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OUR FILE NUMBER: 106193-000100

October 27, 2025

Via Email

Michael Contantino  
Project Reviewer  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

**RE: Oak Hill Senior Living and Rehabilitation Center (Project No. 25-031)**

Dear Mr. Constantino:

This office represents Monroe County, Illinois (“Monroe County” or the “County”), Accolade Ventures LLC, and Accolade Healthcare of Waterloo LLC (collectively, the “Applicants”). In this capacity, we are responding to the Illinois Health Facilities and Services Review Board (the “State Board”) letter dated September 26, 2025, requesting additional information related to the change of control of Oak Hill Senior Living and Rehabilitation Center (“Oak Hill”).

- 1. Will the current resident agreements and contracts be honored, or will new ones need to be signed?**

All current resident agreements and contracts will be honored.

- 2. How will the transition plan, a requirement under Illinois law, Illinois Public Act 103-0776, ensure a seamless transfer of operations with no gap in resident care, safety, and staffing?**

Monroe County and Accolade Healthcare of Waterloo LLC entered an operations transition plan to ensure resident care and appropriate staffing levels are maintained to ensure a seamless transfer of operations with no gap in resident care, safety, and staffing. A copy of the Operations Transition Plan is attached at Attachment – 1.

**3. Under new ownership, will residents receive a thorough re-evaluation of their needs, as mandated by Illinois law?**

Each resident will receive a thorough re-evaluation of his/her needs, which shall include a standardized, functional, and objective evaluation of his/her abilities, strengths, interests, and preferences to develop an individualized care plan for each resident.

**4. What services will be maintained, added, or changed under the new management? This included dining, activities, therapy, and memory care.**

Pursuant to the Operations Transition Plan, all current resident care plans will remain active and unaltered during the transition period. Accolade Healthcare of Waterloo will document care plans on the facility's electronic medical records system, which will be accessible to relevant care staff. Interdisciplinary care teams responsible for each resident's plan of care, including nursing, therapy, dietary, social services, and activities, will remain intact. Residents will continue to receive regular assessments and updates to their care plans pursuant to standard protocols. Transition meetings will continue between outgoing and incoming leadership, as applicable, to ensure a comprehensive understanding of each resident's current needs and preferences. Once operational control is transitioned to Accolade Healthcare of Waterloo, it will evaluate the existing services at the facility to determine services that will be maintained, added, or changed based on need. Importantly, Accolade plans to increase clinical capabilities, e.g., providing more complex wound care.

During the October 8, 2025, public hearing, several members of the public commented on perceived eliminated services at Oak Hill, i.e., memory care unit, activities staff, and gift shop. First, it is important to understand that prior to July 1, 2022, Illinois paid facilities with a certified memory care unit enhanced reimbursement for those services. Once the enhanced revenue expired, the incentive for memory care certification no longer existed. While the decision was made to no longer seek certification of the Oak Hill memory care units, Accolade will continue to follow the memory care regulatory requirements, and the units will continue to function as memory care units. No changes will be made to the staffing or staff training for those units, and Oak Hill will continue to accept residents requiring memory care. In fact, Accolade will offer sensory care activities to residents in the memory care units, something that is currently not offered at Oak Hill. With respect to elopement concerns, Accolade will keep the memory care units as secure units and will seek a waiver to keep the exterior doors locked.

Regarding elimination of activities staff, there will be no changes to activities staffing.

Finally, no plans exist to close the Oak Hill gift shop. The County understands the importance of the gift shop to the Oak Hill community and recently installed new equipment, including a refrigerator for drinks, and new flooring. Additionally, the County has deep cleaned the kitchen, which had not been done since the building opened in 2006. Additionally, Oak Hill began providing more prepared food, like macaroni and cheese and grilled burgers, rather than warming up prepackaged food in the microwave.

**5. What is the plan to retain existing staff, especially given past employee complaints about communication?**

As discussed more fully at the October 8, 2025, public hearing, in the Spring of 2023, the County Commissioners were advised of a Medicare billing issue at Oak Hill. The County engaged Armanino, a national accounting firm, to identify the problem that led to the issue. Over the course of the engagement, the County determined it does not have the requisite expertise, support, or underlying knowledge to successfully operate Oak Hill. This was recently affirmed by its attorneys, Baker Donelson, who have been engaged in assisting the County with its Medicare voluntary disclosure and repayment. A copy of the letter is attached as Attachment – 2.

The County explored three options that would address the operational issues at Oak Hill identified by both Armanino and Baker Donelson: (1) hire new personnel, (2) engage a management company, or (3) lease the skilled nursing facility to a third-party operator. Hiring a new administrator and staff, if it could identify and hire the necessary personnel, would be a significant cost to the taxpayers both in monetary terms and government services. The County previously engaged a management company with mixed results. The third option, and the one the County ultimately settled upon, that would ensure the ongoing survival of Oak Hill was to lease it to a third-party with requisite experience and expertise in operating skilled nursing facilities.

Despite finding a solution that would ensure the survival of Oak Hill, the County was not confident it could find a suitable partner. Due to the specialized nature of the nursing home industry, the Board engaged the help of a real estate broker to find a lessee/operator. The County had eight (8) NDAs signed by prospective lessees/operators. All the operators, except for Accolade, passed on the opportunity. The County and Accolade had over 8 weeks of due diligence. County employees and our County Board Chair visited an Accolade facility and met with their staff. The County also reached out to Matt Pickering with HCCI to discuss Accolade and general questions about the state of the long-term care industry. Through these ongoing communications, the County became confident Accolade Healthcare was the right group to shepherd Oak Hill into the future. Accolade Healthcare has the expertise that will equip them for continued success and ensure Oak Hill will remain a vital part of this community for generations to come.

**6. What will be the staff-to-resident ratio and will a registered nurse be on site 24/7?**

Currently, the staffing at Oak Hill exceeds both the State and national average.<sup>1</sup> Accolade Healthcare of Waterloo will strive to maintain the budgeted staffing levels outlined in the Operations Transition Plan. There will be a registered nurse on site 24/7.

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<sup>1</sup> See U.S. Centers for Medicare and Medicaid Services, Medicare.gov available at <https://www.medicare.gov/care-compare/details/nursing-home/145445?city=Waterloo&state=IL&zipcode=> (last visited Oct. 7, 2025) documenting 4 hours and 12 minutes of nurse staff hours per resident day at Oak Hill compared to Illinois average of 3 hours and 26 minutes per resident day and national average of 3 hours and 51 minutes per resident day.

**7. What are the full terms of the five-year lease agreement with Accolade, including renewal options and conditions?**

The Applicants submitted the lease agreement under privilege.

**8. How will the new operator and county board ensure transparency and ongoing public input during the transition?**

Claims regarding the lack of transparency surrounding the change of control are unfounded. In advance of the planned announcement of the pending lease agreement with Accolade, the County labor attorney contacted the union business agent on October 4, 2025, to provide advance notice of the pending lease agreement.

On August 26, 2025, Monroe County conducted a Special County Board meeting to discuss the transfer of operational control from Monroe County to Accolade Healthcare of Waterloo. The County presented the basis for the transfer of operational control, and members of the public were provided an opportunity to provide comments on the proposed transaction. Members of the public have access to the agreements/contracts on the County's website at <https://monroecountyil.gov/departments/board-of-commissioners/oak-hill-nursing-home-lease-information/>.

Since the announcement of the proposed operational transfer, Accolade has conducted town halls with residents and families as well as meetings with employees to address questions and concerns regarding the transfer of operations.

**9. How will the county measure performance?**

The Operations Transfer Agreement, which is attached as Attachment - 3 includes performance measures requiring Accolade Healthcare of Waterloo to provide ongoing updates to the Monroe County Board about the transition.

**10. Has the signed operations transition plan, required by Illinois Public Act 103-0776, been submitted and approved?**

The Operations Transition Plan was submitted to the Illinois Department of Public Health on October 3, 2025.

**11. Please provide a copy of the entire lease agreement.**

The Applicants submitted the lease agreement under privilege.

Michael Constantino  
Monday, October 27, 2025  
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Thank you for allowing us to provide additional information on the change of control of Oak Hill Senior Living and Nursing Center. Please let us know if you require anything further.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper". The signature is written in a cursive style with a large initial "A" and a stylized "M".

Anne M. Cooper

**Attachment – 1**  
**Operations Transition Plan**

## **Operations Transition Plan**

For facility located at

623 Hamacher St., Waterloo, IL 62298

Transferor: Monroe County [Oak Hill]

Transferee: Accolade Healthcare of Waterloo, LLC

Intended Transfer Date: 12/1/2025

This Operations Transition Plan (this "Plan") addresses a nursing home change of ownership or transfer of operations (the "Transfer") intended to, among other things, change the named licensee from Transferor to Transferee. This Plan serves as the required notice of a planned operations transfer at the above-named location and this Plan implements a seamless transition in resident care, staffing, and safety particularly during the 30-day periods before and after the Transfer.

### **Resident care:**

- **Care Plan Preservation:** All current resident care plans will remain active and unaltered during the transition. Care plans are documented in the facility's EMR (Electronic Medical Records) system and accessible to all relevant care staff.
- **Staff Consistency:** The interdisciplinary care teams responsible for each resident's plan of care—including nursing, therapy, dietary, social services, and activities—will remain intact.
- **Ongoing Assessments:** Residents will continue to receive regular assessments and updates to their care plans per standard care protocols, including quarterly MDS assessments and as-needed changes based on condition changes.
- **Handoff Briefings:** Transition huddles will be conducted between outgoing and incoming leadership (as applicable) to ensure a comprehensive understanding of each resident's current needs and preferences.

**Staffing levels:** Transferor and Transferee will ensure adherence to minimum staffing requirements, at a minimum, while striving to staff at budgeted levels outlined below to maintain staff-to-resident ratios to prevent burnout:

#### **1. IL Minimum Staffing requirements**

- a. RN:4
- b. LPN: 11
- c. Total Nursing:15
- d. CNAs: 32

#### **2. Budgeted**

- a. RN: 8
- b. LPN: 13
- c. Total Nursing:21
- d. CNAs:32

**Safety protocols:** Transferee and Transferor will review and maintain current policies related to Infection control measures, emergency preparedness, and safe resident handling procedures.

**Protecting resident rights:** Residents and their responsible party will be made aware of the transition and provided with a contact hotline for any concerns to ensure resident rights are protected throughout the 60-day transition period.

**Policies and Procedures:** Transferee intends to utilize the Transferor's existing policies and procedures that staff and residents are accustomed to and assess the need to phase in any changes that may be needed.

**Vendor and Supplier communications:** Transferee intends to utilize the Transferor's existing Vendors and Suppliers staff and residents are accustomed to and assess the need to phase in any changes that may be needed. Transferee is assuming current vendor contracts. In the event a vendor needs to be replaced transferee will ensure that vendor supplies are equal or greater in services.

**Data and record transfers:** All resident records, medical histories, care plans, and financial information are being copied and transferred accurately and securely through an EMAR electronic copy 12/1/2025, until such time, the existing EMAR of Transferor will be used by Transferee. Transferee will be using the same EMAR system as Transferor so that staff will not have to be reeducated on new software systems and maintain continuity.

#### **Post-Transition:**

Transferee will provide close monitoring of changes in health, behavior or comfort levels of residents as if they are new admits ensuring changes in condition are recognized and addressed.

Transferee will hold Regular Staff check-ins to discuss concerns and challenges and provide support to ensure retention.

*[remainder of page Intentionally blank. Signature page to follow]*

Operations Transition Plan  
For facility located at  
623 Hamacher St., Waterloo, IL 62298

Agreed to by:

TRANSFEROR

Monroe County

By: George E. Green

Name: George E. Green

Its: Chairman

TRANSFeree

Accolade Healthcare of Waterloo

By: Moshe Freedman

Moshe Freedman

Its: Manager

Illinois Department of Public Health

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**Attachment – 2**

**Baker Donelson Letter**

**Attachment – 3**  
**Operations Transfer Agreement**

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**OPERATIONS TRANSFER AGREEMENT**

by and among

**Monroe County, Illinois,**  
a political subdivision of the State of Illinois

the “Old Operator”

and

**ACCOLADE HEALTHCARE OF WATERLOO, LLC and WATERLOO SLP, LLC,**  
each an Illinois limited liability company,

collectively, “New Operator”

Dated as of: October 1, 2025

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## **OPERATIONS TRANSFER AGREEMENT**

This **OPERATIONS TRANSFER AGREEMENT** (this "**Agreement**") is entered into this 1st day of October, 2025 (the "**Effective Date**") by and between the parties undersigned as Old Operator ("**Old Operator**") and the parties undersigned as New Operator ("collectively "**New Operator**").

WITNESSETH:

**WHEREAS**, Old Operator owns and operates that certain land, building, furniture, fixtures and equipment comprising the one hundred forty-four (144) bed licensed skilled nursing facility, assisted living facility, memory care and supportive living facility and fifty (50) room supported living facility ("**SLF**") commonly known as Oak Hill, Magnolia Terrace, Whispering Pines, and Evergreen Court, located at 623 Hamacher Street, Waterloo, IL (each a "**Facility**" and collectively the "**Facility**"), and all of the furniture, fixtures and equipment and other items of personal property located therein (the "**Personal Property**" and collectively with the Facility, the "**Property**");

**WHEREAS**, as of the Effective Date, New Operator and Old Operator are parties to that certain lease agreement providing for the lease of the Facility by Old Operator to the respective New Operator, which lease agreement will commence as of the Closing (as defined below) (the "**Lease**"); and

**WHEREAS**, in furtherance of a desire by the parties hereto to ensure a smooth transition of operations of the Facility, the parties hereto desire to enter into this Agreement.

**NOW, THEREFORE**, for the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged by the parties hereto, the parties hereto agree as follows:

**1. CLOSING.**

a. The closing of the transactions contemplated hereby (the "**Closing**") shall take place on the first day of the first month following New Operator's receipt of licensure approval (such date referred to herein as the "**Closing Date**"), subject to the satisfaction or waiver of each of the closing conditions set forth in Section 2 hereof (other than those conditions which can only be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing). The Closing shall be effective as of 12:01 a.m. (Central Time) on the Closing Date (the "**Effective Time**").

**2. CONDITIONS PRECEDENT.** New Operator's obligation to consummate the transactions contemplated in this Agreement shall be subject to the satisfaction of New Operator or the waiver thereof by New Operator of the following conditions precedent on or prior to the Closing Date, which waiver shall be binding upon New Operator only to the extent made in writing and dated as of the Closing Date:

a. Old Operator shall have duly and timely performed and fulfilled in all respects all of its duties, obligations, promises, covenants and agreements hereunder;

b. Each of the representations and warranties of Old Operator contained in this Agreement shall have been true, correct complete and not misleading in all respects as of the Effective Date and as of the Closing Date;

c. Old Operator shall have delivered to New Operator on or before the Closing Date the following, each of which shall be in form and substance satisfactory to New Operator:

1. A bill of sale, in substantially the form annexed hereto as Exhibit A (the "Bill of Sale"), containing a warranty of title, duly executed and acknowledged by each Old Operator, sufficient to convey to New Operator good and indefeasible title, free of all Liens, in and to the personal properties included in the Transferred Assets, including Vehicles (as defined in Exhibit C;

2. An assignment by Old Operator, in substantially the form annexed hereto as Exhibit B (the "General Assignment"), of all of Old Operator's right, title and interest in, to and under:

i. The Assumed Contracts (as defined herein);

ii. The Patient Trust Funds and Property (as defined herein);

iii. The Provider Agreements(as defined in Exhibit C);

iv. The Resident Agreements (as defined herein); and

v. Telephone Numbers.

