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OPERATIONS TRANSFER AGREEMENT

by and between

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

a(n) [\_\_\_\_\_]

“Landlord”

and

[\_\_\_\_\_]

a(n) [\_\_\_\_\_]

“New Operator”

Dated as of: \_\_\_\_\_, 2015

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## OPERATIONS TRANSFER AGREEMENT

This OPERATIONS TRANSFER AGREEMENT (this "Agreement") is entered into this \_\_\_\_\_ day \_\_\_\_\_, 2015 (the "Signing Date") by and between the County of Lake, an Illinois municipal corporation ("Landlord") and \_\_\_\_\_, a(n) \_\_\_\_\_ ("New Operator").

### RECITALS:

**WHEREAS**, Landlord and Tenant have entered into that certain Lease and Management Agreement dated as of \_\_\_\_\_, 2015 (the "Lease"), pursuant to which Landlord has agreed to lease to Tenant, and Tenant has agreed to lease from Landlord, that certain 224 licensed-bed skilled nursing facility commonly known as Winchester House, located at 1125 North Milwaukee Avenue, Libertyville, Illinois 60048 (the "Facility"), according to the terms and conditions of the Lease;

**WHEREAS**, Landlord is the licensed operator and owner of the Facility, including all of the furnishings, furniture, equipment, supplies and fixtures used in or about, and required for the use of the Facility as a 224 licensed-bed skilled nursing facility (the "Property");

**WHEREAS**, the Facility is currently being managed by Health Dimensions Group (or its affiliate) (collectively, "Exiting Operator") pursuant to a management and staffing agreement by and between Landlord and Exiting Operator dated December 1, 2011 (the "Management Agreement");

**WHEREAS**, in accordance with the Management Agreement, Landlord will initiate termination of the Management Agreement to occur contemporaneously with the Effective Date of this Agreement, and a copy of the Management Agreement termination notice is attached hereto as Exhibit \_\_\_\_; and

**WHEREAS**, in order to ensure an orderly transition of the management and operations of the Facility, the parties hereto desire to enter into this Agreement.

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

- EFFECTIVE DATE.** This Agreement shall be effective: (a) upon satisfaction of the conditions precedent set forth in Section 3 of this Agreement; and (b) contemporaneously with the "Effective Date" as defined in the Lease, and shall be deemed effective as of 12:00 A.M. on the "Effective Date" as defined in the Lease (the "Effective Date"). New Operator shall use its best efforts to obtain all Healthcare Licenses and Approvals (as defined in the Lease) that are necessary or appropriate in order for New Operator to operate the Facility under Illinois law, including, without limitation, a nursing home license ("License") issued by the Illinois Department of Public Health ("IDPH"), as soon as reasonably practicable following Effective Date. In the event that New Operator shall be unable to obtain a License or the right to bill under

Medicare and Medicaid provider agreements with respect to the Facility (the “Provider Agreements”) in its name prior to the Effective Date, then until such time that New Operator obtains such License and/or the right to bill under Provider Agreements in its name, Landlord hereby authorizes New Operator to use Landlord’s License and Provider Agreements, as necessary after the Effective Date for a period not to exceed nine (9) months, or as extended by Landlord in writing (which shall not unreasonably be withheld), provided that New Operator shall indemnify and hold Landlord harmless on account of any liabilities as a result of New Operator’s use of such License and/or Provider Agreements.

2. COOPERATION; INTERIM OPERATIONS OF THE FACILITY.

a. Landlord shall cooperate with New Operator, and New Operator shall cooperate with Landlord to effect an orderly transfer of the operation of the Facility to New Operator.

b. From the Signing Date until the earlier of the Effective Date or the date this Agreement is terminated, Landlord shall operate the Facility in substantially the same manner as it has heretofore operated, use commercially reasonable efforts to preserve intact the business operations and relationships of the Facility with third parties and use best efforts to keep available the services of all of the Facility’s employees, including but not limited to the Administrator, the Director of Nursing and the employee(s) responsible for public relations and marketing. Without limiting the generality of the preceding sentences, until the earlier of (i) the Effective Date, or (ii) the termination of this Agreement, as to all of the following undertakings, Landlord shall continue as in the past to:

i. operate the Facility in the normal course of business and in compliance with all Legal Requirements (as defined in the Lease);

ii. maintain the Facility’s License and Provider Agreements, in compliance with all Legal Requirements;

iii. other than for Contracts already disclosed, use reasonable efforts not to enter into any Contract (as hereinafter defined), other than residential contracts, which shall become the obligation of New Operator, nor modify, cancel, accept the surrender of or renew (except when any such acceptance of surrender or renewal is non-discretionary) any Contract which exists at present without New Operator’s prior written consent;

iv. not decrease the private pay rates of the residents of the Facility without the prior written consent of New Operator;

v. maintain records in accordance with all Legal Requirements and in such manner so that all records will be prepared in a consistent manner and will be current, complete, accurate and true;

vi. use reasonable efforts not to increase or promise to increase any wages or benefits of, or grant or promise to grant any bonuses to, any of the employees of the Facility without the prior written consent of New Operator;

vii. not take any action which will or would cause any of the representations or warranties in this Agreement to become untrue or be violated;

viii. use reasonable commercial efforts to preserve the present residency occupancy levels of the Facility and the goodwill with all of the suppliers, residents and others having business relations with the Landlord or the Facility;

ix. perform all of its obligations in respect of the Facility pursuant to any Contracts; and

x. promptly inform New Operator in writing of any material event adversely affecting the ownership, use, occupancy, operation, management or maintenance of the Facility, whether or not insured against.

### **3. CONDITIONS PRECEDENT.**

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

i. Termination of the Management Agreement with Existing Operator;

ii. Landlord shall have performed all material obligations under the Lease, to the extent such obligations are to be performed prior to the Effective Date;

iii. Each of the representations and warranties of Landlord contained in this Agreement shall be true and correct in all respects as of the Effective Date;

iv. Landlord shall have duly and timely performed and fulfilled all material duties, obligations, promises, covenants and agreements under this Agreement that are to be performed prior to the Effective Date;

v. Landlord shall not be in material breach of any term, provision or condition of this Agreement;

vi. Between the Signing Date and the Effective Date, there shall not have been any material adverse change in the regulatory status and/or condition of any of Landlord's Healthcare Licenses and Approvals;

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

1. a duly executed assignment by Landlord, in substantially the form annexed hereto as Exhibit A (the “General Assignment”), of all of Landlord’s right, title and interest in, to and under: (i) the Patient Trust Funds and Property (as defined herein); (ii) all resident contracts or other agreements with residents of the Facility; (iii) all Healthcare Licenses and Approvals relating to the use, maintenance or operation of the Facility running to, or in favor of, Landlord, to the extent legally assignable (including all modifications thereto or renewals thereof), (collectively, the “Permits”); (iv) all guaranties or warranties then in effect, if any, with respect to the Facility and the Personal Property (the “Warranties”); and the (v) the Assumed Contracts.

