25-041

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
OCT 22 2025
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: **Serenity Estates of Freeport**		
Street Address: **2946 S. Walnut Road**		
City and Zip Code: **Freeport, IL 61032**		
County: **Stephenson**	Health Service Area: **001**	Health Planning Area: **Stephenson**

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: **Freeport Nursing LLC**
Address: **2946 S. Walnut Road**
Name of Registered Agent: **Alena Jotkus**
Name of Chief Executive Officer: **Jennifer Daugherty**
CEO Address: **1 Westbrook Corporate Center Suite 300, Westchester, IL 60154**
Telephone Number: **217-251-7127**

Type of Ownership (Applicant/Co-Applicants)

☐ Non-profit Corporation	☐ Partnership	
☐ For-profit Corporation	☐ Governmental	
☒ Limited Liability Company	☐ Sole Proprietorship	☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive ALL correspondence or inquiries)

Name: **Jennifer Daugherty**
Title: **Manager**
Company Name: **Serenity Estates LLC**
Address: **1 Westbrook Corporate Center Suite 300, Westchester, IL 60154**
Telephone Number: **217-251-7127**
E-mail Address: **jdaugherty@serenityestateshc.com**
Fax Number:

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: **Cameron Marsh**
Title: **CON Contact**
Company Name: **BottomLine Clarity LLC**
Address: **127 W. Fairbanks Ave #365, Winter Park, FL 32789**
Telephone Number: **386-341-0670**
E-mail Address: **cmarsh@bottomlineclarity.com**
Fax Number:

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APPLICATION FOR PERMIT

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Exact Legal Name: **Freeport Realty LLC**
Address: **1 Westbrook Corporate Center Suite 300, Westchester, IL 60154**
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Name of Chief Executive Officer: **Jennifer Daugherty**
CEO Address: **1 Westbrook Corporate Center Suite 300, Westchester, IL 60154**
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Facility/Project Identification

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Street Address: **2946 S. Walnut Road**		
City and Zip Code: **Freeport, IL 61032**		
County: **Stephenson**	Health Service Area: **001**	Health Planning Area: **Stephenson**

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: **The Board of Supervisors of the County of Stephenson and State of Illinois, a unit of local government, AKA Stephenson Co Nursing Center**
Address: **2946 S. Walnut Road, Freeport, IL 61032**
Name of Registered Agent: **Laurel Bergren**
Name of Chief Executive Officer: **Scott Helms**
CEO Address: **50 W. Douglas Street, Suite 1002, Freeport, IL 61032**
Telephone Number: **815-541-8844**

Type of Ownership (Applicant/Co-Applicants)

☐ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☒ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
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APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive ALL correspondence or inquiries)

Name: **Georgia Newcomer**
Title: **County Administrator**
Company Name: **Stephenson County**
Address: **50 W. Douglas Street, Suite 1002, Freeport, IL 61032**
Telephone Number: **815-235-8277**
E-mail Address: **gnewcomer@stephensoncountyil.gov**
Fax Number:

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: **Sara Avakian**
Title: **Legal Counsel**
Company Name: **Polsinelli PC**
Address: **150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606**
Telephone Number: **312-873-2993**
E-mail Address: **savakian@polsinelli.com**
Fax Number:

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance. **This person must be an employee of the applicant.]**

Name: **Jennifer Daugherty**
Title: **Manager**
Company Name: **Serenity Estates LLC**
Address: **1 Westbrook Corporate Center Suite 300, Westchester, IL 60154**
Telephone Number: **217-251-7127**
E-mail Address: **jdaugherty@serenityestateshc.com**
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: **The Board of Supervisors of the County of Stephenson and State of Illinois, a unit of local government, AKA Stephenson Co Nursing Center (Pre-transaction)** **Freeport Realty LLC (Post-transaction)**
Address of Site Owner: **50 W. Douglas Street, Suite 1002, Freeport, IL 61032 (Pre-transaction)** **1 Westbrook Corporate Center Suite 300, Westchester, IL 60154 (Post-transaction)**
Street Address or Legal Description of Site: **2946 S. Walnut Road, Freeport, IL 61032**
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: **Freeport Nursing LLC**
Address: **2946 S. Walnut Road, Freeport, IL 61032**

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ☒ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.
APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (**http://www.hfsrb.illinois.gov**).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☐ Substantive	☒ Part 1120 Not Applicable
☒ Non-substantive	☐ Category A Project
	☐ Category B Project
	☐ DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

This application proposes to transfer ownership of the Stephenson Nursing Center ("The Center"), a general long-term care facility located at 2946 S. Walnut Road, Stephenson, Illinois 61032 from the County for $1,500,000, pursuant to the terms of the attached agreement. The Center is currently owned and operated by The Board of Supervisors of the County of Stephenson and State of Illinois d/b/a Stephenson Nursing Center, a governmental entity, which maintains 100% operational control and ownership interest in The Center. The owner of the property is also The Board of Supervisors of the County of Stephenson and State of Illinois, a governmental entity, which maintains 100% ownership interest of the property.

Following the proposed transaction, Freeport Nursing, LLC will own and operate the Center under the name Serentiy Estates of Freeport. The property will be owned by Freeport Realty, LLC with the license resting with Freeport Nursing, LLC. The managers of these entities, as described herein, will be Jennifer Daugherty and John Coglianese.

There are no further anticipated changes to the operation of the facility or scope of services provided.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)	$1,500,000		$1,500,000
TOTAL USES OF FUNDS	$1,500,000		$1,500,000
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$1,500,000		$1,500,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	$1,500,000		$1,500,000
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☒ Yes ☐ No
Purchase Price: $ 1,000,000
Fair Market Value: $ 1,000,000

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ N/A .

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☒ None or not applicable ☐ Preliminary

☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): September 01, 2025

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies

☒ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:
☐ Cancer Registry – NOT APPLICABLE
☐ APORS – NOT APPLICABLE
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements – NOT APPLICABLE

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage, either **DGSF** or **BGSF**, must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Stephenson Nursing Center			**CITY: Freeport**		
REPORTING PERIOD DATES: From: 01-01-2024 to: 12-31-2024					
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	150		16,163	0	150
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	**150**		**16,163**	**0**	**150**

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Freeport Nursing, LLC * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Jennifer Daugherty

SIGNATURE

Jennifer Daughtery
PRINTED NAME

Manager
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10th day of October 2025

Signature of Notary

Seal

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this______day of ________________

Signature of Notary

Seal

*Insert EXACT legal name of the applicant

NOTARY PUBLIC STATE OF TEXAS
Domonic Christian Miramontes
ID NUMBER 134679855
COMMISSION EXPIRES December 13, 2027

Electronically signed and notarized online using the Proof platform.

CERTIFICATION

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Jennifer Daughtery

SIGNATURE

Jennifer Daughtery

PRINTED NAME

Manager

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10th day of October 2025

D. Christian Miramontes

Signature of Notary

Seal

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this_____day of __________

Signature of Notary

Seal

*Insert EXACT legal name of the applicant

NOTARY PUBLIC STATE OF TEXAS

Domonic Christian Miramontes

ID NUMBER
134679855
COMMISSION EXPIRES
December 13, 2027

Electronically signed and notarized online using the Proof platform.

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- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of The board of Supervisors of the County of Stephenson and the State of Illinois, a unit of local government, AKA Stephenson Co Nursing Center * **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE	SIGNATURE
Scott Helms PRINTED NAME	PRINTED NAME
County Board Chairman PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 10 day of October 2025	Notarization: Subscribed and sworn to before me this______day of __________
Signature of Notary	Signature of Notary
Seal OFFICIAL SEAL ANGELA RENEE RENFRO Notary Public, State of Illinois Commission No: 1007375 My Commission Expires 03/27/2029	Seal

*Insert EXACT legal name of the applicant

SECTION II – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
    a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.
    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.
    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

2. Define the planning area or market area, or other, per the applicant's definition.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]

4. Cite the sources of the information provided as documentation.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS <u>ATTACHMENT-12,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space – NOT APPLICABLE

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;

   c. The project involves the conversion of existing space that results in excess square footage.

   Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE: NOT APPLICABLE

Provide the following information:

1. Total gross square footage of the proposed shell space;

2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;

3. Evidence that the shell space is being constructed due to
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data are available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: NOT APPLICABLE

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV – CHANGE OF OWNERSHIP OF COUNTY-OWNED LONG-TERM CARE FACILITIES

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
   a. the location (town and street address);
   b. the number of beds;
   c. a list of services; and
   d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

V. 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$1,500,000	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
______	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
______	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
______	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
______	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
______	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$1,500,000	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT-20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

VI. 1120.130 - Financial Viability - NOT APPLICABLE

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **All of the projects capital expenditures are completely funded through internal sources**
2. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
3. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	**Category A or Category B (last three years)**			**Category B (Projected)**
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 22, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

VII. 1120.140 - Economic Feasibility - NOT APPLICABLE

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

VIII. Safety Net Impact Statement - NOT APPLICABLE

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaidpatients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	**Year**	**Year**
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS

ATTACHMENT 1
Ownership

Included with this attachment are the Certificates of Good standings for the following:

Freeport Nursing, LLC

Freeport Realty, LLC

The Board of Supervisors of the County of Stephenson and State of Illinois, a unit of local government, AKA Stephenson Co Nursing Center is a government entity and, as such, is not issued a Certificate of Good Standing.

ATTACHMENT 1
Ownership

Freeport Nursing, LLC **Certificate of Good Standing**

File Number 1665060-9

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulias, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

FREEPORT NURSING LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 12, 2025, AND HAVING ADOPTED THE ASSUMED NAME OF SERENITY ESTATES OF FREEPORT ON AUGUST 12, 2025, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 4TH *day of* SEPTEMBER *A.D.* 2025 .

Authentication #: 2524702806 verifiable until 09/04/2026
Authenticate at: https://www.ilsos.gov

Alexi Giannoulias
SECRETARY OF STATE

ATTACHMENT 1
Ownership

Freeport Realty, LLC **Certificate of Good Standing**

File Number 1667584-9

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulias, *Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

FREEPORT REALTY LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 18, 2025, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 6TH *day of* OCTOBER *A.D.* 2025 .

Authentication #: 2527904578 verifiable until 10/06/2026
Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

ATTACHMENT 1

ATTACHMENT 2
Site Ownership

Attached as evidence of control over the Property is the Stephenson County Assessor's parcel identification.

Property Information

Parcel Number 18-19-07-300-013 **Tax Year** 2024 (Payable 2025)	**Site Address** 2946 S WALNUT RD FREEPORT, IL 61032	**Owner Name & Address** STEPHENSON CO NURSING CENTER C/O COUNTY CLERK 50 W DOUGLAS ST, STE 500 FREEPORT, IL, 61032
Sale Status None	**Neighborhood Code**	**Land Use** EZ - Located in EZone
Property Class 0090 - Tax Exempt	**Tax Code** 18093 -	**Tax Status** Exempt
Net Taxable Value 0	**Tax Rate** 0.000000	**Total Tax** $0.00 Pay Taxes
Township Freeport	**Acres** 13.7600	**Mailing Address** STEPHENSON CO NURSING CENTER C/O COUNTY CLERK 50 W DOUGLAS ST, STE 500 FREEPORT, IL, 61032
Tract Number 1907300013	**Lot Size** 13.76 ACRES M/L	**TIF Base Value** 0
Legal Description PT S1/2 SW1/4 SEC 7-26-8 DOR DOC #92-89-99		

ATTACHMENT 3
Operating Identify/License

The Board of Supervisors of the County of Stephenson and State of Illinois, a unit of local government, AKA Stephenson Co Nursing Center d/b/a Stephenson Nursing Center

ILLINOIS DEPARTMENT OF
PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DR. Sameer Vohra
DIRECTOR OF IDPH

Issued under the authority of the Illinois Department of Public Health

EFFECTIVE DATE	EXPIRATION DATE	LICENSE NUMBER	STATUS
4/18/2025	4/18/2026	0004259	Unrestricted

Category: Long Term Care

Skilled Nursing Capacity 148

Intermediate Care Capacity 2 **Total Licensed Beds** **150**

LICENSEE NAME STEPHENSON COUNTY BOARD OF SUPERVISORS

LICENSEE BUSINESS NAME
STEPHENSON NURSING CENTER
2946 SOUTH WALNUT ROAD
FREEPORT Illinois 61032

ATTACHMENT 3
Operating Identify/License

Freeport Nursing, LLC **Certificate of Good Standing**

File Number 1665060-9

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulias, *Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

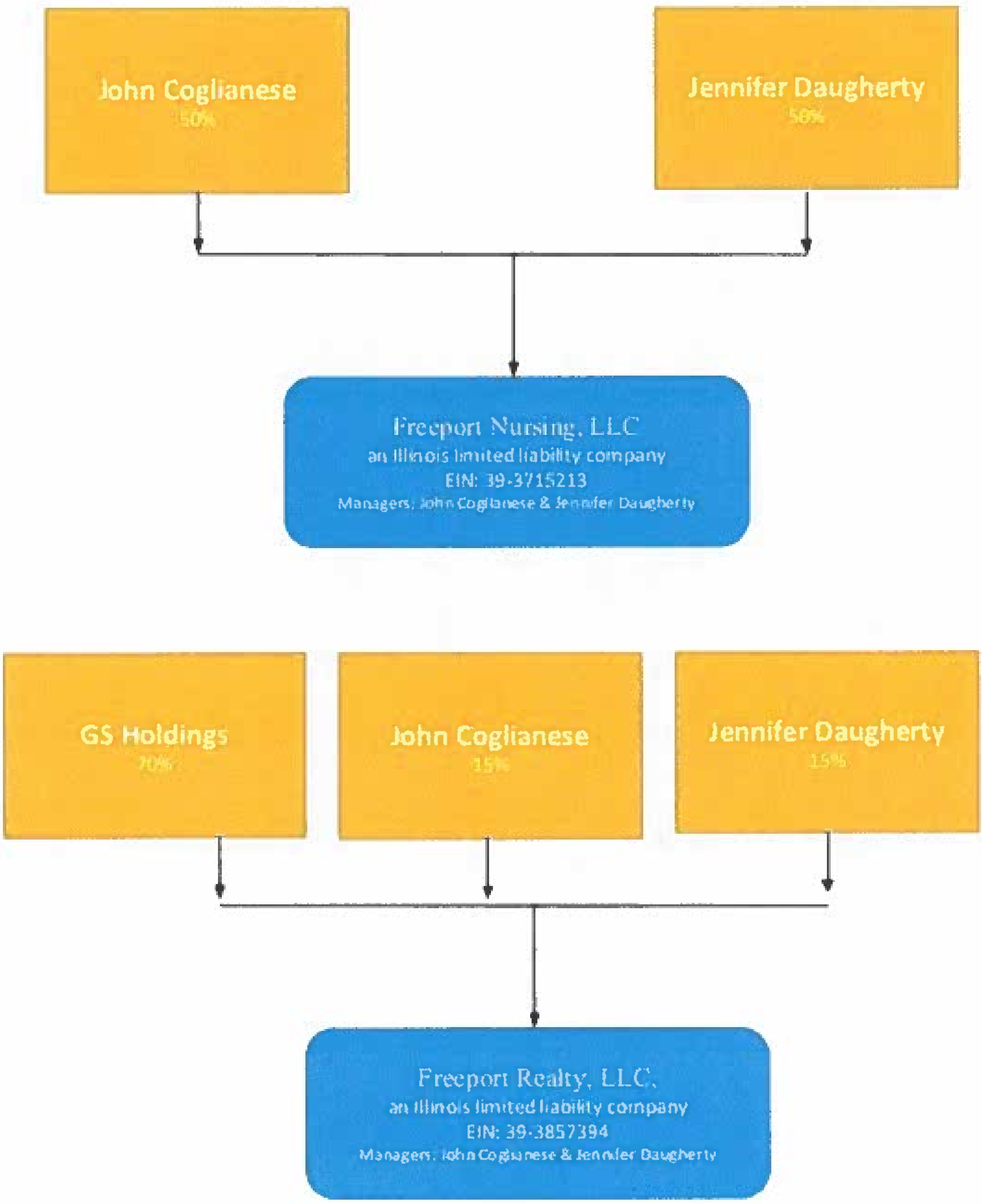
FREEPORT NURSING LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 12, 2025, AND HAVING ADOPTED THE ASSUMED NAME OF SERENITY ESTATES OF FREEPORT ON AUGUST 12, 2025, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 4TH *day of* SEPTEMBER *A.D.* 2025 .

Authentication #: 2524702806 verifiable until 09/04/2026
Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

ATTACHMENT 4
Organizationl Chart



ATTACHMENT 5
Flood Plain Requirements

John Kniery
Board Administrator
Health Facilities and Service Review Board
525 W. Jefferson Street, Floor 2
Springfield, IL 62761

Re: Stephenson Nursing Center ("The Center")

Dr. Mr. Kniery:

As representative of Freeport Nursing, LLC, I, Jennifer Daugherty, affirm that the proposed location of The Center complies with Illinois Executive Order #2006-5. The proposed location, 2946 S. Walnut Road, Freeport, IL 61032, is not located in a flood plain, as evidenced by the enclosed map from the Federal Emergency Management Agency ("FEMA").