3. A duly executed certificate of an authorized commissioner of the Monroe County Board of Commissioners or its managing constituent, dated as of the Closing Date, to the effect and stating that (A) this Agreement and the Other Documents to which Old Operator is a party have been duly authorized, executed and delivered by Old Operator pursuant to all necessary resolutions or consents of the appropriate governing body of Old Operator, and appearing on said certificate are the true signatures of all persons who have executed this Agreement and the Other Documents to which Old Operator is a party on behalf of Old Operator, (B) the executing persons are fully authorized to act on behalf of Old Operator or its constituent partners or members, as applicable and (C) the representations and warranties of Old Operator contained in this Agreement are true and correct in all material respects as of the Closing Date, and that all covenants required to be performed by Old Operator on or prior to the Closing Date have been performed in all material respects;

4. All Permits, if any, issued by any Governmental Authority relating to the operating of the Facility by Old Operator running to, or in favor of, Old Operator, to the extent legally assignable;

5. Counterparts to the Other Documents duly executed by all parties thereto (other than New Operator);

d. As of the Closing Date, Old Operator shall have no unpaid outstanding balance on any civil monetary penalty ("CMP") or other federal, state or local fine and/or penalty ("Penalty"), nor any Recapture Claim (as defined herein);

e. Between the Effective Date and the Closing Date, there shall not have been imposed against Old Operator, nor shall have Old Operator have received notice of: (a) any survey deficiency of the severity level of "F" or worse, (b) any placement on the CMS Special Focus Facility ("SFF") list of any watch list, or (c) any imposition of a bar on admissions or denial of payment for new admissions. For the avoidance of doubt, this closing condition only applies to the extent such penalties or deficiencies are not remedied or paid prior to Closing.

f. At the Closing, Old Operator shall transfer or cause to be transferred to New Operator the Patient Trust Funds and Property in compliance with all Applicable Laws with respect to the transfer of such Patient Trust Funds and Property and in accordance with the provisions of Section 5 below;

g. At the Closing, Old Operator shall grant to New Operator a license to use, with respect to the Facility, any of Old Operator's trade names, trademarks, logo types, or other similar descriptive items associated with the name of the Facility, the Website Material, and, upon New Operator's receipt of New Operator's written request, any other intangible assets of Old Operator. The duration of such license shall be for the entire Term of the Lease, as extended Old Operator shall also transfer its license to the Telephone Numbers to New Operator.

h. Between the Effective Date and the Closing Date, there shall not have been any material adverse change in the regulatory status and/or condition of any of Old Operator's Permits;

i. Between the Effective Date and the Closing Date, there shall not have been any material adverse change to the business operations, financial condition, or prospects of the Facility;

j. On the Closing Date, there shall not be any lawsuits filed or threatened against Old Operator which are not covered by insurance and being defended, subject to policy limits and any reservation of rights; nor shall there be any actions, suits, claims or other proceedings, pending or threatened, or injunctions or orders entered, pending or threatened against Old Operator, to restrain or prohibit the consummation of any of the transactions contemplated under this Agreement and the Other Documents;

k. On the date of Closing there shall be at no less than 90% of the number of residents as compared to the number of residents as of the Effective Date in the skilled nursing facility, and all shall have recognized payor sources, and there shall be at no less than 85% of the number of residents as compared to the number of residents as of the

Effective Date in the supportive living facility, and all shall have recognized payor sources.

l. New Operator shall have received DOH approval of the licensure and all other Regulatory Approvals required by New Operator in order to operate the Facility in the manner presently operated by Old Operator, subject to conditions acceptable to New Operator in its reasonable discretion, and such approvals shall not have been revoked or modified;

m. New Operator or Old Operator, as the case may be, shall have approved of any updates to the Schedules and/or Exhibits made by the other party, pursuant to Section 19 hereof;

n. The Lease shall be in full force and effect and commence as of the Closing Date;

o. Old Operator shall obtain a policy of tail insurance continuing the coverage currently in place at the Facility for a period of two (2) years following the Closing, and shall include New Operator as an additional insured on such policy;

p. Old Operator shall have credited or paid to New Operator all amounts accrued (but not paid) through the Closing Date for bed tax obligations in accordance with the Illinois Department of Healthcare and Family Services ("HFS") Provider Notice dated 11/26, 2024 (the "HFS Provider Notice"), including, for the avoidance of doubt, those accruing in the month prior to the Closing Date, but are not due until after the fifteenth of the month following the Closing Date, and shall have provided to New Operator a copy of Old Operator's bed tax calculation files for such bed taxes accrued but not paid by Old Operator .

q. Old Operator's obligation to consummate the transactions contemplated in this Agreement shall be subject to the satisfaction of Old Operator or the waiver thereof by Old Operator of the following conditions precedent on and as of the Closing Date, which waiver shall be binding upon New Operator only to the extent made in writing and dated as of the Closing Date:

1. New Operator shall have duly and timely performed and fulfilled all of its duties, obligations, promises, covenants and agreements hereunder;

2. Each of the representations and warranties of New Operator contained in this Agreement shall be true, correct, complete and not misleading in all respects as of the Effective Date and the Closing Date;

3. New Operator shall have executed and delivered to Old Operator the following, each of which shall be in form and substance satisfactory to Old Operator;

i. A duly executed certificate of an authorized officer of New Operator or its managing constituent, dated as of the Closing Date, to the effect and

stating that (A) this Agreement and the Other Documents to which New Operator is a party have been duly authorized, executed and delivered by Old Operator pursuant to all necessary resolutions or consents of the appropriate governing body of New Operator, and appearing on said certificate are the true signatures of all persons who have executed this Agreement and the Other Documents to which New Operator is a party on behalf of New Operator, (B) the executing persons are fully authorized to act on behalf of New Operator or its constituent partners or members, as applicable and (C) the representations and warranties of New Operator contained in this Agreement are true and correct in all material respects as of the Closing Date, and that all covenants required to be performed by New Operator on or prior to the Closing Date have been performed in all material respects; and

ii. An executed Form of General Assignment; and

iii Counterparts to the Other Documents duly executed by all parties thereto (other than New Operator)

4. On the Closing Date, there shall not be any lawsuits filed or threatened against New Operator which are not covered by insurance and being defended, subject to policy limits and any reservation of rights; nor shall there be any actions, suits, claims or other proceedings, pending or threatened, or injunctions or orders entered, pending or threatened against New Operator, to restrain or prohibit the consummation of any of the transactions contemplated under this Agreement and the Other Documents;

5. The closing conditions described in the Purchase Agreement shall have been met and the closing under the Purchase Agreement shall occur concurrently herewith.

In the event that either of the parties hereto (a "Waiving Party") waives a condition precedent to its performance hereunder, or otherwise elects to proceed with the Closing despite the fact that one or more conditions precedent to its performance have not been satisfied, such action by the Waiving Party shall in no way be deemed a waiver of any payment, indemnification or other rights of the Waiving Party with respect to such condition, and the Waiving Party shall be entitled, following the Closing, to pursue any and all available remedies at law or equity with respect thereto.

### **3. LIABILITIES OF OLD OPERATOR.**

a. Except as specifically and unambiguously set forth herein (including but not limited to Section 8(c) and Sections 13(a) – (c)), New Operator shall not be the successor to Old Operator, and Old Operator hereby acknowledges and agrees that pursuant to the terms of this Agreement, neither New Operator nor any of its Affiliates shall assume or become liable to pay, perform or discharge any of the Liabilities of Old Operator of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of this or any other transaction or event and whether or not relating to Old Operator any of the Business,

regardless of any disclosure made or exceptions noted with respect to the representations and warranties, covenants or agreements contained in this Agreement or any other document executed or delivered by Old Operator in connection with the transactions contemplated hereby, including the following specifically enumerated Liabilities (collectively the "Excluded Liabilities"):

- i. All Liabilities for Indebtedness of Old Operator;
- ii. All Liabilities of Old Operator that relate to any of the Excluded Assets (as defined herein);
- iii. All Liabilities of Old Operator or for which Old Operator could be liable relating to Taxes (including with respect to the Transferred Assets or otherwise) including any Taxes that will arise as a result of the transfer of any of the Transferred Assets pursuant to this Agreement and any Liability related to Taxes of Old Operator imposed upon New Operator by reason of New Operator's status as transferee of the Business or any of the Transferred Assets (including under any bulk sales law);
- iv. All Transaction Expenses of Old Operator in connection with, resulting from or attributable to the transactions contemplated by this Agreement and the Other Documents;
- v. All Liabilities of Old Operator that relate to the Recapture Claims (as defined herein);
- vi. Any Liability arising out of any Action commenced against Old Operator or with respect to any of the Transferred Assets after the Closing, the facts of which arise out of, or relate to, any occurrence, circumstance or event happening or existing prior to the Effective Time;
- vii. Any Liability of Old Operator relating to any Action for malpractice, professional liability, resident rights violations or violations of employee rights or contracts or otherwise constitute or are alleged to constitute a tort, breach of contract or violation of any law, rule, regulation, treaty or other similar authority;
- viii. Any Liability under any Assumed Contract which arises after the Closing, but which arises out of or relates to any breach or alleged breach that occurred prior to the Closing;
- ix. Any Liability of Old Operator for amounts due or which may become due or owing under any Existing Contracts with respect to the period prior to the Effective Time, whether known or unknown on the Effective Date;
- x. Any Liability with respect to the Current Employees (as defined

herein) or former employees, or both (or their personal representatives) of Old Operator (including any Liabilities arising under any Benefits Plan of Old Operator, other Liabilities described in Section 9 and Liabilities relating to any employer-paid portion of any employment and payroll Taxes that become payable in connection therewith), except for Liabilities expressly assumed by New Operator under Section 8(c);

xi. Any Liability pursuant to the WARN Act relating to any action or inaction of Old Operator on or prior to the Effective Time. The foregoing notwithstanding, any liabilities arising under the WARN Act as a result of New Operator failing to hire any Current Employee as of the Closing are expressly excluded from the Excluded Liabilities; New Operator shall bear any and all liability from failure to hire the number of Current Employees required by the WARN Act;

xii. Any Liability under any contract, agreement, lease, mortgage, indenture or other instrument of Old Operator, except for the Assumed Contract;

xiii. Any Liability to indemnify, reimburse or advance amounts arising prior to the Closing Date but payable on after the Closing Date, to any director, employee or agent of Old Operator;

xiv. Any Liability arising out of or resulting from non-compliance with any Applicable Law by Old Operator;

xv. Any Liability of Old Operator under this Agreement or any Other Document;

xvi. Any Liability of Old Operator resulting from overpayments or inappropriate billings; and

xvii. Any other Liabilities of Old Operator with respect to any acts, events or transactions whether occurred in the past, occurring at the present or occurring in the future prior to the Closing Date, known or unknown, liquidated or unliquidated, accrued or unaccrued, pending or threatened.

b. Except as otherwise provided in this Agreement, New Operator shall have no duty whatsoever to take any action or receive or make any payment or credit arising from or related to any services provided or costs arising from or related to any services provided or costs incurred in connection with the management and operation of the Facility prior to the Closing, including, but not limited to, any matters relating to Contracts, cost reports, collections, audits, hearing, or legal action arising therefrom.

c. The parties hereto agree and acknowledge that, notwithstanding anything to the contrary in this Agreement, Old Operator shall retain, and New Operator shall not accept, any of Old Operator's rights, title and interest in and to any assets of Old Operator

that are not Transferred Assets (the "Excluded Assets").

d. For the avoidance of doubt, nothing contained in this Agreement shall omit any claim or defenses New Operator may have against any Third Party. The transactions contemplated by this Agreement shall in no way expand the rights or remedies of any Third Party against Old Operator or New Operator as compared to the rights and remedies which such Third Party would have had against Old Operator had New Operator not assumed such Assumed Liabilities.

e. Closing Prorations. All costs and expenses relating to operation of the Facility, including without limitation bed taxes, provider taxes, gross receipts taxes, and quality assessment taxes, and all other taxes and utility charges, shall be prorated between Old Operator and New Operator as of the Effective Time. In the event the amount of any cost or expense has not been determined as of the Effective Time, the proration shall be made on the basis of one hundred percent (100%) of the last available bill for the applicable period and shall be re-prorated upon receipt of statements therefor. For purposes of clarification, in no event shall Old Operator be responsible for any of the amounts above that are attributable to any period on or following the Closing, and in no event shall New Operator be responsible for any of the amounts above that are attributable to any period prior to the Closing.

4. CONVEYANCE OF SUPPLIES. On the Closing Date, Old Operator shall transfer to New Operator all food, central supplies, linens and housekeeping supplies, other consumable and non-consumable inventory maintained with respect to the Facility and any other personal property held by or owned by Old Operator relating to the operation of the Facility (the "Supplies"). Old Operator shall transfer to New Operator all Supplies within the Facility on the date of Closing; such amount shall be consistent with the amount of Supplies that Old Operator maintains on hand in its ordinary course of business, provided such quantity shall not be less than an amount required for 14 days operation of the Facilities, except for perishable food, which quantity shall be an amount required for 7 days operation of the Facilities. Old Operator shall have no obligation to deliver the Supplies to any location other than that at which each item of Supplies is located on the date of Closing, and New Operator agrees that the presence of the Supplies at the Facility on the Closing Date shall constitute delivery thereof.

5. TRANSFER OF PATIENT TRUST FUNDS.

a. On or before the date that is one (1) day prior to the Closing Date, Old Operator shall provide to New Operator a true, correct and complete accounting (properly reconciled) certified as being true, correct and complete by Old Operator of any patient trust funds and an inventory of all residents' property held by Old Operator on the Closing Date for patients at the Facility ("Patient Trust Funds and Property").

b. At Closing, Old Operator shall transfer custody of, or cause to be transferred custody of, to New Operator the Patient Trust Funds and Property. Old Operator shall comply with all Applicable Laws with respect to the transfer of such Patient Trust Funds and Property. New Operator hereby agrees that it will accept custody of the Patient Trust

Funds and Property in trust for the residents, in accordance with Applicable Laws; provided, however, such transfer shall not relieve Old Operator of its custodial and fiduciary responsibilities for such funds and property to the beneficiaries thereof for the period prior to the Closing Date.

c. Old Operator will indemnify, defend and hold New Operator harmless from any and all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees: arising from i) Old Operator's failure to transfer custody of all Patient Trust Funds and Property to Old Operator, or ii) Old Operator's misappropriation or mishandling of any Patient Trust Funds and Property prior to the Closing Date.

d. New Operator will indemnify, defend and hold Old Operator harmless from any and all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, from or arising out of or in connection with i) Patient Trust Funds and Property, arising after the transfer of custody of the Patient Trust Funds and Property from Old Operator to New Operator in accordance with the terms of this Agreement, or ii) actions or omissions of New Operator after the Closing Date with respect to Patient Trust Funds and Property delivered by Old Operator to New Operator.

**6. COST REPORTS; OVERPAYMENTS, CIVIL MONETARY PENALTIES.**

a. Old Operator shall timely prepare and file with the appropriate Medicare and Medicaid agencies, its final cost reports in respect to its operation of the Facility as soon as practicable after the Closing Date, but in any event prior to the expiration of the period of time as may be required by Applicable Law for the filing of each such final cost report under the applicable third-party payor program, it being specifically understood and agreed that the intent and purpose of this provision is to ensure that the reimbursement paid to New Operator for the period beginning on the Closing Date is not delayed, reduced or offset in any manner as a result of Old Operator's failure to timely file such final cost reports.

b. Each party hereto agrees to notify the other within five (5) Business Days after receipt of any notice of any claim, audits, assessment inquiries, proceedings, disputes, examinations, determination or denials or similar events by DOH, CMS, OIG or any other Governmental Authority with respect to any of the following, relating to periods prior to the Effective Time: (i) an alleged Medicare, Medicaid, and/or Managed Care overpayment, or any other recoupment or adjustment to reimbursement, (ii) an alleged underpayment of any Tax or assessment or (iii) any other governmental or third-party payor claims (each, a "Recapture Claim"). For avoidance of doubt, the failure to provide notification of a Recapture Claim within the foregoing timeframe shall in no way effect a party's rights to indemnification with respect thereto.

c. In the event DOH, CMS, OIG, any other Governmental Authority making payments to New Operator for services performed at the Facility after the Closing or any other third-party payor makes any Recapture Claim, then Old Operator hereby agrees to

save, indemnify, defend and hold New Operator harmless from and against any Loss incurred or suffered by New Operator relating to, arising from, by reason of or in connection with any such claim. In connection with the foregoing indemnification obligation, in the event that DOH, CMS, OIG or any other Governmental Authority or other third-party payor source withholds amounts from New Operator's reimbursement checks as a result of a Recapture Claim, New Operator shall deliver written notice thereof to Old Operator and Old Operator shall pay such amounts to New Operator within three (3) Business Days following delivery of notice by New Operator. In the event Old Operator fails to appeal a Recapture Claim that Old Operator reasonably believes to be invalid, New Operator may, at Old Operator's reasonable expense, pursue an appeal of such Recapture Claim, in which case Old Operator will cooperate fully with New Operator in such appeal, including by providing copies of any documentation required to refute the Recapture Claim.

d. Old Operator shall pay, prior to the Closing, all outstanding Recapture Claims and any other fees and Taxes due with respect to the Facility, if any, for periods prior to the Closing, and, to the extent any such Recapture Claims, Taxes, or other fees are outstanding, shall deliver to New Operator, on or before the Closing, evidence reasonably satisfactory to New Operator of the foregoing payments. Old Operator shall remain liable and responsible for the correction of all violations cited in any survey conducted by DOH or any other Governmental Authority that arise from Old Operator's operation of the Facility prior to the Closing Date.

e. Old Operator shall deliver to New Operator copies of any Medicare and Medicaid cost reports for the Facility that have not been filed as of the Effective Date, for New Operator's review, at least ten (10) days prior to filing of such reports, and provide New Operator with reasonable access to the underlying documentation for such reports.

f. Old Operator shall be and remain obligated for and shall pay on or before the date due thereof all amounts of any license fees/taxes or other amounts payable to any Government Authority with jurisdiction over the Facility accrued prior to the Closing Date, including but not limited to any Medicaid provider taxes owed to HFS, IDPH or state bed tax or assessment. Old Operator shall provide to New Operator, on or before the Closing Date, evidence reasonably satisfactory to New Operator of payment of all of such fees and taxes.