2. a copy of duly executed approval of the County Board authorizing Landlord to enter into this Agreement.

viii. Landlord shall have entered into the Lease with New Operator.

ix. Except as previously disclosed, as of the Effective Date there shall not have been imposed against Landlord, nor shall have Landlord received notice of (a) any civil monetary penalty (“CMP”) or other material federal, state or local fine and/or penalty or (b) any material recoupment, repayment, recapture and/or recovery of any alleged overpayment by Medicaid or Medicare and/or any alleged underpayment of any material tax and/or assessment, including but not limited to state bed tax or assessment;

x. On or before the Effective Date, Landlord shall have transferred or shall have caused to be transferred to New Operator the Patient Trust Funds and Property in compliance with all governmental statutes, rules and regulations with respect to the transfer of such Patient Trust Funds and Property and in accordance with the provisions of Section 5 below; and

xi. Except as set forth on Schedule 18(j), on the Effective Date there shall not be any lawsuits filed or threatened against Landlord which are not covered by insurance and being defended, subject to policy limits and any reservation of rights; nor shall there be any actions, suits, claims or other proceedings, pending or threatened, or injunctions or orders entered, pending or threatened against Landlord, to restrain or prohibit the consummation of the transactions contemplated hereby.

b. Landlord’s obligation to consummate the transactions contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Effective Date, to the reasonable satisfaction of Landlord or the waiver thereof by

Landlord, which waiver shall be binding upon Landlord only to the extent made in writing and dated as of the Effective Date:

- i. New Operator shall have duly and timely performed and fulfilled all of its duties, obligations, promises, covenants and agreements to be performed prior to the Effective Date;
- ii. New Operator shall not be in breach of any term, provision or condition of this Agreement;
- iii. New Operator shall have executed and delivered to Landlord a counterpart signature to the General Assignment;
- iv. New Operator shall have executed and delivered to Landlord a copy of duly executed resolutions authorizing New Operator to enter into this Agreement; and
- v. New Operator shall have entered into the Lease with Landlord.

4. INVENTORY. All Inventory of the Facility shall be transferred to New Operator as of the Effective Date. As used herein the term Inventory shall mean all inventories of every kind and nature whatsoever (specifically including, but not limited to, all pharmacy supplies, medical supplies, office supplies, other supplies and foodstuffs), all working supplies, inventories, appliances, tools, working computer systems, working computer hardware and valid software, medical apparatuses, ventilator units, marketing and promotional materials relating to the Facility, non-proprietary stationery, kitchen equipment, resident or resident room furnishings, food, bed linens, housekeeping supplies, and other tangible property and assets that are located on the Facility property or utilized in connection with the owning, operating and managing the Facility, but specifically excluding all personal property owned by residents of Facility (collectively, the “Inventory”). The parties agree that Inventory pursuant to this Agreement shall not include the Facility’s maintenance shop in its entirety, along with all items contained in the maintenance shop. The maintenance shop and its contents shall remain the property of Landlord. Any other property that New Operator or Landlord chooses not to be included as part of Inventory pursuant to this Agreement shall be specifically listed and attached hereto and incorporated herein as Schedule 4.

5. TRANSFER OF PATIENT TRUST FUNDS.

a. On or prior to the Effective Date, Landlord shall provide, or shall cause to be provided, to New Operator a true, correct and complete accounting (properly reconciled) certified as being true, correct and complete by Landlord of any patient trust funds and an inventory of all residents’ property held by Landlord or Existing Operator on the Effective Date for patients at the Facility, a copy of which is attached hereto as Schedule 5(a) (“Patient Trust Funds and Property”).

b. Landlord shall transfer, or cause to be transferred, to New Operator the Patient Trust Funds and Property on the Effective Date. Landlord shall comply with all governmental statutes, rules and regulations with respect to the transfer of such Patient

Trust Funds and Property. New Operator shall accept the Patient Trust Funds and Property in trust for the residents, in accordance with applicable statutory and regulatory requirements; provided, however, such transfer shall not relieve Landlord of its custodial and fiduciary responsibilities for such funds and property to the beneficiaries thereof for the period prior to the Effective Date.

c. Landlord shall indemnify, defend and hold New Operator harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event the amount of funds, if any, transferred to New Operator did not represent the full amount of such funds delivered to Landlord as custodian or with respect to any Patient Trust Funds and Property delivered, or claimed to have been delivered, to Landlord, but which were not delivered by Landlord to New Operator, or for claims which arise from actions or omissions of Landlord with respect to the Patient Trust Funds and Property prior to the Effective Date.

d. New Operator shall indemnify, defend and hold Landlord harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, for claims which arise from actions or omissions of New Operator after the Effective Date with respect to Patient Trust Funds and Property received by or in possession of New Operator.

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

a. Landlord shall prepare and file, or cause to be prepared and filed, with the appropriate Medicaid agencies its final cost reports with respect to its operation of the Facility as soon as practicable after the Effective Date, but in any event prior to the expiration of the period of time as may be required by law for the filing of each such final cost report under the Medicaid program. New Operator shall prepare and timely file with the appropriate Medicare agencies any cost reports required for the calendar year 2015, and Landlord shall provide copies of all data related to periods prior to the Effective Date required by New Operator in connection with New Operator's preparation and filing of the 2015 Medicare cost report. Landlord shall cooperate with New Operator as necessary for enrollment of New Operator in the Medicare and Medicaid programs. The parties acknowledge that New Operator shall obtain and utilize its own new Medicare and Medicaid provider numbers, and shall cease using Landlord's Medicare and Medicaid provider numbers no later than nine (9) months after the Effective Date, unless extended by Landlord pursuant to Section 1.

b. Each party hereto shall notify the other within three (3) calendar days after receipt of any notice of any claim of recapture by the Illinois Department of Healthcare and Family Services ("IDHFS"), IDPH, CMS, OIG or any other governmental or quasi-governmental authority with respect to an alleged Medicare or Medicaid overpayment or any alleged underpayment of any tax or assessment (collectively "Recapture Claim") for periods prior to the Effective Date. To the extent ascertainable on or prior to the Effective Date, Landlord shall pay or cause to be paid any Recapture Claim which is for the periods prior to the Effective Date; provided, however, nothing herein shall be deemed to prevent or restrict Landlord from contesting any such Recapture Claim, and,

if, based on the advice of its attorneys, by paying such Recapture Claim, Landlord shall have forfeited its right to such contest, Landlord may delay paying such Recapture Claim until final resolution of such contest, so long as Landlord complies with the provisions of Section 6(c) and Section 6(d) below.

c. In the event IDPH, CMS, OIG or any other governmental or quasi-governmental authority or agency making payments to New Operator for services performed at the Facility on or after the Effective Date make any Recapture Claim for any period prior to the Effective Date, then Landlord shall be entitled to contest such Recapture Claim; provided however, that Landlord shall provide New Operator with copies of all audit adjustments and workpapers. Landlord and New Operator shall cooperate to resolve such audit to their mutual satisfaction. In the event Landlord fails to pursue any issue or issues raised in any such appeal, New Operator may pursue an appeal of such issue or issues and Landlord shall cooperate fully with New Operator in such appeal, including by providing copies of any documentation required to substantiate costs reported on the cost reports.

d. Landlord shall save, indemnify, defend and hold New Operator harmless from and against any loss, damage, injury or expense incurred by New Operator arising from or related to any Recapture Claim. In connection with the foregoing indemnification obligation, in the event that CMS, IDPH, IDHFS or any other governmental or quasi-governmental authority, agency or other third party payor source withholds amounts from New Operator's reimbursement checks as a result of a Recapture Claim, whether or not Landlord is then contesting such Recapture Claim, Landlord shall pay such amounts to New Operator within ten (10) days following New Operator's demand therefor; provided, however, in the event that Landlord thereafter successfully appeals all or a portion of the Recapture Claim, New Operator shall pay over to Landlord any amounts received by New Operator on account of such successful appeal.