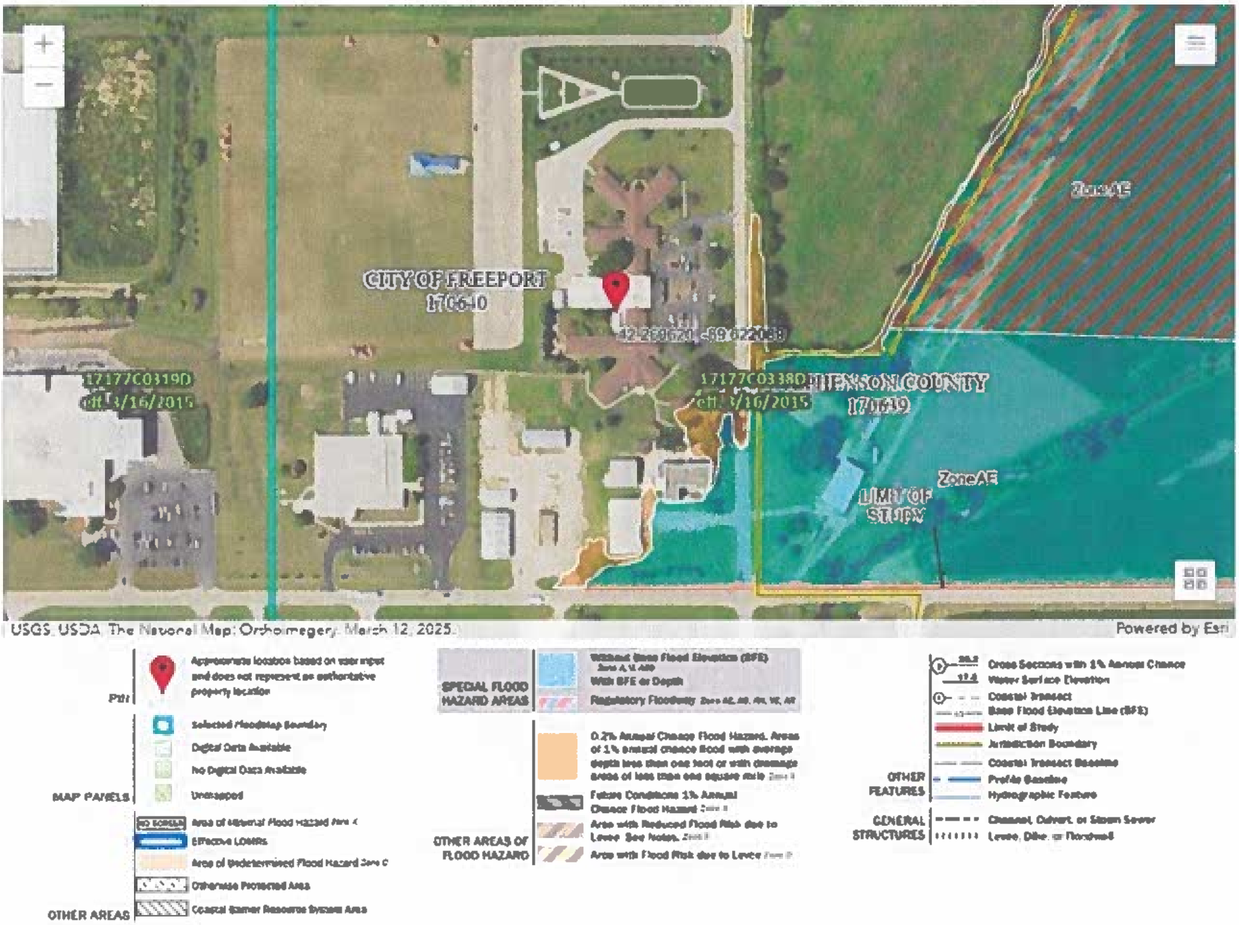
I hereby certify this true, based upon my personal knowledge, under penalty of perjury and in accordance with 735 ILCS 5/1-109.

Sincerely,

Jennifer Daugherty

Jennifer Daugherty
Manager

ATTACHMENT 5
Flood Plain Requirements



ATTACHMENT 11
Background of Applicant

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

None.

2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

Jennifer Daugherty and John Coglianese each have ownership interest in the following facilities that exceeds the 5% threshold identified by the Board:

- **Serenity Estates of Morris, Morris, IL**
- **Serenity Estates of Lincolnshire, Lincolnshire, IL**

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.

None.

b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.

None.

c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

None.

d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

None.

e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

None.

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

Attached.

ATTACHMENT 11
Certification and Authorization Letter

John Kniery
Board Administrator
Health Facilities and Service Review Board
525 W. Jefferson Street, Floor 2
Springfield, IL 62761

Re: Certification and Authorization

Dr. Mr. Kniery:

As representative of Freeport Nursing, LLC and Freeport Realty, LLC, I, Jennifer Daugherty, give authorization to the Health Facilities and Services Review Board and the Illinois Department of Public Health ("IDPH"), respectively, to access documents necessary to verify the information submitted including, but not limited to: official records of IDPH or other state agencies, the licensing or certification records of other states, and the records of nationally recognized accreditation organizations.

I further verify that Freeport Nursing, LLC and Freeport Realty, LLC have not been cited for an adverse action in the past three (3) years.

I hereby certify this true, based upon my personal knowledge, under penalty of perjury and in accordance with 735 ILCS 5/1-109.

Sincerely,

Jennifer Daugherty

Jennifer Daugherty
Manager

ATTACHMENT 12
Purpose of Project

PURPOSE OF PROJECT

The purpose of this project is to ensure that the residents of Stephenson Nursing Center continue to have access to quality skilled nursing facility services within their community and to avoid the closure of the Stephenson County nursing home. Freeport Nursing, LLC seeks approval for a change of ownership designed to maintain the healthcare continuum in the Stephenson area instead of depriving residents of much-needed long-term care. Stephenson County joins a cascade of government units divesting themselves of the healthcare facilities they have owned and operated due to rising costs, staffing challenges, and general inefficiencies faced by a government ill-equipped to navigate the ebb and flow of the long-term care industry.

Unlike other applications the Board considers, this proposal is particularly simple. There exist only two options for a county like Stephenson – shutter the facility which would leave an empty government building, force seniors to have to consider leaving their own community to obtain long-term skilled nursing care, and result in dozens of lost jobs. The alternative was to engage with private entities who were willing to purchase the facility and possessed the capacity, capital, and experience to provide quality healthcare to the community without depleting local tax revenues. The applicant chose the latter.

Stephenson County seeks to transfer ownership of Stephenson Nursing Center to Freeport Nursing, LLC to retain access to these essential services for the community's residents and its existing nursing home residents. After thorough diligence and County Board consideration, the County has chosen to sell the facility to highly experienced nursing home operators rather than allow the facility to close and be lost to the community. By selling, rather than closing, the County has committed to give new life to a long-term care facility and deliver healthcare and jobs to Stephenson, instead of allowing it to be lost to the community. The market to be served by this facility is the same market it has been serving since its establishment in 1854.

ATTACHMENT 13
Alternatives

1.Close the Facility Cost: Regulatory approval for closure.

Rarely are the Alternatives in an application in front of the Board so stark. But for the Board's approval of the application, the Stephenson Nursing Center, will close. The closure will achieve the Stephenson County Board's goals of mitigating financial liabilities, and reallocating county resources. Yet closure of the county's nursing home will also deprive residents of convenient and quality nursing home access. Closure will force residents to consider long-term care facilities farther away from their families. This is not a true Alternative and is in direct conflict with the basic objectives of the Board. For these reasons, this alternative was not selected.

2.Project as Proposed Cost: $1,500,000

The Project, as proposed, will provide a comprehensive and affordable healthcare option to Stephenson County residents. With an aging population, the Board is regularly faced with expanding healthcare services for seniors to address unmet need. This Project embodies the basic values of the Board and offers an opportunity for stabilization of healthcare in the Stephenson County region. The proposed new owners bring decades of healthcare management experience, plus the resources to ensure both high-paying jobs and quality healthcare outcomes. This is the only true option for the Stephenson County Board, and we ask the Board to support the government's wise and thoughtful desired approach.

ATTACHMENT 18

Change of Ownership of County Owned Long-Term Care Facility
Criterion 1110.240(b), Impact Statement

There are no extensive changes envisioned subsequent to the change of ownership and control. The 150-beds will be retained and there are no planned changes to the services currently being offered. The operating entity will be Freeport Nursing, LLC, owned jointly by Jennifer Daugherty and John Coglianese. As stated above, and throughout, the reason for this transaction is the continued existence of this facility. This transaction is the result of a determination of Stephenson County to exit nursing home operations, and the ultimate selection of Freeport Nursing, LLC as the successor to own and operate the facility. While oftentimes employees do make the determination to leave a job when there is a change of ownership, there are no planned or anticipated reductions in employees. Assuming census can be maintained and/or increased, we would hope to explore more hiring.

Overall, this proposed project is a significant benefit to the community because, absent this transaction, the facility will be lost to the community.

ATTACHMENT 18

ASSET PURCHASE AGREEMENT

by and among

The Board of Supervisors of the County of Stephenson and State of Illinois, a unit of local government, AKA: Stephenson Co Nursing Center

and

Freeport Nursing LLC and Freeport Realty LLC

August 21, 2015

ATTACHMENT 18

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (as amended or modified in writing as may be expressly permitted herein, this "Agreement") is entered into as of August 21 2025, by and among The Board of Supervisors of the County of Stephenson and state of Illinois, AKA: Stephenson Co Nursing Center ("Seller"), and Freeport Nursing LLC, an Illinois limited liability company and Freeport Realty, LLC, an Illinois limited liability company, (together with those successors, designees and assigns as may be expressly permitted herein, collectively "Buyer"). Seller and Buyer are referred to collectively herein as the "Parties." Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in ARTICLE I.

RECITALS

1. The Seller owns and operates a senior living and skilled nursing community commonly known as Stephenson Nursing Center ("Community") consisting of 148 beds and located at 2946 South Walnut Road, Freeport, IL 61032 (the "Business").

2. The Seller desires to sell, and the Buyer desires to purchase, substantially all of the assets used and useful in the Business;

NOW, THEREFORE, in consideration of the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows.

ARTICLE 1.
DEFINITIONS

"Accounts Receivable" means uncollected accounts receivable and other rights to receive payment for goods and services provided by any of the Seller prior to the Transfer Date, which term shall include, without limitation, out-of-pocket (self pay) payments, commercial insurance payments and the payments under Title XVIII of the Social Security Act ("Medicare") that have been charged off as bad debts, whether billed or unbilled, or recorded or unrecorded, or collected after the Closing Date.

"Affiliate" when used with reference to another Person means any Person, directly or indirectly, through one or more intermediaries, Controlling, Controlled by, or under common Control with, such other Person.

"Agreement" has the meaning set forth in the preamble.

"Alternate Transaction" means a transaction or series of related transactions pursuant to which any of the Sellers (a) accept an offer for some or all of the Purchased Assets from a party other than that of Buyer, as the highest and best offer, (b) sell, transfer, lease or otherwise dispose of, directly or indirectly, including through an asset sale, stock sale, merger, reorganization or other similar transaction (by any of the Sellers or otherwise), including pursuant to a Plan or refinancing, some or all of the Purchased Assets (or agrees to do any of the foregoing) in a transaction or series

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of transactions to a Person or Persons other than Buyer, or (c) refinances, recapitalizes or engages in a similar transaction through a plan of reorganization by which any of the Sellers retain Control of the Purchased Assets, so long as such sale, transfer, lease, disposition, refinancing, recapitalization or other similar transaction is determined to be the highest and best transaction for the Purchased Assets after conclusion of the Auction.

"Assignment and Assumption Agreement" has the meaning set forth in Section 2.7(i)(ii).

"Assumed Contracts" means those contracts enumerated on Appendix 2, attached hereto. For the avoidance of doubt, "Assumed Contracts" shall include all Residency Agreements but shall not include any Contract or Lease not included on the final Assumed Contract Schedule approved by the Buyer.

"Assumed Liabilities" means those liabilities and obligations enumerated on Appendix 1 attached hereto.

"Assumed Permits" means all Permits and all pending applications therefore and renewals thereof relating to the Business that are transferable in accordance with their terms or applicable law, but excluding all Permits to the extent related to any Excluded Asset.

"Bank Accounts" means all bank accounts owned or maintained by any Seller immediately prior to the Transfer Date.

"Bill of Sale" has the meaning set forth in Section 2.7(i)(i).

"Business" has the meaning set forth in the recitals.

"Business Data" means Seller's proprietary or confidential data, including Personal Data held by or on behalf of Seller and relating to the Business.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in Chicago, Illinois shall be authorized or required by Law to close.

"Business Systems" means any information technology or computer system (including software, hardware, equipment, databases and telecommunications infrastructure) relating to the transmission, storage, maintenance, organization, presentation, generation, Processing or analysis of electronic or other data or information, in each case that is owned, licensed or controlled by any Seller and used in or necessary for the conduct of the Business (including any Business Web Site) at any time.

"Business Web Site" means any public or private website, social media page or mobile application owned, maintained or operated at any time by or on behalf of any of the Seller and used in the Business.

"Buyer" has the meaning set forth in the preamble.

"Cash and Cash Equivalents" means all cash and cash equivalents of Seller, including checks; commercial paper; treasury bills, certificates of deposit and other bank deposits, securities;

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securities entitlements; securities accounts; instruments and other investments of Seller; cash in Bank Accounts; cash at the Communities, including in cash registers, safes, strongboxes and lock boxes; but excluding any consideration paid by Buyer pursuant to this Agreement.

"Casualty" has the meaning set forth in Section 5.9.

"Casualty Proceeds" has the meaning set forth in Section 5.9 .

"Closing" has the meaning set forth in Section 2.6.

"Closing Date" has the meaning set forth in Section 2.6.

"COBRA" means Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the IRC, and any similar state Law.

"Commitment" shall have the meaning set forth in Section 5.3.

"Community" has the meaning set forth in the Recitals.

"Business Specific Intellectual Property" means (x) the following websites: www.stevenson nursingcenter.org (y) the name Stephenson Nursing Center and related logos and marketing materials (provided said logos and marketing materials do not include the names "Lutheran Life" or any variations thereof), and (z) any other Intellectual Property owned by the Seller in connection with a specific Community.

"Condemnation" has the meaning set forth in Section 4.9.

"Confidential Information" has the meaning set forth in Section 5.12(b).

"Confidentiality Agreement" means that certain Confidentiality Agreement between Buyer and Seller.

"Consent" means any approval, consent, ratification, permission, clearance, designation, notice, qualification, waiver or authorization.

"Contemplated Transactions" means the transactions contemplated by this Agreement, including the sale by Seller to Buyer, and the purchase by Buyer from Seller, of the Purchased Assets, pursuant to this Agreement and subject to its terms and conditions.

"Contract" means any written or oral agreement, contract, lease, sublease, indenture, mortgage, instrument, guaranty, loan or credit agreement, note, bond, customer order, purchase order, sales order, sales agent agreement, supply agreement, development agreement, joint venture agreement, promotion agreement, license agreement, contribution agreement, partnership agreement or other arrangement, understanding, permission or commitment that, in each case, is legally binding.

"Control" means, when used with reference to any Person, the power to direct the management or policies of such Person, directly or indirectly, by or through stock or other equity

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ownership, agency or otherwise, or pursuant to or in connection with any Contract; and the terms "Controlling" and "Controlled" shall have meanings correlative to the foregoing.

"Current Employees" means all employees of Seller employed in connection with the Business as of the day before the Closing Date, whether active or not (including those on short-term disability, leave of absence, paid or unpaid, or long-term disability).

"Debtors" has the meaning set forth in the Recitals.

"Decree" means any judgment, decree, ruling, decision, opinion, injunction, assessment, attachment, undertaking, award, charge, writ, executive order, judicial order, administrative order or any other order of any Governmental Entity.

"Disclosure Schedule" has the meaning set forth in Article III.

"Employee Benefit Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not ERISA is applicable, and including, without limitation, the 403(b) Plan and the Health & Welfare Plans) or pursuant to Code Section 125, and any other plan, policy, program, practice, arrangement or agreement providing retirement, deferred compensation, equity or equity-based compensation, bonuses, incentive pay, profit sharing, medical, hospitalization, life, disability, or other insurance, termination, retention, change in control, salary continuation, vacation, paid time-off benefits, employee loan, fringe benefits, perquisites, employment, severance, consulting, retention or similar agreement, in any case that is maintained, contributed to or required to be contributed to by any Seller, or with respect to which any Seller has any current liability and to which any Seller is a party and including, without limitation, any plan, policy, program, practice, arrangement or agreement that provides benefits to any Current Employee or Former Employee.

"ERISA" means the United States Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity under "common control" with any Seller as determined under Section 414(b), (c), (m) or (o) of the Code.

"Environmental Claim" means any action, governmental order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from (a) the presence, release of or exposure to any Hazardous Materials or (b) any actual or alleged non-compliance with any Environmental Requirements.

"Environmental Requirement" means any applicable law, regulation or other requirement: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse,

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treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Requirement" includes, without limitation, requirements under the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Claims" means all rights (including rights of set-off and rights of recoupment), refunds, claims, counterclaims, demands, causes of action and rights to collect damages of Seller against third parties to the extent related to any Excluded Asset or Excluded Liability.

"Excluded Contract" means any Contract not listed on the Assumed Contract Schedule at Closing.

"Excluded Employee" has the meaning set forth in Section 5.12(c).

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Former Employees" means all individuals who have been employed by Seller who are not Current Employees.

"Fraud" means actual and intentional fraud, as defined under Delaware common law, with respect to representations and warranties set forth in this Agreement. For the avoidance of doubt, "Fraud" is not intended to, and will not be deemed or construed, to include any theory of fraud premised upon constructive fraud, negligent misrepresentation or omission, or negligence.

"Good Faith Deposit" means an amount equal to One Hundred Fifty Thousand and No/100 Dollars ($150,000.00), which shall be delivered to the Title Company, as escrow agent, concurrently with the execution of this Agreement by Buyer and held pursuant to the terms of this Agreement and an escrow agreement on the Title Company's standard form thereof modified to conform to the terms of this Agreement.

"Governmental Entity" means any foreign, federal, state, local or other governmental authority or regulatory body, including arbitral bodies or arbitrators (public or private), agency, commission, court, body or other governmental entity.

"Government Reimbursement Program" means any federal health program as defined in 42 U.S.C. § 1320a-7b(f), including Medicare, Medicaid, TRICARE, CHAMPVA, and state health

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care programs (as defined therein), and any health insurance program for the benefit of federal employees, including those under chapter 89 of title 5, United States Code.

"Hazardous Materials" means any solid, liquid or gas that is included within the definitions of "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic material," "toxic waste," "pollutant," "contaminant" or words of similar import in any Environmental Law, including without limitation, asbestos, polychlorinated biphenyls, petroleum (including crude oil or any fraction or byproduct thereof), and soil, ground water or surface water containing hazardous materials, in concentrations legally requiring remediation on commercial property.

"Health & Welfare Plans" means all health and welfare benefit plans sponsored, maintained, contributed to, or required to be contributed to, by any Seller including, but not limited to, any health, dental, life, disability and long-term care insurance relating to such plans.

"Health Care Reform Laws" means the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, and all related regulations and guidance.

"Healthcare Laws" means, collectively, any and all federal or state laws, rules, regulations, orders, administrative manuals and requirements relating to any of the following: (a) fraud and abuse (including the following statutes, as amended, modified or supplemented from time to time and any successor statutes thereto and regulations promulgated from time to time thereunder: the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Stark Law (42 U.S.C. § 1395nn and §1395(q)), the civil False Claims Act (31 U.S.C. § 3729 *et seq.*), the federal health care program exclusion provisions (42 U.S.C. § 1320a-7), the Civil Monetary Penalties Act (42 U.S.C. § 1320a-7a), and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Pub. L. No. 108-173)); (b) any Government Reimbursement Program; and (c) each of the following, but only to the extent that such laws, rules, orders, administrative manuals and requirements impact the payment or recoupment of Medicare benefits and could result in liability to Buyer: (i) the licensure or regulation of healthcare providers, suppliers, professionals, facilities or payors (including all statutes and regulations administered by the FDA); (ii) the operation of any health care facility or the provision of, or payment for, medical services, items or supplies; (iii) quality, safety certification and accreditation standards and requirements; (iv) the billing, coding or submission of claims or collection of accounts receivable or refund of overpayments; (v) the practice of medicine and other health care professions or the organization of medical or professional entities; (vi) fee-splitting prohibitions; (vii) health planning or rate-setting laws, including laws regarding certificates of need, facility need review, and certificates of exemption; and (viii) any and all other applicable federal or state health care laws, rules, codes, regulations, manuals, orders, ordinances, professional or ethical rules and requirements, as the same may be amended, modified or supplemented from time to time and only to the extent applicable to the operations of Seller.