## **7. CONTRACTS.**

a. As soon as practicable after the Effective Date, the Old Operator shall deliver to the New Operator true, accurate and complete copies of all Existing Contracts, a schedule of which is attached hereto as Schedule 7.a. Within thirty (30) days after receipt by New Operator of the Existing Contracts, New Operator shall provide Old Operator a list of the Contracts that New Operator desires to assume ("Assumed Contracts") which shall be attached to this Agreement as Schedule 7.b. In accordance with the terms of the General Assignment and this Agreement, Old Operator shall assign and transfer to New Operator all of Old Operator's rights, title and interest in, to and under the Assumed

Contracts, and New Operator shall assume all of the Liabilities of Old Operator under the Assumed Contracts that accrue after the Effective Time and that do not arise from occurrences, circumstances or events occurring or existing, or breaches existing at or prior to the Effective Time (it being understood that any interest, penalty or other amounts required to be paid under any Assumed Contract as a result of any non-payment or other breach by Old Operator thereunder shall not be an Assumed Liability). Any Existing Contracts that are not designated as Assumed Contracts by New Operator under the aforementioned procedures shall hereinafter be referred to as the "Rejected Contracts"

b. To the extent any third party consent is required in connection with the assignment and assumption of the Assumed Contracts, Old Operator hereby covenants and agrees to use commercially reasonable efforts to obtain such third party consent prior to the Closing Date. To the extent Old Operator shall be unable to obtain such third party consent, Old Operator and New Operator shall cooperate and take such steps as may be necessary in order for New Operator to receive the benefits under such Assumed Contracts, provided that New Operator agrees to fulfill any obligations of Old Operator that shall arise with respect to such Assumed Contracts on and after the Closing Date.

c. Old Operator shall also transfer, convey and assign to New Operator on the Closing Date all customer lists, prospect lists, and existing agreements with residents and any guarantors thereof (the "Resident Agreements"), to the extent assignable by Old Operator.

#### **8. EMPLOYEES.**

a. Old Operator shall terminate the employment of all employees providing services at the Facility, a listing of which as of the Effective Date is attached hereto as Schedule 8.a. (such listing, to include the current base salaries of all such employees) (the "Current Employees"), and to be updated as of the Closing Date. New Operator shall not be bound by or obligated to assume any employment contracts to which Old Operator is a party. Old Operator shall not make any material changes in the compensation or benefits of the employees at the Facility that are inconsistent with Old Operator's past practices prior to the Closing Date.

b. Immediately following the closing, New Operator shall offer employment to those employees determined by New Operator on terms acceptable to New Operator (hereinafter, the "Retained Employees"), a list of whom are provided in Schedule 8.b. New Operator agrees to use commercially reasonable efforts to prevent a material difference between the number of Current Employees and Retained Employees, provided however in no event shall the number of Retained Employees be less than the amount that would otherwise be required to avoid issuing a WARN notice if Old Operator was required to comply with the WARN Act. Nothing in this paragraph, however, shall constitute an employment agreement or condition of employment for any employee of Old Operator or any Affiliate of Old Operator who is a Current Employee. New Operator shall not assume or be a successor to any collective bargaining agreement to which Old Operator and any of the Current Employees are party to. New Operator hereby acknowledges that certain

Current Employees are members of United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC (hereafter referred to as "Union"), and recognizes such Union as a bargaining unit but does not assume or agree to enter into or be bound by any agreement with the Union.

c. On the Closing Date, for the Retained Employees only, Old Operator shall provide New Operator with a payment in an amount equal to all of the accrued (whether vested, unvested, contingent or mature) paid time off (which shall include all days for which Retained Employees are paid but do not actually work, such as sick days, vacation days, and holidays) and all other accrued but unpaid payroll obligations including but not limited to all FICA, withholding, unemployment, workmen's compensation, union dues or other employment related taxes in connection with the foregoing ("Old Operator's Employment Expenses"). New Operator expressly acknowledges that New Operator shall assume all obligations related to Old Operator's Employment Expenses. A schedule of the estimated Old Operator's Employment Expenses on November 30, 2025, as calculated on September 30, 2025, is attached hereto as Schedule 8.c., and shall be updated prior to the Closing to reflect actual Old Operator's Employment Expenses and amounts outstanding at the Closing. In the event that New Operator discovers after the Closing Date that the amount credited is less than the amounts required under this Section 8(c), Old Operator shall pay to New Operator, within ten (10) days after New Operator provides written notice thereof, an amount equal to such deficiencies.

## **9. ACCOUNTS RECEIVABLE.**

a. Old Operator shall retain the right to collect all unpaid Accounts Receivable of Old Operator with respect to or arising from periods prior to the Closing. If at any time after the Closing Date, New Operator shall receive any payment from any federal or state agency, which payment includes any reimbursement with respect to payments or underpayments made to Old Operator for services rendered prior to the Closing Date, then New Operator shall remit such payments to Old Operator. New Operator and Old Operator shall send copies of all Medicaid remittance advices to the other party for purposes of recording and pursuing Accounts Receivable for the period of twelve (12) months following the Closing Date and thereafter as reasonably requested by each party. If at any time after the Closing Date, Old Operator shall receive any payment from any federal or state agency, which payment represents reimbursement with respect to payments or underpayments made to New Operator for services rendered on or after the Closing Date, then Old Operator shall remit such payments to New Operator. Any such remittances pursuant to this Section 9.a. shall occur within five (5) Business Days from the date the party required to make such remittance receives payment thereof.

b. Any non-designated payments received by New Operator or Old Operator from non-governmental payment sources during a period of sixty (60) days following the Closing shall first be applied to any pre-Closing balances due to Old Operator for services provided prior to the Closing (with the excess, if any, applied to any post-Closing balances due for services rendered by New Operator following the Closing), and any such payments

received following such period of sixty (60) days shall first be applied to any post-Closing balances due New Operator for services provided after the Closing (with the excess, if any, applied to any pre-Closing balances due for services rendered by Old Operator prior to the Closing). Notwithstanding the foregoing, the parties agree and acknowledge that Social Security payments received by residents at the Facility, and provided as payment for services at the Facility, shall be applied towards payment for services rendered during the month with respect to which the Social Security payment was received by the resident.

**10. EMPLOYMENT RECORDS.** Old Operator shall deliver to New Operator, prior to the Closing Date, to the extent permitted by Applicable Law, either the originals or full and complete copies of all employee records for all Retained Employees in its possession (including, without limitation, all employee employment applications, W-4's, I-9's and any disciplinary reports) (collectively, the "Employee Records"). Old Operator represents and warrants to New Operator that the Employee Records delivered to New Operator represent all employee records of the Retained Employees in Old Operator's possession or control, which Old Operator is permitted to share with New Operator under Applicable Laws, as of the Closing Date.

**11. ACCESS TO RECORDS.**

a. On or before the Closing Date, and in accordance with Applicable Laws, Old Operator shall, at its sole cost and expense, deliver to New Operator the Books and Records of the Facility, including resident medical records with respect to residents at the Facility at Closing, and financial records. Provided, however, that nothing herein shall be construed as precluding Old Operator from removing from the Facility on or before the Closing Date Old Operator's financial records which relate to its operations at the Facility or to its overall operations; and provided, further, that Old Operator shall give New Operator access to any information in any such removed records as is necessary for the efficient and lawful operation of the Facility by New Operator or is otherwise required by law to be maintained at the Facility.

b. Subsequent to the Closing Date, New Operator shall allow Old Operator and its Representatives to have reasonable access to (upon reasonable prior notice, which shall be at least forty-eight (48) hours, and during normal business hours), and to make copies of, the books and records and supporting material of the Facility relating to the period prior to and including the Closing Date, at its own expense, to the extent reasonably necessary to enable Old Operator to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns.

c. Old Operator shall, if allowed by Applicable Law and subject to the terms of such Applicable Law, be entitled to remove any records delivered to New Operator, for purposes of litigation involving a resident or employee to whom such record relates, provided that a member of Old Operator's board or Old Operator's counsel delivers to New Operator a written certification of the necessity of such record in connection with such threatened or actual litigation. Any record so removed shall promptly be returned to New Operator following its use.

d. New Operator agrees to maintain such books, records and other material comprising records of the Facility's operations prior to the Closing Date that have been received by New Operator from Old Operator or otherwise, including resident records and records of Patient Trust Funds and Property, to the extent required by law, but in no event less than three (3) years.

e. Old Operator shall retain medical and financial records of residents no longer at the Facility at Closing but previously at the Facility in accordance with, and for as long as required by, Applicable Laws. Old Operator shall allow New Operator reasonable access to the foregoing resident records.

## **12. USE OF TELEPHONE NUMBER AND WEBSITE; POLICY AND PROCEDURE MANUALS.**

a. New Operator may use the present telephone numbers ("Telephone Numbers") as well as any websites or internet domain names ("Website Materials") of the Facility. Old Operator shall use commercially reasonable efforts to transfer or cause to be transferred, at New Operator's sole cost and expense, the Telephone Numbers as of the Closing Date.

b. Old Operator agrees to leave its policy and procedure manuals at the Facility and to transfer all of its right, title and interest in and to such policy and procedure manuals to New Operator under the Bill of Sale referenced in Section 2 of this Agreement.

## **13. PROVIDER AGREEMENTS.**

a. Effective on the Closing Date, Old Operator shall , assign and convey to New Operator the Medicare provider agreement and number in use at the Facility (the "Existing Medicare Provider Number"). Notwithstanding the foregoing, the Old Operator retains any and all rights and liabilities relating to the Existing Medicare Provider Number relating to any and all periods preceding the Closing Date. Old Operator and New Operator shall execute any and all documents necessary and will otherwise cooperate in connection with the assignment of the Existing Medicare Provider Number. During the pendency of New Operator's CMS Form 855A, and provided that New Operator uses commercially reasonable efforts to cause the intermediary to change the electronic funds transfer account or special payment address to the New Operator, the New Operator may bill Medicare under Old Operator's name and the Existing Medicare Provider Number, until the intermediary changes the electronic funds transfer account or special payment address to the New Operator. Notwithstanding the foregoing, New Operator shall be responsible for all rights and liabilities relating to the Existing Medicare Provider Number relating to any and all periods on or after the Closing Date, and shall indemnify, defend and hold Old Operator harmless for any and all Losses incurred by Old Operator related to the New Operator's use of Old Operator's Existing Medicare Provider Number. This Section 13 is intended to satisfy the requirements of Section 15.7.7.1.5 of the Medicare Program Integrity Manual.

b. Effective on the Closing Date, subject to Applicable Law, Old Operator

shall, upon the request of New Operator, assign and convey to New Operator the Medicaid provider agreement and number in use at the Facility (the "Existing Medicaid Provider Number"). Notwithstanding the foregoing, the Old Operator retains any and all rights and liabilities relating to the existing Medicaid Provider Number relating to any and all periods preceding the Closing Date. Old Operator and New Operator shall execute any and all documents necessary and will otherwise cooperate in connection with the assignment of the Existing Medicaid Provider Number. Provided that New Operator uses commercially reasonable efforts to cause the intermediary to change the electronic funds transfer account or special payment address to the New Operator, New Operator may bill Medicaid under Old Operator's name and the Existing Medicaid Provider Number, until the intermediary changes the electronic funds transfer account or special payment address to the New Operator. New Operator shall be responsible for all rights and liabilities relating to the Existing Medicaid Provider Number relating to any and all periods on or after the Closing Date, and shall indemnify, defend and hold Old Operator harmless for any and all Losses incurred by Old Operator related to the New Operator's use of Old Operator's Existing Medicaid Provider Number.

c. Effective on the Closing Date, subject to Applicable Law, Old Operator shall, upon the request of New Operator and to the extent assignable, and at no cost to Old Operator, assign and convey to New Operator all other third party payor agreements to which the Facility is a party. Notwithstanding the foregoing, the Old Operator retains any and all rights and liabilities relating to such third party payor agreements (including, without limitation all payments) relating to any and all periods preceding the Closing Date. Old Operator and New Operator shall execute any and all documents necessary and will otherwise cooperate in connection with the assignment of such third party payor agreement. Provided that New Operator uses commercially reasonable efforts to enter into new third party agreements in a timely manner, New Operator may bill such third party payors under Old Operator's name until it enters into a new agreement with such payors. New Operator shall be responsible for all rights and liabilities relating to any third party payor agreement assigned to it relating to any and all periods on or after the Closing Date.

**14. COOPERATION; INTERIM OPERATIONS OF THE FACILITY.** Old Operator agrees to cooperate with New Operator, and New Operator agrees to cooperate with Old Operator to affect an orderly transfer of the operation of the Facility. Old Operator and New Operator shall fully cooperate with each other in connection with: (i) New Operator submitting an application to DOH for licensure, (ii) any applications New Operator is required to submit with respect to the Provider Agreements, (iii) any additional actions or information required with respect to approval of the licensure and/or New Operator's Provider Agreements, or (iv) as is otherwise reasonably requested by either party in connection with the transactions contemplated herein.

From the date of this Agreement until the Closing, Old Operator shall operate the Facility in substantially the same manner as it has heretofore operated, and use commercially reasonable and diligent efforts to preserve intact the business operations and relationships of the Facility with Third Parties and to keep available the services of all of the Facility's employees. Without limiting the generality of the preceding sentences, until the earlier of (i) the Closing Date, or (ii) the

termination of this Agreement, Old Operator shall:

- a. Operate the Facility in the normal course of business and in compliance with all laws, ordinances, orders, rules, regulations and requirements of any Governmental Authority;
- b. Provide New Operator with weekly census reports for the Facility
- c. Maintain the Facility's licensure status in substantial compliance with all applicable laws, rules and regulations;
- d. Not sell, transfer or otherwise dispose of any of the Supplies except in the Ordinary Course of Business consistent with the prior practices of Old Operator without the prior written consent of New Operator;
- e. Not enter into any contract which shall become the obligation of New Operator nor modify, cancel, accept the surrender of or renew (except when any such acceptance of surrender or renewal is non-discretionary) any contract which exists at present without New Operator's prior written consent, which shall not be unreasonably withheld or delayed;
- f. Not decrease the private pay rates of the residents of the Facility without the prior written consent of New Operator;
- g. Maintain records in accordance with all applicable federal and state laws and in such manner so that all records will be prepared in a manner consistent with Old Operator's past practices, and will be current, complete, accurate and true;
- h. Not increase or promise to increase any wages or benefits of, or grant or promise to grant any bonuses to, any of the employees of the Facility in a manner that is inconsistent with old Operator's past practices without the prior written consent of New Operator;
- i. Not take any action which will or would cause any of the representations or warranties in this Agreement to become untrue or be violated;
- j. Perform all of its obligations in respect of the Facility whether pursuant to any contracts, or other requirements, including payment before the same shall become due of all taxes, duties and other governmental charges that accrue prior to the Closing Date;
- k. Not transfer residents from the Facility to any other skilled nursing facility, other than as requested by such resident or as required for the care of such resident; and
- l. Promptly inform New Operator in writing of any material event adversely affecting the ownership, use, occupancy, operation, management or maintenance of the Facility, whether or not insured against.

New Operator and Old Operator agree and acknowledge that the employees at the Facility provide valuable services that are crucial for the success of the Facility, and New Operator's decision to serve as certified operator of the Facility is based upon the skills and qualifications of such employees. As such, during the period beginning on the Effective Date and ending upon the date that is two (2) years following the Closing, no person or entity that either directly or indirectly controls, is under common control with or is otherwise affiliated with Old Operator shall solicit or hire for employment any Retained Employee. In the event of any breach of the foregoing, Old Operator shall pay to New Operator an amount equal to Fifty Thousand Dollars (\$50,000.00) as liquidated damages, for each such Retained Employee that is solicited or hired in violation of this section. The parties agree and acknowledge that actual damages with respect to the foregoing would be difficult to ascertain and that Fifty Thousand Dollars (\$50,000.00) is a fair and reasonable approximation of such actual damages.