e. Landlord shall remain obligated for and shall pay on or before the date due thereof all amounts of any license fees/taxes or other amounts payable to any other government authority with jurisdiction over the Facility accrued through the Effective Date, including but not limited to any Medicaid provider taxes owed to the IDPH or state bed tax or assessment. Landlord shall provide to New Operator, on or before the Effective Date, evidence reasonably satisfactory to New Operator of payment of all of such fees and taxes.

f. Landlord shall at its sole and exclusive cost and expense be liable and responsible for the correction of all violations related to patient care or the Facility cited by IDPH and/or CMS in any annual survey or complaint survey (collectively, "Survey") prior to or after the Effective Date, as detailed in the Statement of Deficiencies issued by IDPH ("Statement"), if any, accompanying said Survey, and all proposed or imposed remedies, including but not limited to any CMP, that result from a condition or event that occurred or existed at the Facility prior to the Effective Date or as a result of an action or inaction of Landlord prior to the Effective Date, until the same are cured and, if applicable, any proposed denial of payment by, or termination of certification to participate in, the Medicare or Medicaid programs set forth in the Statement or otherwise

resulting from the Survey or Statement is withdrawn. In addition, and notwithstanding anything to the contrary contained herein, New Operator shall provide Landlord with prompt written notice as soon as possible once it becomes aware of any claim or Survey for which Landlord is potentially responsible pursuant to this Section 6(f). In addition, New Operator shall cooperate with Landlord to mitigate the scope of any liability of Landlord under this Section 6(f) in accordance with the ordinary course of New Operator's business practices, and New Operator shall further provide Landlord with access to the Facility, staff, and any and all information necessary to allow Landlord to mitigate the damages resulting from said Survey.

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

## 7. CONTRACTS; RESIDENT AGREEMENTS.

a. At least thirty (30) days prior to the Effective Date, Landlord shall have delivered to the New Operator true, accurate and complete copies of all Contracts, a listing of which is attached as Schedule 7(a).

b. New Operator shall provide Landlord with a list of the Contracts that New Operator shall assume pursuant to the General Assignment at least ten days prior to the Effective Date (the "Assumed Contracts"). Any Contracts that New Operator does not indicate it desires to assume at least ten days prior to the Effective Date, shall be deemed rejected by New Operator ("Rejected Contracts"), and Landlord shall terminate such Rejected Contracts at Landlord's sole cost and expense.

c. Landlord shall transfer, convey and assign to New Operator, in accordance with the terms of the General Assignment, on the Effective Date all existing agreements with residents and any guarantors thereof, to the extent assignable by Landlord.

d. In addition to and not in lieu of any other indemnity set forth elsewhere herein, Landlord shall indemnify, protect, save, defend and hold harmless New Operator from and against any and all liabilities, obligations, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, asserted against or incurred by New Operator arising out of and/or connected with: (i) any third parties claiming to have rights under contracts or other agreements that are not set forth or described in Schedule 7(a); (ii) any liabilities, debts, obligations or claims under the Assumed Contracts relating to the period of time prior to the Effective Date; and (iii) any Rejected Contracts.

## 8. NO ASSUMPTION OF LIABILITIES.

a. Except as otherwise specifically assumed in this Agreement, New Operator shall not assume or pay or otherwise perform, and Landlord shall continue to be responsible for, any debt, obligation or liability of any kind or nature, fixed or contingent,

known or unknown related to the Facility prior to the Effective Date that are not expressly assumed by New Operator in this Agreement.

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

## 9. ACCOUNTS RECEIVABLE; ACCOUNTS PAYABLE.

a. Landlord shall retain the right to collect all unpaid accounts receivable as of the close of business on the day prior to the Effective Date with respect to the Facility, but only to the extent that such accounts receivable relate to services rendered prior to the Effective Date.

b. If at any time after the Effective Date, New Operator shall receive any payment from any federal or state agency, which payment includes any reimbursement with respect to payments or underpayments made to Landlord for services rendered prior to the Effective Date, then New Operator shall remit such payments to Landlord. New Operator and Landlord shall send copies of all Medicare and Medicaid remittance advices to the other party for purposes of recording and pursuing accounts receivable for the period of thirty-six (36) months following the Effective Date and thereafter as reasonably requested by each party. If at any time after the Effective Date, Landlord shall receive any payment from any federal or state agency, which payment represents reimbursement with respect to payments or underpayments made to New Operator for services rendered on or after the Effective Date, then Landlord shall remit such payments to New Operator. Any such remittances pursuant to this Section 9(b) shall occur within thirty (30) days from the date the party required to make such remittance receives payment thereof, and if not paid in full by such date, any amount outstanding shall bear interest at the Prime Rate until paid in full, unless otherwise agreed by both parties.

c. For purposes of this Agreement, "Prime Rate" means the rate of interest announced from time to time by JPMorgan Chase Bank, N.A., Chicago, Illinois, or any successor ("Chase"), as its "prime rate" or "corporate base rate," such rate to have said specific meaning and not to be subject to attribution on account of custom and usage. The Prime Rate shall change as and when such prime rate changes. If Chase no longer publishes a "Prime Rate," the rate Chase, if it still exists, or the largest bank located in Chicago, if Chase no longer exists, generally offers for its better credit-worthy customers shall be used.

d. Payments received by New Operator or Landlord from non-governmental payment sources shall be paid to the party designated in such payments entitled to the payments for the services provided thereunder within thirty (30) days from the date the party required to make such remittance receives payment thereof, and if not paid in full by such date, any amount outstanding shall bear interest at the Prime Rate until paid in full, unless otherwise agreed by both parties. Any non-designated payments received by New Operator or Landlord from non-governmental payments sources during the first thirty (30) days after the Effective Date shall first be applied to any monthly balances due to Landlord for services provided prior to the Effective Date, with the excess if any, applied to any post-Effective Date monthly balances due for services rendered by New Operator on or after the Effective Date. Any non-designated payments received by New Operator or Landlord from non-governmental payments sources thereafter shall first be applied to any monthly balances due to New Operator for services provided on or after the Effective Date, with the excess if any, applied to any pre-Effective Date monthly balances due for services rendered by Landlord prior to the Effective Date. Notwithstanding the foregoing, New Operator hereby acknowledges and agrees that such pre-Effective Date monthly balances are the property of Landlord and Landlord reserves the right to continue to directly pursue the collection of such pre-Effective Date monthly balances.

e. To the extent either party receives any payments for accounts receivable of the other party, both parties acknowledge that the party receiving the payment belonging to the other party shall hold the payment in trust, that neither party shall have any right to offset with respect to such accounts receivable, and that the party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other within thirty (30) days of receipt, and that any amount outstanding shall bear interest at the Prime Rate, unless otherwise agreed by both parties.

f. Nothing herein shall be deemed to limit in any way either party's rights and remedies to recover accounts receivable due and owing to it under the terms of this Agreement.

g. All accounts payable for services provided or goods furnished for or at the Facility prior to the Effective Date, notwithstanding whether such accounts payable were incurred in the name of Landlord, shall remain the sole responsibility and obligation of Landlord. All accounts payable for services provided or goods furnished for or at the Facility on or after the Effective Date, notwithstanding whether such accounts payable were incurred in the name of New Operator (except with respect to Rejected Contracts), shall be the sole responsibility and obligation of New Operator. To the extent accounts payable have accrued for a period that includes time both before and after the Effective Date, the parties hereto shall equitably apportion the responsibility for payment of the same. The parties hereto hereby agree to cooperate with each other and to notify the merchants, suppliers or other third parties with respect to which of Landlord or New Operator bears responsibility for accounts payable of the Facility based on the foregoing clauses of this Section 9(f).