"Healthcare Permits" means any and all permits, letters of non-reviewability, accreditations, enrollments, certificates of need, consents, supplier or provider numbers, operating authority, and/or any other permissions which are material to or legally required for the operation of the business of the Seller as currently conducted or in connection with the Seller's ability to

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own, lease, operate or manage any of its property or assets, in each case as conducted as of the date hereof that are issued or enforced by a Governmental Entity with jurisdiction over the Community.

"HIPAA" means the following, as the same may be amended, modified or supplemented from time to time, any successor statute thereto, and together with any and all rules or regulations promulgated from time to time thereunder: (i) the Health Insurance Portability and Accountability Act of 1996, (ii) the Health Information Technology for Economic and Clinical Health Act (Title XIII of the American Recovery and Reinvestment Act of 2009); and (iii) applicable state laws regarding patient privacy and the security, use or disclosure of health care records.

"Insurance Policy" means each primary, excess and umbrella insurance policy, bond and other form of insurance owned or held by or on behalf of Seller and their operations, properties and assets, or providing insurance coverage to the Business, including, without limitation, all stop-loss insurance policies with respect to Seller's self-insured medical and/or dental insurance programs.

"Intellectual Property" means any and all rights, title and interest in or relating to intellectual property of any type, which may exist or be created under the Laws of any jurisdiction throughout the world, including: (a) patents and patent applications, together with all reissues, continuations, continuations-in-part, divisionals, extensions and reexaminations in connection therewith, and all inventions, regardless of whether such inventions are the subject of patent applications; (b) trademarks, service marks, trade dress, logos, slogans, trade names, service names, brand names, Internet web sites and domain names and all other source or business identifiers and general intangibles of a like nature, along with all applications, registrations and renewals in connection therewith, and all goodwill associated with any of the foregoing; (c) rights associated with works of authorship, including exclusive exploitation rights, mask work rights, copyrights, data, database and design rights, software code, whether or not registered or published, all registrations and recordations thereof and applications in connection therewith, along with all extensions and renewals thereof; (d) trade secrets and proprietary information; and (e) all other intellectual property rights related to the Business, and any of the operations of Seller, including all social media accounts related to the Business and any of the operations of Seller.

"Intellectual Property Assignments" has the meaning set forth in Section 2.7(a)(xiii).

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

"IRS" means the United States Internal Revenue Service.

"IT Assets" means the software and all other computer, communications and other information technology systems and related documents that are owned, licensed or controlled by any Seller, that are used in the operation of the Business, including all such computer hardware and peripherals, telecommunications equipment, servers, workstations, routers, hubs, switches, data communication lines, networks, databases, software, communication facilities and other information technology-related equipment, infrastructure and assets.

"Landlord" has the meaning set forth in the recitals.

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"Law" means any federal, state, provincial, local, municipal, foreign or other law, statute, legislation, constitution, principle of common law, resolution, ordinance (including with respect to zoning or other land use matters), code, treaty, convention, rule, regulation, requirement, order, directive, pronouncement, determination, proclamation or Decree of any Governmental Entity.

"Lien" means any mortgage, deed of trust, hypothecation, pledge, lien (statutory or otherwise), claim, encumbrance, interest, charge, security interest, put, call, other option, right of first refusal, right of first offer, servitude, right of way, easement, encroachment, conditional sale or installment contract, finance lease involving substantially the same effect, security agreement or other encumbrance or restriction on the use, transfer or ownership of any property of any type.

"Litigation" means any action, cause of action, suit, claim, investigation, mediation, audit, grievance, demand, hearing or proceeding, whether civil, criminal, administrative or arbitral, whether at law or in equity and whether before any Governmental Entity or arbitrator.

"Material Adverse Effect" means any change, event, effect, matter, result, act, development, condition, circumstance or occurrence (when taken together with all other changes, events, effects, matters, results, acts, developments, conditions, circumstances or occurrences), that has had or would reasonably be expected to have, a material adverse effect on (a) the business, operations, liabilities, properties, assets or condition (financial or otherwise) or results of operations of the Seller's business, including the Purchased Assets and Assumed Liabilities, taken as a whole, or (b) the ability of any Seller to perform its obligations under this agreement and the Related Agreements and to consummate the Contemplated Transactions.

"Material Contracts" has the meaning set forth in Section 3.5.

"Medicare Provider Agreement" means that certain Health Insurance Benefit Agreement between The Secretary of Health and Human Services with respect to each Facility, as amended and assigned.

"Offeree" has the meaning set forth in Section 5.10(i).

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

"Parties" has the meaning set forth in the preamble.

"Permit" means any franchise, approval, permit, license, order, registration, certificate, variance, Consent, exemption or similar right issued, granted, given or otherwise obtained from or by any Governmental Entity, under the authority thereof or pursuant to any applicable Law

"Permitted Liens" means (a) Liens for Taxes not yet delinquent or which are being contested in good faith by appropriate proceedings and which have been reserved or accrued for on the books of the Seller; (b) with respect to leased or licensed personal property, the terms and conditions of the lease or license applicable thereto to the extent constituting an Assumed Contract; (c) with respect to real property, matters set forth as exceptions on Schedule B to the Commitment, the Solar Land Lease, zoning, building codes and other land use Laws regulating the use or occupancy of such real property or the activities conducted thereon which are imposed by any

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Governmental Entity having jurisdiction over such real property which are not violated by the current use or occupancy of such real property or the operation of the Business, except where any such violation would not, individually or in the aggregate, materially impair the use, operation or transfer of the affected property or the conduct of the Business thereon as it is currently being conducted; (d) with respect to each Community, easements, covenants, conditions, restrictions and other similar matters affecting such real property and other encroachments that do not or would not materially impair the use or occupancy of such real property or materially interfere with the operation of the Business at such real property; and (e) matters that would be disclosed on an accurate survey or inspection of the real property which do not interfere in any material respect with the right or ability to use the property as currently used or operated.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or any other entity, including any Governmental Entity or any group or syndicate of any of the foregoing.

"Personal Data" means: (a) any information that relates to, is linked to, or is capable of being linked to, an identified or identifiable individual; or (b) any information that is defined as "personal information," "personal data," or other similar terms by HIPAA.

"PII" has the meaning set forth in Section 5.23.

"Plan" means a plan of reorganization or liquidation proposed by Seller and/or any other party in interest.

"Privacy Policies" means each (1) privacy policy, notice, or similar requirement, or (2) any external representation or statement made by any Seller relating to or made pursuant to any Privacy Requirements, including any such policy, notice, representation or statement relating to: (a) the privacy of any: (i) users of any Business Web Site; or (ii) customers or consumers (as those terms may be defined in Privacy and Security Laws) of the Business; (b) the data protection, Processing, security, collection, storage, disclosure or transfer of any Personal Data; or (c) any Personal Data of any actual or prospective employee, contractor, consultant or other staff members of Seller.

"Privacy Requirements" means, collectively, all (a) HIPAA; (b) Privacy Policies; (c) the terms and conditions of all Assumed Contracts that directly relate to privacy or information security or otherwise relate to the Processing of Personal Data; and (d) industry self-regulatory principles, certifications, frameworks, standards, or codes of conduct relating to privacy or information security or otherwise relating to the Processing of Personal Data, data scraping, direct marketing, emails, text messages or telemarketing that any Seller affirmatively agreed to comply with or has represented its compliance with.

"Process," "Processed," "Processes," or "Processing" means any operation or set of operations performed on Business Data, whether or not by automatic means, such as receipt, collection, monitoring, maintenance, creation, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, processing, analysis, transfer, transmission, disclosure, dissemination or otherwise making available, alignment or combination, blocking, erasure, destruction, privacy or security or any other operation that is considered "processing" or similar term under Privacy Requirements.

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"Purchase Price" has the meaning set forth in Section 2.5.

"Purchased Assets" has the meaning set forth in Section 2.1; provided, however, that, notwithstanding the foregoing or anything contained in this Agreement to the contrary, the Purchased Assets shall not include any Excluded Assets.

"Real Property" has the meaning set forth in Section 2.1.

"Records" means the books, records, information, ledgers, files, invoices, documents, work papers, correspondence, lists (including current and former Resident lists for each of the Communities), referral sources, research and development reports, plans (whether written, electronic or in any other medium), drawings, designs, specifications, creative materials, advertising and promotional materials, guides and manuals, financial and accounting records, property Tax records, monitoring reports, compliance reports and audits, policies and procedures (including compliance policies and procedures), marketing plans, studies, reports, data and similar materials related to the Business.

"Related Agreements" means the Bill of Sale, the Assignment and Assumption Agreement(s), the Intellectual Property Assignments, the MOTA and any other instruments of transfer and conveyance as may be required under applicable Law to convey valid title of the Purchased Assets to Buyer.

"Representative" of a Person means such Person's Subsidiaries and the officers, directors, managers, employees, advisors, representatives (including its legal counsel and its accountants) and agents of such Person or its Subsidiaries.

Residency Agreement" means the residency agreement, as applicable executed between the applicable Seller and each Resident of the Community detailing the residential and other rights and obligations of the Resident and the rights and obligations of the Seller.

"Resident" means an occupant of a Community pursuant to a Residency Agreement.

"Resident Trust Funds" means the funds held in trust by any Seller or for Residents at a Community (but, for the avoidance of doubt, excluding any funds related to Initial Entrance Fees and Option Deposits).

"Seller" has the meaning set forth in the preamble

"Seller's Knowledge" (or words of similar import) means the actual knowledge of Georgia Newcomer, each of whom will be deemed to have actual knowledge of a fact or other matter if such Person is actually aware of such fact or other matter.

"Subsidiary" means, means, with respect to any Person, an entity beneficially owned, directly or indirectly through one or more other Persons, by such Person. The term "Subsidiary" shall include all direct or indirect Subsidiaries of such Person.

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"Tax" or "Taxes" means any United States federal, state or local or non-United States income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the IRC), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, real property, personal property, title or registration, ad valorem, escheat, sales, use, liquor, cigarette, transfer, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty or addition thereto, whether or not disputed.

"Tax Return" means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third-Party Payor" means any Governmental Health Program and all other health care service plans, health maintenance organizations, health insurers and/or other private, commercial, or governmental third-party payors

"Title Company" means Security First Title Co..

"Title Policies" has the meaning set forth in Section 5.3(ii).

"Transfer Date" means the date on which the Real Property is transferred to Buyer, which date shall be no later than ___ business days from the date on which Seller has provided to Buyer good and marketable title for the Real Property.

"Transfer Tax" has the meaning set forth in Section 5.18(a).

"Transferred Employee" has the meaning set forth in Section 4.10(a).

"WARN Act" means the federal Worker Adjustment and Retraining Notification Act or any similar applicable state or local Law.

"WARN Notices" has the meaning set forth in Section 4.10.

ARTICLE II. PURCHASE AND SALE

Section 2.1 Purchase and Sale of Purchased Assets. Subject to the conditions set forth in this Agreement, on the Transfer Date, Buyer shall purchase, acquire and accept from Seller, and Seller shall sell, transfer, assign, convey and deliver to Buyer, all of Seller's rights, title and interests in and to the assets described in this Section 2.1 (the "Purchased Assets"), free and clear of all Liens (other than Permitted Liens), Claims and other encumbrances, for the consideration specified in Section 2.5. The Purchased Assets shall include the following (except to the extent listed as an Excluded Asset):all of the Seller's fee simple title in and to the land, which is generally depicted on Schedule 1 (the "Land")[1], including all easements, rights-of-way, rights of ingress and egress, strips, zones,

[1] Note to Draft: Legal description for the Land will need to be prepared as part of the Due Diligence activities

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licenses, transferable hereditaments, privileges, tenements and appurtenances in any way belonging to or appertaining to the Land or the Improvements, and any right or interest in any open or proposed highways, streets, roads, avenues, alleys, easements, strips, gores and rights-of-way to, across, in front of, contiguous to, abutting or adjoining the Land, and all buildings, structures, improvements and fixtures placed, located, constructed or installed on the Land (collectively, the "Improvements," together with the Land, are herein sometimes referred to as the "Real Property");

(ii) all Resident Trust Funds;

(iii) (i) all deposits under all Assumed Contracts, and (ii) other prepaid charges, unless specifically mentioned herein, and expenses of Seller with respect to the Community, including, but not limited to, all deposits for electricity, telephone, cable television, internet, Wi-Fi services, satellite television and other utilities;

(iv) all rights of Sellers under the Assumed Contracts,

(v) all Business Specific Intellectual Property owned by Seller;

(vi) all tangible personal property, including all machinery, equipment, tools, point of sale systems, computers, mobile phones, personal digital assistants, computer equipment, hardware, peripherals, servers, information technology infrastructure, telephone systems, furniture, fixtures, furnishings, office supplies, production supplies, other miscellaneous supplies, and other tangible personal property of any kind owned by Sellers (including any of the foregoing property that is subject to a personal property lease, but only to the extent that Buyer assumes such lease as an Assumed Contract), in each case located at, or used in connection with the operation of, a Community;

(vii) all goodwill associated with the Business or the Purchased Assets, including all goodwill associated with the Intellectual Property owned by Seller and all rights under any confidentiality agreements executed by any third party for the benefit of any Seller to the extent relating to the Purchased Assets and/or the Assumed Liabilities (or any portion thereof);

(viii) all rights of Seller under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with current or former employees, directors, consultants, independent contractors and agents of Sellers to the extent relating to the Purchased Assets and/or the Assumed Liabilities (or any portion thereof);

(ix) all of the Assumed Permits or all of the rights and benefits accruing under any Permits relating to the Community and Purchased Assets;

(x) except for the Excluded Claims and Excluded Assets, all causes of action, lawsuits, judgments, claims, refunds, rights of recovery, rights of set-off, counterclaims, defenses, demands, warranty claims, rights to indemnification, contribution, advancement of expenses or reimbursement, or similar rights of any Seller (at any time or in any manner arising or existing, whether choate or inchoate, known or unknown, now existing or hereafter acquired, contingent or noncontingent);

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(xi) all rights under or pursuant to all warranties, representations and guarantees made by suppliers, manufacturers, contractors and any other Person to the extent relating to equipment purchased, products sold, or services provided, to Sellers, to the extent affecting any Purchased Assets and/or Assumed Liabilities and to the extent assignable;

(xii) all telephone numbers, fax numbers, e-mail addresses, websites, URLs and internet domain names owned by Sellers or otherwise utilized by Sellers in conducting the Business; and

(xiii) all IT Assets and Business Systems owned by a Seller; and all Records relating to the Purchased Assets, other than Records that constitute Excluded Assets pursuant to Section 2.2(i).

(xiv) Solar Facility. Buyer acknowledges that a solar energy system (the "Solar Facility") is located on the Real Property, and that the Solar Facility is subject to the terms and conditions of that certain Solar Land Lease dated January 17, 2019 (the "Solar Land Lease") by and between County of Stephenson, Illinois ("County") and SNCP, LLC, an Illinois limited liability company.

The Solar Land Lease shall be assigned to Buyer as part of the Purchased Assets.[2]

Section 2.2 Excluded Assets Notwithstanding Section 2.1, Buyer expressly understands and agrees that Buyer is not purchasing or acquiring, and Seller is not selling or assigning, any of the following assets, properties and rights of Seller (the "Excluded Assets"):

(i) all Cash and Cash Equivalents, all Bank Accounts (excluding Initial Entrance Fee Deposits and Resident Trust Funds);

(ii) all of Seller's certificates of incorporation and other organizational documents, qualifications to conduct business as a foreign entity, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, stock certificates and other documents relating to the organization, maintenance and existence of any Seller as a corporation, limited liability company or other entity;

(iii) any owned Real Property set forth on Appendix 3;

(iv) all equity securities of any Seller and all net operating losses of any Seller;

(v) all Excluded Contracts;

(vi) all Excluded Claims;

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[2] Note to Draft: Terms of assignment subject to review of Solar Land Lease.

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(vii) hold-backs and escrows for any prorations or Taxes being paid by Seller in connection with Closing or afterward and all prepaid expenses, utility deposits or similar deposits;

(viii) all Tax refunds and Tax rebates;

(ix) any loans or notes payable to any Seller or any of its Affiliates from any employee of any Seller or any of its Affiliates to the extent set forth in Schedule 2.2(g) of the Disclosure Schedule;

(x) any (1) confidential personnel and medical Records pertaining to any Current Employees or Former Employees to the extent the disclosure of such information is prohibited by applicable Law, (2) other Records that Seller are required by Law to retain and; provided that Buyer shall have the right to make copies of any portions of such retained Records referenced in subsection (2) to the extent that such portions relate to the Business or any Purchased Asset;

(xi) all Permits other than the Assumed Permits;

(xii) the Employee Benefit Plans, and all Contracts of and related to, and all assets of, the Employee Benefit Plans;

(xiii) all Insurance Policies of Seller, any prepaid insurance premiums and any rights or claims or proceedings arising from such policies;

(xiv) all inventory and assets disposed of or exhausted prior to the Transfer Date in the ordinary course of business;

(xv) all equipment and tangible personal property located at the Community but not owned by Seller, or subject to an equipment lease or vehicle lease that is not an Assumed Contract, and all other assets, properties and rights not related to or used in the Business;

(xvi) any records that Seller is legally required to retain in its possession and any records related to Excluded Assets or Excluded Liabilities; provided that any records related to Excluded Liabilities that pertain to the operations of the Community or Business prior to the Transfer Date (including resident records) shall not be excluded;

(xvii) personnel records of employees of the Communities who are not Transferred Employees;

(xviii) board designated, restricted and escrow funds (self-insurance trusts, workers compensation trusts, working capital trusts, and assets and investments restricted as to use), donor restricted assets, beneficial interests in charitable trusts and accrued earnings on all of the foregoing;

(xix) Seller's attorney-client and work-product privileges;

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(xx) the rights of Seller under this Agreement and the Related Agreements and all cash and non-cash consideration payable or deliverable to Seller under this Agreement.

Section 2.3 Assumption of Assumed Liabilities On the terms and subject to the conditions of this Agreement, upon the Transfer Date, Buyer shall assume and become responsible for only the Assumed Liabilities set forth in Appendix 2.3, and Buyer agrees to timely pay, honor or discharge, as applicable, or cause to be timely paid, honored or discharged, as applicable, all such Assumed Liabilities in accordance with the terms thereof. Notwithstanding anything herein to the contrary, Buyer shall not assume any liability related to any refunded or unpaid entrance fees unless expressly included in Appendix 2.3.

Section 2.4 Excluded Liabilities Notwithstanding anything herein to the contrary, the Parties expressly acknowledge and agree that Buyer shall not assume, be obligated to pay, perform or otherwise discharge or in any other manner be liable or responsible for any liabilities of Seller whatsoever, whether existing on the Closing Date or arising thereafter, other than the Assumed Liabilities (all such liabilities that Buyer is not expressly assuming being referred to collectively as the "Excluded Liabilities").