#### **15. INDEMNIFICATION.**

a. By Old Operator. In addition to and not in lieu, place, stead and/or substitution of any other indemnity set forth elsewhere herein, Old Operator shall indemnify, save, protect, defend and hold harmless, New Operator, its Affiliates, and their respective members, managers, employees, shareholders, officers, directors and agents (collectively, the "New Operator Indemnitees"), from and against any and all Losses incurred or suffered by any such New Operator Indemnatee, but in no event no event shall Old Operator's aggregate liability of all claims arising out of or relating to this Section 15.b exceed the total amount of Base Rent (as defined in the Lease) required to be paid by New Operator during the Initial Term (as defined in the Lease) of the Lease, arising from, by reason of or, in connection with (i) any misrepresentation or inaccuracy in, or breach of any representation or warranty of Old Operator contained in this Agreement or any certificate delivered pursuant hereto on the part of Old Operator, (ii) any breach by Old Operator of any covenant or agreement made by Old Operator in this Agreement (including under this Section 15), (iii) operation of the Facility prior to the Effective Time, (iv) any fraud or intentional misrepresentation on the part of Old Operator or its Representatives, (v) any Recapture Claim, (vi) any resident admitted by Old Operator prior to the Closing, that is not determined to be eligible for Medicaid reimbursement following the Closing (and for whom another payor source is not available), or (vii) the Excluded Liabilities. OLD OPERATOR DISCLAIMS, AND SHALL NOT BE LIABLE FOR, ANY PUNITIVE, CONSEQUENTIAL, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING, BUT NOT LIMITED TO, ANY MULTIPLE OF LOSSES, LOST PROFITS OR ANTICIPATED PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, LOSS OF BUSINESS, OR LOSS OF REVENUE, REGARDLESS OF WHETHER OLD OPERATOR KNOWS OF THE LIKELIHOOD OR POTENTIAL FOR SUCH DAMAGES.

b. By New Operator. In addition to and not in lieu, place, stead and/or substitution of any other indemnity set forth elsewhere herein, New Operator shall indemnify, save, protect, defend and hold harmless Old Operator, their employees, members, managers, shareholders, officers, directors and agents (collectively, the "Old Operator Indemnitees"), from and against any and all applicable Losses incurred or

suffered by any such Old Operator Indemnitee, but in no event no event shall New Operator's aggregate liability of all claims arising out of or relating to this Section 15.b exceed Five Million and 00/100 Dollars (\$5,000,000), arising from, by reason of or, in connection with (i) any misrepresentation or inaccuracy in, or breach of any representation or warranty of New Operator contained in this Agreement (ii) any breach by New Operator of its obligations, representations, warranties, agreements or covenants hereunder, (iii) New Operator's operation of the Facility following the Effective Time, (iv) any breach by New Operator of any covenant, obligation, or agreement made by New Operator in this Agreement (including under this Section 15), (v) any fraud or intentional misrepresentation on the part of New Operator or its Representatives, (vi) any Assumed Contract on or After the Closing, or (vii) operation of the Facility on or after the Effective Time. NEW OPERATOR DISCLAIMS, AND SHALL NOT BE LIABLE FOR, ANY PUNITIVE, CONSEQUENTIAL, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING, BUT NOT LIMITED TO, ANY MULTIPLE OF LOSSES, LOST PROFITS OR ANTICIPATED PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, LOSS OF BUSINESS, OR LOSS OF REVENUE, REGARDLESS OF WHETHER NEW OPERATOR KNOWS OF THE LIKELIHOOD OR POTENTIAL FOR SUCH DAMAGES.

c. In the event that any liability, claim, demand or cause of action which is indemnified against by or under any term, provision, section or paragraph of this Agreement is made against or received by any indemnified party (hereinafter "Indemnitee") hereunder or upon an Indemnitee becoming aware of a fact, condition or event that otherwise constitutes a basis for a claim for indemnification against the Indemnitor (an "Indemnitee's Claim"), said Indemnitee shall notify the indemnifying party (hereinafter "Indemnitor") in writing within twenty one (21) calendar days of Indemnitee's receipt of written notice of said Indemnitee's Claim, provided, however, that Indemnitee's failure to timely notify Indemnitor of an Indemnitee's Claim shall not impair, void, vitiate or invalidate Indemnitor's indemnity obligations hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect so long as Indemnitee's delay in notifying Indemnitor does not, solely by itself, directly and materially prejudice Indemnitor's right or ability to defend or indemnify the Indemnitee's Claim, except in the event that Indemnitee's claim is not brought after the period of time specified in Section 15.f and Section 15.g, in which case Indemnitor shall have no liability for indemnification hereunder. Upon its receipt of any or all Indemnitee's Claim(s), Indemnitor shall diligently and vigorously defend, compromise or settle said Indemnitee's Claim at Indemnitor's sole and exclusive cost and expense and shall promptly provide Indemnitee evidence thereof within fourteen (14) calendar days of the final, unappealable resolution of said Indemnitee's Claim. Upon the receipt of the written request of Indemnitee, Indemnitor shall within two (2) calendar days provide Indemnitee a true, correct, accurate and complete written status report regarding the then current status of said Indemnitee's Claim. Prior to an Indemnification Default (as defined herein), Indemnitee may not settle or compromise an Indemnitee's Claim without Indemnitor's prior written consent. Failure to obtain such consent shall be deemed a forfeiture by Indemnitee of its indemnification rights hereunder. In the event that Indemnitor fails or refuses to indemnify, save, defend, protect or hold Indemnitee harmless

from and against an Indemnitee's Claim (or in the event sufficient funds are not available for such indemnification) and/or to diligently pursue the same to its conclusion, or in the event that Indemnitor fails to timely report to Indemnitee the status of its efforts to reach a final resolution of an Indemnitee's Claim, on seven (7) calendar days prior written notice to Indemnitor during which time Indemnitor may cure any alleged default hereunder, the foregoing shall immediately, automatically and without further notice be an event of default hereunder (an "Indemnification Default") and thereafter Indemnitee may, but shall not be obligated to, immediately and without notice to Indemnitor, except such notice as may be required by law and/or rule of Court, intervene in and defend, settle and/or compromise said Indemnitee's Claim at Indemnitor's sole and exclusive cost and expense, including but not limited to attorneys' fees, and, thereafter, within seven (7) calendar days of written demand for the same Indemnitor shall promptly reimburse Indemnitee all said Indemnitee's Claims and the reasonable costs, expenses and attorneys' fees incurred by Indemnitee to defend, settle or compromise said Indemnitee's Claims.

d. For avoidance of doubt, Old Operator has agreed that New Operator's rights to indemnification pursuant to this Agreement shall not be affected or waived by virtue of any investigations or due diligence performed by New Operator.

e. The parties' obligations under this Section 15 shall survive the Closing.

f. Notwithstanding Section 15.e, Old Operator will have no liability for indemnification hereunder with respect to Section 15.a, unless on or before the date which is twenty four (24) months after the Closing Date, New Operator notifies Old Operator of a claim by specifying the factual basis of the claim in reasonable detail to the extent then known by New Operator; provided, further, however, New Operator may bring a claim for indemnification under Section 15.a in respect of any breach of or inaccuracy in any of Old Operator's Fundamental Representations and Warranties (as defined in Section 17.r), 15.a.(iv), and 15.a.(v), at any time following the date hereof up to the date which is the earlier of (i) the expiration of the applicable statute of limitations, or (ii) the fifth (5th) anniversary of the Closing Date.

g. Notwithstanding Section 15.e, New Operator will have no liability for indemnification hereunder with respect to Section 15.b, unless on or before the date which is twelve (12) months after the Closing Date, Old Operator notifies New Operator of a claim by specifying the factual basis of the claim in reasonable detail to the extent then known by Old Operator; provided, further, however, Old Operator may bring a claim for indemnification under Section 15.b in respect of any breach of or inaccuracy in any of New Operator's Fundamental Representations and Warranties (as defined in Section 16.e) and Section 15.b(v) at any time following the date hereof up to the date which is the earlier of (i) the expiration of the applicable statute of limitations, or (ii) the fifth (5th) anniversary of the Closing Date.

h. Security for Indemnification Obligations. In the event New Operator brings a claim against Old Operator Indemnitee for Losses, the amount of such Losses, subject to the limitations of Section 15.a, shall be offset against New Operator's monthly Base Rent

payable under the Lease, and if the amount of the Losses, subject to the limitations of Section 15.a, exceeds the amount of Base Rent payable over the remainder of the Term, the amount of Losses in excess of Base Rent payable over the remainder of the Term shall offset against the purchase price of the Facility at the closing of the transaction contemplated by that certain Option Purchase Option Agreement attached as Exhibit C to the Lease.

**16. REPRESENTATIONS AND WARRANTIES OF NEW OPERATOR.** As an inducement to Old Operator to enter into this Agreement, New Operator covenants and makes the following representations and warranties set forth below, which are true and correct as of the date hereof and which shall be true and correct on the Closing Date:

a. Organization and Authority. New Operator is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois and as of the Closing Date will have, all necessary power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individual executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by New Operator and is enforceable against New Operator in accordance with its terms. The execution and performance of this Agreement by New Operator will not be the breach of any agreement, indenture or other instrument to which New Operator is a party or is otherwise bound.

b. No Violations. Neither the execution and delivery of this Agreement, or any agreement referred to or contemplated hereby, by New Operator will:

i. Violate any provision of its Operating Agreement; or

ii. Be in conflict which would constitute a default or create a right of termination or cancellation under any agreement or commitment to which New Operator is a party.

c. No Broker. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Other Document based upon arrangements made by or on behalf of New Operator.

d. Accuracy of Representations and Warranties of New Operator. No representation or warranty by or on behalf of New Operator contained in this Agreement and no statement by or on behalf of New Operator in any certificate, list, exhibit, schedule or other instrument furnished or to be furnished to Old Operator by or on behalf of New Operator pursuant hereto contains any untrue statement of fact, or omits or will omit to state any facts which are necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading in any respect.

e. Survival of Representations and Warranties of New Operator. Each representation and warranty of New Operator hereunder shall be true, complete and correct

as of the Closing Date with the same force and effect as though such representation or warranty was made on such date. The representations and warranties of New Operator contained herein shall survive for twelve (12) months following the Closing Date, provided however the representations and warranties contained in Sections 16.a. (Organization and Authority) and 16.b. (No Violations) (collectively, "New Operator's Fundamental Representations and Warranties"), shall survive for sixty (60) months following the Closing.

17. **REPRESENTATIONS AND WARRANTIES OF OLD OPERATOR.** As an inducement to New Operator to enter into this Agreement, Old Operator covenants and makes the following representations and warranties, which are true and correct as of the date hereof and which shall be true and correct as of the Closing Date:

- a. **Organization and Authority.** Old Operator is a political subdivision of the State of Illinois that validly exists under the laws of the State of Illinois. Old Operator has full power and right to enter into and perform its obligations under this Agreement and the Other Documents. The execution and delivery of this Agreement and the Other documents to which Old Operator is a party and the consummation of the transactions contemplated hereby and thereby (1) have been duly authorized by all necessary action on the part of Old Operator, (2) do not require any governmental or other consent, except for the consent required to be provided Monroe County in order to execute and perform this Agreement, and (3) will not result in the breach of any agreement, indenture or other instrument to which Old Operator is a party or is otherwise bound.
- b. **Condition of the Transferred Assets.** Except as disclosed on Schedule 17.b. and to Old Operator's Knowledge, there currently exists no defective condition, structural or otherwise, with respect to the major assets of the Property, such as the heating, ventilation, air conditioning, plumbing, roof or other such structural assets. In addition, Old Operator has not received any written notice during the twelve (12) months prior to the date of this Agreement from any insurance company which has issued a policy with respect to the Property or from any board of fire underwriters (or other body exercising similar functions) claiming any defects or deficiencies in the Property or suggesting or requesting the performance of any repairs, alterations or other work to the Property. To Old Operator's Knowledge, the sewage or any waste water systems, life safety systems, the incinerators and the heating or air conditioning equipment located on the Property are in normal operating condition and, to Old Operator's Knowledge, are in compliance with applicable federal, state, or municipal laws, ordinances, orders, regulations or requirements. Old Operator has received no written notice that either of the sewage or any waste water systems, life safety systems, incinerators or the heating or air conditioning equipment located on the Property violate any applicable federal, state, or municipal laws, ordinances, orders, regulations or requirements. The Transferred Assets shall be delivered at the time of the Closing in the same condition as they are in on the date hereof, reasonable wear and tear excepted. Except in the ordinary course of business

and consistent with past practices, and then only in the event the same is replaced, nothing individually or in the aggregate comprising a material portion of the Transferred Assets shall be sold, transferred, leased to others or wasted and Old Operator shall not otherwise dispose of any of the Transferred Assets or anything constituting a portion of the Transferred Assets, or cancel or compromise any debt or claim, or waive or release any right of substantial value constituting a part of or relating to all or any material part of the Transferred Assets.

- c. Environmental Condition. Old Operator (i) has no Knowledge of and has not received any written notice from any Governmental Authority asserting that any of the operations or activities upon, or any use of occupancy of the Facility are not in compliance with any laws relating to Hazardous Substances, including the discharge and removal of Hazardous Substances, and (ii) has not received any written notice of any potential liability under any Environmental Laws. To Old Operator's Knowledge, at all times that Transferor has operated the Facility, the Facility have been operated in compliance in all respects with all Environmental Laws, and there are no Hazardous Substances present on, under or in the Facility that violate any Environmental Laws. Old Operator has no Knowledge of, or has not received any written notice of, any alleged, actual or potential responsibility for, or any inquiry or investigation regarding, the presence or release of any Hazardous Materials at the Facility in violation of Environmental Laws or any other violation of Environmental Laws. Old Operator has not received any written notice of any other claim, demand or action by any Person alleging any actual or threatened injury or damage to any person or entity, property, natural resource or the environment arising from or relating to the presence or release of any Hazardous Materials in violation of Environmental Laws at, on, under, in, to or from the Facility or in connection with any operations or activities of the Old Operator. To Old Operator's Knowledge, the Facility and/or the property contains no underground storage tanks, and any such tanks that have been removed from have been properly certified by the Department of Environmental Protection.
- d. Leases. Except for the Lease, there are currently, and as of the Closing Date there shall be, no occupancy rights (written or oral), leases or tenancies presently affecting the Property or the Facility and the portion of the Property which it is located, other than any occupancy rights of any residents of the Facility.
- e. Permits. The Permits as listed on Schedule 17.e.) hereto are all of the material certificates, licenses and permits from Governmental Authorities held by Old Operator in connection with the ownership, use, occupancy, operation and maintenance of the Facility, and are all of the certificates, licenses, accreditations and permits necessary in connection with the current ownership, use, occupancy, operation and maintenance thereof.

- f. Required Consents. No consent, order, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority is required in connection with the execution or delivery by Old Operator of this Agreement, or the performance of the transactions contemplated thereunder, except (1) approval by DOH of the licensure, and (2) such consents, certifications or licenses from the DOH, United States Department of Health and Human Services, CMS or any other governmental agency with jurisdiction over the Facility as are necessary to permit Old Operator to operate the Facility prior to the Closing Date.
- g. Number of Beds. There are at the Facility a number of beds equal to the maximum bed capacity as permitted under the Facility license. Each bed is in good repair and conforms with the minimum standards set forth under the regulations adopted by DOH. For each such bed, there also exists the minimum furnishings, fixtures and other accessories required by DOH.
- h. Litigation. Except as set forth in Schedule 17.h., there are no pending or threatened litigation, claims, lawsuits, governmental actions or other proceedings before any court, agency or other judicial, administrative or other governmental or quasi-governmental body or arbitrator.
- i. Transferred Assets Compliance with Applicable Laws. The Transferred Assets have been and are presently used and operated in compliance with, and in no way violate any Applicable Law of any kind whatsoever affecting the Transferred Assets or any part thereof. In addition, no waivers have been obtained or are required to make the representations contained in this Section 17(i) fully true and correct and not misleading in all respects.
- j. Taxes. Old Operator has timely filed all Tax Returns and reports required by law to have been filed by it and has paid all taxes and governmental charges due and payable with respect to such returns.
- k. Sprinklers. There is a sprinkler system at the Facility that is in full operational compliance with all applicable requirements.
- l. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Other Document based upon arrangements made by or on behalf of Old Operator, except for Marcus & Millichap REIS - Ray Giannini, on behalf of Old Operator, who's commission shall be paid by Old Operator pursuant to a sperate agreement.
- m. No Defaults. The execution, delivery and performance of this Agreement and any of the Other Documents by Old Operator does not and will not:
  - i. Violate any restriction to which Old Operator is subject or, with or without the giving of notice, the passage of time, or both, violate (or give rise to

any right of termination, cancellation or acceleration under) any mortgage, deed of trust, license, material lease, indenture or other material agreement or instrument, whether oral or written, to which Old Operator or the Facility is a party, or by which it or its property is bound, which will not be satisfied or terminated on or prior to the Closing as a result of the transactions contemplated in this Agreement, or result in the termination of any such instrument or termination of any provisions in such instruments that will have a material adverse effect upon or result in the creation or imposition of any Lien upon the Transferred Assets; or

ii. Constitute a violation of any Applicable Law by which Old Operator or the Facility is subject, the violation of which will have a material adverse effect upon the Facility.

n. Health Care Matters.

i. All material Medicare and Medicaid provider agreements, certificates of need, if applicable, certifications, governmental licenses, permits, regulatory agreements or other agreements and approvals, including certificates of operation, completion and occupancy, and state nursing facility licenses or other licenses required by DOH or any other health care authorities for the legal use, occupancy and operation of the Facility (collectively, "Health Care Licenses") have been obtained by the party required to hold such Health Care Licenses and are in full force and effect. Old Operator will own and operate the Facility in such a manner that the Health Care Licenses shall remain in full force and effect. Set forth on Schedule 17.n. attached hereto is a list of the Facility's Medicare and Medicaid provider numbers and a list of all Health Care Licenses.

ii. The Facility is duly licensed as a skilled nursing facility as required under the Applicable Laws of the State of Illinois. All licensed beds at the Facility are certified for both Medicare and Medicaid. The licensed bed capacity of the Facility is as set forth on Schedule 17.n. attached hereto, the actual bed count operated at the Facility is as set forth on Schedule 17.n. and all such beds are certified for participation in the Medicare and Medicaid reimbursement programs. Except as disclosed in Schedule 17.n., Old Operator has not applied to reduce the number of licensed or certified beds of the Facility or to move or transfer the right to any and all of the licensed or certified beds of the Facility to any other location or to amend or otherwise change the Facility and/or the number of beds approved by DOH (or any subdivision) or other applicable state licensing agency, and except as disclosed in Schedule 17.n., there are no proceedings or actions pending or contemplated to reduce the number of licensed or certified beds of the Facility.

iii. Except as disclosed in Schedule 17.n., Old Operator has not taken any action to rescind, withdraw, revoke, amend, modify, supplement or otherwise alter the nature, tenor or scope of any Health Care License or applicable provider payment program other than non-material alterations effected in the Ordinary Course of Business.