10. EMPLOYEES.

a. Landlord shall use reasonable efforts to assist New Operator, if requested, in obtaining the services of any current employees at the Facility (“Current Employees”) whom New Operator desires to employ, and Landlord shall use reasonable efforts to cause all such Current Employees to be terminated effective as of the Effective Date. Nothing in this Section 10, shall create any right in favor of any person not a party hereto, including the Current Employees or residents of the Facility, or constitute an employment agreement or condition of employment for any Current Employee or any affiliate of Landlord who is a retained employee.

b. New Operator shall offer employment to substantially all of the Current Employees (all of such employees who accept employment with New Operator being herein called “Hired Employees”) on similar terms and conditions, including wages, as apply to such employees prior to the Effective Date to ensure that the rights of such employees are met under the federal Worker Adjustment and Retraining Notification Act (the “WARN Act”). Under no circumstance will New Operator be liable for any payment due any Hired Employee for any period prior to the Effective Date.

c. On the Effective Date, Landlord shall cause to be paid to each of the Current Employees: (a) all of the accrued but unpaid vacation obligations with respect to the Current Employees that have accrued prior to the Effective Date, and (b) all of the accrued but unpaid sick and holiday pay and severance obligations, and all other accrued but unpaid payroll obligations including but not limited to all FICA, withholding, unemployment, workmen's compensation or other employment related taxes, as well as any insurance premium obligations relating to such Current Employees, vested or unvested, with respect to the Current Employees that have accrued prior to the Effective Date (collectively, “Vacation and Holiday Pay Expenses”). Schedule 10(c) is a complete and accurate list of Vacation and Holiday Pay Expenses, and except as provided in Schedule 10(c), there are no outstanding obligations with respect to vacation and holiday pay to any of the Current Employees. New Operator shall have no obligation to any of the Hired Employees with respect to Vacation and Holiday Pay Expenses, and Landlord shall indemnify New Operator for any Losses of New Operator related to the same.

11. EMPLOYMENT RECORDS. New Operator acknowledges that the relationship between Landlord and New Operator is not a co-employment relationship. Therefore, New Operator shall be responsible for hiring all employees necessary to maintain the operation of the Facility as a licensed skilled nursing facility as of the Effective Date. As such, New Operator will not have access to employment records of Current Employees and shall provide applications for employment to Current Employees or other individuals prior to the Effective Date, and shall hire necessary employees to operate a licensed skilled nursing facility as of the Effective Date.

12. ACCESS TO RECORDS.

a. As of the Effective Date, Landlord shall deliver to New Operator all: (i) resident records, MDS, care plans, therapy records, pharmacy records, clinical patient trust account records and admission agreements (the “Patient Care Records”) for the

current residents of the Facility, as well as all other Patient Care Records relating to the three year period immediately preceding the Effective Date; and (ii) business records relating to the operation of the Facility, including maintenance records and governmental authority compliance records (including surveys and plans of correction) for the three year period immediately preceding the Effective Date (the “Operations Records”, and together with the Patient Care Records, the “Current Facility Records”). Such Current Facility Records shall be delivered by Landlord to New Operator on the Effective Date by either: (a) leaving such Current Facility Records at the Facility, or (b) to the extent not available in hard copy format, cooperating with New Operator and using commercially reasonable efforts to cause the transfer of electronic copies of such records to New Operator in a useable format; provided, however, that Landlord may retain copies of such Current Facility Records as Landlord may deem reasonably necessary. Further, the Parties acknowledge that Landlord retains ownership of all Patient Care Records related to services provided prior to the Effective Date. Landlord shall remove all records not constituting Current Facility Records from the Facility prior to the Effective Date, and shall maintain such records in accordance with Legal Requirements; provided, however, that for a five (5) year period after the Effective Date, Landlord shall provide New Operator with access to such removed records as is necessary for the efficient and lawful operation of the Facility by New Operator or as is otherwise required by Legal Requirements. For purposes of continuity and pursuant to the County Code, Landlord shall have access to needed records at Facility after the Effective Date, and specifically, pursuant to 55 Ill. Comp. Stat. 5/5-21006(b)(4), all Patient Care Records as well as the Facility itself shall be open for inspection by the Landlord at all times.

b. Subsequent to the Effective Date, New Operator shall allow Landlord and its agents and representatives to have reasonable access to (upon reasonable prior notice and during normal business hours), and to make copies of, Current Facility Records relating to the period prior to and including the Effective Date, at Landlord’s expense, to the extent reasonably necessary to enable Landlord to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns.

c. Landlord shall, if permitted under applicable Legal Requirements and subject to the terms of such Legal Requirements, be entitled to remove and/or copy any records delivered to New Operator for purposes of litigation involving a resident or employee to whom such record relates, as certified to New Operator in writing prior to removal by an officer of or counsel for Landlord in connection with such threatened or actual litigation. Any record so removed shall promptly be returned to New Operator following its use.

d. New Operator shall maintain such Current Facility Records that have been received by New Operator from Landlord to the extent required by Legal Requirements, and in no event less than three (3) years.

e. The Parties acknowledge that Landlord is party to a contract with a private vendor, (Point Click Care) which is not assignable and which may contain needed medical records for New Operator to utilize after the Effective Date. New Operator shall

contact Point Click Care prior to the Effective Date to enter into a new contract to be effective as of the Effective Date with Point Click Care.

13. USE OF NAME AND TELEPHONE NUMBER. New Operator shall use the current name “Winchester House”, (excluding “Lake County” or the “County of Lake,” and any and all other Lake County governmental references) and present telephone numbers of the Facility.

14. POLICY AND PROCEDURE MANUALS. To the extent not prohibited by Legal Requirements, and to the extent not otherwise owned by any third party, Landlord shall leave its policy and procedure manuals at the Facility and transfer all of its right, title and interest in and to such policy and procedure manuals to New Operator.

15. TAXES. Landlord shall discharge any provider tax charged by IDPH or other government agency for periods prior to the Effective Date. Landlord shall file all returns, reports and filings of any kind or nature, required to be filed by Landlord on a timely basis and will timely pay all taxes or other obligations and liabilities that exist prior to the Effective Date (the “Landlord Costs”) which are due and payable with respect to the Property in the ordinary course of business prior to the Effective Date.