Section 2.5 Consideration In consideration of the sale of the Purchased Assets to Buyer, and in reliance upon the representations, warranties, covenants and agreements of Seller set forth herein, and upon the terms and subject to the conditions set forth herein, the aggregate consideration for the sale and transfer of the Purchased Assets (the "Purchase Price") shall be composed of the following:

(i) cash in the amount equal to One Million Five Hundred Thousand and No/100 Dollars ($1,500,000) to be paid on the Transfer Date. Buyer shall, in its reasonable discretion, determine how much of the Purchase Price shall be allocated to the purchase of Real Property.

(ii) [intentionally omitted];

(iii) the assumption by Buyer of the Assumed Liabilities;

(iv) the amount of the Good Faith Deposit, which will be credited against the cash amount due upon the Transfer Date; and

(v) plus or minus the following prorations and adjustments:

(i) all expenses arising from the ownership of the Purchased Assets shall be apportioned between Buyer and the applicable Seller as of the date and time of the Closing and prorated in accordance with the principle that the Buyer shall only be responsible for all expenses and obligations arising from the ownership of the Purchased Assets at or after such time; and

(ii) without limiting the generality of the foregoing, the following items shall be prorated among Buyer and the applicable Seller as of 12:01 a.m. (prevailing Central Time) on the Closing Date, with the exception of item i, which shall be

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prorated as of the Transfer Date (the "Proration Time"), and paid and credited at the Closing, all as shall be set forth on a closing statement:

i) all state, county, city, school, ad valorem and other local real and personal property taxes and assessments and business personal property taxes relating to or assessed against the Purchased Assets or the Business(es).

ii) any utilities or other periodic charges that cannot be changed to Buyer or Buyer's designee's account by the Closing Date;

iii) repayments made by the Seller for services relating to the Business(es) and provided after the Proration Time, which shall be credited to the Seller;

iv) provider taxes, privilege taxes or so-called bed taxes or similar taxes and fees, howsoever designated; and

v) rents payable under the Solar Land Lease.

(vi) plus or minus the following closing costs:

i) Title insurance premiums for the extended coverage Title Policy (other than the costs of the endorsements) shall be paid by Seller;

ii) The costs of all endorsements (other than extended coverage) to the Title Policy shall be paid by Buyer;

iii) The cost of any Survey related to the completion of subdivision of the Real Property shall be paid by Seller;

iv) Recording fees with respect to the deed shall be paid by Buyer;

v) The escrow and closing fees of the Title Company shall be shared equally by Seller and Buyer, and

vi) Any transfer taxes payable with respect to the conveyance of the Real Estate shall be paid by Buyer.[4]

For the avoidance of doubt, Seller shall be responsible for all liabilities and obligations accruing prior to the Closing, including but not limited to payroll, employee benefits, entrance fee refunds, payables, and accrued but unpaid taxes or insurance premiums but excluding obligations assumed

[4] Note to Draft. Exempt status to be confirmed.

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by Buyer in the Assumed Obligations.

Section 2.6 Closing. The closing of the transactions contemplated by this Agreement ("Closing") shall take place remotely by electronic exchange of documents and counterpart signature pages on September 1, 2025 or on such other date as shall be mutually agreed upon by Seller and Buyer prior thereto; (the date on which the Closing takes place being the "Closing Date"). Notwithstanding the foregoing, if requested by either party, the transfer of real and personal property on the Transfer Date with respect to the Real Property shall be accomplished through a closing escrow to be established by Seller and Buyer with the Title Company. [5]

Section 2.7 Deliveries on the Transfer Date.

(i) On the Transfer Date, Seller shall deliver to Buyer the following documents and other items, duly executed by Seller, as applicable:

(i) one or more Bills of Sale substantially in the form of Exhibit A attached hereto (each, a "Bill of Sale");

(ii) one or more Assignment and Assumption Agreements substantially in the form of Exhibit B attached hereto (each, an "Assignment and Assumption Agreement");

(iii) instruments of assignment substantially in the form of Exhibit C, attached hereto for each domain name transferred or assigned hereby (collectively, the "Intellectual Property Assignments");

(iv) special warranty deed conveying to Buyer marketable fee simple title to the Real Property, using a legal description therefor to be prepared and approved during the Due Diligence Period;

(v) to the extent applicable, a non-foreign affidavit from each Seller dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under Treasury Regulations issued pursuant to Section 1445 of the IRC stating that such Seller is not a "foreign person" as defined in Section 1445 of the IRC;

(vi) subject to the Solar Land Lease, physical possession of all of the Purchased Assets capable of passing by delivery with the intent that title in such Purchased Assets shall pass by and upon delivery;

(vii) limited powers of attorney from Seller in favor of Buyer or Buyer's designee with respect to transfers of Accounts Receivable, to the extent required to give effect to this Agreement;

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[5] Note to Draft: if Buyer anticipates obtaining title insurance, establishing a closing escrow with the Title Company will likely be required.

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(viii) a Plat Act Affidavit; and

(ix) Intentionally Omitted;

(x) all other documents, instruments and writings reasonably requested by Buyer or the Title Company to be delivered by Seller at or prior to the Transfer Date pursuant to this Agreement.

(ii) On the Transfer Date, Buyer shall deliver to Seller the following documents, cash amounts, and other items, duly executed by Buyer, as applicable:

(i) in immediately available funds, the cash portion of the Purchase Price set forth in Section 2.5(a), which shall be paid to each of Seller in accordance with the allocations as set forth therein;

(ii) the Assignment and Assumption Agreement(s); and

(iii) Intentionally Omitted;

(iv) all other documents, instruments and writings reasonably requested by Seller or the Title Company to be delivered by Buyer at or prior to the Transfer Date pursuant to this Agreement.

Section 2.8 **Deliveries at Closing.** At the Closing, Buyer and Seller shall each deliver executed counterparts of the Management Operations Transfer Agreement attached as Exhibit D ("MOTA"). Additionally, Buyer shall deliver a certificate executed by the secretary or an officer of Buyer (x) as to the incumbency of the individual(s) signing on behalf of Buyer and (y) certifying that the resolutions of the board of directors or other similar governing body of Buyer approving this Agreement and the Contemplated Transactions (copies of which shall be attached to such certificate) are true and correct, are in full force and effect, and have not been rescinded, modified, amended or supplemented.

ARTICLE III.
SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Buyer (as of the Closing Date, unless otherwise specified) that except as set forth in the disclosure schedule accompanying this Agreement (the "Disclosure Schedule"):

Section 3.1 Organization of Seller; Good Standing

(a) Seller is duly incorporated or formed, validly existing and in good standing under the Laws of its state of incorporation or formation, and has all necessary power and authority to own, lease, and operate its properties and to conduct its business in the manner in which its Business is currently being conducted, except for failures to be in such good standing as would not, individually or in the aggregate, have a Material Adverse Effect. Seller has all requisite corporate or similar power and authority to own, lease and operate its assets, and Seller has corporate power and

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circumstances relating to Buyer or any of its Affiliates or (iv) where the failure to obtain such notice, authorization, approval, order, permit or consent would not be reasonably expected to result in a Material Adverse Effect.

Section 3.4 Title to Purchased Assets; Sufficiency of Assets.

Seller, as of Transfer Date, will have good and valid title to, or, in the case of leased or licensed assets, will have good and valid leasehold interests or licenses in, the Purchased Assets, free and clear of all Liens (except for Permitted Liens). On the Transfer Date or such time as title is conveyed under Section 2.6, Seller will transfer, sell, assign and convey, or valid leasehold interests or licenses in, all of the Purchased Assets, free and clear of all Liens (except for Permitted Liens).

Section 3.5 Contracts. To the Seller's Knowledge, Schedule 3.5 of the Disclosure Schedule sets forth the following Contracts (all Contracts listed or required to be listed herein are referred to as "Material Contracts") as of the date of this Agreement:

(i) all Residency Agreements;

(ii) all Contracts under which any Seller leases personal property in connection with the Business;

(iii) all Contracts that provide for payments to or from the Seller in excess of $100,000 over any 12-month period thereof;

(iv) all Contracts with any Governmental Entity related to the Business;

(v) all contracts with any provider of health care products or services involving expenditures or revenue in excess of $250,000 annually;

(vi) all confidentiality and/or noncompetition Contracts with employees of any Seller and Contracts with independent contractors or consultants (or similar arrangements) engaged in connection with the Business, in each case providing for cash compensation exceeding $25,000 per year;

(vii) all Contracts for the employment or engagement of any officer, individual employee, independent contractor, consultant or other Person on a full-time, part-time, consulting or other basis not terminable at will or that provides for the payment of severance to any employees of any Seller;

(viii) all contracts under which any Seller has the right or option to purchase any real property; and

Section 3.6 Health Care Matters.

(i) Except as set forth on Schedule 3.6(i) of the Disclosure Schedule, no Seller has received written notice of any state or federal investigation, audit, subpoena, civil

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investigative demand, claim review, or other action pending or threatened in writing which is reasonably likely to result in a revocation, suspension, termination, probation, restriction, limitation, exclusion or non- renewal of Seller's participation in any Government Reimbursement Program.

(ii) Exclusion. Seller, nor any owner, officer, director, or managing employee or Person with a "direct or indirect ownership interest" (as that phrase is defined in 42 C.F.R. § 420.201) in Seller has (i) been excluded from any Government Reimbursement Program or had a civil monetary penalty assessed pursuant to 42 U.S.C. § 1320a-7; (ii) been convicted (as that term is defined in 42 C.F.R. §1001.2) of or indicted for any of those offenses described in 42 U.S.C. §1320a-7b or 18 U.S.C. §§669, 1035, 1347 or 1518, including any of the following categories of offenses: (1) criminal offenses relating to the delivery of an item or service under any federal health care program (as that term is defined in 42 U.S.C §1320a-7b) or healthcare benefit program (as that term is defined in 18 U.S.C. §24b), (2) criminal offenses under federal or state law relating to patient neglect or abuse in connection with the delivery of a healthcare item or service, (3) criminal offenses under laws relating to fraud and abuse, theft, embezzlement, false statements to third parties, money laundering, kickbacks, breach of fiduciary responsibility or other financial misconduct in connection with the delivery of a healthcare item or service or with respect to any act or omission in a program operated by or financed in whole or in part by any federal, state or local governmental agency, (4) violations of laws relating to the interference with or obstruction of any investigations into any criminal offenses described in this Section 3.6(ii) or (5) criminal offenses under laws relating to the unlawful manufacturing, distribution, prescription or dispensing of a controlled substance; or (iii) been a defendant in a U.S. Attorney complaint made or any other action taken pursuant to the False Claims Act under 31 U.S.C. §§3729-3731, including, but not limited to, receipt of a subpoena or civil investigative demand, or, to Seller's Knowledge, been named as a defendant in any qui tam action brought pursuant to 31 U.S.C. §3729 et seq.

Section 3.7 Intellectual Property.

(i) Schedule 3.7 of the Disclosure Schedule sets forth a true and complete list of all Community Specific Intellectual Property that is owned by any Seller and used in or related to the Business.

(ii) No Seller has received any notices or claim (including an invitation to take a license) suggesting or alleging that such Seller has infringed, misappropriated or violated the rights in any Intellectual Property of a Person and, to Seller's Knowledge, there is no substantial basis for an allegation of this nature. No Seller has received any notice or threat that contests the validity, ownership or right of any Community Specific Intellectual Property included in the Purchased Assets.

Section 3.8 Litigation. Except as set forth on Schedule 3.8 of the Disclosure Schedule, (a) there is no Litigation brought by or against any Seller pending, and to Seller's Knowledge, there is no Litigation threatened in writing, before any Governmental Entity against any Seller which is reasonably likely to have a Material Adverse Effect or which in any manner challenges or seeks to prevent, enjoin, alter, or materially delay the

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Contemplated Transactions and (b) there is no outstanding injunction, judgment, order, decree or ruling of any Governmental Entity specifically naming Seller that require Seller to take any action of any kind with respect to the Purchased Assets or the operation of the Business, or to which Seller, the Business, or the Purchased Assets are subject or by which they are bound or affected.

Section 3.9 Employees and Employment Matters.

(i) There is not any ongoing strike, walkout, work stoppage, or other material collective bargaining dispute affecting any Seller with respect to the Business. To Seller's Knowledge, there is no organizational effort being made or threatened by or on behalf of any labor union with respect to the Current Employees (as determined as of the date of this Agreement).

(ii) Seller is in compliance with, and have complied with, in all material respects, all Laws relating to the employment of labor, including any provisions relating to (i) wages, hours, bonuses, commissions, termination pay, vacation pay, sick pay, breaks and rest periods, expense reimbursements, fringe benefits, employee benefits, health insurance continuation (COBRA), and the payment and/or accrual of the same and all insurance and all other related costs and expenses; (ii) unlawful, wrongful, or retaliatory or discriminatory employment, hiring or labor practices; (iii) occupational health and safety standards; or (iv) plant closing, mass layoff, immigration, workers' compensation, disability rights and benefits, leave requirements, unemployment compensation, whistleblower Laws, worker classification, working conditions, driver regulations, privacy and other employment Laws, regulations and ordinances

(iii) All independent contractors and consultants who have worked for a Seller at any time are and have been properly classified as independent contractors pursuant to all applicable regulations. Seller has withheld all amounts required by Law or by Contract to be withheld from the wages, salaries and other payments to employees and have not received notice from any Governmental Entity that it is liable for any arrears of wages or any Taxes or any penalty for failure to comply with any of the foregoing.

(iv) Schedule 3.9(iv) of the Disclosure Schedule contains a true and correct list of all employees of Seller, together with their respective base salaries or wages, bonuses (including target bonus opportunities), positions, location, full or part-time status, accrued paid time off, exempt or non-exempt from overtime, active or inactive status and if inactive, the reason. Schedule 3.9(iv) of the Disclosure Schedule correctly states the number of employees laid off by Seller in the ninety (90) calendar days immediately preceding the date of this Agreement. All employees of Seller are authorized to work in the United States, and a Form I-9 has been completed properly and retained with respect to each such current and former employee.

Section 3.10 Employee Benefit Plans.

(i) Schedule 3.10(i) of the Disclosure Schedule contains a true, correct and complete list of each material Employee Benefit Plan. With respect to each such Employee

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Benefit Plan, Seller has made available to Buyer the most recent copies of all written plan documents and summary plan descriptions, written summaries of any unwritten Employee Benefit Plans, and IRS determination or opinion letters, as applicable.

(ii) None of the Employee Benefit Plans is (i) a "multiemployer plan" (as defined in Section 3(37) or 4001(a)(3) of ERISA), (ii) a plan subject to Title IV of ERISA or the minimum funding requirements of Section 302 of ERISA or Section 412 of the Code, or (iii) a multiple employer plan subject to Section 4063 or Section 4064, and neither Seller nor any ERISA Affiliate have ever contributed to, have ever been obligated to contribute to, or has any liability with respect to any such plan, association or arrangement. None of the Employee Benefit Plans is a multiple employer welfare arrangement within the meaning of Section 3(40)(A) of ERISA and Sellers do not have any liability with respect to a multiple employer welfare arrangement.

(iii) Each Employee Benefit Plan has been established, funded, maintained and administered, in each case, in all material respects, in accordance with its terms and all applicable Laws, including ERISA, the Code and Health Care Reform Laws. Buyer will not have any liability on or after Closing with respect to any (a) Employee Benefit Plan or (b) action or inaction of the Seller (i) on account of any violation of the requirements of COBRA or the Health Care Reform Laws, (ii) under Section 502(i) or 502(l) of ERISA or Section 4975 of the Code, (iii) under Section 302 of ERISA or Section 412 of the Code or (iv) under Title IV of ERISA.

<u>Section 3.11</u> <u>Financial Information.</u>

(i) The following financial statements and financial information, among other information, have been made available in the Data Room:

(i) audited financial statements of the Business for fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024 (on a combined basis), and

(ii) unaudited profit and loss statements as of January 31, 2025.

The foregoing financial statements are true, correct and complete in all material respects and have been prepared in accordance with past practice, applied on a consistent basis throughout the periods indicated except that the unaudited financial statements may not include required footnote disclosures or reflect normal year-end adjustments, including any future service obligation adjustment. The foregoing financial statements present fairly, in all material respects, the financial condition of the Business as of the respective dates they were prepared and the results of the operations of the Business for the periods indicated.

<u>Section 3.12</u> <u>Real Property</u>

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(i) There are no condemnation, eminent domain or other similar proceedings pending, or to the Seller's Knowledge, threatened, with respect to any Real Property. Except as set forth in the Contracts and documents referenced in the Title Commitments (as defined below) that create or evidence conditions or exceptions to title affecting the real property covered thereby, or in connection with the Assumed Liabilities, to Seller's Knowledge, there are no special assessments or other assessments for public improvements or otherwise affecting any Real Property.

Section 3.13 Healthcare Permits

(i) Schedule 3.13(i) of the Disclosure Schedule contains a list of all Healthcare Permits that Seller holds as of the date hereof in connection with the operation of the Business. To Seller's Knowledge, all required filings with respect to the Healthcare Permits have been made and all required applications for renewal thereof have been filed, except where a failure of this representation and warranty to be so true and correct could not reasonably be expected to have a Material Adverse Effect.

Section 3.14 Brokers' Fees. No Seller has entered into any Contract to pay any fees or commissions to any broker, finder or agent with respect to the Contemplated Transaction for which Buyer could become liable or obligated to pay, other than Raymond James & Associates.

Section 3.15 Insurance Schedule 3.15 of the Disclosure Schedule sets forth a summary of each Insurance Policy (including any self-insurance programs) as of the date hereof. All such Insurance Policies are valid and binding and in full force and effect, all premiums due thereunder have been paid in full and no Seller has received any notice of cancellation or termination in respect of any such policy nor is any Seller in default thereunder. There are no material claims pending under any such Insurance Policy.[1]

Section 3.16 Environmental Matters

(i) Except as set forth on Section 3.16 of the Disclosure Schedule:

(i) there are no pending, or to the Seller's Knowledge, threatened, Environmental Claims relating to any Real Property or the operation of the Business on the Real Property (collectively, the "Covered Property and Operations");

(ii) Seller has not received any written notification of any Environmental Claims or any actual or alleged violation of any Environmental Requirements, including for any disposal, release or threatened release at any location of any Hazardous Materials generated at, or transported from, the Covered Property and Operations;

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(iii) to the Seller's Knowledge, there are no Environmental Conditions at or on the Real Property; and The Seller has previously delivered or made available to Buyer true and complete copies of all material environmental audits, assessments, reports, documents, and correspondence relating to the Real Property or any unresolved Environmental Conditions between any Government Entity and any Seller.

<u>Section 3.17</u> <u>Taxes</u>

(i) Seller has timely filed all material Tax Returns required to be filed by Sellers with respect to the Purchased Assets or the Business with the appropriate Governmental Entity (taking into account any extension of time to file granted or to be obtained on behalf of Seller),

(ii) All Taxes imposed on the Seller or with respect to the Purchased Assets or the Business that are due and owing have been paid,

(iii) There are no material pending (or threatened in writing) audits, examinations, investigations or other proceedings relating to a material amount of Taxes imposed on the Seller or with respect to the Purchased Assets or the Business.

