \$23.4 million, which was supported by a fair market value appraisal. We paid the purchase price with \$4.7 million of cash and the proceeds of an \$18.7 million mortgage loan obtained from Bank of America, N.A. The loan is evidenced by a loan agreement and two promissory notes and is secured by the community. The \$18.7 million mortgage loan matures on July 1, 2010, and requires principal payments to be made on an 18-year amortization schedule. Half of the outstanding principal balance of the loan will bear interest at a fixed rate of 6.61% and the other half of the outstanding principal balance will bear interest at a variable rate calculated, at our election, at either the prime rate plus 1% or the eurodollar fixed rate plus 2.375% (or a combination thereof).

As a result of these transactions, we simultaneously acquired the real estate interests of both Maybrook and the ground lessor in FPCC and, consequently, own 100% of the community. On July 7, 2005, we also entered into a \$4.5 million construction loan administration agreement (and related promissory note) with Bank of America, N.A. in order to finance a 21 assisted living unit and 20 dementia bed expansion of the community. The \$4.5 million loan matures on July 1, 2010, requires quarterly principal payments beginning April 1, 2008, and bears interest at a variable rate calculated, at our election, at either the prime rate plus 1% or the eurodollar fixed rate plus 2.375% (or a combination thereof).

Item 7.01. Regulation FD Disclosure

On July 7, 2005, we issued a press release describing the foregoing transactions. A copy of the press release is furnished herewith as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

99.1 Press Release dated June 7, 2005

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

AMERICAN RETIREMENT CORPORATION

By: /s/ Bryan D. Richardson

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Bryan D. Richardson  
Executive Vice President - Finance  
and Chief Financial Officer

Date: July 13, 2005

EXHIBIT INDEX

Exhibit Number -----	Description -----
99.1	Press Release dated June 7, 2005