16. INDEMNIFICATION.

a. Landlord Indemnity. Landlord, for itself and its successors and assigns, shall indemnify, defend and hold New Operator and its respective successors, assigns, affiliates, managers, members, agents, servants and employees (the “New Operator Indemnitees”) harmless from and against any and all claims, demands, obligations, losses, liabilities, damages, recoveries and deficiencies (including interest, penalties and reasonable attorneys’ fees, costs and expenses) (collectively, “Losses”) which any of them may suffer as a result of any of the following events:

i. with respect to any suits, arbitration proceedings, administrative actions or investigations to the extent relating to the ownership and use of the Property prior to the Effective Date;

ii. for any liability which may arise related to the ownership and use of the Property on or before the Effective Date (including any Medicaid/Medicare Overpayment Obligation for such periods);

iii. the amount of Patient Trust Funds, if any, transferred to New Operator did not represent the full amount of the funds shown to have been delivered to Landlord as of the Effective Date or with respect to any Patient Trust Funds delivered, or claimed to have been delivered, to Landlord, but which were not delivered by Landlord to New Operator, or for claims which arise from actions or omissions of Landlord with respect to the Patient Trust Funds prior to the Effective Date; and

iv. IDPH, IDHFS, CMS, OIG or any other governmental or quasi-governmental authority or agency making, withholding or offsetting payments to

New Operator for services performed at the Facility on or after the Effective Date as a result of any Recapture Claim for any period prior to the Effective Date (but only to the extent that such Recapture Claim deals with periods prior to the Effective Date).

b. Within thirty (30) days after notice of a claim and after Landlord (County Board) approval of a claim that is awarded pursuant to Section 16(a), Landlord shall promptly pay to New Operator a sum of money sufficient to pay in full such claim or demand, or promptly cure such breach or contest such claim. From and after the Effective Date, this Section 16 provides the exclusive remedy of the New Operator Indemnitees against any Landlord and its successors and assigns with respect to any matter referred to in this Agreement.

c. New Operator Indemnity. New Operator, for itself and its successors and assigns, shall indemnify, defend and hold Landlord, its successors, assigns, affiliates, managers, members, directors, officers, agents, servants and employees (the “Landlord Indemnitees”) harmless from and against any and all Losses which Landlord may suffer as a result of:

i. with respect to any suits, arbitration proceedings, administrative actions or investigations with respect to the use of the Property by New Operator following the Effective Date;

ii. for any liability which may arise related to the ownership and use of the Property by New Operator after the Effective Date (including any Medicaid/Medicare Overpayment Obligation for such periods);

iii. for any liability that may arise on or after the Effective Date if the amount of Patient Trust Funds, if any, transferred to New Operator did not represent the full amount of the funds shown to have been delivered by Landlord to New Operator on or after Effective Date or with respect to any Patient Trust Funds delivered, or claimed to have been delivered, to New Operator, but which were not correctly maintained by New Operator, or for claims which arise from actions or omissions of New Operator with respect to the Patient Trust Funds delivered to New Operator by Landlord on or after the Effective Date; and

iv. IDPH, IDHFS, CMS, OIG or any other governmental or quasi-governmental authority or agency making, withholding or offsetting payments to Landlord (or New Operator as Landlord’s managing agent during Phase I of the Lease) for services performed at the Facility on or after the Effective Date as a result of any Recapture Claim for any period after the Effective Date (but only to the extent that such Recapture Claim deals with periods after the Effective Date).

d. Within thirty (30) days after notice of a claim pursuant to Section 16(c), New Operator shall promptly pay to Landlord a sum of money sufficient to pay in full such claim or demand, or promptly cure such breach or contest such claim.

e. If any party entitled to Indemnity under this Section 16 (the “Indemnitee”) receives notice of any claim or the commencement of any proceeding with respect to which any other party (or parties) is obligated to provide indemnification (the “Indemnifying Party”) pursuant to Section 16(a) or Section 16(c), the Indemnitee shall promptly give the Indemnifying Party notice thereof. Except as provided below, the Indemnifying Party may compromise, settle or defend, at such Indemnifying Party’s own expense and by such Indemnifying Party’s own counsel, any such matter involving the asserted liability of the Indemnitee. In any event, the Indemnitee, the Indemnifying Party and the Indemnifying Party’s counsel shall cooperate in the compromise of, settlement or defense against, any such asserted Liability. Both the Indemnitee and the Indemnifying Party may participate in the defense of such asserted liability (provided that, so long as the Indemnifying Party is controlling the litigation, the expenses of counsel for the Indemnitee shall be borne by the Indemnitee) and neither may settle or compromise any claim over the reasonable objection of the other. Notwithstanding anything to the contrary contained herein, the Indemnitee may assume control of the defense or resolution of any such matter if the Indemnifying Party does not diligently defend or settle such matter, it being understood that the Indemnifying Party shall continue to be obligated to indemnify the Indemnitee in connection with such matter (including counsel expenses) and that the Indemnitee may not settle or compromise any such matter without the consent of Indemnifying Party which shall not be unreasonably withheld. If the Indemnifying Party chooses to defend any claim, the Indemnitee shall make available to the Indemnifying Party, at reasonable times and upon reasonable notice, any books, records or other documents within its control that are necessary or appropriate for such defense.

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

a. Organization and Qualification; Authority; Binding Effect.

i. New Operator is a \_\_\_\_\_, duly formed, validly existing and in good standing under the laws of the State of \_\_\_\_\_, and has all requisite power and authority to own, lease, operate, and consummate the Transaction contemplated under this Agreement.

ii. New Operator has the full and unrestricted right, power and authority to execute, deliver and perform this Agreement and to consummate the Transactions and perform all obligations contemplated hereby and in all agreements, instruments and documents being or to be executed and delivered by it in connection with such transactions, including the Lease (collectively, the “New Operator Related Documents”). The execution and delivery of this Agreement and the New Operator Related Documents by New Operator, the performance of this Agreement and the New Operator Related Documents by New Operator, and the consummation of the Transaction contemplated hereby and thereby, have been duly authorized by New Operator and no other proceeding

on the part of New Operator is necessary to authorize this Agreement or the New Operator Related Documents or to consummate the Transaction contemplated hereby or thereby. This Agreement has been duly executed and delivered by New Operator and constitutes the valid and binding obligation of New Operator, enforceable against New Operator in accordance with its terms. When each of the other New Operator Related Documents has been duly executed and delivered by New Operator, such New Operator Related Documents will constitute a legal and binding obligation of New Operator enforceable against it in accordance with its terms.

b. No Conflict; Required Filings and Consents.

i. The execution and delivery by New Operator of this Agreement and the New Operator Related Documents to which it is a party, New Operator's performance of this Agreement and the New Operator Related Documents to which it is a party, and the consummation of the Transaction contemplated hereby and thereby will not conflict with or violate or constitute, with or without notice or the lapse of time or both, a breach of or default under: (i) the governing or charter documents of New Operator, (ii) any Legal Requirement, (iii) any contract to which New Operator is a party, or (iv) any other instrument to which New Operator is a party or by which New Operator may be bound or to which New Operator is subject.

ii. The execution and delivery by New Operator of this Agreement and the New Operator Related Documents to which it is a party, New Operator's performance of this Agreement and the New Operator Related Documents to which it is a party, and the consummation of the Transaction contemplated hereby and thereby will not with or without notice or the lapse of time or both, give to others any rights of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any lien or adversely affect the Facility.

iii. The execution and delivery by New Operator of this Agreement and the New Operator Related Documents to which it is a party, New Operator's performance of this Agreement and the New Operator Related Documents to which it is a party, and the consummation of the Transaction contemplated hereby and thereby will not require New Operator to obtain any consents, authorizations, orders and approvals of, or to make any filing with or notification to, any governmental entity or any other person or entity.

c. Accuracy of Representations and Warranties of New Operator. No representation or warranty by or on behalf of New Operator contained in this Agreement and no statement by or on behalf of New Operator in any certificate, list, exhibit, schedule, request for proposal ("RFP") or answer to the RFP or other instrument furnished or to be furnished to Landlord by or on behalf of New Operator pursuant hereto contains any untrue statement of fact, or omits or will omit to state any facts which are

necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

d. Survival of Representations and Warranties of New Operator. Each representation and warranty of New Operator hereunder shall be true, complete and correct as of the Effective Date with the same force and effect as though such representation or warranty was made on such date, and all representations and warranties shall survive the Effective Date.