(iv) There are no Liens relating to Taxes (other than Permitted Liens) on any Purchased Assets;

(v) Seller has withheld all material Taxes with respect to the Purchased Assets or the Business required to be withheld and have timely paid or remitted such Taxes to the appropriate Governmental Entity; and

(vi) Seller is not "foreign persons" within the meaning of section 1445(f)(3) of the IRC

(vii) Seller is currently not subject to, nor has it received notice of, any pending or threatened action by any licensing or regulatory authority.

<u>ARTICLE IV.</u>
BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to Seller as follows as of the Closing and as of the Transfer Date:

<u>Section 4.1</u> <u>Organization of Buyer</u> Buyer is an Illinois limited liability company duly organized, validly existing and in good standing under the Laws of the State of Illinois and has all requisite corporate power and authority to own, lease and operate its assets and to carry on its business as now being conducted.

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<u>Section 4.2</u> <u>Authorization of Transaction.</u>

(i) Buyer has full corporate power and authority to execute and deliver this Agreement and all Related Agreements to which it is a party and to perform its obligations hereunder and thereunder.

(ii) The execution, delivery and performance of this Agreement and all other Related Agreements to which Buyer is a party have been duly authorized by Buyer, and no other corporate action on the part of Buyer is necessary to authorize this Agreement or the Related Agreements to which it is a party or to consummate the Contemplated Transactions.

(iii) This Agreement has been duly and validly executed and delivered by Buyer, and, upon their execution and delivery in accordance with the terms of this Agreement, each of the Related Agreements to which Buyer is a party will have been duly and validly executed and delivered by Buyer. Assuming that this Agreement constitutes a valid and legally-binding obligation of Seller, this Agreement constitutes a valid and legally- binding obligation of Buyer, enforceable against Buyer in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity. Assuming, to the extent that they are parties thereto, that each Related Agreement constitutes a valid and legally- binding obligation of Seller, each Related Agreement to which Buyer is a party, when executed and delivered, constituted or will constitute the valid and legally-binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms and conditions, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity.

<u>Section 4.3</u> <u>Noncontravention.</u> Neither the execution and delivery of this Agreement, nor the consummation of the Contemplated Transactions (including the Related Agreements) will (a) conflict with or result in a breach of the certificate of formation or other organizational documents, of Buyer, (b) subject to any consents and Permits required to be obtained from any Governmental Entity, violate any Law to which Buyer is, or its assets or properties are subject, or (c) as of the Closing or Transfer Date, conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any Contract to which Buyer is a party or by which it is bound, except, in the case of either clause (b) or (c), for such conflicts, breaches, defaults, accelerations, rights or failures to give notice as would not, individually or in the aggregate, reasonably be expected to prevent, materially delay or materially impair to the ability of Buyer to consummate the transactions contemplated by this Agreement or by the Related Agreements. Buyer is not required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any Governmental Entity or Person in order for the Parties to consummate the transactions contemplated by this Agreement or any of the Related Agreements, except for the Required Permits and Regulatory Approvals needed by Buyer to operate the Business after Closing and where the failure to give notice, file or obtain such authorization, consent or approval would not, individually or in the aggregate, reasonably be expected to prevent, materially delay or materially impair to the ability of

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<u>Section 4.2</u> <u>Authorization of Transaction</u>.

(i) Buyer has full corporate power and authority to execute and deliver this Agreement and all Related Agreements to which it is a party and to perform its obligations hereunder and thereunder.

(ii) The execution, delivery and performance of this Agreement and all other Related Agreements to which Buyer is a party have been duly authorized by Buyer, and no other corporate action on the part of Buyer is necessary to authorize this Agreement or the Related Agreements to which it is a party or to consummate the Contemplated Transactions.

(iii) This Agreement has been duly and validly executed and delivered by Buyer, and, upon their execution and delivery in accordance with the terms of this Agreement, each of the Related Agreements to which Buyer is a party will have been duly and validly executed and delivered by Buyer. Assuming that this Agreement constitutes a valid and legally-binding obligation of Seller, this Agreement constitutes a valid and legally- binding obligation of Buyer, enforceable against Buyer in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity. Assuming, to the extent that they are parties thereto, that each Related Agreement constitutes a valid and legally- binding obligation of Seller, each Related Agreement to which Buyer is a party, when executed and delivered, constituted or will constitute the valid and legally-binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms and conditions, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to creditors' rights and general principles of equity.

<u>Section 4.3</u> <u>Noncontravention</u>. Neither the execution and delivery of this Agreement, nor the consummation of the Contemplated Transactions (including the Related Agreements) will (a) conflict with or result in a breach of the certificate of formation or other organizational documents, of Buyer, (b) subject to any consents and Permits required to be obtained from any Governmental Entity, violate any Law to which Buyer is, or its assets or properties are subject, or (c) as of the Closing or Transfer Date, conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any Contract to which Buyer is a party or by which it is bound, except, in the case of either clause (b) or (c), for such conflicts, breaches, defaults, accelerations, rights or failures to give notice as would not, individually or in the aggregate, reasonably be expected to prevent, materially delay or materially impair to the ability of Buyer to consummate the transactions contemplated by this Agreement or by the Related Agreements. Buyer is not required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any Governmental Entity or Person in order for the Parties to consummate the transactions contemplated by this Agreement or any of the Related Agreements, except for the Required Permits and Regulatory Approvals needed by Buyer to operate the Business after Closing and where the failure to give notice, file or obtain such authorization, consent or approval would not, individually or in the aggregate, reasonably be expected to prevent, materially delay or materially impair to the ability of

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Buyer to consummate the transactions contemplated by this Agreement or by the Related Agreements.

Section 4.4 Financial Capacity. At Closing and as of the Transfer Date, Buyer will (a) have the resources (including sufficient funds available to pay the Purchase Price, other amounts required to be paid by Buyer hereunder, and any other expenses and payments incurred by Buyer in connection with the transactions contemplated by this Agreement) and capabilities (financial or otherwise) to perform its obligations hereunder, and (b) not have incurred any obligation, commitment, restriction or liability of any kind, that would materially impair or materially adversely affect such resources and capabilities.

Section 4.5 Brokers' Fees. Neither Buyer nor any of its Affiliates has entered into any Contract to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which any Seller could become liable or obligated to pay.

Section 4.6 Condition of Business. Buyer is an informed and sophisticated purchaser, and has engaged or had the opportunity to engage advisors, experienced in the evaluation and purchase of properties and assets such as the Purchased Assets and assumption of liabilities such as the Assumed Liabilities as contemplated hereunder. Buyer has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement. Buyer acknowledges that Seller has given Buyer reasonable and open access to the key employees, documents and facilities of the Business. Buyer hereby acknowledges and agrees that notwithstanding anything expressed or implied herein to the contrary, except as expressly set forth in Article III of this Agreement, Seller (including each of their directors, officers, employees, agents, stockholders, Affiliates, consultants, counsel, accountants and other representatives) make no express or implied representations or warranties whatsoever, including, without limitation, any representation or warranty as to physical condition or value of any of the Purchased Assets or the future profitability or future earnings performance of the Business.

Section 3.7 Fitness for Obtaining Required Permits and Regulatory Approvals. Buyer has no knowledge of any material fact or other information related to Buyer or any of its Affiliates which could be reasonably expected to have an adverse impact on Buyer's or its designees' ability to obtain the Healthcare Permits necessary for operation of the Business. Buyer is and has been in material compliance with Healthcare Laws and has not received any communication, nor is Buyer aware of any threatened action, from a Governmental Entity or Third-Party Payors that would prohibit or delay the Buyer from consummating the transaction contemplated herein or obtaining the Healthcare Permits necessary to operate the Business.

ARTICLE V.
PRE-CLOSING COVENANTS

The Parties agree as follows with respect to the period between the execution of this Agreement and Closing (except as otherwise expressly stated to apply to a different period):

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Section 5.1 Certain Efforts; Cooperation.

(i) On and after Closing, Seller and Buyer shall use their commercially reasonable efforts to take, or cause to be taken, all appropriate action, to do or cause to be done by Seller and Buyer all things necessary under applicable Law, and to execute and deliver such documents, ancillary agreements and other papers as may be required to carry out the provisions of this Agreement and consummate and make effective the Contemplated Transactions, including in order to more effectively vest in Buyer all of Sellers' right, title and interest to the Purchased Assets, free and clear of all Liens

Section 5.2 Notices and Consents

(i) Seller and Buyer shall cooperate with one another in promptly determining whether any filings are required to be or should be made or consents, approvals, Healthcare Permits or authorizations are required to be or should be obtained under any applicable Law or Material Contract in connection with this Agreement, the Contemplated Transactions or the operation of the Business by Buyer after Closing and in promptly making any such filings, furnishing information required in connection therewith and seeking to obtain timely any such consents, Permits, authorizations, approvals or waivers, provided, however, that (i) Seller shall not incur any costs associated with the obligations hereunder, other than such ordinary and reasonable professional fees as described in this Agreement as are required for Seller to comply with the obligations hereunder. Buyer agrees to take all reasonable steps to make all necessary or beneficial pre-Closing or pre-Transfer Date filings with respect to Healthcare Permits within five (5) days of the Effective Date, and Seller shall reasonably cooperate in connection with the same.

(ii) Seller shall reasonably cooperate with Buyer in Buyer's effort to obtain any Healthcare Permit necessary for Buyer to operate the Business at and after Closing, and Seller shall, without limitation, transfer to Buyer any Permit it currently holds in connection with the operation of the Business to the extent transferable.

(iii) Subject to the terms and conditions set forth in this Agreement and applicable Law, Buyer and Seller shall (A) promptly notify the other Party of any communication to that Party from any Governmental Entity in respect of any filing, investigation or inquiry concerning this Agreement or the Contemplated Transactions, (B) if practicable and as otherwise permitted by applicable Law, permit the other Party the opportunity to review in advance all the information relating to Seller and their respective Subsidiaries or Buyer and its Subsidiaries and/or Affiliates, as the case may be, that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the Agreement and the transactions contemplated by this Agreement and incorporate the other Party's reasonable comments, (C) if practicable and as otherwise permitted by applicable Law, not participate in any substantive meeting or discussion with any Governmental Entity in respect of any filing, investigation, or inquiry concerning this Agreement and the transactions contemplated by this Agreement unless it consults with the other Party in advance, and, to the extent permitted by such Governmental Entity, gives the other Party the opportunity to participate in and/or attend such meeting and/or discussion, and (D) if practicable and as otherwise permitted by

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material respect or intentionally omit to take any action necessary to prevent any such representation or warranty from being untrue in any material respect;

(vi) close the Community;

(vii) delay or postpone the payment of any accounts payable or other liability or agree to extend the payment date for any accounts payable or other liability, other than in the Ordinary Course of Business; or

(viii) fail to file any Tax Return when due with respect to the Purchased Assets or the Business.

Section 5.6 Notice of Developments. From the date hereof until the Closing Date, Seller shall promptly disclose to Buyer, on the one hand, and Buyer shall promptly disclose to Seller, on the other hand, in writing (in the form of an updated Disclosure Schedule, if applicable) after attaining knowledge (as applicable to each of the Seller and Buyer) of (a) any material failure of any of Seller or Buyer to comply with or satisfy any of their respective representations, warranties, covenants, conditions or agreements to be complied with or satisfied by them under this Agreement in any material respect, (b) any fact, circumstance, event or action the existence, occurrence or taking of which has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (c) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement and (d) any actions commenced or, to Seller's Knowledge, threatened against, relating to or involving or otherwise affecting the Business, the Purchased Assets or the Assumed Liabilities; *provided, however*, that the delivery of any notice pursuant to this Section 5.6 shall not operate as a waiver or otherwise limit or affect any representation, warranty or agreement in this agreement or the remedies available to the party receiving such notice under this Agreement.

Section 5.7 Access. Upon reasonable advance written request by Buyer, Seller shall permit Buyer and its Representatives to have reasonable access during customary business hours, and in a manner so as not to interfere unreasonably with the regular business operations of Seller, to the Communities, properties, personnel, Records, Contracts and other documents and data related to the Business and the Purchased Assets, in each case, for the sole purpose of evaluating the Business and the Purchased Assets, and shall furnish Buyer with such financial, operating and other data and information in connection with the Business and the Purchased Assets as Buyer may reasonably request. From the date hereof through the Closing Date, Seller shall promptly following Buyer's request, seek and use their respective reasonable best efforts to arrange such meetings and telephone conferences between Buyer and Landlord and between Buyer and Seller's material suppliers and vendors as may be reasonably requested by Buyer and necessary and appropriate for Buyer to coordinate transition of the Business following the Closing. For the avoidance of doubt, the foregoing shall not require any Party to waive, or take any action with the effect of waiving, its attorney-client privilege or any confidentiality obligation to which it is bound with respect thereto or take any action in violation of applicable Law.

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Section 5.8 Bulk Transfer Laws. The Parties intend that the transfer of the Purchased Assets shall be free and clear of any Liens on the Purchased Assets (other than Permitted Liens), including any Liens arising out of any applicable bulk sale or transfer Laws.

Section 5.9 Casualty, Condemnation. As used herein, the term "*Casualty Loss*" means any destruction by fire, storm or other casualty, or any taking or pending or threatened taking, in condemnation or under the right of eminent domain, of any of the Purchased Assets, or a portion thereof, in each case, prior to the Effective Time. Seller shall promptly give Buyer written notice (a "*Casualty Notice*") of any Casualty Loss of which Seller becomes aware. To the extent such Casualty Loss exceeds $500,000 in cost, Buyer shall have the option, which must be exercised within ten (10) days after its receipt of the Casualty Notice, to terminate this Agreement or to proceed with the Closing. If Buyer elects to terminate this Agreement, the Good Faith Deposit shall be returned to Buyer and all rights, duties, obligations and liabilities created hereunder shall cease. If Buyer elects to proceed with Closing (or if the Casualty Loss is less than $500,000), Buyer shall acquire the Purchased Assets in accordance with the terms hereof without a credit against the Purchase Price and Seller shall transfer to Buyer all of their rights to unpaid insurance proceeds, claims, awards and other payments arising out of such Casualty Loss and pay to Buyer all sums paid to Seller as insurance proceeds, awards or other payments arising out of such Casualty Loss less any amounts Seller has paid to repair or mitigate such Casualty Loss and less any deductible paid by Seller under such insurance policy(ies). Seller shall not compromise, settle or adjust any such claims without the consent of Buyer; such consent not to be unreasonably withheld, conditioned or delayed.

Section 5.10 Employee Matters.

(i) Effective as of 11:59 p.m. on the Closing Date, the applicable Seller shall terminate all of its Current Employees remaining in such Seller's employ Closing at that time. On or before the Closing Date Buyer shall offer (or cause a designee of Buyer to offer) employment to all Current Employees, and any Former Employees desired, in relation to the operation of the Assumed Communities and the Business, with employment commencing as of 12:00 a.m. on the day immediately following the Closing Date, subject to Buyer's pre-employment screenings and employment practices, policies and procedures. For purposes of this Agreement, each Current Employee and Former Employee who receives such an offer of employment shall be collectively referred to as an "Offeree." At least five (5) business days prior to the Closing Date, Buyer will provide Seller with a schedule setting forth a list of the names of all then expected Offerees, and shall inform Seller in writing if any Offeree rejects the offer provided. Each Offeree who accepts such offer prior to or on the Closing Date shall be referred to herein as a "Transferred Employee." As of 11:59 p.m., on the Closing Date, each Transferred Employee shall cease participation in all employee benefit plans provided by the applicable Seller, except with respect to benefits accrued as of, or claims incurred on or prior to, such time, all such benefits and claims are Excluded Liabilities hereunder. Beginning on the day immediately following the Closing Date, Buyer or its Affiliates will provide employee benefit coverages to each Transferred Employee under new or existing plans sponsored by Buyer or one of

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its Affiliates at substantially the same levels as those offered by Seller immediately prior to the Closing Date.

(ii) Buyer shall offer immediate employment to all of the Current Employees, such that no period of unemployment shall occur between employment with the Seller and employment with Buyer, and such that there will be no violation of the WARN Act or any comparable state or local laws, with such employment with the Buyer to commence immediately Closing Date in accordance with Section 5.10(i), above. If Buyer fails to offer immediate employment to substantially all of the Current Employees, Buyer acknowledges and agrees that it shall be responsible for the payment of any amounts or liabilities arising or due under the WARN Act or any comparable state or local laws, and/or shall indemnify and defend Seller against the same. In furtherance and not in limitation of the foregoing, Buyer shall treat prior service with Seller reflected in the information provided above as service with Buyer for purposes of determining eligibility to participate and vesting in all benefits programs maintained by Buyer. On and after the Transfer Date, Buyer and its relevant designees shall be responsible for any liabilities with respect to the Transferred Employees' employment or termination of employment or the terms and conditions of employment of the Transferred Employees or any other applicable Law accruing on or after Transfer Date. Seller shall cooperate with Buyer in providing information reasonably requested by Buyer to facilitate hiring and establishing benefits for Transferred Employees who accept employment with Buyer. This Agreement shall not be deemed to create or grant to any Transferred Employee any third-party beneficiary rights or claims or any cause of action of any kind or nature.

(iii) Each Current Employee and Former Employee of Seller who is not a Transferred Employee shall be referred to herein as an "Excluded Employee."

(iv) Following the date of this Agreement,

(i) Seller shall allow Buyer or any of its Representatives reasonable access upon reasonable advance notice to meet with and interview the Sellers' employees who are members of executive management and other employees reasonably requested during normal business hours, provided that Seller shall use reasonable efforts consolidate such meetings and avoid disruption to the workplace,

(ii) Seller shall not, nor shall Seller authorize or direct or give express permission to any Affiliate, officer, director or employee of Seller or any Affiliate, to (A) interfere with Buyer's or its Representatives' rights under this Agreement to make offers of employment to any Offeree, or (B) solicit or encourage any Offeree not to accept, or to reject, any such offer of employment;

(iii) Seller shall, subject to any privacy obligations it may have under applicable law, provide reasonable cooperation and information to Buyer or the relevant Representative as reasonably requested by Buyer or such Representative with respect to its determination of appropriate terms and conditions of employment for any Offeree;

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(iv) Buyer shall provide COBRA continuation coverage (within the meaning of Section 4980B of the Internal Revenue Code and U.S. Treasury regulations thereunder) to all Facility Employees who are "M&A qualified beneficiaries" (within the meaning of Treasury Regulation Section 54.4980B-9, Q&A-4) for the duration of the period to which such Facility Employees are entitled to such coverage;

(v) Seller shall process the payroll for and pay, or cause to be paid, the base wages, base salary, incentive compensation and benefits that are due and payable with respect to the period prior to the Closing Date with respect to all Current Employees and Former Employees no later than the date such wages, salary or incentive compensation would normally be paid. Seller shall withhold, fund and remit all applicable payroll taxes as required by Law on or prior to the Closing Date with respect to all employees of Seller as of such date; and

(v) Buyer shall (or shall cause its designee to) process the payroll for and shall pay, or cause to be paid, base wages, base salary and benefits that accrue after the Closing Date with respect to all Transferred Employees and shall satisfy, without reduction to the Purchase Price, all obligations to such Transferred Employees for any unused paid time off or leave that is required to be compensated under applicable Law, except to the extent such obligations constitute Assumed Liabilities. Buyer shall withhold and remit all applicable payroll taxes as required by Law after the Closing Date with respect to Transferred Employees. Nothing herein shall be construed as requiring, and neither Seller nor any of their Affiliates shall take any affirmative action that would have the effect of requiring Buyer to continue any specific employee benefit plan or to continue the employment of any specific person. Nothing in this Agreement shall create or be construed as creating any contract of employment or as conferring upon any Transferred Employee or upon any other person, other than the parties to this Agreement in accordance with its terms, any rights to enforce any provisions of this Agreement under ERISA or otherwise.