iv. Except as disclosed in Schedule 17.n., to Old Operator's Knowledge, Old Operator is in material compliance with the requirements for participation in the Medicare and Medicaid programs with respect to the Facility and Old Operator has a current provider agreement under Title XVIII and/or XIX of the Social Security Act which is in full force and effect. Except as disclosed in Schedule 17.n., during the period of three (3) years prior to Closing Date neither Old Operator nor the Facility has received any of the following with respect to the Facility:

1. A notice of "immediate jeopardy" violations;
2. A notice of termination of the certification issued by DOH or CMS of the Facility to participate in the Medicare and/or Medicaid reimbursement programs;
3. A notice that the Facility is not in substantial compliance with the requirements for participation in the Medicare and/or Medicaid reimbursement programs;
4. A notice that the Facility has been placed, or will be placed, on the special focus facilities list;
5. A notice that the Facility will be prohibited from admitting, or will not be reimbursed for, new residents; and
6. A notice of imposition of civil monetary penalties or other intermediate sanctions in accordance with 42 CFR § 488.430 et seq.

v. Except as disclosed in Schedule 17.n., neither Old Operator nor the Facility is a target of, participant in, or party to any action, proceeding, suit, audit, investigation or sanction by any Governmental Authority or any other administrative or investigative body or entity or any other third party payor or any resident (including, without limitation, whistleblower suits, or suits brought pursuant to federal or state false claims acts, and Medicaid/Medicare/state fraud/abuse laws, but excluding medical malpractice claims and other civil liability lawsuits for which Old Operator or the Facility is maintaining insurance coverage in the Ordinary Course of Business) which would reasonably be expected to result, directly or indirectly or with the passage of time, in the imposition of a material fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Governmental Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible residents, or any other civil or criminal remedy, or which could reasonably be expected to have a material adverse effect on Old Operator, or the operation of the Facility, including, without limitation, the Facility's ability to accept or retain residents, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other

impairment of a Health Care License, or affect Old Operator's and the Facility's participation in the Medicare, Medicaid, or third-party payor program, as applicable, or any successor program thereto, at current rate certification, nor to the Knowledge of Old Operator has any such action, proceeding, suit, investigation or audit been threatened.

vi. There are no agreements with residents of the Facility or with any other persons or organizations that deviate in any material adverse respect from or that conflict with any statutory or regulatory requirements.

vii. Other than the Medicare and Medicaid programs, neither Old Operator nor the Facility is a participant in any federal, state or local program whereby any federal, state or local government or quasi-governmental body, or any intermediary, agency, board or other authority or entity may have the right to recover funds with respect to the Facility by reason of the advance of federal, state or local funds, including, without limitation, those authorized under the Hill-Burton Act (42 U.S.C. 291 *et seq.*). Neither Old Operator nor the Facility has received notice of, and there is no violation of, applicable antitrust laws by Old Operator in connection with the Facility.

viii. Except as disclosed in Schedule 17.n., Old Operator is in material compliance with the Health Care Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated under each.

ix. Except as disclosed in Schedule 17.n., there is no pending or, to Old Operator's Knowledge, threatened revocation, suspension, termination, probation, restriction, limitation or non-renewal affecting Old Operator or the Facility or any provider agreement with any third-party payor, Medicare or Medicaid.

x. All Medicare, Medicaid, and private insurance cost reports and financial reports submitted by or on behalf of the Facility are materially accurate and complete and are not misleading in any material respects. Except as disclosed in Schedule 17.n., there are no current, pending or outstanding Medicare, Medicaid or other third-party payor program reimbursement audits or appeals pending at the Facility. Except in the normal course of business, there are no cost report years that are subject to audits and no cost reports remain "open" or unsettled. Except in the normal course of business, there are no current or pending Medicare, Medicaid or third-party payor program recoupment efforts at the Facility.

xi. Except as disclosed in Schedule 17.n., there have been no clawback or overpayment claims made or, to the Knowledge of Old Operator, threatened, against Old Operator or with respect to operations at the Facility by Medicare, Medicaid or any third-party payor during the previous three (3) years. Old Operator has provided, or will provide, to New Operator a complete and accurate list of all rate adjustments made by Medicare or Medicaid with respect to Old Operators and

the Facility during the previous three (3) years, and shall provide New Operator an updated list as of the Closing Date.

xii. Old Operator has delivered, or caused to be delivered, to New Operator true, correct and complete in all material respects resident census information for the Facility's last three (3) fiscal years and current year-to-date broken out by month.

xiii. Except as disclosed in Schedule 17.n., neither Old Operator nor the Facility has any contract or agreement with the Department of Veterans Affairs or any division thereof for the provision of services to patients or residents at the Facility.

xiv. There exists no condition which could be cited as a survey deficiency by any applicable authorities.

- o. Financial Materials. All materials and/or documents relating to the financial condition and/or census of the Facility, provided to New Operator, are true and complete in all material respects, and are not misleading in any material respect.
- p. COVID Funds. A description of all remaining COVID Funds, if any, with respect to the Facility is set forth on Schedule 17.p. hereof. To Old Operator's Knowledge, Old Operator has applied for and utilized, as applicable, all COVID Funds in accordance with Applicable Law. For purposes of this Agreement, "COVID Funds" shall mean all grants, funds or payments from state or federal sources (including, without limitation, pursuant to the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Economic Injury Disaster Loan program, Medicare advance payments, loans in connection with Paycheck Protection Program, deferral of payroll taxes or other governmental economic benefits) in each case received with respect to or pertaining to the Facility as a result of the COVID-19 pandemic. All of Old Operator's remaining COVID Funds, if any, are set forth on Schedule 17.p. attached hereto.
- q. Truth and Accuracy of Representations and Warranties. No representation or warranty by or on behalf of Old Operator contained in this Agreement and no statement by or on behalf of Old Operator in any certificate, list, exhibit or other instrument furnished or to be furnished to New Operator by or on behalf of Old Operator pursuant hereto contains any untrue statement of fact, or omits or will omit to state any facts which are necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading in any respect.
- r. Survival of Representations and Warranties. The representations and warranties of Old Operator contained herein shall survive for twelve (12) months following the Closing Date, provided however the representations and warranties contained in Sections 17.a. (Organization and Authority), 17.b.

(Condition of the Transferred Assets), 17.e. (Permits), 17.f. (Required Consents), 17.i. (Compliance with Applicable Laws), and 17.n (Health Care Matters) (collectively, "Old Operator's Fundamental Representations and Warranties"), shall survive for sixty (60) months following the Closing.

**18. NO JOINT VENTURE.** Nothing contained herein shall be construed as forming a joint venture or partnership between the parties hereto with respect to the subject matter hereof. The parties hereto do not intend that any third party shall have any rights under this Agreement.

**19. EXHIBITS AND SCHEDULES.** If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable but in any event prior to ten (10) days before the Closing Date. New Operator's obligations to close pursuant to this Agreement shall be conditioned upon New Operator approving all exhibits and schedules within seven (7) days of submission thereof to New Operator. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Closing Date. For the avoidance of doubt, the closing conditions set forth in Section 2 and the indemnification provisions of Section 15 shall be read without giving effect to any update to the Schedule or other written notices delivered pursuant to this Section 19.

**20. EVENTS OF DEFAULT; REMEDIES.** Except as to those specific notices and cure periods, if any, particularly set forth elsewhere herein, the breach by either party ("Defaulting Party") hereto of any term, provision, condition, promise, covenant, agreement, representation, warranty, guaranty, indemnity, duty or obligation if not cured within five (5) Business Days of the earlier of said Defaulting Party's receipt or refusal of written notice of the same from the other party ("Non-Defaulting Party") hereto shall automatically and without further notice hereunder be an immediate event of default ("Event of Default") entitling the Non-Defaulting Party to exercise any and all remedies available to it hereunder or in law or equity, including seeking specific performance and/or monetary damages. The Non-Defaulting Party's rights and remedies hereunder shall be cumulative and not mutually exclusive and the exercise by the Non-Defaulting Party of one or more rights or remedies granted it hereunder or in law or equity shall not be deemed, interpreted or construed as an election of the same or to bar, prevent or preclude the simultaneous or consecutive exercise of any other right or remedy granted to the Non-Defaulting Party hereunder or in law or equity, including but not limited to the simultaneous or successive pursuit of money damages and injunctive relief. The Non-Defaulting Party shall not be required to post any bond, surety or security of any nature whatsoever to pursue injunctive relief, the necessity or requirement for the same being hereby waived by the Defaulting Party.

**21. CHOICE OF LAW.** THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS SHALL BE GOVERNED AND CONTROLLED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS AS TO INTERPRETATION, ENFORCEMENT, VALIDITY, CONSTRUCTION, EFFECT, AND IN ALL OTHER RESPECTS.

**22. NON-COMPETE.** For a period of two (2) years following the closing, neither

Old Operator nor any Affiliate of Old Operator shall have any involvement, whether as a member, partner, consultant or otherwise, in the operation of any elder care facility within a radius of 25 miles of the Facility.

**23. DISPUTE RESOLUTION.** The parties hereto agree that with respect to all disputes, problems or claims arising out of or in connection with this Agreement and all other agreements or other instruments executed in connection herewith (collectively "Disputes"), the parties hereto shall, in good faith, use their reasonable best efforts to resolve the Dispute. If after such efforts the parties hereto are unable within thirty (30) days of the arising of the Dispute to resolve the Dispute in good faith, then either party may submit to final and binding arbitration before the American Arbitration Association ("AAA") or its successor, with an office located in Cook County, Illinois, pursuant to the Federal Arbitration Act, 9 U.S.C. Sec. 1 *et seq.* The parties hereto agree that the rules of the AAA applicable to commercial arbitrations shall apply to any such arbitration and that the Expedited Procedures, as defined under the Commercial Arbitration Rules shall apply. Either party may commence the arbitration process called for in this Agreement by filing a written demand for arbitration with AAA, with a copy to the other party. The arbitration will be conducted in Cook County, Illinois in accordance with the provisions of AAA Streamlined Arbitration Rules and Procedures in effect at the time of filing of the demand for arbitration. The parties will cooperate with AAA and with one another in selecting an arbitrator from AAA panel of neutrals, and in scheduling the arbitration proceedings. The provisions of this Section 23 with respect to the arbitration before AAA may be enforced by any court of competent jurisdiction. The fees and expenses of such arbitration and the enforcement of any award thereof (including out of pocket costs of investigation, prosecution or defense of any Dispute submitted for arbitration pursuant to this Section 23, as applicable, and reasonable attorney fees and expenses, in each case incurred by the prevailing party arising out of, by reason of or in connection with such Dispute, the arbitration thereof or the enforcement of any award of such arbitration) shall be borne by the non-prevailing party, as determined by such arbitration, and the arbitrator shall be empowered to award such fees and expenses to the prevailing party. Upon the mutual agreement of the parties involved in the Dispute, the parties may submit to final and binding arbitration before any other recognized alternative dispute resolution company or organization. The parties hereto agree that this Section 23 has been included to rapidly and inexpensively resolve any disputes between them with respect to the matters described above, and that this paragraph shall be grounds for dismissal of any court action commenced by any party with respect to a dispute arising out of such matters.

**24. WAIVER OF JURY TRIAL.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**25. DEFINITIONS.** For purposes of this Agreement, the terms used herein shall have the meaning set forth in Exhibit C attached hereto and incorporated by this reference.

**26. GENERAL PROVISIONS.**

- a. Each party hereto agrees to use commercially reasonable efforts to cause

the conditions to its obligations and to the other party's obligations herein set forth to be satisfied at or prior to the Closing Date. Each of the parties hereto agrees to execute and deliver any further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder. Each party shall promptly notify the other party of any information delivered to or obtained by such party which would prevent the consummation of the transactions contemplated hereby, or which would indicate a breach of the representations or warranties of any other party hereto.

b. All notices to be given by either party to this Agreement to the other party hereto shall be in writing, and shall be: (i) given in person; (ii) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested; (iii) sent by national overnight courier service, priority next business day service; or (iv) sent by facsimile or e-mail (followed by delivery by one of the other means identified in (i)-(iii)) each addressed as follows:

if to Old Operator: 100 S Main St.  
Waterloo, IL 62298  
Attn: Monroe County State's Attorney

with a copy to: Blitz Bardgett & Deutsch, LC  
120 South Central Avenue  
Suite 1500  
St. Louis, Missouri 63105  
Attn: Heidi L. Eckert  
Email: heckert@bbdlc.com

if to New  
Operator:

with a copy to: GUTNICKI LLP  
4711 Golf Road, Suite 200  
Skokie, Illinois 60076  
Attention: Adam Kornblatt  
Email: akornblatt@gutnicki.com

Any such notice personally delivered shall be deemed delivered when actually received; any such notice deposited in, the United States mail, registered or certified, return receipt requested, with all postage prepaid, shall be deemed to have been given on the earlier of the date received or the date when delivery is first refused; any notice deposited with an overnight courier service for delivery shall be deemed delivered on the next business day following such deposit; and any such notice delivered via facsimile shall be deemed delivered upon the notifying party's receipt of facsimile confirmation provided that the notifying party follows up such facsimile transmission with one of the other means identified above. Any party to whom notices are to be sent pursuant to this Agreement may from time to time change its address for further communications thereunder by giving

notice in the manner prescribed herein to all other parties hereto.

c. Each party hereto shall bear its own legal, accounting and other expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transaction contemplated hereby, whether or not the transaction is consummated.

d. This Agreement, together with all exhibits and schedules attached hereto and any other agreements referred to herein, constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements.

e. This Agreement may not be modified or amended except in writing signed by the parties hereto.

f. No waiver of any term, provision or condition of this Agreement, if any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

g. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns. Captions of paragraphs are for convenience only and are not part of this Agreement and do not affect, change or modify the paragraphs they precede.

h. All understandings and agreements heretofore and between the parties are merged in this Agreement and all exhibits and schedules attached hereto, which alone fully and completely expresses their agreement.

i. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement.

k. Each party hereto agrees to use such party's reasonable best efforts to cause the conditions to such party's obligations herein set forth to be satisfied at or prior to the Closing. Each of the parties agrees to execute and/or deliver any and all further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by any other party to assist with consummation of the transactions contemplated herein, or to evidence its rights hereunder.

l. The recitals set forth at the beginning of this Agreement constitute an integral part of this Agreement and are hereby incorporated by reference herein and made apart hereof as if fully set forth herein.

m. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or

persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, or "any" shall mean "any and all"; "or" shall mean "or" "including" shall mean "including without limitation.

n. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

o. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any of the parties hereto.

p. Certain Definitions. Capitalized terms used in this Agreement, but not defined in this Agreement shall have the meanings ascribed to them in Exhibit D.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the day and year first above written.

**OLD OPERATOR:**

**By: Monroe County Board of Commissioners**

By: George E. Green  
Name: George E. Green  
Its: Chairman

By: Vicki Koerber  
Name: Vicki Koerber  
Its: Vice Chairman

By: Douglas Garner  
Name: Douglas Garner  
Its: Commissioner

**NEW OPERATOR:**

**ACCOLADE HEALTHCARE OF  
WATERLOO LLC**

By: Naisha Piccolini  
Its: Manager

**WATERLOO SLP, LLC**

By: [Signature]  
Its: Manager

**EXHIBIT A**

**FORM OF BILL OF SALE**

[NTD: bill of sale to be delivered to each new operator]

**BILL OF SALE**

Effective as of [\_\_\_\_\_, 2025

Monroe County, a political subdivision of the State of Illinois ("Old Operator"), in consideration of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, does hereby sell, assign, transfer and set over to [\_\_\_\_\_, a [\_\_\_\_\_] limited liability company ("New Operator"), all of its right, title and interest in and to the following described personal property, to-wit:

All of the "Transferred Assets", as defined in that certain Operations Transfer Agreement ("OTA"), dated as of [\_\_\_\_\_, 2025, by and among Old Operator and New Operator [with respect to the operations of the [supportive living facility / skilled nursing facility]].

Old Operator warrants to New Operator it has good and marketable title to said Transferred Assets, full authority to sell and transfer said property, and that said Transferred Assets are sold free of all liens, incumbrances, liabilities and adverse claims of every nature and description whatsoever.

This Instrument shall be subject to the terms, conditions, and covenants set forth in the OTA. Nothing in this Instrument supersedes, expands, or extinguishes any of the obligations, agreements, covenants, or warranties of Old Operator or New Operator contained in the OTA. If any conflict exists between this Instrument and the OTA, then the terms of the OTA shall control. This Instrument shall in all respects be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to the principles of conflicts of laws thereof. This Instrument may be executed in any number of counterparts, whether original or by facsimile or portable document format (.pdf), each of which shall deemed an original, but all of which shall together constitute one and the same instrument.

(Signatures on following page)

**IN WITNESS WHEREOF**, the parties hereto have caused this Bill of Sale to be signed  
as of the day and year first above written.

**OLD OPERATOR:**

[\_\_\_\_\_] ,  
a [\_\_\_\_\_] [\_\_\_\_\_]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**NEW OPERATOR:**

[\_\_\_\_\_] ,  
a [\_\_\_\_\_] limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## **EXHIBIT B**

### **FORM OF GENERAL ASSIGNMENT**

[NTD: separate assignment for each new operator ]

#### **GENERAL ASSIGNMENT**

**THIS ASSIGNMENT**, is made as of the [ ] day of [ ], 2025, by [ ], a [ ] [ ] ("Assignor"), to [ ], a [ ] limited liability company ("Assignee").