18. REPRESENTATIONS AND WARRANTIES OF LANDLORD. As an inducement to New Operator to enter into this Agreement, Landlord covenants and makes the following representations and warranties set forth below, which are true and correct as of the date hereof and which shall be true and correct on the Effective Date:

a. Organization and Qualification; Authority; Binding Effect.

i. Landlord is an Illinois municipal corporation, duly formed, validly existing and in good standing under the laws of the State of Illinois, and has all requisite power and authority to own, lease, operate, and consummate the Transaction contemplated under this Agreement. Landlord is the sole owner of the Facility and holds good and clear title to the Facility and all of the related assets.

ii. Landlord has the full and unrestricted right, power and authority to execute, deliver and perform this Agreement and to consummate the Transactions and perform all obligations contemplated hereby and in all agreements, instruments and documents being or to be executed and delivered by it in connection with such transactions, including the Lease (collectively, the "Landlord Related Documents"). The execution and delivery of this Agreement and the Landlord Related Documents by Landlord, the performance of this Agreement and the Landlord Related Documents by Landlord, and the consummation of the Transaction contemplated hereby and thereby, have been duly authorized by Landlord and no other proceeding on the part of Landlord is necessary to authorize this Agreement or the Landlord Related Documents or to consummate the Transaction contemplated hereby or thereby. This Agreement has been duly executed and delivered by Landlord and constitutes the valid and binding obligation of Landlord, enforceable against Landlord in accordance with its terms. When each of the other Landlord Related Documents has been duly executed and delivered by Landlord, such Landlord Related Documents will constitute a legal and binding obligation of Landlord enforceable against it in accordance with its terms, except to the extent that enforcement may be limited by or subject to any bankruptcy, insolvency, reorganization, moratorium or similar law as is now or hereinafter in effect relating to creditors' rights generally.

b. No Conflict; Required Filings and Consents.

i. The execution and delivery by Landlord of this Agreement and the Landlord Related Documents to which it is a party, Landlord's performance of this Agreement and the Landlord Related Documents to which it is a party, and the consummation of the Transaction contemplated hereby and thereby will not conflict with or violate or constitute, with or without notice or the lapse of time or both, a breach of or default under: (i) the governing or charter documents of Landlord, (ii) any Legal Requirement, (iii) any contract to which Landlord is a party, or (iv) any other instrument to which Landlord is a party or by which Landlord may be bound or to which Landlord or any portion of the Facility is subject.

ii. The execution and delivery by Landlord of this Agreement and the Landlord Related Documents to which it is a party, Landlord's performance of this Agreement and the Landlord Related Documents to which it is a party, and the consummation of the Transaction contemplated hereby and thereby will not with or without notice or the lapse of time or both, give to others any rights of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any lien or adversely affect the Facility.

iii. The execution and delivery by Landlord of this Agreement and the Landlord Related Documents to which it is a party, Landlord's performance of this Agreement and the Landlord Related Documents to which it is a party, and the consummation of the Transaction contemplated hereby and thereby will not require Landlord to obtain any consents, authorizations, orders and approvals of, or to make any filing with or notification to, any governmental entity or any other person or entity, except with respect to the approval of the County Board.

c. Compliance with Laws. Landlord and the Facility are in material compliance with all Legal Requirements applicable to the Facility. Landlord has not received, and to Landlord's knowledge, no other party has received, any written notice alleging non-compliance with any material Legal Requirements within the five year period preceding the Effective Date.

d. Title. All of the Property is owned by Landlord free and clear of all liens, encumbrances, covenants, conditions, and restrictions.

e. Contracts and Leases. Each written contract, agreement, commitment, lease and other arrangements to which Landlord is a party or that affects the Facility (other than and all existing agreements with residents and any guarantors thereof) has been made available to New Operator and is set forth on Schedule 7(a) to this Agreement. Other than existing agreements with residents and any guarantors thereof, Landlord is not aware of any other written contracts, agreements, commitments, leases and other arrangements to which Landlord is a party or that affect the Facility.

f. No Default. Landlord has not received any written notice of any default under any monetary or other material obligation on its part to be observed or performed under any contract, lease or other agreement affecting or relating to any of the Property. There is no monetary or other default by Landlord of any of the obligations of Landlord under any contract, lease or other agreement affecting or relating to any of the Property.

g. Employee Contracts. Other than as set forth on Schedule 18(g), there exist none of the following with respect to the Facility, Existing Operator, and/or the Property: (i) any employment contracts, collective bargaining agreements, union contracts, severance pay, or pension or retirement plans (including Employee Welfare Benefit Plans or Employee Pension Benefit Plans (as each is defined in Sections 3(1) and 3(2), respectively, of the Employee Retirement Income Security Act of 1974, as amended)) with respect to the Current Employees; or (ii) any labor dispute or grievance with respect to the Current Employees or the Facility.

h. Employee Litigation. No person or party, including any governmental agency, has asserted, or to the best knowledge of Landlord, has threatened to assert, in writing any claim for any action or proceeding, against Landlord, Existing Operator or the Facility (or any officer, director, employee, agent or shareholder of Landlord) arising out of any statute, ordinance or regulation relating to wages, collective bargaining, discrimination in employment or employment practices or occupational safety and health standards, including the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, as amended, the Occupational Safety and Health Act, the Age Discrimination in Employment Act of 1967, the Americans With Disabilities Act or the Family and Medical Leave Act. Any claims disclosed to New Operator will not result in any liability to or obligation of New Operator, and will not cause or lead to any lien or encumbrance being placed, created or filed against or upon any of the Property.

i. Property and Improvements. All tangible rights, properties and assets used in the operation of the Facility which are owned by Landlord or licensed or leased to Landlord are included in the assets to be leased to New Operator under the Lease. To the best of Landlord's knowledge, all utility services, including heat, air conditioning, hot and cold water, telephones, gas and electricity are available at the Facility in quantities sufficient for Landlord's present use of the Property.

j. Litigation. Except as set forth in Schedule 18(j), there are no written notices of any lawsuits, investigations or other proceedings pending against the Facility or the operation thereof, or Landlord's right to carry on and conduct its business, or to enter into this Agreement, including claims, lawsuits, governmental actions or other proceedings, including any desk audit or full audit before any court, agency or other judicial, administrative or other governmental body or arbitrator.

k. Financial Statements. Landlord has furnished, made available, or will make available to New Operator copies of unaudited income and expense statements, operating statements and balance sheet that relate to the operations of the Property (collectively the "Financial Statements") for the last two years. To the best of Landlord's

knowledge, the Financial Statements are true, correct and complete in all material respects.