(vi) Nothing expressed or implied in this Section 5.10 will confer upon any Current Employee or any legal representative of any such Person, any rights or remedies, including any right to employment or continued employment for any specified period, of any nature or kind whatsoever under or by reason of this Agreement. Nothing in this Agreement (i) will limit or restrict in any way the right of Buyer to modify, amend, terminate or establish employee benefit plans or arrangements in whole or in part at any time after the Closing Date, (ii) shall be construed to establish, amend, or modify any benefit plan, program, agreement or arrangement, or (iii) is intended to confer upon any individual (including Current Employees, Former Employees, retirees, or dependents or beneficiaries of Current Employees, Former Employees, or retirees) any right as a third-party beneficiary of this Agreement.

<u>Section 5.11</u> <u>Regulatory Filings.</u>

(i) The Parties acknowledge that due to the nature of the Business, certain regulatory approvals, licenses, Illinois Health Facilities and Services Review Board approvals, certifications and authorizations must be obtained from certain Government

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Entities to allow Buyer to operate the Community for the purposes of the Business after Closing (collectively, the "Licensing Approvals"). Seller shall reasonably cooperate with Buyer in Buyer's efforts to obtain the Licensing Approvals in favor of Buyer or Buyer's designee, and Seller shall additionally use good faith efforts to effectuate the transfer of any existing regulatory approvals, licenses and/or authorizations from Seller to Buyer, or Buyer's designee, to the extent allowed under applicable Laws, all at no out-of-pocket expense to Sellers. Buyer shall pay all standard application and similar fees associated with the Licensing Approvals. The Parties acknowledge that obtaining the Licensing Approvals may require notices to be sent to Residents of the Community of the intended change of the ownership and management of the Community.

(ii) Buyer shall be responsible for obtaining all Licensing Approvals. Buyer, at its sole cost and expense, shall promptly submit and diligently pursue all necessary applications and other materials to the appropriate Government Entity and take such other actions to effect the transfer of the Healthcare Permits or issuance of new Licensing Approvals as of the Transfer Date. Buyer shall submit all applications for such transfer or issuance, as applicable, including without limitation a certificate of need application with the Illinois Health Facilities and Services Review Board, by no later than five (5) business days after the Effective Date (the "Application Date") and shall pursue the same diligently using reasonable commercial efforts. Further, Buyer agrees to provide copies of all correspondence between Buyer (or its Affiliates) and any regulatory agency, or similar body, to Seller within two (2) business days of Buyer's receipt of same.

(iii) On or before the Application Date, Buyer shall, at its sole cost and expense, submit all necessary applications and other materials to the appropriate Government Entity, and shall take all such other required actions before and after the Application Date, to effect a change of ownership of the Community pursuant to the Medicare and Medicaid Provider Agreement and applicable Laws.

Section 5.12 AS-IS. Buyer acknowledges and agrees that upon the Transfer Date, Seller shall sell and convey to Buyer and Buyer shall accept the Real Property "**AS IS, WHERE IS, WITH ALL FAULTS**," except to the extent expressly provided otherwise in this Agreement and any document executed by Seller and delivered to Buyer on the Transfer Date.

(i) Except as expressly set forth in this Agreement, Buyer has not relied and will not rely on, and Seller has not made and is not liable for or bound by, any express or implied warranties, guarantees, statements, representations or information pertaining to the Real Property or relating thereto made or furnished by Seller, or any property manager, real estate broker, agent or third party representing or purporting to represent Seller, to whomever made or given, directly or indirectly, orally or in writing. Buyer represents that it is a knowledgeable, experienced and sophisticated Buyer of real estate and that, except as expressly set forth in this Agreement, it is relying solely on its own expertise and that of Buyer's consultants in purchasing the Real Property and shall make an independent verification of the accuracy of any documents and information provided by Seller. Upon the Transfer Date, Buyer shall assume the risk that adverse matters, including, but not limited to, adverse physical or construction defects or adverse environmental, health or

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safety conditions, may not have been revealed by Buyer's inspections and investigations. Buyer hereby represents and warrants to Seller that: (a) Buyer is represented by legal counsel in connection with the transaction contemplated by this Agreement; and (b) Buyer is purchasing the Real Property for business, commercial, investment or other similar purpose and not for use as Buyer's residence. Buyer waives any and all rights or remedies it may have or be entitled to, deriving from disparity in size or from any significant disparate bargaining position in relation to Seller.

(ii) Buyer acknowledges that it will have the opportunity to inspect the Real Property during the Due Diligence Period, and during such period, observe its physical characteristics and existing conditions and the opportunity to conduct such investigation and study on and of the Real Property as Buyer deems necessary, and, other than the right to pursue Seller after the Transfer Date in connection with any representation, warranty or covenant of Seller that is expressly stated to survive the Transfer Date but subject to the other limitations of this Agreement with respect thereto, upon the Transfer Date, Buyer hereby FOREVER RELEASES AND DISCHARGES Seller from all responsibility and liability, whether arising before or after the Effective Date, and liabilities under the Comprehensive Environmental Response, Compensation and Liability Act Of 1980 (42 U.S.C. Sections 9601 et seq.), as amended, ("CERCLA") regarding the condition, valuation, salability or utility of the Real Property, or its suitability for any purpose whatsoever (including, but not limited to, with respect to the presence in the soil, air, structures and surface and subsurface waters, of Hazardous Materials or other materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Real Property under current or future federal, state and local laws, regulations or guidelines, and any structural and geologic conditions, subsurface soil and water conditions and solid and hazardous waste and Hazardous Materials on, under, adjacent to or otherwise affecting the Real Property). Buyer further hereby WAIVES (and upon the Transfer Date will be deemed to have WAIVED) any and all objections and complaints (including, but not limited to, federal, state and local statutory and common law based actions, and any private right of action under any federal, state or local laws, regulations or guidelines to which the Real Property is or may be subject, including, but not limited to, CERCLA) concerning the physical characteristics and any existing conditions of the Real Property, whether arising before or after the Effective Date. Buyer further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Real Property and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of Hazardous Materials or other contaminants, may not have been revealed by its investigation.

(iii) This Section 5.12 shall survive the Closing.

Section 5.13 POST-CLOSING COVENANTS

The Parties agree as follows with respect to the period from and after Closing, *provided* that (i) Seller shall not incur any costs, associated with the obligations hereunder,

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other than such ordinary and necessary professional fees as are required for Seller to comply with the obligations hereunder.

Section 5.14 Cooperation. Each of the Parties shall cooperate with each other, and shall use their commercially reasonable efforts to cause their respective Representatives to cooperate with each other, to provide an orderly transition of the Purchased Assets and Assumed Liabilities from Seller to Buyer and to minimize the disruption to the Business resulting from the Contemplated Transactions. Without limiting the forgoing, Seller shall, upon Buyer's request, assist Buyer in Buyer's efforts to (a) notify Residents of the Contemplated Transactions and (b) be listed and/or perfected as the secured party with respect to any Lien securing the Purchased Assets. Seller shall, for a period of twenty-four (24) months after Closing, cooperate fully with Buyer in responding to third-party inquiries, audits, and transition of care issues, at no cost to Buyer.

Section 5.15 Further Assurances. In case at any time from and after Closing any further action is necessary or reasonably required to carry out the purposes of this Agreement, at any Party's request and sole cost and expense, each Party shall promptly take such further action (including the execution and delivery to any other Party of such other reasonable instruments of sale, transfer, conveyance, assignment, assumption and confirmation and providing materials and information) as another Party may reasonably request as shall be necessary to transfer, convey and assign to Buyer all of the Purchased Assets, to confirm Buyer's assumption of the Assumed Liabilities and to confirm Seller's retention of the Excluded Assets and Excluded Liabilities. Without limiting the generality of this Section 5.15, to the extent that either Buyer or Seller discover any additional assets or properties which the Parties mutually agree should have been transferred or assigned to Buyer as Purchased Assets but were not so transferred or assigned, Buyer and Seller shall cooperate and promptly execute and deliver any instruments of transfer or assignment necessary to transfer and assign such asset or property to Buyer.

Section 5.16 Availability of Business Records. From and after the Closing Date, Buyer shall provide to Seller and their respective Representatives (after reasonable notice and during normal business hours and without charge to Seller) access to all Records included in the Purchased Assets for periods prior to the Transfer Date and reasonable access to Transferred Employees to the extent such access is necessary in order for Seller (as applicable) to comply with applicable Law or any contract to which it is a party, for liquidation, winding up, Tax reporting or other proper purposes and so long as such access is subject to an obligation of confidentiality, and shall preserve such Records until the latest of (i) seven years after the Transfer Date, (ii) the required retention period for all government contact information, records or documents or (iii) in the case of Records related to Taxes, the expiration of the statute of limitation applicable to such Taxes. Such access shall include access to any information in electronic form to the extent reasonably available. Buyer acknowledges that Seller has the right to retain copies of all of Records included in the Purchased Assets for periods prior to the Transfer Date. Seller shall provide Buyer with unrestricted access to all Records relating to the operation of the Business during the three (3) years prior to the Transfer Date, and shall cooperate in the transfer of such records, whether in physical or electronic form.

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Section 5.17 Recording of Intellectual Property Assignments. All of the Intellectual Property Assignments shall be recorded and filed by Buyer with the appropriate Governmental Entities as promptly as practicable following the Transfer Date.

Section 5.18 Taxes.

(i) Buyer shall pay any stamp, documentary, registration, transfer, added-value or similar Tax (each, a "Transfer Tax") imposed under any applicable Law in connection with the transactions contemplated by this Agreement. Each Seller and Buyer shall cooperate to prepare and timely file any Tax Returns required to be filed in connection with Transfer Taxes described in the immediately preceding sentence.

(ii) Except as provided with respect to Transfer Taxes in Section 6.6(a), and as provided with respect to Tax refunds in Section 6.6(c), from and after the Transfer Date, the applicable Seller, at such Seller's sole cost and expense, shall file (or cause to be filed) all Tax Returns with respect to any Tax that is not an Assumed Liability.

(iii) All refunds for Taxes that are Purchased Assets shall be paid to the owner of the Purchased Assets for which the Tax refund was received. To the extent Buyer receives any refund for any such Tax for the period in which Seller owned the Purchased Assets, Buyer shall promptly pay such refund to Seller.

(iv) Buyer and Seller shall reasonably cooperate (i) in the preparation and timely filing of any Tax Return relating to the Business, the Purchased Assets, or the Assumed Liabilities; (ii) in any audit or other proceeding with respect to Taxes or Tax Returns relating to the Business, the Purchased Assets, or the Assumed Liabilities; (iii) make available any information, records, or other documents relating to any Taxes or Tax Returns relating to the Business, the Purchased Assets, or the Assumed Liabilities; and (iv) provide certificates or forms, and timely execute any Tax Return, that are necessary or appropriate to establish an exemption for (or reduction in) any Transfer Tax.

(v) All real and personal property taxes relating to the Purchased Assets shall be prorated based on the most recent available tax bills, and any tax refunds related to pre-Transfer Date periods shall be the property of Buyer to the extent attributable to the Purchased Assets.

Section 5.19 Wage Reporting. Buyer and Seller agree to utilize, or cause their respective Affiliates to utilize, the standard procedure set forth in Internal Revenue Service Revenue Procedure 2004-53 with respect to wage reporting.

Section 5.20 Insurance Policies.

(i) To the extent that any current or prior Insurance Policy of any Seller relates to the Purchased Assets or Assumed Liabilities and the Excluded Assets or the Excluded Liabilities, and such Insurance Policy is transferred to Buyer on the Transfer Date, Buyer shall hold such Insurance Policy with respect to the Excluded Assets or Excluded Liabilities, as applicable, for the benefit of Seller, shall reasonably cooperate with Seller in pursuing any claims thereunder (at no additional cost or expense to Buyer), and shall pay

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over to Seller promptly any insurance proceeds paid or recovered thereunder with respect to the Excluded Assets or the Excluded Liabilities.

(ii) Notwithstanding subparagraphs (a) above, nothing in this Article or Agreement shall transfer any directors and officers' liability insurance policies relating to Seller to Buyer.[13]

<u>Section 5.21</u> <u>Collection of Accounts Receivable</u>.

(a) Seller shall assign to Buyer all of Seller's right, title and interest in and to any and all outstanding accounts receivable with respect to the Community that relate to periods ending on or before the Transfer Date, including but not limited to accounts receivable from private pay residents, Medicare, Medicaid, managed care organizations, and other third-party payors.

(b) Buyer shall have the sole authority and right to bill and collect all accounts receivable arising from services rendered, goods sold, or work performed at the Community after the Transfer Date.

(c) From and after the Transfer Date, until such time as Buyer is authorized and able to bill under its own provider numbers and third-party contracts, Buyer shall be permitted to bill and collect under Seller's Medicare and Medicaid provider numbers and existing Third-Party Payor contracts applicable to the Community. Seller shall reasonably cooperate with Buyer in maintaining such billing capabilities and in complying with all applicable regulations, including execution of any necessary agreements to allow such interim billing. Buyer shall perform weekly reconciliations of collected funds, and all amounts due to Buyer shall be transferred by Seller no less than one day per week on a mutually agreed date.

<u>Section 5.22</u> <u>Use of Name and Marks</u>. Neither Seller nor any of their respective Affiliates or Subsidiaries shall use, license or authorize any third party to use, any name, slogan, logo, trademark, service mark, trade name or brand name which is similar or deceptively similar to any of the names, slogans, logos, trademarks, service marks, trade names or brand names included in the Intellectual Property included in the Purchased Assets. If requested by Buyer, each Seller shall, and shall cause its respective Affiliates to, promptly amend its governing documents and take all actions necessary to change its legal name and any registered doing-business-as or fictions name to a new name bearing no resemblance to its current name so as to omit any reference to "Stephenson Nursing Center" and any other current tradename of Seller and shall provide evidence to Buyer of the same. Each Seller shall also take all actions reasonably requested by Buyer to enable Buyer to use the Seller's present name and doing-business-as designations after the Transfer Date.

<u>Section 5.23</u> <u>Data Privacy Protection</u>. Buyer acknowledges that the Purchased Assets include personally identifiable information ("<u>PII</u>"), along with associated Personal

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Data about Residents. In connection with the same, Buyer agrees to: (i) employ appropriate security controls and procedures (technical, operational and managerial) to protect PII and Personal Data, (ii) abide by all applicable Laws and regulations with respect to PII and (iii) take such further actions with respect to PII as may be agreed between the Parties. Buyer agrees that it shall, absent a Resident's or prospective Resident's consent received after adequate notice: (a) abide by Seller's Privacy Policies and privacy-related covenants made in Seller's terms of service that were in effect as of the Effective Date, (b) respect prior requests of Residents to opt out of receipt of marketing messages (to the extent Buyer is made aware of such requests; provided that Buyer shall seek to obtain such information from Seller) and (c) use PII only for the purposes related to continuing Business operations and continuing to provide similar goods and services to Residents, including marketing the products and services related to Purchased Assets. Buyer shall use its reasonable commercial efforts to obtain the consent of a Resident for any additional use of PII or Personal Data or before making material changes to Seller's privacy policies that weaken a Resident's consumer protection. Furthermore, to the extent PII includes any social security numbers, Buyer shall limit such use to tax reporting purposes, and, to the extent required by Law, shall purge such information from its databases when such information is no longer required for that purpose.

Section 5.24 403(b) Plan. Not less than two (2) Business Days before the anticipated Transfer Date, the board of directors or managers of each Seller shall adopt resolutions and take such action as is necessary to terminate the 403(b) Plan, effective as of the date prior to the Transfer Date. Following the Transfer Date, the assets thereof shall be distributed to the participants.

Section 5.25 Confidentiality.

(i) The terms of the Confidentiality Agreement shall continue in full force and effect until the Transfer Date as to the Purchased Assets, at which time Buyer's obligations under any such Confidentiality Agreement shall terminate as to the Purchased Assets, but shall remain in full force and effect as to the Excluded Assets.

(ii) Seller shall not, and Seller shall cause their Affiliates and the respective Representatives of Seller and their Affiliates not to, use for their own benefit or divulge or convey to any third party, any Confidential Information; provided, however, that Seller and their Affiliates may furnish such portion (and only such portion) of the Confidential Information as such Seller or Affiliate reasonably determines it is legally obligated to disclose if: (i) it receives a request to disclose all or any part of the Confidential Information under the terms of a subpoena, civil investigative demand or order issued by a Governmental Entity; (ii) to the extent not inconsistent with such request, it notifies Buyer of the existence, terms and circumstances surrounding such request and consults with Buyer on the advisability of taking steps available under applicable Law to resist or narrow such request; (iii) it exercises its commercially reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Confidential Information; and (iv) disclosure of such Confidential Information is required to prevent such Seller or Affiliate from being held in contempt or becoming subject to any other penalty under applicable Law. For purposes of this Agreement, "Confidential Information"

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consists of all information and data relating to the Business (including Intellectual Property, Resident and supplier lists, pricing information, marketing plans, market studies, client development plans, business acquisition plans and all other similar information or data), the Purchased Assets or the transactions contemplated hereby, except for data or information that is or becomes available to the public other than as a result of a breach of this Section.

(iii) Effective as of the Transfer Date, Seller hereby assign to Buyer all of the Seller's right, title and interest in and to any confidentiality agreements entered into by Sellers (or their Affiliates or Representatives) and each Person (other than Buyer and its Affiliates and Representatives) who entered into any such agreement or to whom Confidential Information was provided in connection with any potential transaction involving the acquisition or purchase of all or any portion of the Business or the Purchased Assets. From and after the Transfer Date, Sellers will take all actions reasonably requested by Buyer in order to assist in enforcing the rights so assigned, at Buyer's sole expense. Seller shall use their commercially reasonable efforts to cause any such Person to return to Seller any documents, files, data or other materials constituting Confidential Information provided to such Person in connection with the consideration of any such transaction.