#### **WITNESSETH:**

**WHEREAS**, by Operations Transfer Agreement (the "OTA"), dated as of [ ], 202, by and among Assignor, Assignee and certain other parties thereto, Assignor agreed to sell to Assignee certain personal property and such other assets, as more fully described in the OTA (the "Transferred Assets") (capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the OTA); and

**WHEREAS**, the OTA provides, inter alia, that Assignor shall assign to Assignee, the Assumed Contracts, the Patient Trust Funds and Property, the Provider Agreements, the Resident Agreements, the Telephone Numbers, and the Website Material and certain other items applicable to the Transferred Assets, as more fully provided in the OTA;

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. **Transfer of Assumed Contracts.** Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's right, title and interest in, to and under the transferable Assumed Contracts relating to the operation of the [SNF/SLP].
2. **Transfer of Patient Trust Funds and Property.** Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor's right, title and interest in, to and under the Patient Trust Funds and Property relating to the operation of the [SNF/SLP].
3. **Transfer of Provider Agreements.** Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor's right, title and interest in, to the Provider Agreements relating to the operation of the [SNF/SLP].
4. **Transfer of Resident Agreements.** Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor's right, title and interest in, to the Resident Agreements relating to the operation of the [SNF/SLP].
5. **Transfer of the Vehicles.** Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor's right, title and interest in, to the Vehicles relating to the operation of the [SNF/SLP].

6. **Assumption.** Assignee hereby accepts the foregoing assignments set forth in Sections 1, 2, 3, 4, and 5 hereof, provided, that said assignment and assumption shall in all respects be subject to the terms of the OTA with regard to the rights and obligations of each of the parties hereto with respect to the items assigned hereunder, and in the event that any term of this Assignment shall contradict the OTA, the OTA shall control.

7. **Miscellaneous.** This Assignment and the obligations of Assignor and Assignee hereunder shall survive the closing of the transactions referred to in the OTA shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns, shall be governed by and construed in accordance with the laws of the State of Illinois and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith. This Assignment may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute but one and the same instrument.

(Signatures on following page)

**IN WITNESS WHEREOF**, Assignor has duly executed this Assignment as of the day and year first above written.

**ASSIGNOR:**

[\_\_\_\_\_] ,  
a [\_\_\_\_\_] [\_\_\_\_\_] ,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**ASSIGNEE:**

[\_\_\_\_\_] ,  
a [\_\_\_\_\_] limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## **EXHIBIT C**

### **DEFINITIONS**

The terms defined in this Exhibit D, whenever and wherever used in this Agreement (including in all Exhibits and Schedules, unless otherwise defined therein), shall have the respective meanings ascribed to them below for all purposes of this Agreement (each such meaning to be equally applicable to the singular and the plural forms of the respective terms defined). All reference herein to a Section, Exhibit or Schedule are to a Section, Schedule or Exhibit of or to this Agreement, unless otherwise indicated. The words "hereby", "herein", "hereof", "hereunder" and words of similar import refer to this Agreement as a whole (including all Exhibits and Schedules hereto) and not merely to the specific section, paragraph or clause in which such word appears. The words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation." Unless the context requires otherwise, the word "or" shall not be interpreted as an expression of either state of possibility but shall be construed to mean "and/or." Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

**"Accounts Receivable"** means all accounts and notes receivables (whether current or non-current) of Old Operator, including trade account receivables outstanding as of the Effective Time and any other rights to receive payment as of the Effective Time in respect of services rendered prior to the Effective Time.

**"Action"** means any claim, controversy, action, cause of action, suit, litigation, arbitration, investigation, opposition, interference, audit, assessment, hearing, compliant, demand or other legal proceeding (whether based in contract, tort or otherwise, whether civil or criminal and whether brought at law or in equity) that is commenced, brought, conducted, tried or heard by or before, or otherwise involving, any Governmental Authority.

**"Affiliate"** means, with respect to any specified Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such specified Person. For purposes of the foregoing, (a) a Person shall be deemed to control a specified Person if such person (or a Family Member of such Person) possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such specified Person or (b) if such other person is at such time a direct or indirect beneficial holder of at least 25% of any class of equity interests of such specified Person.

**"Applicable Law"** means, with respect to any Person, any federal, state or local statute, law, ordinance, rule, regulation, writ, Order or other requirement of any Governmental Authority applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors, members, partners or employees (in connection with such officer's, director's member's, partner's or employee's activities on behalf of such person or any of its Affiliates).

**"Benefits Plan"** means any "employee pension benefit plan" (as defined in Section 3(2) of ERISA, "employee welfare benefit plan (as defined in Section 3(1) of ERISA) and all other bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, equity-based retirement, vacation, severance, employment

agreement, change in control agreement, disability, death benefit, hospitalization, medical or other plan, arrangement or understanding (whether or not legally binding) providing benefits to any current or former Employee of Old Operator or with respect to which Old Operator has any Liability to contribute.

"Books and Records" means all books, records, resident records, employee records, and other materials pertaining to the Old Operator or the Business of any and every kind, including lists (e.g., business contacts of Old Operator), programs, correspondence, compact disks, compact disk lists, ledgers, files, reports, plans, drawings and operating records of every kind, held or maintained by Old Operator or any of Affiliate of Old Operator, disk or tape files, printouts, runs or other computer-prepared information pertaining to the Transferred Assets or the Business.

"Business" means the business conducted by Old Operator and proposed to be conducted by Old Operator as of the Effective Date.

"Business Day" means any day other than a Saturday, Sunday or a weekday on which banks in Illinois are authorized or required to be closed.

"CMS" means the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Environmental Laws" means all federal, state and local statutes, regulations, ordinances, directives and other provisions having the force or effect of law, all judicial and administrative Orders and determinations, all contractual obligations and all common law, in each case concerning public health and safety, worker health and safety, pollution or protect of the environment, including all those relating to the presence, use, production, generation, handling, transportation, storage, disposal, distribution, labeling, testing, processing, discharging, release, threatened release, control or cleanup of any Hazardous Substances, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6921, *et seq.*) and regulations adopted thereunder.

"Existing Contracts" means all of Old Operator's contracts, leases, subleases, licenses, Permits, purchase and sale orders and any other agreement, commitments or binding arrangements or understandings, to which Old Operator is a party, including each amendment, modification, renewal or extension or other ancillary document pertaining thereto.

"Governmental Authority" means any federal, state local or municipal government or any subdivision thereof, any regulatory or administrative authority, or any agency or commission or any court, tribunal or judicial or arbitral body.

"has provided," "made available" and similar formulation means such information in question that was delivered or provided by Old Operator or its Representatives to New Operator by way of online file sharing, cloud file sharing, email attachments, written correspondences,

compact disks, disk or tape files, printouts, compressed file containers or other electronic or physical delivery means.

"Hazardous Substances" means any pollutants, contaminants or chemicals, and any industrial, toxic or otherwise hazardous materials, substances or wastes regulated under any Environmental Laws.

"Indebtedness" means, with respect to any Person, and without duplication, (i) any indebtedness or other obligation for borrowed money; (ii) any obligation incurred for all or any part of the purchase price of property or other assets or for the cost of property or other assets constructed or of improvements thereto, other than accounts payable included in current liabilities and incurred in respect of property purchased in the Ordinary Course of Business; (iii) the face amount of all letters of credit issued for the account of such Person; (iv) obligations (whether or not such Person has assumed or become liable for the payment of such obligation) secured by Liens; (v) capitalized lease obligations; (vi) unfunded obligations for pension, retirement, severance benefits for any officer, director or employee of such Person; (vii) unfunded obligations for deferred compensation for any officer, director or employee of such Person; (viii) all guarantees and similar obligations of such Person; (ix) all bankers acceptances and overdrafts; (x) all interest, prepayment premiums and penalties, and any other fees, expenses, indemnities and other amounts payable as a result of the prepayment or discharge of any indebtedness; (xi) under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (xii) issued or assumed as the deferred purchase price of property or services (other than trade accounts payable or accounts payable to independent contractors), and (xiii) for all accrued interest on, and arising from any breach of, any of the foregoing.

"Liability" means any liability, obligation, claim, Indebtedness, penalty, cost or expenses (including costs of investigation, collection, defense, and environmental remediation or investigation), deficiency, guaranty or endorsement of or by any Person of any type, secured or unsecured, whether accrued, fixed, absolute, or contingent, asserted or unasserted, due or to become due, whether or however arising (including contract, tort, negligence or strict liability), liquidated or unliquidated, known or unknown and whether or not current or long term.

"Lien" means any claim, lien (statutory or otherwise), encumbrance, pledge, Liability, restriction, charge, instrument, license, preference, priority, security agreement, covenant, right of recovery, option, charge, hypothecation, easement, security interest, interest, right of way, encroachment, mortgage, deed of trust, imperfection of title, prior assignments, Tax (including federal, state and local Tax), Order or other encumbrance or charge of any kind or nature whatsoever including (i) any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing; (ii) any assignment or deposit arrangement in the nature of a security device; and (iii) any leasehold interest, license or other right, in favor of a Third Party or Old Operator, to use any portion of the Transferred Assets, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

"Loss" means, in respect of an indemnifying party's indemnification obligations, all direct and indirect Liabilities, judgments, claims, suits, proceedings, settlements, losses, damages, fees,

Liens, Taxes, penalties, interest obligations, expenses (including out of pocket costs of investigation and defense and reasonable attorney fees and expenses), and any diminution in value of the Transferred Assets resulting therefrom that are or have been incurred or suffered by an indemnified party.

"DOH" means the Illinois Department of Public Health.

"Order" means any decree, order, injunction, rule, judgment, consent of or by any Governmental Authority.

"Ordinary Course of Business" means the ordinary course of business of Old Operator consistent with past custom and practice.

"Other Documents" means Bill of Sale, General Assignment, and any certificates, instruments, agreements and other documents contemplated under this Agreement.

"Permits" means all municipal, state, federal and local consents, Orders, filings, franchises, permits, approvals, certificates, licenses, agreements, waivers, and authorizations issued by, or otherwise granted by, any Governmental Authority that are held by, or used in connection with, or required for, the Business or the Transferred Assets (including all modifications thereto or renewals thereof).

"Person" means any person, firm, corporation, partnership, joint venture, limited liability company, association or other entity (governmental or private).

"Regulatory Approval" means any consent, approval, authorization, waiver, permission, concession, agreement, license, exemption or Order of, or declaration of any Governmental Authority.

"Representative" means, with respect to any Person, any of its attorneys, accountants, agents, consultants or other representatives.

"OIG" means the United States Department of Health and Human Services, Office of Inspector General.

"Old Operator Disclosure Schedules" means the schedules of exceptions to the representations and warranties of Old Operator in this Agreement (which shall be delivered to New Operator by Old Operator prior to the execution and delivery of this Agreement by the parties hereto).

"Old Operator's Knowledge," "Knowledge of Old Operator" and similar formulations means the actual knowledge of any director, managing member, managing partner, officer or employee of Old Operator with respect to the relevant fact or other matters at issue or should have had actual knowledge of such relevant fact or other matter assuming the diligent exercise of such individual's duties as a director, managing member, managing partner, officer or employee of Old Operator, and after reasonable investigation of all employees of Old Operator or any Affiliate thereof reasonably expected to have actual knowledge of such fact or matter.

"Organizational Documents" means certificate of incorporation, articles of incorporation, charter, bylaws, articles of formation, certificate of formation, operating agreement, certificate of limited partnership, partnership agreement and all other similar documents, instruments or certificates adopted or filed in connection with the creation, formation or organization of a Person, including any amendments, restatements and supplements thereto.

"Provider Agreements" means Old Operator's Medicare provider agreement and Medicaid provider agreement.

"Tax" and, with correlative meaning, "Taxes" means with respect to any Person (i) all federal, state, local, county, foreign and other taxes, assessments or other government charges, including any income, alternative or add-on minimum tax, estimated gross income, gross receipts, sales, use, ad valorem, value added, transfer, capital stock franchise, profits, license, registration, recording, documentary, intangibles, conveyancing, gains, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, property (real and personal), environmental or windfall profit tax, custom duty or other tax, governmental fee or other like assessment, charge, or tax of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign) whether such Tax is disputed or not; (ii) liability for the payment of any amounts of the type described in clause (i) above relating to any other Person as a result of being party to any agreement to indemnify such other Person, being a successor or transferee of such other Person, or being a member of the same affiliated, consolidated, combined, unitary or other group with such other Person; or (iii) liability for the payment of any amounts of the type described in clause (i) arising as a result of being (or ceasing to be) a member of any affiliated group as defined in Section 1504 of the Code, or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax law (or being included (or required to be included) in any Tax Return relating thereto).

"Tax Return" means any report, return, declaration, claim for refund or other information or statement supplied or required to be supplied by Old Operator relating to Taxes, including any schedules or attachments thereto and any amendments thereof.

"Third Party" means any Person other than Old Operator, New Operator or any of their respective Affiliates.

"Transaction Expenses" shall mean (i) the aggregate attorneys', accountants' and brokers' fees and expenses incurred or to be incurred by Old Operator that remain unpaid as of the Effective Time, (ii) the amount of real estate transfer tax imposed by Applicable Law and consistent with payment customs of the location in which the relevant real estate property is located in connection with the transactions contemplated by this Agreement, (iii) payment of all special and betterment assessments, water rates and sewer charges, in each case on a prorated basis and adjusted as of the Effective Time, (iv) Old Operator's Employment Expenses and (v) all other fees and expenses relating to the transfer of Property in accordance with this Agreement (including, without limitation, cost of recording, preparing the Deed and applicable brokerage commissions), in each case of (i), (ii), (iii) and (iv), to the extent not paid in full prior to or at the Closing or taken in to account on a dollar-for-dollar basis in the reduction of the Purchase Price (as defined in the Purchase Agreement).

"Transferred Assets" means collectively, the Employee Records, the Books and Records of the Facility, the Supplies, the Resident Agreements, the Assumed Contracts, the Vehicles and Provider Agreements.

"Vehicles" means: (i) a 2008 Chevrolet Silverado, VIN: 1GCEC14098E214139; (ii) a 2013 Ford E-350 Cutaway, VIN: 1FDEE3FL2DDA36115; and (iii) a 2016 Dodge Grand Caravan, VIN 2C4RDGBG7HR8495888.

"WARN Act" means the Worker Adjustment and Retaining Notification Act of 1988, as amended.

The following terms used in this Agreement shall have the meanings set forth in the corresponding Paragraphs, subparagraph, Sections or subsections of this Agreement:

| <u>Defined Term</u>                  | <u>Section</u> |
|--------------------------------------|----------------|
| "Agreement"                          | Recitals       |
| "Effective Date"                     | Recitals       |
| "Old Operator"                       | Recitals       |
| "New Operator"                       | Recitals       |
| "Seller"                             | Recitals       |
| "Facility"                           | Recitals       |
| "Personal Property"                  | Recitals       |
| "Property"                           | Recitals       |
| "Purchase Agreement"                 | Recitals       |
| "Closing"                            | Section 1      |
| "Effective Time"                     | Section 1      |
| "General Assignment"                 | Section 2      |
| "CMP"                                | Section 2      |
| "Penalty"                            | Section 2      |
| "Recapture"                          | Section 2      |
| "Waiving Party"                      | Section 2      |
| "Excluded Liabilities"               | Section 3      |
| "Assumed Liabilities"                | Section 3      |
| "Excluded Assets"                    | Section 3      |
| "Supplies"                           | Section 4      |
| "Patient Trust Funds and Property"   | Section 5      |
| "Recapture Claim"                    | Section 6      |
| "Assumed Contract"                   | Section 7      |
| "Rejected Contract"                  | Section 7      |
| "Resident Agreement"                 | Section 7      |
| "Current Employee"                   | Section 8      |
| "Old Operator's Employment Expenses" | Section 8      |
| "Union"                              | Section 8      |
| "Employee Records"                   | Section 10     |
| "Website Materials"                  | Section 12     |
| "Provider Agreements"                | Section 13     |
| "New Operator's Indemnities"         | Section 15     |

|                                                             |            |
|-------------------------------------------------------------|------------|
| "Old Operator's Indemnitees"                                | Section 15 |
| "Indemnatee"                                                | Section 15 |
| "Indemnatee's Claim"                                        | Section 15 |
| "Indemnitor"                                                | Section 15 |
| "Indemnification Default"                                   | Section 15 |
| "New Operator's Fundamental Representations and Warranties" |            |
| "Health Care Licenses"                                      | Section 17 |
| "Old Operator's Fundamental Representations and Warranties" | Section 17 |
| "Defaulting Party"                                          | Section 20 |
| "Non-Defaulting Party"                                      | Section 20 |
| "Event of Default"                                          | Section 20 |
| "Disputes"                                                  | Section 23 |
| "AAA"                                                       | Section 23 |

#### **Schedule 7.a. – Existing Contracts**

- See attached.