1. Tax Returns. All sales, franchise, payroll, income and provider bed tax returns and reports required by law to be filed by Landlord prior to the date of this Agreement (collectively, “Tax Returns”) have been properly and timely filed (subject to the right to extend or delay the filing thereof) and correctly reflect the tax position of Landlord, and all taxes respectively due under such Tax Returns have been paid thereby or will be paid in the ordinary course. All Tax Returns filed by Landlord after the date hereof, covering periods prior to and including the Effective Date, will be properly and timely filed and all taxes respectively due under such Tax Returns will be timely paid thereby. New Operator is not assuming under this Agreement any tax liabilities owed by Landlord as a result of the operation thereby of the Facility prior to the Effective Date.

m. Licensure and Certifications. The Facility is licensed for 224 nursing facility beds. The Personal Property at the Facility includes: (a) equipment sufficient in quality and quantity to operate the Facility as a nursing home with 224 beds in accordance with all applicable Legal Requirements; and (b) supplies, inventory and other property sufficient in quality and quantity to operate the Facility at its current census as of the Effective Date, in accordance with all applicable Legal Requirements. The Facility is certified for participation in the Medicaid and Medicare Reimbursement Programs. There are no written claims, demands or other notices of or action alleging the overpayment of Medicaid, Medicare or other governmental or quasi-governmental reimbursements or demands for the return of such alleged overpayments by any third party payor with respect to the Facility. There are no outstanding material Life Safety Code deficiencies cited by IDPH that have not been corrected as of the date hereof, and no material waivers from any licensure or certification authority.

n. Insurability. Landlord has not received any written notice or request from any insurance company, government agency or board of fire underwriters setting forth any defects in the Property which might affect the insurability thereof, requesting the performance of any work or alteration of the Property or setting forth any defect or inadequacy in Landlord’s operation of the Property which would materially and adversely affect the ability of New Operator to operate the Facility with the number of beds following the Effective Date described in Section 18(m) of this Agreement.

o. Payment of Liabilities. Subject to Landlord’s right to contest by appropriate administrative or legal proceedings, diligently conducted in good faith, the amount, validity or application of any debt, liability or obligation, Landlord has paid, will pay or will provide for the payment of, all of its debts, liabilities and obligations arising from its operation of the Facility including salaries, state and federal taxes and accounts payable incurred by Landlord for the period prior to the Effective Date, and such liabilities have been paid, will be paid, or provisions will be made for the payment of the same, by Landlord.

p. Life Care Contracts/Patient Rolls. The Facility is not a party to any life care contract with respect to any resident of the Facility. To the best of Landlord’s

knowledge, the information set forth in the admission agreements and patient rolls pertaining to residents of the Facility is true and correct in all material respects as of the respective dates of such admission agreements and patient rolls, and there are no patient care agreements with respect to any resident of the Facility which differ materially from the standard form used at the Facility.

q. Change in Conditions. In the event that any of the foregoing representations or warranties becomes untrue or inaccurate after the execution of this Agreement but prior to the Effective Date, Landlord shall immediately notify New Operator thereof and shall have sixty (60) days to correct the condition or circumstances making such representation or warranty untrue or inaccurate. If, at the end of such sixty (60) day period, Landlord has not corrected such condition or circumstances so as to make the foregoing representations and warranties true and accurate, New Operator shall have ten (10) days to terminate this Agreement by delivering written notice thereof to Landlord within such ten (10) day period.

r. Cost Reports; Audits. Landlord has filed, will file, or will cause to be filed, within the appropriate reporting period and with the appropriate authority, all cost reports required to be filed pursuant to Titles XVIII and XIX of the Social Security Act within the time periods required under applicable Legal Requirements with respect to the Facility. All such reports have been or will be prepared in all material respects in accordance with all applicable Legal Requirements. If there are pending Medicare audits, the current status is provided in Schedule 18(r).

s. Personal Property and Residents. Landlord shall not remove any items of personal property from the Facility without first obtaining consent from New Operator, nor shall it transfer residents from the Facility to a skilled care nursing home facility owned or operated by an entity which is owned in whole or part, directly or indirectly, by Landlord. The information set forth in the admission agreements and patient rolls pertaining to residents of the Facility is true and correct in all material respects as of the respective dates of such admission agreements and patient rolls, and there are no patient care agreements with respect to any resident of the Facility which differs materially from the standard form used at the Facility.

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

20. EXHIBITS AND SCHEDULES. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable, but in all events prior to the Effective Date. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Effective Date. The inclusion of all supplements to the exhibits and schedules pursuant to this Section shall be subject to New Operator approving, in its reasonable judgment, all such exhibits and schedules within ten (10) days of submission thereof to New Operator.

21. EVENTS OF DEFAULT; REMEDIES. Except as to those specific notices and cure periods, if any, particularly set forth elsewhere herein, the breach by either party (“Defaulting Party”) hereto of any term, provision, condition, promise, covenant, agreement, representation, warranty, guaranty, indemnity, duty or obligation if not cured within five (5) business days of the earlier of said Defaulting Party’s receipt or refusal of written notice of the same from the other party (“Non-Defaulting Party”) hereto shall automatically and without further notice hereunder be an immediate event of default (“Event of Default”) entitling the Non-Defaulting Party to exercise any and all remedies available to it hereunder or in law or equity, provided, however, that if a non-monetary breach is not reasonably capable of being cured within the aforesaid five (5) business days but the Defaulting Party promptly commences to cure within said period, within said period notifies the Non-Defaulting Party in writing of the commencement of said cure, and thereafter diligently pursues the same to conclusion and successfully completes said cure within thirty (30) calendar days of its first receipt of notice of said breach or violation, it shall not be an Event of Default hereunder. The Non-Defaulting Party’s rights and remedies hereunder shall be cumulative and not mutually exclusive and the exercise by the Non-Defaulting Party of one or more rights or remedies granted it hereunder or in law or equity shall not be deemed, interpreted or construed as an election of the same or to bar, prevent or preclude the simultaneous or consecutive exercise of any other right or remedy granted to the Non-Defaulting Party hereunder or in law or equity, including but not limited to the simultaneous or successive pursuit of money damages and injunctive relief. The Non-Defaulting Party shall not be required to post any bond, surety or security of any nature whatsoever to pursue injunctive relief, the necessity or requirement for the same being hereby waived by the Defaulting Party.

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

23. DISPUTE RESOLUTION. The parties hereto agree that with respect to all disputes, problems or claims arising out of or in connection with this Agreement and all other agreements or other instruments executed in connection herewith (collectively “Disputes”), the parties hereto shall, in good faith, use their reasonable best efforts to resolve the Dispute. If after such efforts the parties hereto are unable within ten (10) days of the arising of the Dispute to resolve the Dispute in good faith, either party may commence mediation proceedings prior to commencing an action in a court of law. If mediation proceedings are commenced by any party, the Parties agree to mediate the Dispute before resorting to an action in a court of law. During mediation, the parties shall attempt to resolve the Dispute by submitting it to an impartial, neutral mediator, who is authorized to facilitate the resolution of the Dispute, but who is not empowered to impose a settlement on the parties. Mediation fees if any shall be divided equally among the parties. If the parties do not reach a solution to any Dispute under this Agreement within sixty (60) days through good faith attempts to mediate any Dispute, the parties hereby agree that the exclusive venue for the resolution of any Dispute or the enforcement of any legal rights pursuant to this Agreement shall be in the Circuit Court of Lake County, Illinois. The parties hereto agree that this Section 23 has been included to rapidly and inexpensively resolve any disputes between them with respect to the matters described above, and that this paragraph shall be grounds for

dismissal of any court action commenced by any party which does not first attempt the mediation requirements set forth herein.