Section 5.26 Resident Trust Funds. Prior to the Transfer Date, Seller shall prepare a true, and complete accounting, properly reconciled, of any Resident Trust Funds then held by any Seller or its Affiliates for Residents at any of the Communities. On the Transfer Date, Seller shall transfer, or cause to be transferred, the Resident Trust Funds to bank accounts designated by Buyer, and Buyer shall, in writing, acknowledge receipt of and expressly assume all of Seller's or its Affiliate's, as applicable, financial and custodial obligations with respect to such Resident Trust Funds actually delivered by Seller or its Affiliate, as applicable, it being the intent and purpose of this provision that, as of the Transfer Date, Buyer will assume the fiduciary and custodial obligations with respect to such Resident Trust Funds actually delivered to Buyer and be directly accountable to the current Residents with respect thereto. Within thirty (30) days following the Transfer Date, Seller shall update such accounting, properly reconciled, as of the Transfer Date. The provisions of this Section 5.26 shall survive the Closing.

Section 5.27 Plat of Subdivision. Prior to the Transfer Date, Seller shall cause the Land to be legally subdivided in accordance with the Illinois Plat Act (765 ILCS 205/1) and Chapter 1224 of the Codified Ordinances of Freeport (together the "Plat Act") pursuant to a plat of subdivision to be mutually approved by the parties and recorded in the public records. Upon recordation of the plat of subdivision, Seller shall file all appropriate applications requesting separate parcel identification numbers be issued for the Real Property and Seller's remaining land. Buyer shall be solely responsible for any real estate taxes and assessments accrued upon the Land from and after the Transfer Date and, to the extent that any such taxes and assessments become due and payable prior to the issuance of a separate parcel identification number for the Real Property, Buyer shall reimburse Seller upon demand for Buyer's share of such taxes and assessments. The terms and conditions of this Section 2.9 shall survive the Closing.

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ARTICLE VI.
INDEMNIFICATION

Section 6.1 Indemnification by Seller. Subject to the limitations set forth herein, Seller shall indemnify, defend, and hold harmless Buyer and its Affiliates, and their respective officers, directors, members, managers, partners, employees, and agents (collectively, "Buyer Indemnified Parties") from and against any and all losses, damages, liabilities, penalties, fines, costs, and expenses (including reasonable attorneys' fees) (collectively, "Losses"), to the extent not Assumed Liabilities, resulting from:

(a) any breach of any representation or warranty made by Seller in this Agreement or any Related Agreement;
(b) any breach of any covenant or agreement of Seller contained in this Agreement;
(c) any Excluded Liability or Excluded Asset;
(d) any liability for Taxes of Seller or relating to the operation of the Business or ownership of the Purchased Assets prior to the Closing, excluding the Assumed Liabilities;
(e) any claim relating solely to employment matters prior to Closing;
(f) any Fraud by Seller.

6.2 Indemnification by Buyer. Buyer shall indemnify, defend, and hold harmless Seller and its Affiliates and their respective officers, directors, members, managers, partners, employees, and agents from and against any and all Losses resulting from.

(a) any breach of any representation or warranty made by Buyer in this Agreement;
(b) any breach of any covenant or agreement of Buyer contained in this Agreement;
(c) any Assumed Liability;
(d) any claim, damage, liability or other harm or cost, including attorney's fees and court costs, relating to the operation of the Business on or following the date of Closing or to the Purchased Assets on or following the Transfer Date.

Section 6.3 Survivability; Limitations. The party making a claim under this Article VI is referred to as an "Indemnified Party" and the party against whom such claims are asserted under this Article VI is referred to as the "Indemnifying Party."

<u>(i)</u> The representations and warranties of Seller and Buyer contained in this Agreement shall survive the Closing and remain in full force and effect until the date that is one (1) year from the Transfer Date. None of the covenants or other agreements contained in this Agreement shall survive the Closing Date other than those which by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved.

<u>(ii)</u> Seller shall not be liable for any Losses pursuant to Section 6.1 except to the extent such Losses exceed in the aggregate $5,000.00

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(iii) In no event shall any Indemnifying Party be liable to any Indemnified Party for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple

(iv) Seller shall not be liable under this Article VI for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement if Buyer had knowledge of such inaccuracy or breach prior to the Closing

(v) All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

(vi) Payments by an Indemnifying Party pursuant to this Article VI in respect of any Losses shall be reduced by an amount equal to any tax benefit realized or reasonably expected to be realized as a result of such Losses by the Indemnified Party

(vii) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Losses upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Losses

(viii) Payments by an Indemnifying Party pursuant to this VI in respect of any Losses shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(ix) The parties acknowledge and agree that from and after the Closing their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement shall be pursuant to the indemnification provisions set forth in this Article VI. In furtherance of the foregoing, each party hereby waives, from and after the Closing, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VI. Nothing in this Section 6.3(ix) shall limit any Person's right to seek and obtain any equitable relief to which such Person shall be entitled

Section 6.4 Indemnification Procedures. Whenever any claim shall arise for indemnification hereunder, the Indemnified Party shall promptly provide written notice of such claim to the Indemnifying Party. Such notice by the Indemnified Party shall: (a) describe the claim in reasonable detail, (b) include copies of all material written evidence thereof, and (c) indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. In connection with any claim giving rise to indemnity hereunder resulting from

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or arising out of any act or omission by a Person who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such action, with its counsel and at its own cost and expense, subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party does not assume the defense of any such action, the Indemnified Party may, but shall not be obligated to, defend against such action in such manner as it may deem appropriate, including settling such action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any claim, including: (i) making available records relating to such claim; and (ii) furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such claim. The Indemnifying Party shall not settle any action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

ARTICLE VII. INTENTIONALLY OMITTED

ARTICLE VIII. CONDITIONS TO CLOSING

Section 8.1 **Conditions to Buyer's Obligations**Buyer's obligation to consummate the Contemplated Transactions in connection with Closing is subject to satisfaction or waiver of the following conditions:

(i) as of the date hereof and as of Closing (in each case, except for any representation or warranty that is expressly made as of a specified date, in which case as of such specified date), (i) each representation or warranty contained in ARTICLE III, through Section 3.3 shall be true and correct in all material respects, except where the failure of such representations and warranties to be true and correct, individually or in the aggregate with other such failures, has not had, and would not reasonably be expected to have, a Material Adverse Effect, *provided, however*, that for purposes of determining the accuracy of representations and warranties referred to in clause for purposes of this condition, all qualifications as to "materiality" and "Material Adverse Effect" and similar expressions contained in such representations and warranties shall be disregarded;

(ii) Seller shall have performed and complied with their covenants and agreements hereunder to the extent required to be performed prior to Closing in all material respects, and Seller shall have caused the documents and instruments required by Section 2.7(i) to be delivered to Buyer (or tendered subject only to Closing);

(iii) no Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Decree that is in effect and that has the effect

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of making Closing illegal or otherwise prohibiting the consummation of Closing, and, at the time of the Closing, there shall not be any Litigation, investigation, inquiry or proceeding pending, entered, enacted, enforced or issued or instituted in or by any Governmental Entity or by any third party to restrain, enjoin or prohibit consummation of the Contemplated Transactions or that might result in rescission in connection with such Contemplated Transactions;

(iv) from the date of this Agreement until the Closing Date, there shall not have occurred any circumstance, change, effect, event, occurrence, state of facts or development that has had, or would reasonably be expected to have, a Material Adverse Effect;

(v) [Intentionally Omitted]; and

(vi) Seller shall have delivered a certificate from an authorized officer of each Seller to the effect that each of the conditions specified in Section 8.1(i), Section 8.1(ii) and Section 8.1(iv) has been satisfied.

(vii) Prior to the Transfer Date, the Title Company shall be irrevocably committed to issue to Buyer an ALTA Owner's Title Insurance Policy (Form 2021), in the amount of the allocated Purchase Price for the Real Property, showing fee simple title vested in Buyer, subject only to Permitted Liens. Buyer shall have the right to request additional coverage by endorsement be added to such title policy but the same shall not be a condition to Buyer's obligation to proceed with Transfer Date.

Section 8.2 Conditions to Seller's Obligations. Seller's obligation to consummate the Contemplated Transactions in connection with Closing are subject to satisfaction or waiver of the following conditions:

(i) as of the date hereof and as of Closing (in each case, except for any representation or warranty that is expressly made as of a specified date, in which case as of such specified date), (i) each representation or warranty contained in Section 4.1, Section 4.2 or Section 4.3 shall be true and correct in all material respects and (ii) each other representation or warranty set forth in ARTICLE IV shall be true and correct in all respects, except where the failure of such representations and warranties referred to in this clause (ii) to be true and correct, individually or in the aggregate with other such failures, would not reasonably be expected to materially prevent, restrict or delay the consummation of the Contemplated Transactions or the transactions contemplated by any Related Agreement; provided, however, that for purposes of determining the accuracy of representations and warranties referred to in clause (ii) for purposes of this condition, all qualifications as to "materiality" and similar expressions contained in such representations and warranties shall be disregarded;

(ii) Buyer shall have performed and complied with its covenants and agreements hereunder to the extent required to be performed prior to Closing in all material respects, and Buyer shall have caused the documents, instruments, and payments required by Section 2.7(ii) or any other provision of this Agreement to be delivered to Seller (or tendered subject only to Closing);

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(iii) no Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Decree that is in effect and that has the effect of making the Closing illegal or otherwise prohibiting the consummation of Closing, and, at the time of the Closing, there shall not be any Litigation, investigation, inquiry or proceeding pending, entered, enacted, enforced or issued or instituted in or by any Governmental Entity or by any third party to restrain, enjoin or prohibit consummation of the Contemplated Transactions or that might result in rescission in connection with such Contemplated Transactions;

(iv) Buyer shall have delivered a certificate from an authorized officer of Buyer to the effect that each of the conditions specified in Section 8.2(i) and Section 8.2(ii) has been satisfied.

ARTICLE IX.
TERMINATION

Section 9.1 Termination of Agreement. This Agreement may be terminated and the Contemplated Transactions abandoned at any time prior to Closing only:

(i) by the mutual written consent of Buyer, on the one hand, and Sellers, on the other hand;

(ii) by Buyer by giving written notice to Seller at any time prior to Closing;

(iii) Required regulatory approvals are not obtained by a stated outside date.

(iv) Any material representation or warranty of Seller is untrue

(i) (x) if Buyer is not then in material breach of any provision of this Agreement and Seller has breached any of their agreements, covenants, representations or warranties contained in this Agreement (provided such breach would result in the failure of a condition set forth in Section 8.1 to be satisfied) and Buyer has notified Seller of the breach, and the breach has continued without cure for a period of ten (10) Business Days after the notice of the breach, or (y) in the event that any condition set forth in Section 8.1 shall become incapable of being satisfied by the Closing, unless such failure shall be due to the failure of Buyer to perform or comply with any of its covenants, agreements or obligations hereunder to be performed or complied with by it prior to Closing, and such condition is not waived by Buyer;

(ii) if the Closing shall not have occurred on or before 30 days after the Due Diligence Date (the "Outside Closing Date") by reason of the failure of any condition precedent under Section 8.1 (unless such failure was primarily within the control of a Buyer

(v) by any Seller by giving written notice to Buyer at any time prior to Closing:

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(i) (x) if no Seller is then in material breach of any provision of this Agreement and Buyer has breached any of its agreements, covenants, representations or warranties contained in this Agreement (provided such breach would result in the failure of a condition set forth in Section 8.2 to be satisfied) and Seller has notified Buyer of the breach, and the breach has continued without cure for a period of ten (10) Business Days after the notice of the breach, or (y) in the event that any condition set forth in Section 8.2 shall become incapable of being satisfied by Closing, unless such failure shall be due to the failure of Seller to perform or comply with any of its covenants, agreement or obligations hereunder to be performed or complied with by them prior to Closing, and such condition is not waived by Seller; or

(ii) If the Closing shall not have occurred on or before the Outside Closing Date by reason of the failure of any condition precedent under Section 8.2 (unless such failure was solely within the control of Seller).

(vi) by Buyer or Seller (i) in the event there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) upon the issuance of a final and non-appealable order, decree, or ruling by a Governmental Entity to permanently restrain, enjoin or otherwise prohibit Closing; provided, that the right to terminate this Agreement under this Section 9.1(vi)(ii) shall not be available to a Party if such order, decree or ruling was primarily due to the failure of such Party to perform any of its obligations, covenants or agreements under this Agreement.

Section 9.2 Procedure upon Termination. In the event of termination and abandonment by Buyer, on the one hand, or Seller, on the other hand, or both, pursuant to Section 9.1, written notice thereof shall forthwith be given to the other Party or Parties, and, subject to Section 9.3 hereof, this Agreement shall terminate and the Contemplated Transactions shall be abandoned, without further action by Buyer or Seller.

Section 9.3 Effect of Termination.

(i) If this Agreement is validly terminated pursuant to Section 9.1, this Agreement shall become null and void and of no further force and effect (except that ARTICLE I (Definitions), ARTICLE X (Miscellaneous), and this ARTICLE IX (Termination) shall survive any such termination).

(ii) Except as otherwise expressly set forth in this Agreement, nothing herein shall relieve any Party from liability for any breach of covenant, obligation or agreement occurring prior to any termination of this Agreement.

(iii) The Confidentiality Agreement shall survive any termination of this Agreement and nothing in this Section 9.3 shall relieve Buyer or Seller of their respective obligations under the Confidentiality Agreement.

(iv) The Parties hereby agree that if this Agreement is terminated:

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(i) Buyer shall be refunded the Good Faith Deposit, if any;

ARTICLE X.
MISCELLANEOUS

Section 10.1 Remedies. In the event Seller fails to consummate the transactions contemplated by this Agreement in breach of its obligations, Buyer shall be entitled to seek specific performance, injunctive relief, and/or damages (including reasonable attorneys' fees and costs) resulting from such failure. Buyer shall also be entitled to terminate this Agreement and recover the Good Faith Deposit and any out-of-pocket costs incurred in connection with this Agreement. In the event Buyer fails to timely satisfy all of its obligations hereunder required prior to the Transfer Date, Seller may terminate this Agreement and, in addition to all other remedies at law or in equity, retain the Good Faith Deposit.

Section 10.2 Expenses. Except as otherwise provided in this Agreement, or a Related Agreement, Seller and Buyer shall bear their own expenses, including attorneys' fees, incurred in connection with the negotiation and execution of this Agreement, the Related Agreements and each other agreement, document and instrument contemplated by this Agreement and the consummation of the Contemplated Transactions. Notwithstanding the foregoing, in the event of any action or proceeding to interpret or enforce this Agreement, the prevailing Party in such action or proceeding (i.e., the Party who, in light of the issues contested or determined in the action or proceeding, was more successful) shall be entitled to have and recover from the non-prevailing Party such costs and expenses (including, but not limited to, all court costs and reasonable attorneys' fees) as the prevailing Party may incur in the pursuit or defense thereof.

Section 10.3 Entire Agreement. This Agreement and the Related Agreements constitute the entire agreement among the Parties and supersede any prior understandings, agreements or representations (whether written or oral) by or among the Parties, written or oral, with respect to the subject matter hereof; provided, however, that the Confidentiality Agreement shall survive as provided in Section 5.25

Section 10.4 Incorporation of Schedules, Exhibits and Disclosure Schedule. The schedules, appendices and exhibits to this Agreement are incorporated herein by reference and made a part hereof.

Section 10.5 Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each Party except as expressly provided herein. No waiver of any breach of this Agreement shall be construed as an implied amendment or agreement to amend or modify any provision of this Agreement. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver, nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent default, misrepresentation or breach of warranty or covenant. No conditions,

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course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of this Agreement shall be binding unless this Agreement is amended or modified in writing pursuant to the first sentence of this Section 10.5 except as expressly provided herein. Except where a specific period for action or inaction is provided herein, no delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 10.6 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. None of the Parties may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of all Parties; provided, however, that Buyer may assign this Agreement and any of its rights, interests or obligations hereunder to, and may elect to have any or all of the Purchased Assets conveyed or transferred to, or any or all of the Assumed Liabilities assumed by, one or more of its Affiliates or as may otherwise be designated by Buyer from time to time prior to Closing; provided, however, Buyer shall remain liable for all of its obligations to Seller under this Agreement after any such assignment.

Section 10.7 Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing except as expressly provided herein. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (i) when delivered personally to the recipient; (ii) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid); (iii) when sent by email (with written confirmation of transmission); or (iv) three (3) Business Days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to any Seller, then to:

Stephenson County Administration Office
50 W. Douglas St., Suite 1002
Freeport, IL, 61032
Attn: County Board Chairman

with a copy to:

Polsinelli PC
Attn: Lisa Katz
150 N. Riverside Plaza, Suite 3000
Chicago, IL 60606
Email: LKatz@polsinelli.com

If to Buyer, then to:

1 WESTBROOK CORPORATE CENTER SUITE 300
WESTCHESTER, IL 60154

Attn: Jennifer Daugherty

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with copies (which shall not constitute notice) to:

Alena Jotkus
Jotkus Law Group LLC
3400 Dundee Road, Suite 215
Northbrook, IL 60062
Email: alena@jotkuslg.com

Any Party may change the mailing address or email address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner set forth in this Section 10.7.

Section 10.8 Governing Law; Jurisdiction. This Agreement shall in all aspects be governed by and construed in accordance with the internal Laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Illinois, and the obligations, rights and remedies of the Parties shall be determined in accordance with such Laws.

Section 10.9 Consent to Service of Process. Each of the Parties hereby consents to process being served by any Party, respectively, in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 10.7.

Section 10.10 WAIVERS OF JURY TRIAL. EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE RELATED AGREEMENTS OR THE CONTEMPLATED TRANSACTIONS OR THEREBY.

Section 10.11 Severability. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability in any one jurisdiction affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

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Section 10.12 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

Section 10.13 Survival of Representations, Warranties and Agreements. Representations and warranties contained int his Agreement shall survive closing for a period of twelve (12) months.

None of the Parties' representations, warranties, covenants and other agreements in this Agreement, including any rights of any other Party or any third party arising out of any breach of such representations, warranties, covenants and other agreements, shall survive Closing, except for (i) those covenants and agreements contained herein that by their terms apply or are to be performed in whole or in part after Closing, (ii) this ARTICLE X, and (iii) all defined terms set forth in ARTICLE I that are referenced in the foregoing provisions referred to in clauses (i) and (ii) above.

Section 10.14 Construction. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice versa. The word "including" and "include" and other words of similar import shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereto" and "hereby," and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision of this Agreement. Except as otherwise provided herein, references to Articles, Sections, clauses, subclauses, subparagraphs, Schedules, Exhibits, Appendices and the Disclosure Schedule herein are references to Articles, Sections, clauses, subclauses, subparagraphs, Schedules, Appendices, Exhibits and the Disclosure Schedule of this Agreement. Any reference herein to any Law (or any provision thereof) shall include such Law (or any provision thereof) and any rule or regulation promulgated thereunder, in each case, including any successor thereto, and as it may be amended, modified or supplemented from time to time. Any reference herein to "dollars" or "$" means United States dollars.