| Vendor Name                            | Contract | Address                                                     | Phone                    | Description                             | Term Start | Term End   | Auto Renewal | Renewal terms    |
|----------------------------------------|----------|-------------------------------------------------------------|--------------------------|-----------------------------------------|------------|------------|--------------|------------------|
| Americom Imaging Systems, Inc          | ✓        | 10352 Lake Bluff Drive, Green Park, MO 63123                | (314) 884-1154           | Printer/computer supplies               | 6/1/2016   | n/a        | n/a          | until terminated |
| Americom Technology Solutions, Inc     | ✓        | 10352 Lake Bluff Drive, Green Park, MO 63123                | (314) 884-1154           | IT Support (monthly)                    | 6/1/2016   | n/a        | n/a          | until terminated |
| Arthur J Gallagher                     | ✓        | 38735 Treasury Center, Chicago, IL 60684                    |                          | Resident fund surety bond               | 10/1/2016  | 9/30/2017  | yes          | 1 year           |
| Biotech X-Ray, Inc.                    | ✓        | 1065 Executive Parkway Drive, Suite 220, St Louis, MO 63141 |                          | X-rays                                  | 3/4/2025   | 3/3/2026   | yes          | 1 year           |
| Blue Cross Blue Shield Of Illinois     | ✓        | PO Box 0038, Palatino, IL 60055                             |                          | Suppl resident insurance plan           | 1/1/2016   | 12/31/2018 | yes          | 1 year           |
| Boyer Fire Protection                  | ✓        | 5555 W Park Avenue, St Louis, MO 63110                      | (314) 241-8944           | Sprinkler inspections/repairs           | 10/18/2018 | 12/28/2018 |              |                  |
| Carmen Kohler                          | ✓        | 120 Osteridge Drive, Waterloo, IL 62298                     | (888) 260-1370           | Beauty services                         | 1/1/2003   | 12/31/2003 | yes          | 1 year           |
| Centiphi Screening, Inc.               | ✓        | PO Box 1675, Southampton, PA 18966                          |                          | Pre-employment screening/testing        | 2/6/2015   | 2/4/2017   | yes          | 1 year           |
| Generation Clinical Partners, LLC      | ✓        | 10428 Baur Blvd, St Louis, MO 63132                         |                          | Medical directorship (monthly)          | 4/1/2021   | 12/31/2021 | yes          | 1 year           |
| Hobart Service/TW Food Equipment Group | ✓        | PO Box 2517, Carol Stream, IL 60132                         | (636) 345-1700           | Kitchen equipment service contract      | 5/17/2022  | 5/16/2023  | yes          | 1 year           |
| Human Support Services                 | ✓        | 888 N Illinois, Route 3, Waterloo, IL 62298                 | (618) 939-4444           | Activity sponsorship                    | 2/17/2010  |            |              |                  |
| Janel Contracting Co Inc               | ✓        | 4208 Rider Trail North, Earth City, MO 63045                | (314) 291-0100           | Repairs/maintenance                     | 1/1/2023   | 12/31/2023 | yes          | 1 year           |
| Jaytech, Inc.                          | ✓        | 1290 Osborne Road, NE Suite E, Minneapolis, MN 55432        | (763) 795-9331           | HVAC Service maint contract             | 12/11/2019 |            |              |                  |
| Johnson Controls Fire Protection LP    | ✓        | PO Box 7411447, Chicago, IL 60674                           | (630) 325-6170           | Nurse call system (monthly)             | 4/1/2025   | 3/31/2030  | yes          | 5 years          |
| LeadingAge Illinois                    | ✓        | PO Box 67618, Chicago, IL 60680                             |                          | Membership dues                         | 5/1/2018   | 4/30/2020  | yes          | 1 year           |
| LifeLoop, LLC                          | ✓        | 11421 Davenport Street, Omaha, NE 68154                     | (888) 622-6256           | Group software subscription             | 5/8/2026   | 5/7/2026   | yes          | 1 year           |
| Mako Medical Laboratories, LLC         | ✓        | 8461 Garvey Drive, Raleigh, NC 27616                        | (847) 282-8300           | Labs                                    |            |            |              |                  |
| Marcum LLP                             | ✓        | PO Box 95000-2288, Philadelphia, PA 19195                   | (800) 869-1322           | Accountants/advisors                    | 1/23/2003  | 1/22/2008  | yes          | 1 year           |
| MatrixCare, Inc                        | ✓        | Bin #32, PO Box 1414, Minneapolis, MN 55480                 |                          | Electronic medical record software      | 3/3/2021   |            | n/a          | until terminated |
| Medline Industries, LP                 | ✓        | 3 Lakes Drive, Northfield, IL 60093                         | (855) 420-7900           | Medical services                        | 5/1/1998   |            | n/a          | until terminated |
| Mercy Hospital South                   | ✓        | 10010 Kennedy Road, St Louis, MO 63128                      | (800) 786-8015           | X-rays/ultrasounds                      | 9/1/2007   | 8/31/2008  | yes          | 1 year           |
| Mobilux USA                            | ✓        | PO Box 625822, Philadelphia, PA 19182                       |                          | Elevator inspections/ repairs for MT    | 7/20/2007  | 7/19/2012  | yes          | 5 years          |
| Otis Elevator Company                  | ✓        | PO Box 73579, Chicago, IL 60673                             | (618) 526-2588           | Social service and activity             | 12/15/2020 |            | yes          | 1 year           |
| Outcome Services Of Illinois, Inc      | ✓        | PO Box 144, Breese, IL 62230                                | (800) 940-1068 ext. 5361 |                                         | 7/11/2012  | 7/10/2016  |              | until terminated |
| Piney Bowes Global Financial LLC       | ✓        | 2222 American Drive, Neenah, WI 54956                       |                          | Training software                       | 8/1/2019   | 7/31/2020  | yes          | 1 year           |
| Relias LLC                             | ✓        | PO Box 74008620, Chicago, IL 60874                          | (214) 545-3759           | Staffing                                | 11/1/2021  |            | n/a          | until terminated |
| Shirley LLC                            | ✓        | PO Box 755913, Dallas, TX 75275                             | (630) 413-5925           | Physicians (Medical director) (monthly) | 9/20/2023  | 9/19/2024  | yes          | 1 year           |
| Sound Physicians                       | ✓        | PO Box 742936, Los Angeles, CA 90074                        | (334) 384-2310           | Rehab therapy                           | 8/1/2015   | 7/31/2014  | yes          | 1 year           |
| Symbria Rehab                          | ✓        | 28100 Torch Parkway, Suite 600, Warrenville, IL 60555       |                          | Compliance/regulation software          | 3/7/2022   | 3/6/2023   | yes          | 1 year           |
| The Compliance Store                   | ✓        | 355 Industrial Park Blvd, Montgomery, AL 36117              | (888) 726-5060           | Pharmacy (monthly)                      | 7/11/2022  | 7/10/2023  | yes          | 1 year           |
| United Scripts, LLC LLC                | ✓        | 1861 Craig Park Court, Maryland Heights, Mo 63148           |                          |                                         |            |            |              |                  |

**Schedule 7.b. – Assumed Contracts**

- New Operator to prepare/attach prior to Closing.

**Schedule 8.a. – Current Employees**

See attached.

| Legal_Lastname | Legal_Firstname | Department | PBJ_Job_Title_Desc       | DOL_Status |
|----------------|-----------------|------------|--------------------------|------------|
| AKINS          | DANIAL          | 64         | CNA Salary               | Full-Time  |
| ALDERMAN       | SAUSHA          | 73         | Clerical Salary          | Full-Time  |
| ARNOLD         | CLAIRE          | 69         | Dietary Aides Salary     | Part-Time  |
| BAKER          | JAELYN          | 69         | Dietary Aides Salary     | Full-Time  |
| BALDWIN        | MERRY           | 62         | SocServDir Salary        | Full-Time  |
| BALDWIN        | EMMA            | 69         | Dietary Aides Salary     | Part-Time  |
| BARNES         | JAMIE           | 73         | Supply Manager           | Full-Time  |
| BEASLEY        | CHRISTINE       | 64         | CNA Salary               | Full-Time  |
| BERTRAM        | FAITH           | 64         | LPN Salary               | Full-Time  |
| BIELKE         | TAMARA          | 64         | RN Salary                | Part-Time  |
| BIVINS - BOYER | CHELSEA         | 73         | Admissions -OakHill      | Full-Time  |
| BLECHLE        | JULIE           | 71         | Hskp Aides Salary        | Part-Time  |
| BOLES          | SHERRI          | 67         | MDS Coordinator          | Full-Time  |
| BOND           | SHANYA          | 64         | CNA Salary               | Full-Time  |
| BOYER          | KADEN           | 69         | Dietary Aides Salary     | Part-Time  |
| BOYER          | KIMBERLY        | 70         | Laundry Aides Salary     | Full-Time  |
| BRAFFORD       | SHEA            | 64         | CNA Salary               | Full-Time  |
| BRAUN          | KAYLEE          | 61         | Activity Aides Salary    | Full-Time  |
| BREGEN         | TIFFANY         | 64         | CNA Salary               | Full-Time  |
| BRELLINGER     | KELLI           | 64         | LPN Salary               | Full-Time  |
| BRINKMANN      | MARILYN         | 64         | CNA Salary               | Full-Time  |
| BROWN          | COURTNEY        | 61         | SCU Aides Salary         | Part-Time  |
| BROWNING       | KATHERINE       | 69         | Dietary Aides Salary     | Part-Time  |
| BUCKLEY        | ANDREW          | 72         | Maintenance Asst Salary  | Full-Time  |
| BULMAN         | ANNA            | 69         | Dietary Aides Salary     | Part-Time  |
| CALVERT        | MADELINE        | 64         | CNA Salary               | Part-Time  |
| CAMPOMIZZI     | KRISTINA        | 64         | CNA Salary               | Full-Time  |
| CARRICO        | DEBRA           | 71         | Hskp Supr Salary         | Full-Time  |
| CASEY          | JESSICA         | 64         | LPN Salary               | Full-Time  |
| CHRISTIANSEN   | BONNIE          | 64         | LPN Salary               | Full-Time  |
| CONLEY         | LILIANA         | 69         | Dietary Aides Salary     | Part-Time  |
| COOK           | ANTHONY         | 69         | Dietary Aides Salary     | Full-Time  |
| COWSERT        | SAVANNAH        | 69         | Dietary Aides Salary     | Part-Time  |
| CUMMINGS       | CHERRY          | 64         | CNA Salary               | Full-Time  |
| DABBS          | AUSTIN          | 69         | Dietary Aides Salary     | Part-Time  |
| DABBS          | GAVIN           | 69         | Dietary Aides Salary     | Part-Time  |
| DECKER         | SARA            | 64         | RN Salary                | Full-Time  |
| DIEHL          | SHANNON         | 67         | Infection Preventionists | Full-Time  |
| DILL           | EMILY           | 64         | CNA Salary               | Full-Time  |
| DINNING        | LINDSEY         | 64         | RN Salary                | Full-Time  |
| DONJON         | CAMILLE         | 64         | M/C RN Salary            | Full-Time  |
| DONJON         | AMBER           | 69         | Dietary Aides Salary     | Part-Time  |
| DRUMMOND       | JOANN           | 64         | CNA Salary               | Full-Time  |
| DUNKER         | REBECCA         | 63         | M/C LPN Salary           | Full-Time  |
| EASTON         | ROBIN           | 71         | Hskp Aides Salary        | Full-Time  |
| EGGEMEYER      | JUSTIN          | 64         | CNA Salary               | Part-Time  |
| ELDER          | MELINDA         | 69         | Cooks and Asst Salary    | Full-Time  |
| EMERY          | MACY            | 64         | LPN Salary               | Part-Time  |
| ESKER          | WENDI           | 71         | Hskp Aides Salary        | Full-Time  |
| ESKER          | LONNIE          | 72         | Maintenance Asst Salary  | Full-Time  |
| EWING          | HOPE            | 64         | CNA Salary               | Full-Time  |

|              |             |    |                                |           |
|--------------|-------------|----|--------------------------------|-----------|
| FACUN        | EMMANUEL    | 64 | CNA Salary                     | Full-Time |
| FELIX        | AMY         | 73 | Clerical Salary                | Full-Time |
| FOG          | HERBERT     | 70 | Laundry Aides Salary           | Full-Time |
| FORD         | AUSTIN      | 69 | Dietary Aides Salary           | Part-Time |
| FORRESTER    | LINSEY      | 72 | Maintenance Asst Salary        | Full-Time |
| FORRESTER JR | STEVEN      | 72 | Maintenance Asst Salary        | Full-Time |
| FRYE         | AMIE        | 67 | Health Info Supr Salary        | Full-Time |
| FRYE         | SUSIE       | 73 | Clerical Salary                | Part-Time |
| GARDNER      | FAITH       | 69 | Dietary Aides Salary           | Full-Time |
| GIGLOTTO     | TAYLOR      | 64 | RN Salary                      | Full-Time |
| GOERSCH      | KRISTEN     | 64 | CNA Salary                     | Part-Time |
| GRAU         | KYLIE       | 64 | CNA Salary                     | Full-Time |
| GREGSON      | JODI        | 67 | Staff Deve Coord Salary        | Full-Time |
| GRENIA       | JACQUELINE  | 73 | Corporate Complince/ QA Salary | Part-Time |
| GRIDER       | JENNIFER    | 64 | LPN Salary                     | Full-Time |
| GRIFFIN      | ABBY        | 69 | Cooks and Asst Salary          | Full-Time |
| GRIFFIN      | JAMES       | 70 | Laundry Aides Salary           | Part-Time |
| GRIFFITHS    | ANNA        | 64 | RN Salary                      | Full-Time |
| GROSSMANN    | DANA        | 69 | Cooks and Asst Salary          | Full-Time |
| HAHN         | TONYA       | 64 | CNA Salary                     | Full-Time |
| HALE         | CAROLINE    | 64 | CNA Salary                     | Part-Time |
| HANK         | KEAGAN      | 69 | Dietary Aides Salary           | Part-Time |
| HANNA        | MINDY       | 67 | DON Salary                     | Full-Time |
| HARVEY       | JAMIE       | 61 | SCU Aides Salary               | Full-Time |
| HEIMBURGER   | COURTNEY    | 64 | M/C RN Salary                  | Full-Time |
| HEINEN       | MITCHELL    | 69 | Dietary Aides Salary           | Part-Time |
| HENRY        | BARTHOLOMEW | 69 | Dietary Aides Salary           | Part-Time |
| HENRY        | THADDEUS    | 69 | Dietary Aides Salary           | Part-Time |
| HEUSOHN      | PENNY       | 73 | Clerical Salary                | Part-Time |
| HICK         | LITNEY      | 69 | Dietary Consultant             | Full-Time |
| HICKS        | KALEIGH     | 69 | Dietary Aides Salary           | Part-Time |
| HOLMES       | CASSANDRA   | 73 | Clerical Salary                | Full-Time |
| HORVATH      | EMERSON     | 69 | Dietary Aides Salary           | Part-Time |
| HOWARD       | AKIEM       | 64 | CNA Salary                     | Full-Time |
| JACKSON      | LOGAN       | 64 | CNA Salary                     | Full-Time |
| JAVID-STAH   | IRINA       | 64 | RN Salary                      | Full-Time |
| JOHANNING    | JANELL      | 70 | Laundry Aides Salary           | Full-Time |
| JOHNSON      | REBECCA     | 64 | CNA Salary                     | Part-Time |
| JOHNSON      | LADOSHA     | 64 | CNA Salary                     | Full-Time |
| JOHNSON      | OLIVIA      | 64 | CNA Salary                     | Part-Time |
| JOHNSTON     | JILL        | 70 | Laundry Aides Salary           | Part-Time |
| JORDAN       | MADILYN     | 73 | Clerical Salary                | Part-Time |
| JOSHU        | SHERRI      | 67 | Special Care Unit Dir          | Full-Time |
| KALTENBACH   | HEATHER     | 64 | CNA Salary                     | Full-Time |
| KAMINS       | ELIYAHU     | 73 | OH Administrator Salary        | Full-Time |
| KARIUS       | MEGAN       | 80 | RN Salary                      | Full-Time |
| KEEN         | CAMARI      | 64 | LPN Salary                     | Full-Time |
| KINER        | KERA        | 63 | M/C LPN Salary                 | Part-Time |
| KING         | BRANDY      | 64 | CNA Salary                     | Full-Time |
| KING         | DARLENE     | 64 | CNA Salary                     | Full-Time |
| KING         | ERIKA       | 64 | LPN Salary                     | Full-Time |
| KLAUSING     | CASSANDRA   | 64 | LPN Salary                     | Full-Time |