24. JURISDICTION; VENUE. ANY LEGAL ACTION (IF NECESSARY) MAY BE BROUGHT BEFORE ANY COURT HAVING SITUS IN LAKE COUNTY, ILLINOIS. EACH OF THE PARTIES HERETO HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURTS LOCATED WITHIN SAID COUNTY AND STATE. TO THE EXTENT LEGALLY WAIVABLE, EACH OF THE PARTIES HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH PARTIES BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH PARTY, AT THE ADDRESS SET FORTH FOR NOTICE IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST SUCH PARTY IN ACCORDANCE WITH THIS SECTION.

25. ATTORNEYS' FEES IN THE EVENT OF DISPUTE. In the event any Dispute between the parties hereto that results in mediation or litigation (including any action to change venue), the parties shall each bear their own costs of such mediation or litigation, including attorneys' fees.

26. DEFINITIONS. For purposes of this Agreement, the following terms shall have the following meanings (all terms used in this Agreement which are not defined in this paragraph shall have the meanings set forth elsewhere in this Agreement):

a. “CMS” shall mean the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

b. “Contracts” shall mean all contracts, agreements, leases, commitments and arrangements (whether written or oral), including all service contracts, maintenance contracts and consulting agreements, and all of Landlord’s duties, obligations, covenants, promises, rights and privileges therein or thereunder to which the Landlord or its predecessors or agents is a party and which relate to the Facility and the operations thereof.

c. “Environmental Laws” shall mean all federal, state and local environmental, health, or safety laws or regulations now or hereafter enacted.

d. “Hazardous Substances” shall mean any toxic or hazardous waste or pollutants, or substances, including, without limitation, asbestos, PCB’s, petroleum products and by products, substances defined or listed as: “Hazardous Substances” or “Toxic Substances” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) as amended, 42 U.S.C. § 9601, et seq., “Hazardous Materials” in the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, et seq., “Hazardous Waste” in The Resource Conservation and Recovery Act, 42 U.S.C. § 6901,

et seq., any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2061, et seq., any “Toxic Pollutant” under the Clean Water Act, 33 U.S.C. §1251, et seq., as amended, any “Hazardous Air Pollutant” under the Clean Air Act, 42 U.S.C. § 7401, et seq., and any hazardous or toxic substance or pollutant regulated under any other applicable federal, state or local Environmental Laws.

e. “OIG” shall mean the United States Department of Health and Human Services, Office of Inspector General.

f. “Supplies” shall mean all supplies, inventories, appliances, tools, medical apparatuses, ventilator units, marketing and promotional materials relating to the Facility, non-proprietary stationery, kitchen equipment, food, bed linens, housekeeping supplies, patient or resident room furnishings and all other tangible property and assets that are owned by Landlord and located at the Facility or utilized in connection with operating and managing the Facility.

27. GENERAL PROVISIONS.

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

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

if to New Operator:

Michael Filippo  
6400 Shafer Court, Suite 600  
Rosemont, Illinois 60018  
Email: mfilippo@tc-mgmt.com

with copies to:

Harry M. Brown, Esq.  
Benesch, Friedlander, Coplan & Aronoff, LLP  
200 Public Square, Suite 2300  
Cleveland, Ohio 44114

Email: hbrown@beneschlaw.com

if to Landlord:

County Administrator  
18 North County Street  
9th Floor  
Waukegan IL 60085  
Email: rwaller@lakecountyil.gov

with a copy to:

Nicholas J. Lynn, Esq.  
Duane Morris LLP  
190 South LaSalle Street  
Chicago, Illinois 60603  
Email: njlynn@duanemorris.com

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

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

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

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

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

g. Neither this Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by either party hereto without the express prior written consent of the other party hereto.

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

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

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

k. All of the provisions of this Agreement shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof

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

m. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, or "any" shall mean "any and all"; "or" shall mean "and/or" and "including" shall mean "including without limitation".

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

o. Capitalized terms not defined herein shall have the meaning set forth in the Lease.

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

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned have duly executed this Operations Transfer Agreement as of the day and year first set forth above.

LANDLORD:

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

ITS: \_\_\_\_\_

NEW OPERATOR

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

ITS: \_\_\_\_\_

Exhibit A

GENERAL ASSIGNMENT

ASSIGNMENT, is made as of the \_\_\_\_ day of \_\_\_\_ 2015, by \_\_\_\_\_ ("Assignor"), to \_\_\_\_\_, LLC, a(n) \_\_\_\_\_ ("Assignee").

RECITALS:

**WHEREAS**, by Operations Transfer Agreement (the "OTA"), dated as of \_\_\_\_\_, 2015, by and among Assignor and Assignee, Assignor and Assignee agreed to transfer the operations of that certain 224 skilled bed nursing home facility commonly known as Winchester House, as more fully described in the OTA (the "Transferred Assets") (capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the OTA); and

**WHEREAS**, the OTA provides, inter alia, that Assignor shall assign to Assignee, the Permits, the Patient Trust Funds and Property, the Warranties, the Assumed Contracts, the resident contracts and agreements and such other items applicable to the Transferred Assets, as more fully provided in the OTA;

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

1. **Transfer of Permits**. Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's right, title and interest in, to and under the Permits, to the extent allowable under applicable Legal Requirements.
2. **Transfer of Warranties**. Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's right, title and interest in, to and under the Warranties, if any.
3. **Transfer of Patient Trust Funds and Property**. Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor's right, title and interest in, to and under the Patient Trust Funds and Property.
4. **Contracts**. Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor's right, title and interest in, to the Assigned Contracts, as well as all contracts and agreements with residents of the Facility.
5. **Assumption**. Assignee hereby accepts the foregoing assignments set forth in Sections 1, 2, 3, and 4 hereof, provided, that said assignment and assumption shall in all respects be subject to the terms of the OTA with regard to the rights and obligations of each of the parties hereto with respect to the items assigned hereunder, and in the event that any term of this Assignment shall contradict the OTA, the OTA shall control.
6. **Miscellaneous**. This Assignment and the obligations of Assignor and Assignee hereunder shall survive the closing of the transactions referred to in the OTA shall be binding

upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns, shall be governed by and construed in accordance with the laws of the State of Illinois and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned have duly executed this Assignment as of the day and year first set forth above.

ASSIGNOR:

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

ITS: \_\_\_\_\_

ASSIGNEE:

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

ITS: \_\_\_\_\_

Schedule 5(a)  
Patient Trust Funds and Property

Schedule 7(a)

Contracts

Schedule 7(b)

Assumed Contracts

Schedule 10(c)  
Vacation and Holiday Pay Expenses

Schedule 18(g)  
Collective Bargaining Agreement

Schedule 18(j)

Pending Litigation

Schedule 18(r)

Pending Medicare Audits

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