Section 10.15 Mutual Drafting. Each of the Parties has participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

Section 10.16 Disclosure Schedule. All capitalized terms not defined in the Disclosure Schedule shall have the meanings ascribed to them in this Agreement. The representations and warranties of Seller in this Agreement are made and given, and the covenants are agreed to, subject to the disclosures and exceptions set forth in the Disclosure Schedule. The disclosure of any matter in any section of the Disclosure Schedule shall be deemed to be a disclosure with respect to any other sections of the Disclosure Schedule to which such disclosed matter reasonably relates, but only to the extent that such relationship is reasonably apparent on the face of the disclosure contained in the Disclosure Schedule.

ATTACHMENT 18

The listing of any matter shall expressly not be deemed to constitute an admission by Seller, or to otherwise imply, that any such matter is material, is required to be disclosed under this Agreement or falls within relevant minimum thresholds or materiality standards set forth in this Agreement. No disclosure in the Disclosure Schedule relating to any possible breach or violation of any Contract or law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. In no event shall the disclosure of any matter in the Disclosure Schedule be deemed or interpreted to expand the scope of Seller's representations, warranties and/or covenants set forth in this Agreement. All attachments to the Disclosure Schedule are incorporated by reference into the Disclosure Schedule in which they are directly or indirectly referenced. The information contained in the Disclosure Schedule is in all events subject to the Confidentiality Agreement.

Section 10.17 Headings; Table of Contents. The section headings and the table of contents contained in this Agreement and the Disclosure Schedule are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 10.18 Counterparts; Facsimile and Email Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement or any counterpart may be executed and delivered by facsimile, email with scan attachment copies, or other electronic signature method, including DocuSign, each of which shall be deemed an original.

Section 10.19 Time of Essence. Time is of the essence of this Agreement.

[END OF PAGE]

[SIGNATURE PAGES FOLLOW]

ATTACHMENT 18

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written

SELLER:

The Board of Supervisors of the County of Stephenson and State of Illinois,
a unit of local government,
AKA: Stephenson Co Nursing Center

By: [signature]
Name: Scott Helms
Title: Chairman

ATTACHMENT 18

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

BUYER:

Freeport Nursing LLC

By:
Name: Jennifer Daugherty
Title: Manager

Freeport Realty LLC

By:
Name: Jennifer Daugherty
Title: Manager

ATTACHMENT 18

EXHIBIT A

Bill of Sale

This Bill of Sale, dated as of [______], 2025 (this "Bill of Sale"), is made and entered into by and among The Board of Supervisors of the County of Stephenson and state of Illinois, AKA: Stephenson Co Nursing Center (a "Seller"), and Freeport Nursing LLC (together with its permitted successors, designees and assigns, "Buyer"). Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Asset Purchase Agreement dated as of [____], 2025 (the "Asset Purchase Agreement"), by and among Buyer and Seller.

RECITALS

1. Seller has, among other things, agreed to sell, transfer, assign, convey and deliver to Buyer and Buyer has agreed to purchase, acquire and accept from Seller, upon the terms and conditions set forth in the Asset Purchase Agreement, all of the right, title and interest of Seller in and to the Purchased Assets, free and clear of all Liens (other than Permitted Liens); and

2. Seller desires to deliver to Buyer such instruments of sale, transfer assignment, conveyance and delivery as are required to vest in Buyer all of Seller's right, title and interest in and to the Purchased Assets.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the Asset Purchase Agreement, the Parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

1. Each Seller hereby sells, transfers, assigns, conveys and delivers to Buyer all of its right, title and interest in and to the Purchased Assets, free and clear of all Liens (other than Permitted Liens), including all of the Purchased Assets at each of the respective locations set forth on Schedule I.

2. Seller hereby constitutes and appoints Buyer and its successors and assigns as such Seller's true and lawful attorney with full power of substitution, in such Seller's name and stead but on behalf of and for the benefit of Buyer and its successors and permitted assigns, to demand and receive any and all of the Purchased Assets and to give receipts for and in respect of the same, and any part thereof, and from time to time to institute and prosecute, at the expense and for the benefit of Buyer and its successors and permitted assigns, any and all proceedings at law, in equity or otherwise, or to execute such documents, which Buyer or its successors or permitted assigns may deem proper for the collection or reduction to possession of, or recordation of ownership to, any of the Purchased Assets or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, transferred and assigned, or intended so to be, and to do all acts and things in relation to the Purchased Assets which Buyer or its successors or assigns shall deem desirable. The foregoing powers are coupled with an interest and are and shall be irrevocable by each Seller or by dissolution of such Seller or in any manner or for any reason whatsoever.

ATTACHMENT 18

3. From time to time after the Transfer Date, each Party shall, upon the reasonable request of the other and at such other Party's expense, execute and deliver or cause to be executed and delivered such further instruments of sale, conveyance, assignment, transfer and assumption, and take such further action, as may reasonably be requested in order to more effectively carry out the purposes and intent of the Asset Purchase Agreement and this Bill of Sale.

4. This Bill of Sale is being executed by Seller and Buyer and shall be binding upon each of Seller and Buyer, their respective successors and assigns, for the respective uses and purposes herein set forth and referred to, and shall be effective as of the date hereof.

5. No provision of this Bill of Sale, express or implied, is intended or shall be construed to confer upon or give to any Person, other than the parties hereto and their respective successors and permitted assigns, any remedy or claim under or by reason of this Bill of Sale or any term, covenant or condition hereof, and all of the terms, covenants, conditions, promises and agreements contained in this Bill of Sale shall be for the sole and exclusive benefit of each of Seller and Buyer, their respective successors and permitted assigns.

6. None of the provisions of this Bill of Sale may be amended or waived except if such amendment or waiver is in writing and is signed, in the case of an amendment, by Seller and Buyer, or in the case of a waiver, by the Party(ies) against whom the waiver is to be effective.

7. This Bill of Sale is subject in all respects to the terms and conditions of the Asset Purchase Agreement. Nothing contained in this Bill of Sale shall be deemed to supersede, enlarge, limit or modify any of the representations, warranties, covenants or other agreements contained in the Asset Purchase Agreement, all of which survive the execution and delivery of this Bill of Sale as provided by, and subject to the limitations set forth in, the Asset Purchase Agreement. To the extent any provision of this Bill of Sale is inconsistent with the Asset Purchase Agreement, the provisions of the Asset Purchase Agreement shall govern and control.

8. EXCEPT AS AND TO THE EXTENT PROVIDED IN THE ASSET PURCHASE AGREEMENT, SELLER EXPRESSLY AND SPECIFICALLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS OR IMPLIED, WHETHER ORAL OR WRITTEN, AND WHETHER GIVEN OR MADE OR DEEMED TO HAVE BEEN GIVEN OR MADE AT ANY TIME OR TIMES IN THE PAST, PRESENT OR FUTURE, OF, AS TO, OR CONCERNING THE NATURE OR CONDITION OF THE PURCHASED ASSETS, INCLUDING WITHOUT LIMITATION ANY AND ALL WARRANTIES AS TO THE MERCHANTABILITY OF THE PURCHASED ASSETS OR THE SUITABILITY OR FITNESS OF THE PURCHASED ASSETS FOR ANY PARTICULAR PURPOSE OR FOR ANY PURPOSE.

9. This Bill of Sale shall in all respects be governed by and construed in accordance with the internal Laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Illinois, and the obligations, rights and remedies of the parties shall be determined in accordance with such Laws.

ATTACHMENT 18

10. This Bill of Sale may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Bill of Sale or any counterpart may be executed and delivered by facsimile or email with scan attachment copies, or other electronic signature method, including DocuSign, each of which shall be deemed an original.

[Signature Page Follows]

ATTACHMENT 18

IN WITNESS WHEREOF, the Parties have caused this Bill of Sale to be duly executed by their respective authorized officers as of the date first above written.

SELLER:

The Board of Supervisors of the County of Stephenson and state of Illinois, AKA: Stephenson Co Nursing Center

By: ____________________

Name: Scott Helms

Title: Chairman

BUYER:

Freeport Nursing LLC

By: ____________________

Name: Jennifer Daugherty

Title: Manager

ATTACHMENT 18

Schedule 1 to Bill of Sale

Purchased Assets

ATTACHMENT 18

Exhibit B

Assignment and Assumption Agreement

This Assignment and Assumption Agreement, dated as of [__________], 2025 (this "Agreement"), is made and entered into by and among The Board of Supervisors of the County of Stephenson and state of Illinois, AKA: Stephenson Co Nursing Center (a "Seller"), and Freeport Nursing LLC (together with its permitted successors, designees and assigns, "Buyer"). Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Asset Purchase Agreement dated as of [____], 2025 (the "Asset Purchase Agreement"), by and among Buyer and Seller.

RECITALS

1. Seller has, among other things, agreed to sell, transfer, assign, convey and deliver to Buyer and Buyer has agreed to purchase, acquire and accept from Seller, upon the terms and conditions set forth in the Asset Purchase Agreement, all of the right, title and interest of Seller in and to the Purchased Assets including, without limitation, the Assumed Contracts, free and clear of all Liens (other than Permitted Liens); and

2. Pursuant to Section 2.3 of the Asset Purchase Agreement, Buyer has agreed to assume, effective as of the Transfer Date, the Assumed Liabilities.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the Asset Purchase Agreement, the Parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

1. Seller hereby assign and delegate the Assumed Contracts to Buyer and Buyer hereby accepts assignment and delegation of and assumes the Assumed Contracts and the Seller's duties and obligations under the Assumed Contracts, but only to the extent arising or to be performed after the date of this Agreement and only to the extent not resulting from any breach of any Assumed Contract that occurred prior to the date of this Agreement. Buyer assumes none of the Excluded Liabilities and the Parties agree that all such Excluded Liabilities remain the responsibility of Seller.

2. From time to time after the Transfer Date, each Party shall, upon the reasonable request of the other, execute and deliver or cause to be executed and delivered such further instruments of sale, conveyance, assignment, transfer and assumption, and take such further action, as may reasonably be requested in order to more effectively carry out the purposes and intent of the Asset Purchase Agreement and this Agreement.

3. This Agreement is being executed by Seller and Buyer and shall be binding upon each of Seller and Buyer, their respective successors and assigns, for the respective uses and purposes herein set forth and referred to, and shall be effective as of the date hereof.

ATTACHMENT 18

4. Buyer hereby assumes and shall hereafter pay, discharge, and perform all Assumed Liabilities, each in accordance with their terms and the terms of the Asset Purchase Agreement.

5. No provision of this Agreement, express or implied, is intended or shall be construed to confer upon or give to any Person, other than the parties hereto and their respective successors and permitted assigns, any remedy or claim under or by reason of this Agreement or any term, covenant or condition hereof, and all of the terms, covenants, conditions, promises and agreements contained in this Agreement shall be for the sole and exclusive benefit of each of Seller and Buyer, their respective successors and permitted assigns.

6. None of the provisions of this Agreement may be amended or waived except if such amendment or waiver is in writing and is signed, in the case of an amendment, by Seller and Buyer, or in the case of a waiver, by the party(ies) against whom the waiver is to be effective.

7. This Agreement is subject in all respects to the terms and conditions of the Asset Purchase Agreement. Nothing contained in this Agreement shall be deemed to supersede, enlarge, limit or modify any of the representations, warranties, covenants or other agreements contained in the Asset Purchase Agreement, all of which survive the execution and delivery of this Agreement as provided and subject to the limitations set forth in the Asset Purchase Agreement. To the extent any provision of this Agreement is inconsistent with the Asset Purchase Agreement, the provisions of the Asset Purchase Agreement shall govern and control.

8 This Agreement shall in all aspects be governed by and construed in accordance with the internal Laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Illinois, and the obligations, rights and remedies of the parties shall be determined in accordance with such Laws.

9 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement or any counterpart may be executed and delivered by facsimile or email with scan attachment copies, or other electronic signature method, including DocuSign, each of which shall be deemed an original.

[Signature page follows]

ATTACHMENT 18

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

SELLER:

The Board of Supervisors of the County of Stephenson and state of Illinois, AKA: Stephenson Co Nursing Center

By: ______________________

Name: ______________________

Title: Chairman

BUYER:

Freeport Nursing LLC

By: ______________________

Name: Jennifer Daugherty

Title: Manager

ATTACHMENT 18

Exhibit C

Domain Name Assignment Agreement

This Domain Name Assignment Agreement ("Assignment"), dated as of [______], 2025, is made and entered into by and among The Board of Supervisors of the County of Stephenson and state of Illinois, AKA: Stephenson Co Nursing Center (a "Seller"), and Freeport Nursing LLC (together with its permitted successors, designees and assigns, "Buyer"). Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Asset Purchase Agreement dated as of [____], 2025 (the "Asset Purchase Agreement"), by and among Buyer and Seller.

RECITALS

1. Seller has, among other things, agreed to sell, transfer, assign, convey and deliver to Buyer and Buyer has agreed to purchase, acquire and accept from Seller, upon the terms and conditions set forth in the Asset Purchase Agreement, all of the right, title and interest of Sellers in and to the Purchased Assets including, without limitation, Seller's rights and benefits with respect to all domain names (including all sub-domain names and extensions thereof and thereto) owned by Seller which are set forth on Schedule 1 attached hereto (collectively, the "Domain Names"), free and clear of all Liens (other than Permitted Liens); and

2. Seller desires to deliver to Buyer such instruments of sale, transfer assignment, conveyance and delivery as are required to vest in Buyer all of Seller's right, title and interest in and to the Purchased Assets, including the Domain Names.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the Asset Purchase Agreement, the parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

1. Seller hereby sells, transfers, assigns, conveys and delivers to Buyer all of its right, title and interest in and to the Domain Names listed on Exhibit A free and clear of all Liens (other than Permitted Liens), and hereby instructs, authorizes and directs any and all registrars thereof to transfer the Domain Names to Buyer.

2. From time to time after the Transfer Date, each Party shall, upon the reasonable request of the other, execute and deliver or cause to be executed and delivered such further instruments of sale, conveyance, assignment, transfer and assumption, and take such further action, as may reasonably be requested in order to more effectively carry out the purposes and intent of the Asset Purchase Agreement and this Assignment.

3. This Assignment is being executed by Seller and Buyer and shall be binding upon Seller and Buyer, their respective successors and assigns, for the respective uses and purposes herein set forth and referred to, and shall be effective as of the date hereof.

ATTACHMENT 18

4. No provision of this Assignment, express or implied, is intended or shall be construed to confer upon or give to any Person, other than the parties hereto and their respective successors and permitted assigns, any remedy or claim under or by reason of this Assignment or any term, covenant or condition hereof, and all of the terms, covenants, conditions, promises and agreements contained in this Assignment shall be for the sole and exclusive benefit of each of Seller and Buyer, their respective successors and permitted assigns.

5. None of the provisions of this Assignment may be amended or waived except if such amendment or waiver is in writing and is signed, in the case of an amendment, by Seller and Buyer, or in the case of a waiver, by the Party(ies) against whom the waiver is to be effective.

6. This Assignment is subject in all respects to the terms and conditions of the Asset Purchase Agreement. Nothing contained in this Assignment shall be deemed to supersede, enlarge, limit or modify any of the representations, warranties, covenants or other agreements contained in the Asset Purchase Agreement, all of which survive the execution and delivery of this Assignment as provided by, and subject to the limitations set forth in, the Asset Purchase Agreement. To the extent any provision of this Assignment is inconsistent with the Asset Purchase Agreement, the provisions of the Asset Purchase Agreement shall govern and control.

7. This Assignment shall in all respects be governed by and construed in accordance with the internal Laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Illinois, and the obligations, rights and remedies of the Parties shall be determined in accordance with such Laws.

8. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Assignment or any counterpart may be executed and delivered by facsimile or email with scan attachment copies, or other electronic signature method, including DocuSign, each of which shall be deemed an original.

[*Signature Page Follows*]

ATTACHMENT 18

IN WITNESS WHEREOF, the parties have caused this Assignment to be duly executed by their respective authorized officers as of the date first above written.

SELLER:

The Board of Supervisors of the County of Stephenson and state of Illinois, AKA: Stephenson Co Nursing Center

By: __________

Name: __________

Title: Chairman

BUYER:

Freeport Nursing LLC

By: __________

Name: Jennifer Daugherty

Title: Manager

ATTACHMENT 18

Schedule 1 to Domain Name Assignment Agreement

Domain Names of Seller

ATTACHMENT 18

Appendix 1

Assumed Liabilities

1. All accrued paid time off (PTO) payout obligations of Seller with respect to Current Employees or Former Employees as of the Closing, except to the extent such obligations exceed One Hundred Thousand Dollars ($100,000);
2. All payroll obligations of Seller with respect to Current Employees or Former Employees outstanding as of the Closing, except to the extent such obligations exceed Two Hundred Forty Thousand Dollars ($240,000);
3. All agency staffing or other independent contractor costs or obligations of Seller with respect to the Business outstanding as of or arising prior to the Closing, except to the extent such obligations exceed Forty Thousand Dollars ($40,000).
4. All other liabilities and obligations of Seller with respect to the Business which were unknown as of the Closing and become evident after the Closing but relate to the period prior to the Closing, including but not limited to potential clawbacks and other outstanding liabilities related to the operation of the Business, except to the extent such obligations exceed Two Hundred Thousand Dollars ($200,000).
5. All liabilities and obligations arising from and after Closing under the Assumed Contracts, except to the extent arising out of any non-performance, breach, or default under any such Assumed Contract by Seller prior to the Closing.
6. All liabilities and obligations arising out of or relating to Buyer's ownership and operation of the Business and the Purchased assets on or after the Closing.
7. Any liabilities assumed by or allocated to, or arising from the discharge of responsibility or performance of obligations by Buyer under any Related Agreement

ATTACHMENT 18

Appendix 2

Assumed Contracts Schedule

ATTACHMENT 18

Appendix 3

Owned Real Property

ATTACHMENT 18
Change of Ownership of County Owned Long-Term Care Facility
Criterion 1110.240(c), Access

Enclosed please find the current admission policy for Stephenson Nursing Center. This will be the admission policy in place at the time of the transaction and any policy utilized by the new owners will not be less restrictive. Also included is a letter from the Manager certifying to the fact that any change in admission policies will not be more restrictive than those policies.

ATTACHMENT 21
Financial Viability Waiver

All of the project's capital expenditures are completely funded through internal sources.

ATTACHMENT 25

Charity Care

This is a brand-new entity and has not history of operation, thus no charity care to report. However, it is worth noting herein that charity care for a facility primarily reliant upon Medicare and Medicare is challenging. When agreeing to participate with government payors, you agree to accept the government's reimbursement as your reimbursement and the provision of free or other un-reimbursed care can create problems in complying with various government regulations. Accordingly, while there is significant debt written off without collection and other acts of charity performed, none of the steps taken meet the Board's definition of charity care and, as such, we are reporting no charity care.

CHARITY CARE			
	Year 1	Year 2	Year 3
Net Patient Revenue	N/A	N/A	N/A
Amount of Charity Care (charges)	N/A	N/A	N/A
Cost of Charity Care	N/A	N/A	N/A