|                 |           |    |                           |           |
|-----------------|-----------|----|---------------------------|-----------|
| KLEIN           | MADLINE   | 64 | RN Salary                 | Full-Time |
| KNECHTEL        | TARA      | 69 | Dietary Supervisor Salary | Full-Time |
| KNOBLOCH        | REJONA    | 64 | CNA Salary                | Full-Time |
| KNOBLOCH        | AARON     | 69 | Dietary Aides Salary      | Part-Time |
| KOUDELKA        | KENZY     | 69 | Dietary Aides Salary      | Part-Time |
| KUEKER          | TAMMY     | 64 | RN Salary                 | Part-Time |
| LAGHAIFARIMANI  | LEXI      | 70 | Laundry Aides Salary      | Full-Time |
| LANCE           | KADENCE   | 69 | Dietary Aides Salary      | Part-Time |
| LITTLE          | KENDRA    | 67 | Resident Care Coordinator | Full-Time |
| LOECHER         | DEBORAH   | 64 | LPN Salary                | Part-Time |
| MANSFIELD       | MALIA     | 69 | Dietary Aides Salary      | Part-Time |
| MARQUART        | CAROL     | 64 | CNA Salary                | Full-Time |
| MAXEY           | KAYLEE    | 69 | Dietary Aides Salary      | Part-Time |
| MAY             | RACHEL    | 61 | Activity Supr Salary      | Full-Time |
| MCCARTHY        | ALLISON   | 69 | Cooks and Asst Salary     | Full-Time |
| MCCARTY         | EVE       | 69 | Dietary Aides Salary      | Part-Time |
| MEISTER-JUENGER | WENDY     | 61 | Activity Aides Salary     | Full-Time |
| MESNARICH       | GINA      | 67 | Nursing Coord Salary      | Full-Time |
| MEYER           | HANNA     | 63 | M/C LPN Salary            | Full-Time |
| MILLER          | IAN       | 71 | Hskp Aides Salary         | Full-Time |
| MOLL            | TAMMY     | 62 | SocServDir Salary         | Full-Time |
| MOSLEY          | CARLTON   | 69 | Cooks and Asst Salary     | Full-Time |
| NASH            | VIRGINIA  | 73 | Clerical Salary           | Full-Time |
| NOLD            | HAILEY    | 69 | Dietary Aides Salary      | Part-Time |
| NOSSET          | MARINA    | 64 | CNA Salary                | Full-Time |
| NOVAK           | SUSAN     | 69 | Cooks and Asst Salary     | Full-Time |
| OLIVER          | SAVANNAH  | 64 | RN Salary                 | Part-Time |
| PAULINE         | ELIZABETH | 73 | OH Administrator - EVG    | Full-Time |
| PETERS          | MELISSA   | 69 | Cooks and Asst Salary     | Full-Time |
| PILLER          | CONNIE    | 70 | Laundry Aides Salary      | Full-Time |
| POLACEK         | TERESA    | 67 | Care Plan Nurse           | Full-Time |
| POTOCHNEY       | CALLI     | 64 | CNA Salary                | Seasonal  |
| PRATHER         | MEGAN     | 63 | M/C LPN Salary            | Part-Time |
| RAYFIELD        | EASTON    | 69 | Dietary Aides Salary      | Part-Time |
| REINHOLD        | RUTH      | 71 | Hskp Aides Salary         | Full-Time |
| ROOD            | NICOLE    | 63 | M/C RN Salary             | Full-Time |
| ROSSEL          | JOYCE     | 61 | SCU Aides Salary          | Part-Time |
| ROY             | LAURA     | 69 | Cooks and Asst Salary     | Full-Time |
| ROY             | MCKENNA   | 69 | Dietary Aides Salary      | Part-Time |
| SARCHET         | AMBER     | 64 | CNA Salary                | Part-Time |
| SAUERHAGE       | SONDRA    | 64 | CNA Salary                | Full-Time |
| SAUERWEIN       | ALEXIS    | 64 | LPN Salary                | Full-Time |
| SCHEIBE         | TRACY     | 71 | Hskp Aides Salary         | Part-Time |
| SCHMIEG         | CLAIRE    | 64 | CNA Salary                | Part-Time |
| SHAW            | TIFFANY   | 64 | CNA Salary                | Part-Time |
| SIEDLE          | DEBRA     | 64 | CNA Salary                | Part-Time |
| SINN            | JESSICA   | 67 | ADON Salary               | Full-Time |
| SMITH           | LOGAN     | 72 | Maintenance Asst Salary   | Full-Time |
| STANGLEIN       | SUSAN     | 73 | Clerical Salary           | Part-Time |
| STAUB           | ANGELA    | 67 | Resident Care Coordinator | Full-Time |
| STELL           | AIDAN     | 64 | CNA Salary                | Full-Time |
| STENNIS         | JOANN     | 64 | CNA Salary                | Part-Time |

|            |           |    |                               |           |
|------------|-----------|----|-------------------------------|-----------|
| STRONG     | NICOLE    | 63 | M/C LPN Salary                | Full-Time |
| STUDT      | FRANCES   | 64 | LPN Salary                    | Full-Time |
| STULCE     | ROBYN     | 64 | CNA Salary                    | Part-Time |
| STURDEVANT | CORY      | 72 | Maintenance Director Salary   | Full-Time |
| SWISTAK    | CHRISTINA | 67 | Resident Care Coordinator     | Full-Time |
| TANTOY     | LORNA     | 71 | Hskp Aides Salary             | Full-Time |
| TAYLOR     | MADDISON  | 69 | Activity Aides Salary         | Part-Time |
| THOMAS     | KATHERINE | 64 | RN Salary                     | Full-Time |
| TOENJES    | LANCE     | 69 | Dietary Aides Salary          | Part-Time |
| VALLEROY   | KENDALL   | 71 | Hskp Aides Salary             | Part-Time |
| VANOVER    | SHERRY    | 64 | CNA Salary                    | Full-Time |
| VOGT       | DAWN      | 69 | Cooks and Asst Salary         | Full-Time |
| VOGT       | NANCY     | 69 | Dietary Aides Salary          | Full-Time |
| VONYEAST   | TONYA     | 69 | Cooks and Asst Salary         | Full-Time |
| WAHL       | TAMMY     | 64 | LPN Salary                    | Full-Time |
| WAHLE      | SYDNEY    | 69 | Dietary Aides Salary          | Part-Time |
| WALTERS    | TJJA      | 64 | RN Salary                     | Part-Time |
| WATKINS    | MARY      | 71 | Hskp Aides Salary             | Part-Time |
| WEBB       | MARIA     | 64 | CNA Salary                    | Full-Time |
| WEBER      | MEGAN     | 80 | Therapy Aides Salary          | Full-Time |
| WEGENER    | HEATHER   | 64 | RN Salary                     | Full-Time |
| WELLER     | KARMEN    | 64 | RN Salary                     | Part-Time |
| WILLIAMS   | ANDREA    | 64 | CNA Salary                    | Full-Time |
| WINGERTER  | AVA       | 69 | Dietary Aides Salary          | Part-Time |
| WOJTYSIAK  | HOLLY     | 61 | Activity Supr Salary          | Full-Time |
| WRIGHT     | ALYSSA    | 73 | OH Administrator Salary - SLF | Full-Time |
| WRINKLE    | KRISTA    | 70 | Laundry Aides Salary          | Full-Time |

**Schedule 17.b. – Condition of Transferred Assets**

- The roof of one or more building which comprise the Facility requires replacement. Old Operator, at Old Operator's sole cost and expense, will cause the repair and replacement of all areas of the roof that need to be replaced due to age or weather during the Term of the Lease.
- To Old Operator's Knowledge, the boilers, cooling tower, and sprinkler system servicing the Facility are in good working condition. However, if during the Term of the Lease, repairs or replacements to the aforementioned items servicing the Facility are required, Old Operator shall split the costs thereof, up to a maximum of \$375,000, with New Operator, in accordance with Section 11.1 of the Lease.

### **Schedule 17.e. – Permits**

#### **Oak Hill SNF:**

- IDPH License
- CLIA Certificate
- Medicaid Provider #376006468002
- Medicare provider #145445

#### **Mag Terrace SLF:**

- State License
- Medicaid Provider #376006468003.

#### **Schedule 17.h. – Litigation**

- Jennifer Morgan v. Monroe County: Employment lawsuit stemming from Plaintiff's termination. In June of 2023, Plaintiff filed a one-count Complaint alleging retaliation under the Illinois Human Rights Act. In said Complaint, Plaintiff alleges she was terminated in retaliation for reporting sexual harassment in the workplace and for utilizing leave under the Family and Medical Leave Act ("FMLA"). Defendant is taking a defense-posture with this case as Plaintiff's claims are baseless as she was terminated for fraudulent billing practices. The Parties are still engaged in discovery, and a trial date has not been scheduled.
- Janet Walsh, as Special Administrator of the Estate of Cletus Whelan v. Monroe County, Elizabeth Pauline, John Doe, and John Doe Corporation. On October 25, 2024, Plaintiff filed a Complaint against Monroe County d/b/a Oak Hill d/b/a Evergreen Pointe, Elizabeth Pauline, John Doe, and John Doe Corporation alleging violations of the Illinois Nursing Home Care Act, wrongful death, and negligence. Estate claims lack of fall precautions resulted in Walsh's death. Defendants are taking a defense-posture with this case. The Parties are still engaged in discovery, and a trial date has not been scheduled.

**Schedule 17.i.— Transferred Assets Compliance with Applicable Laws**

None.

#### **Schedule 17.n. – Health Care Matters**

- With respect to Section 17.n.iv.1 – Immediate Jeopardy: In September of 2024, Oak Hill had to submit a Plan of Correction to the Illinois Department of Public Health due to an allegation of abuse not being timely reported. Oak Hill paid a fine, and the license was never impacted.
- With respect to Section 17.n.iv.4 – Medicare threatened to stop making payments to Oak Hill due to a delay in submitting Oak Hill's payroll based journal. The payroll based journal was submitted on August 14, 2025, and Oak Hill's participation in Medicare and Medicaid was not impacted.
- With respect to Section 17.n.v and Section 17.n.x – Approximately two years ago it was discovered that there were Medicare billing issues at Oak Hill. A forensic accounting firm was hired, and the billing issue is being rectified. The accounting firm prepared a detailed report outlining the processes which need to be followed. Oak Hill expects to be assessed a monetary penalty for the issue, the cost of which will be paid by Monroe County.

**Schedule 17.p. COVID Funds**

| <b>Date</b>  | <b>Amount</b>          |
|--------------|------------------------|
| 4/17/2020    | \$ 103,315.09          |
| 5/22/2020    | \$ 410,000.00          |
| 8/27/2020    | \$ 218,800.00          |
| 9/25/2020    | \$ 69,002.40           |
| 1/25/2021    | \$ 103,314.87          |
| 4/8/2021     | \$ 161,528.81          |
| 10/22/2021   | \$ 56,220.54           |
| 10/22/2021   | \$ 56,220.54           |
| 10/22/2021   | \$ 56,220.54           |
| 11/29/2021   | \$ 26,865.89           |
| 12/28/2021   | \$ 114,199.02          |
| 10/19/2022   | \$ 140,139.82          |
| 12/9/2022    | \$ 151,420.28          |
| 3/8/2023     | \$ 138,645.48          |
| 7/13/2023    | \$ 179,018.96          |
|              |                        |
| <b>Total</b> | <b>\$ 1,984,912.24</b> |

| Vendor Name                             | Contract |
|-----------------------------------------|----------|
| American Imaging Systems, Inc           | ✓        |
| Americom Technology Solutions, Inc      | ✓        |
| Arthur J Gallagher                      | ✓        |
| Biotech X-Ray, Inc.                     | ✓        |
| Blue Cross Blue Shield Of Illinois      | ✓        |
| Boyer Fire Protection                   | ✓        |
| Carmen Kohler                           | ✓        |
| Cetaphil Screening, Inc.                | ✓        |
| Generation Clinical Partners, LLC       | ✓        |
| Hobart Service/ITW Food Equipment Group | ✓        |
| Human Support Services                  | ✓        |
| Jarrell Contracting Co Inc              | ✓        |
| Jaytech, Inc.                           | ✓        |
| Johnson Controls Fire Protections LP    | ✓        |
| LeadingAge Illinois                     | ✓        |
| LifeLoop, LLC                           | ✓        |
| Mako Medical Laboratories, LLC          | ✓        |
| Marcum LLP                              | ✓        |
| MatrixCare, Inc                         | ✓        |
| Medline Industries, LP                  | ✓        |
| Mercy Hospital South                    | ✓        |
| Mobilux USA                             | ✓        |
| ONS Elevator Company                    | ✓        |
| Outcome Services Of Illinois, Inc       | ✓        |
| Pinney Bowes Global Financial LLC       | ✓        |
| Rallus LLC                              | ✓        |
| Shifkey LLC                             | ✓        |
| Sound Physicians                        | ✓        |
| Symbia Rehab                            | ✓        |
| The Compliance Store                    | ✓        |
| United Scripts, LLC LLC                 | ✓        |

| Address                                                      | Phone                    | Description                             | Term Start | Term End   | Auto Renewal | Renewal Terms    |
|--------------------------------------------------------------|--------------------------|-----------------------------------------|------------|------------|--------------|------------------|
| 10352 Lake Bluff Drive, Green Park, MO 63123                 | (314) 894-1154           | Printer/computer supplies               | 6/1/2016   |            | n/a          | until terminated |
| 10352 Lake Bluff Drive, Green Park, MO 63123                 | (314) 894-1154           | IT Support (monthly)                    | 6/1/2016   |            | n/a          | until terminated |
| 39735 Treasury Center, Chicago, IL 60694                     |                          | Resident fund surety bond               | 10/1/2016  | 9/30/2017  | yes          | 1 year           |
| 1065 Executive Parkway Drive, Suite 220, St. Louis, MO 63141 |                          | X-rays                                  | 3/4/2025   | 3/3/2026   | yes          | 1 year           |
| PO Box 0038, Palatino, IL 60065                              |                          | Suppl resident insurance plan           | 1/1/2018   | 12/31/2018 | yes          | 1 year           |
| 5555 W Park Avenue, St. Louis, MO 63110                      | (314) 241-9944           | Sprinkler inspections/repairs           | 10/18/2018 | 12/28/2018 |              | 1 year           |
| 120 Osterlidge Drive, Waterloo, IL 62298                     | (888) 260-1370           | Beauty services                         | 1/1/2003   | 12/31/2003 | yes          | 1 year           |
| PO Box 1675, Southampton, PA 18966                           |                          | Pre-employment screening/testing        | 2/5/2015   | 2/4/2017   | yes          | 1 year           |
| 10426 Baur Blvd, St. Louis, MO 63132                         |                          | Medical directorship (monthly)          | 4/1/2021   | 12/31/2021 | yes          | 1 year           |
| PO Box 2517, Carol Stream, IL 60132                          | (636) 343-1700           | Kitchen equipment services contract     | 5/17/2022  | 5/16/2023  | yes          | 1 year           |
| 988 N Illinois, Route 3, Waterloo, IL 62298                  | (618) 939-4444           | Activity sponsorship                    | 2/17/2010  |            |              | 1 year           |
| 4208 Rider Trail North, Earth City, MO 63045                 | (314) 291-0100           | Repairs/maintenance                     | 1/1/2023   | 12/31/2023 | yes          | 1 year           |
| 1290 Osborne Road, NE Suite E, Minneapolis, MN 55432         | (763) 796-9331           | HVAC Service maint contract             | 12/11/2018 |            |              | 5 years          |
| PO Box 7411447, Chicago, IL 60674                            | (630) 325-6170           | Nurse call system (monthly)             | 4/1/2025   | 3/31/2030  | yes          | 1 year           |
| 11421 Davenport Street, Omaha, NE 68154                      | (888) 822-6256           | Membership dues                         | 5/1/2019   | 4/30/2020  | yes          | 1 year           |
| 8461 Garvey Drive, Raleigh, NC 27616                         | (847) 282-6300           | Group software subscription             | 5/8/2025   | 5/7/2025   | yes          | 1 year           |
| PO Box 96000-2288, Philadelphia, PA 19195                    | (800) 859-1222           | Labs                                    |            |            |              | 1 year           |
| Bin #32, PO Box 1414, Minneapolis, MN 55480                  |                          | Accountants/advisors                    | 1/23/2003  | 1/22/2008  | yes          | until terminated |
| 3 Lakes Drive, Northfield, IL 60063                          | (855) 420-7900           | Electronic medical record software      | 3/3/2021   |            | n/a          | until terminated |
| 10010 Kennedy Road, St. Louis, MO 63128                      | (800) 786-8015           | Medical services                        | 5/1/1998   |            | n/a          | 1 year           |
| PO Box 825922, Philadelphia, PA 19182                        |                          | X-rays/ultrasounds                      | 9/1/2007   | 8/31/2008  | yes          | 5 years          |
| PO Box 73579, Chicago, IL 60673                              | (618) 528-2588           | Elevator inspections/ repairs for MT    | 7/20/2007  | 7/19/2012  | yes          | 1 year           |
| PO Box 144, Breese, IL 62230                                 | (800) 840-1068 ext. 5361 | Social service and activity             | 12/15/2020 |            | yes          | until terminated |
| 2222 American Drive, Meenah, WI 54956                        |                          | Training software                       | 7/11/2012  | 7/10/2016  |              | 1 year           |
| PO Box 74008620, Chicago, IL 60674                           | (214) 549-3759           | Staffing                                | 8/1/2019   | 7/31/2020  | yes          | until terminated |
| PO Box 735913, Dallas, TX 75373                              |                          | Physicians (Medical director) (monthly) | 11/1/2021  |            | n/a          | 1 year           |
| PO Box 742836, Los Angeles, CA 90074                         | (630) 413-5925           | Rehab therapy                           | 9/20/2023  | 9/19/2024  | yes          | 1 year           |
| 28100 Torch Parkway, Suite 500, Warrenton, IL 60555          | (334) 384-2310           | Compliance/regulation software          | 8/1/2015   | 7/31/2014  | yes          | 1 year           |
| 355 Industrial Park Blvd, Montgomery, AL 36117               | (888) 726-5060           | Pharmacy (monthly)                      | 3/7/2022   | 3/6/2023   | yes          | 1 year           |
| 1861 Craig Park Court, Maryland Heights, Mo 63146            |                          |                                         | 7/11/2022  | 7/10/2023  | yes          | 1 year           |